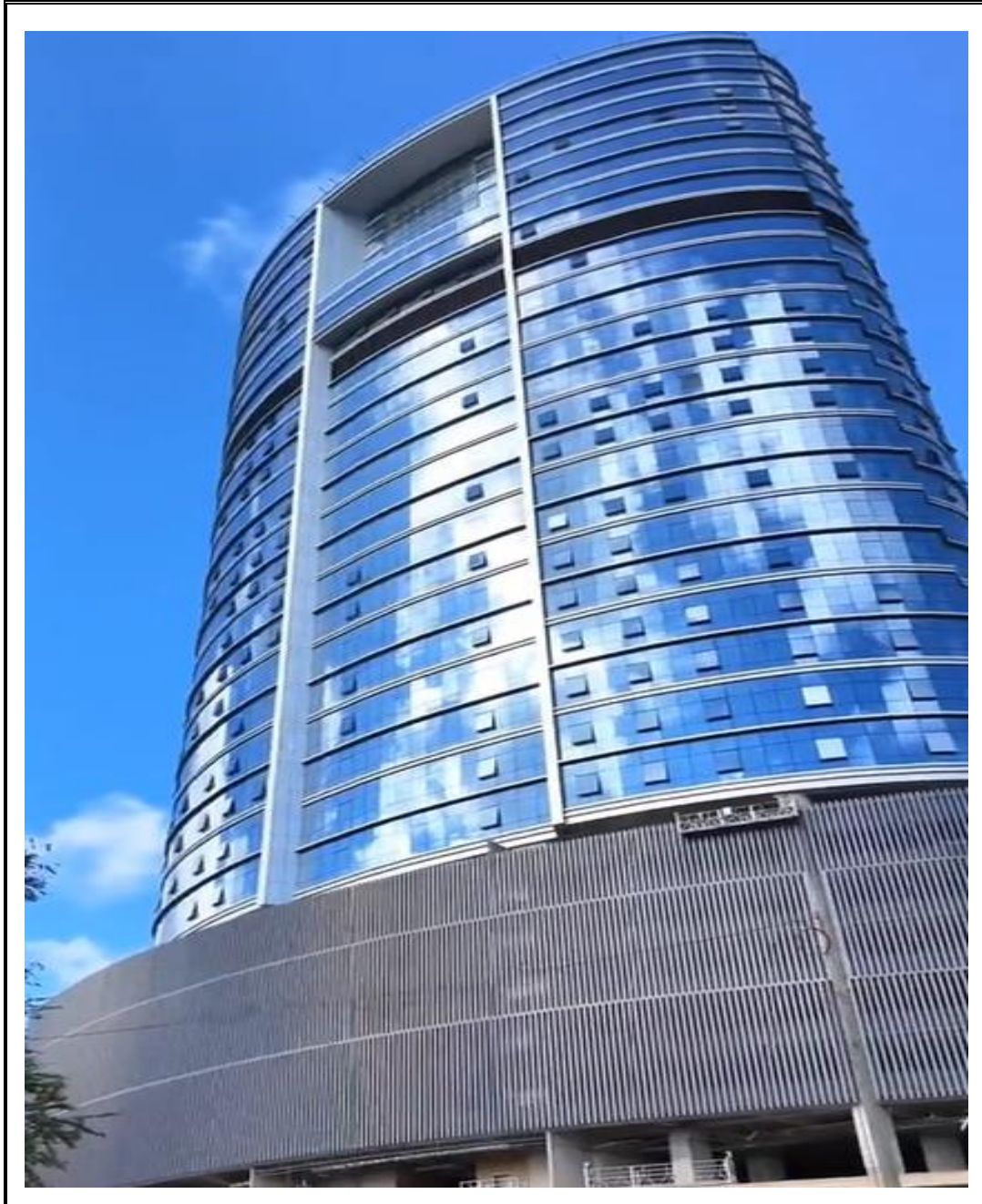


# NATIONAL SOCIAL SECURITY FUND



## PROPOSED CONSTRUCTION OF MZIZIMA TOWER PROJECT IMPLEMENTATION REPORT



**AUGUST 2025**

## 1. Introduction

The Fund has invested in construction of Mzizima Towers project, which comprises of two towers (One Residential and another Commercial Tower). The works under this Lot 2 contract involve the construction of the Residential Tower comprising of two levels Basement floor, Eight Floor Podium, 44 Apartments floors, overhead water tanks and Lift machine room floor and terrace floor. Total floor area of the complex is approximately 95,018 m<sup>2</sup> (ramp inclusive).

## 2. Project Data

**2.1.** The Lead Consultant for the project is M/s MD Consultancy in association with Epitome Architects, while the Main Contractor is M/s Group Six International JV China Chongqing Int Construction Corporation. Detail project team is as follows:

**Table 1**

S/No	DISPLINE	LOT 2	LOT 3
1.	Architect	MD Consultancy in association with Epitome Architects	MD Consultancy in association with Epitome Architects
2.	Quantity surveyor	Cost Consult in association with Bangalima	Cost Consult in association with Bangalima
3.	Structural/Civil Engineer	Tan Consult	Tan Consult
4.	Service Engineer	Electric plan (T) Ltd	Electric plan (T) Ltd
5.	Main Contractor	Group Six International	Group Six International JV China Chongqing Int Construction Corporation
6.	Electrical Sub-Contractor	Derm Electrics	Central Electrical International Limited
7.	Plumbing Subcontractor	Atlas Plumbers Ltd(Awarded)	Atlas Plumbers Ltd(Awarded)
8.	HVAC Subcontractor	Derm Electrics	Remco International Limited

9.	ICT Subcontractor	ZAK Solutions (Tanzania) Limited	ZAK Solutions (Tanzania) Limited
10.	Security subcontractor	Techno Image	Techno Image
11.	Lift subcontractor	FEC (EA) Ltd	FEC (EA) Ltd
12.	Aluminium door & windows, Glass partitions	Group Six International	Cadasp (T) Ltd
13.	Curtain walling, ACP cladding & louvres	Lanzhou Building material Co Ltd	Cadasp (T) Ltd
14.	Interior Designer	Kontras CC	Kontras CC

## 2.2. Project particulars

The project particulars are shown in **Table II** below

S/No	Description	LOT 2	LOT 3
1.	Contract sum awarded	TZS 79,360,499,957.44(VAT Incl)	TZS 141,172,927,805.90(VAT Incl)
2.	Advance payment paid	TZS 9,205,950,046.22 (VAT Excl)	TZS 19,105,727,784.36 (VAT Incl)
3.	Amount certified to date	IPC 56-TZS 52,396,767,549.00 (VAT Incl)	IPC 63-TZS 117,295,011,120.97 (VAT Incl)
4.	Advance payment recovery to date	TZS 8,998,915,649.85 VAT Excl	TZS 17,812,959,673.77 VAT Excl
5.	Overall progress of work to date	93.46%	91.49%
6.	Payment certified against overall progress of works	66.023%	83.00%
7.	Contract period	156 Weeks	156 Weeks
8.	Commencement date	5 <sup>th</sup> March 2014	5 <sup>th</sup> March 2014

9.	Completion date as Tendered	4 <sup>th</sup> March 2017	4 <sup>th</sup> March 2017
10.	Revised completion date after granting Extension of time	31 <sup>st</sup> December 2026	31 <sup>st</sup> December 2026

### 3. Project Progress

**3.1.** Construction works progress is at 93.46% for Lot 2 and 91.49% for Lot Overall progress is **92.475%** and the followings works is ongoing:

- Painting works
- Finalization of tiles works
- Finalization of curtain glass walling
- External works.
- Electrical and mechanical works

### 4. Pending Approval/works

- Tanesco variations
- Works which are associated with Hotel Operator

### 5. Submission

This report of Mzizima Tower project is submitted for information and further guidance as deemed appropriate as requested.

.....  
**Helmes. R Pantaleo.**  
**Project Management Manager**

**Table 1: Project Implementation Status for Mzizima Towers as of August 2025**

Sn	Activity	Responsible	Output	Status
1.	Submission of concept design, Initial layouts and drawings	KONTRAS CC/MD CONSULTING LTD	Approved concept design, Initial layouts and drawings for reference to the Main Project Consultant & Main Contractor	<ul style="list-style-type: none"> <li>Interior Designer Submitted documents for review and approval. It is expected approval to be completed by 30<sup>th</sup> June 2025.</li> </ul>
2.	Submission of Mock-Up Room (MUR) designs and documentation pack for approval	KONTRAS CC/MD CONSULTING LTD	Completed Mock-Up Room (MUR) designs and documentation pack	<ul style="list-style-type: none"> <li>It is expected the work to be completed by 31<sup>st</sup> July 2025.</li> </ul>
3.	Updating of all drawings and layouts (i.e., MEP drawings) based on the updated designs based on hotel operator requirements	KONTRAS CC/MD CONSULTING LTD	Completed updated drawings to be shared with all parties	<ul style="list-style-type: none"> <li>It is expected the work to be completed by 31<sup>st</sup> July 2025.</li> </ul>
4.	Submission of All Sample Materials for Mock-up rooms onsite for installation	KONTRAS CC/MD CONSULTING LTD	Order of all approved samples for MUR construction	<ul style="list-style-type: none"> <li>It is expected the work to be completed by 31<sup>st</sup> August 2025.</li> </ul>
5.	Completion of demolitions and alteration based on Hotel Operator Requirement	GSICL/KONTRAS /MD CONSULTING LTD	Complete structure as per hotel operator requirement	<ul style="list-style-type: none"> <li>It is expected the work to be completed by 31<sup>st</sup> August 2025.</li> </ul>
6.	Completion of all pending works which are not associated with Hotel Operator	GROUP SIX INTERNATIONAL CO. LTD	Complete works	<ul style="list-style-type: none"> <li>On progress. It is expected the work to be completed by 31<sup>st</sup> August 2025.</li> </ul>
7.	Submission of All Sample Materials for Mock-up rooms onsite for installation	GSICL/KONTRAS /MD CONSULTING LTD	Completion of installation of approved samples	<ul style="list-style-type: none"> <li>Not commenced. It is expected the work to be completed by 30<sup>th</sup> September 2025.</li> </ul>
8.	Procurement of fit out contractor / Procurement Specialist	GROUP SIX INTERNATIONAL CO. LTD	Main Contractor to submit fit out contractor	<ul style="list-style-type: none"> <li>Procurement of fit-out contractor shall be complete before 30<sup>th</sup> September 2025.</li> </ul>
9.	Approval of Mock-up rooms onsite	GSICL/KONTRAS /MD CONSULTING LTD	Completed and approved Mock up rooms (MURs)	<ul style="list-style-type: none"> <li>Not commenced. It is expected the work to be completed by 31<sup>st</sup> October 2025.</li> </ul>
10.	Approval and Procurement of Materials for finishing the remaining project.	GROUP SIX INTERNATIONAL CO. LTD	Materials for completion of the entire project	<ul style="list-style-type: none"> <li>Approval of procurement material for the entire project.</li> <li>Approval and Procurement of materials to commence on 3<sup>rd</sup> November 2025 after physical approval of mock up room.</li> <li>Procurement shall be complete by 30<sup>th</sup> November 2025</li> </ul>
11.	Submission of final layouts, designs and project documentation	GSICL/KONTRAS /MD CONSULTING LTD	Completed final layouts, designs and project documentation	<ul style="list-style-type: none"> <li>It is expected the work to be completed by 30<sup>th</sup> November 2025</li> </ul>
12.	Completion of the Hotel	ALL	Completed Mzizima Towers Complex ready for testing	<ul style="list-style-type: none"> <li>The project shall be complete by 31<sup>st</sup> December 2026 then after commissioning and testing of materials shall commence.</li> </ul>
13.	Opening of the property	NSSF	Completed Mzizima Towers Complex ready for operating	<ul style="list-style-type: none"> <li>The project shall be ready for operations in June 2027</li> </ul>



# Dar es Salaam Hotel and Apartments Development (Mzizima Towers)

**FINAL REPORT**

**NSSF**

*April 2025*





# Macroeconomic Environment

## SECTION 1

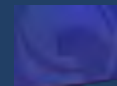
- Understanding the macro-environment into which a hospitality project ("the Project") will enter and operate creates the base layer to feasibility assessment.
- In this section we provide an overview of the Tanzanian macro-economic and political situation, tourism landscape and unpack other factors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

## Economic Indicators

### Overview of Tanzania Macro Environment

				
Population	Political Stability	Economic Growth	Tourism Value	Foreign Direct Investment
<p>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.</p>	<p>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.</p> <p>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.</p>	<p>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.</p>	<p>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 GDP and 25% of export receipts</p>	<p>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.</p>

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)

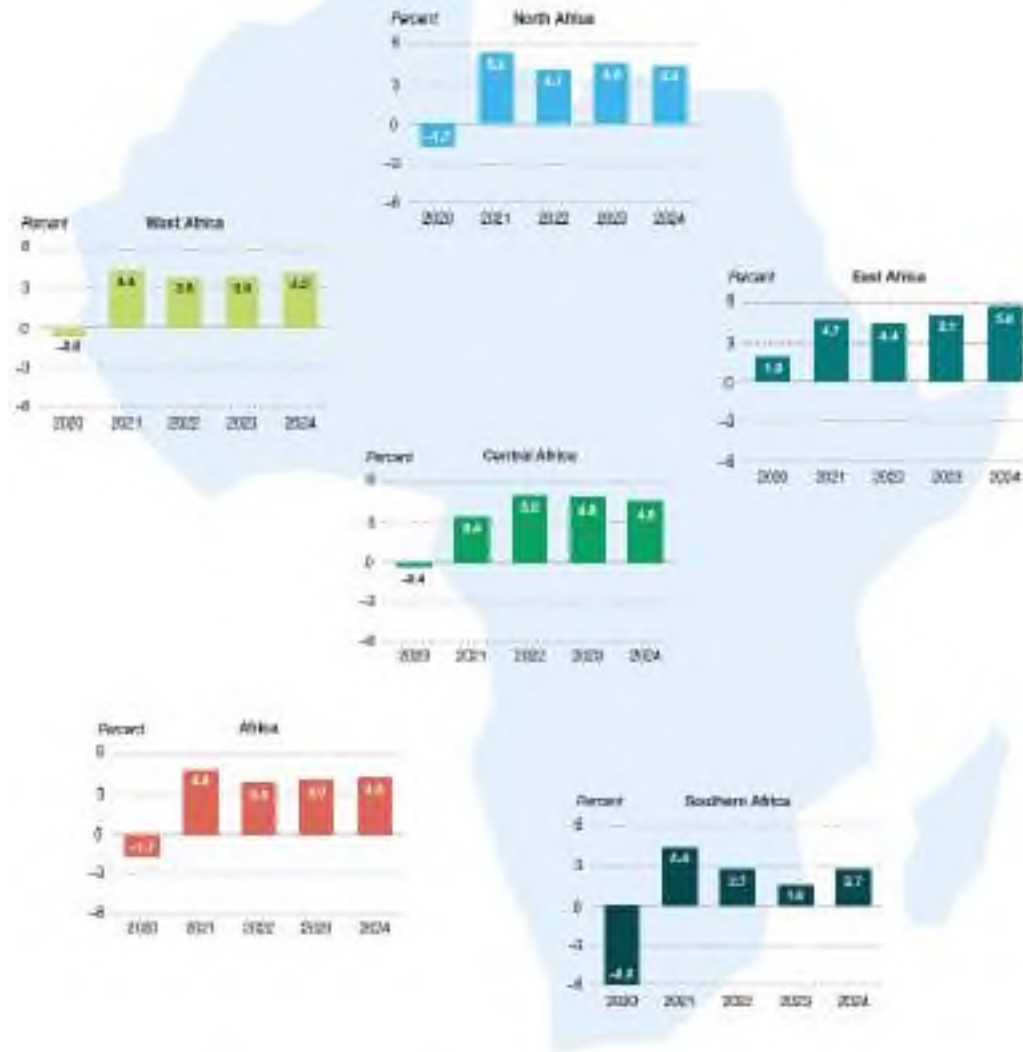
	2017	2018	2019	2020	2021	2022	2023	2024f	2025f	2026f	2027f	2028f
Nominal GDP (USDbn)	53,3	57,0	61,0	65,9	70,3	77,4	84,0	87,9	95,2	104,2	113,7	124,2
Real GDP Growth (%)	6,8%	7,0%	7,0%	4,8%	5,0%	4,7%	5,2%	6,1%	6,2%	6,8%	6,8%	6,8%
Exchange Rate LCU/USD	2228,9	2263,8	2288,2	2294,2	2297,8	2324,4	2420,0	2550,0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

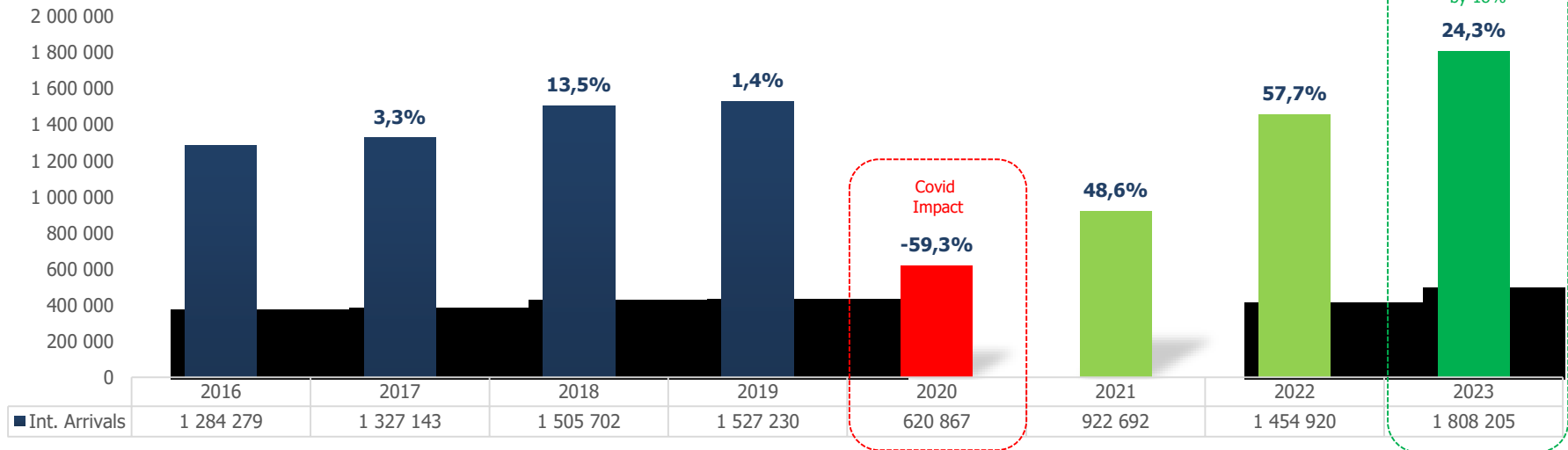
Source: PWC Tanzania / Tanzania Investment Centre

## 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)



Source: Ministry of Natural Resources and Tourism



## Tanzania International Air Arrivals

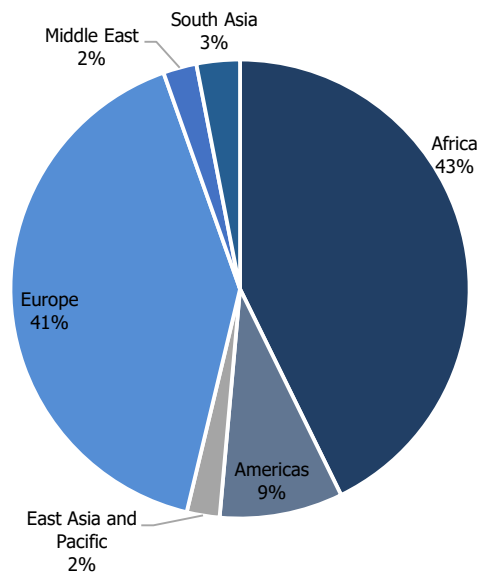
### International Arrival Source Regions and Markets

- 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

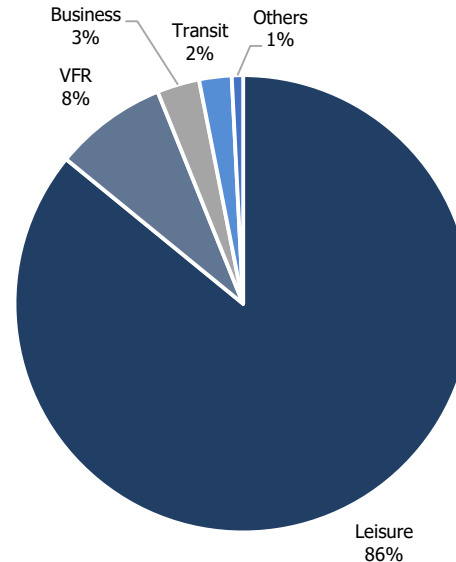
- Tanzania is blessed with a wide tourism offering, extending from the plains of the Serengeti, and the peaks of Mt Kilimanjaro to the beaches and history of Zanzibar.
- With this in mind, it is not surprising that the vast majority of international arrivals are for leisure-related purposes. Although 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)



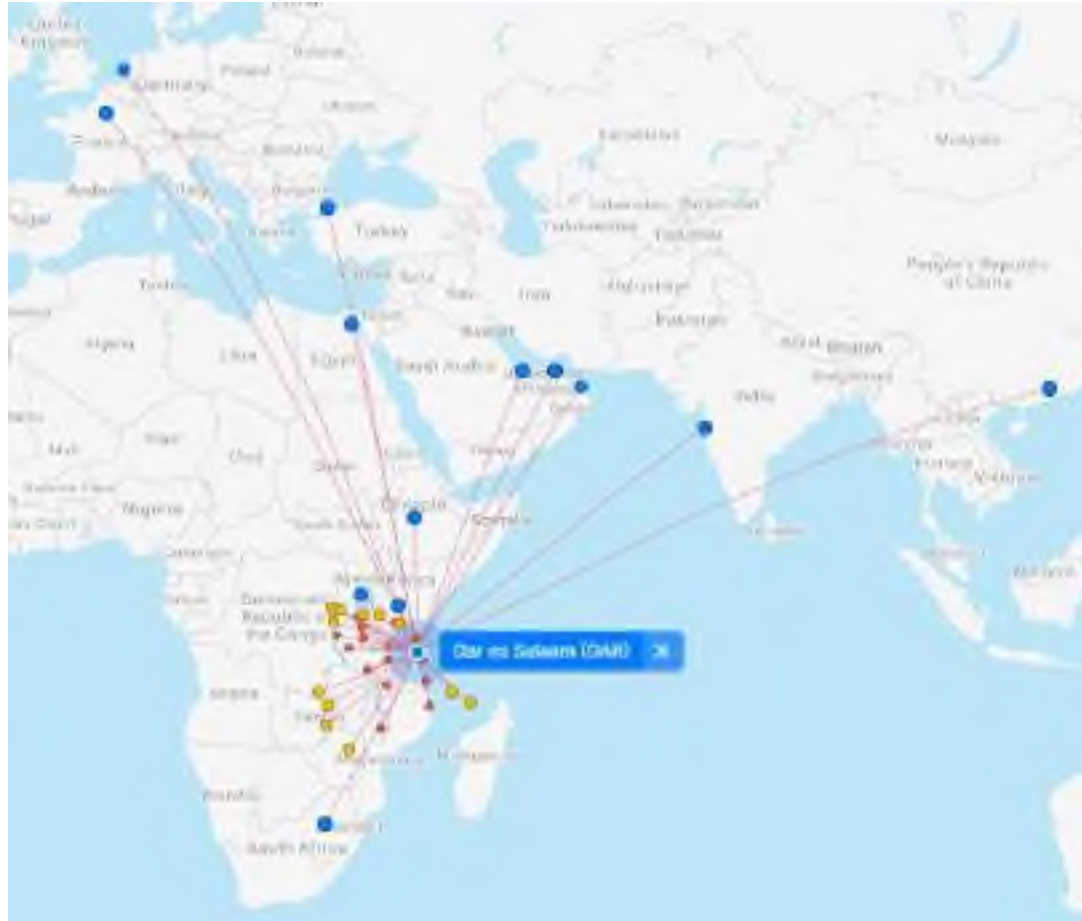
Source: Ministry of Natural Resources and Tourism

## Dar es Salaam Air Connectivity

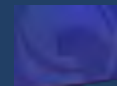
### Dar es Salaam as the Hub for International Air Connectivity

- In total, Tanzania saw a total of 6.8 million air passengers in 2023 (increasing by 22.6% from 5.6 million in 2019 – a 5.2% CAGR over the period).
  - Of the total, around 2.6 million were international passengers in 2019, increasing to just over 3.0 million in 2023 (indicating a 12.8% total increase and 3.9% CAGR over the period).
  - Total domestic passenger movement stood at 2.97 million in 2019, increasing to 3.8 million in 2023 (a 28.0% total increase and a CAGR of 6.4% over the period).
- In total, JNIA handled 37.5% of all air passenger movement to/in Tanzania during 2023 (2.56 million passengers).
- Julius Nyerere International Airport (“JNIA”) offers direct flights to a broad range of markets in Europe, Africa and the Middle East. Based on 2023 data, the airport handled around 44% of all international passenger movement, by air, to Tanzania – now closely followed by Abeid Amani Karume International Airport in Zanzibar with around 40% of all international air movement to the country.
- The airport underwent a USD300 million expansion in order to handle higher international traffic volumes, relieving the pressure on the overcapacity Terminal 2. The completion of Terminal 3 at JNIA in 2022, with a handling capacity of 8.0 million passengers per year, provided further room for growth in terms of air connectivity and capacity going forward.
- Air connectivity had continues to improve, with airlines such as Air France launching flights to Dar es Salaam for the northern summer 2023 season as a continuation of its existing service to Zanzibar.
- Currently, Dar es Salaam offers direct connections to 79 routes in 24 countries as shown in the adjacent map. There are also 17 domestic connections from this airport.

### Flight Connections to and from Dar es Salaam (2024)



Source: Flight Connection



## Dar es Salaam Air Connectivity

### Dar es Salaam as the Hub for International Air Connectivity

- A total of 35 airlines have services to and from Dar es Salaam.

Country	City	Airlines
China	Guangzhou	Air Tanzania
Comoros	Moroni	Air Tanzania, Ethiopian Airlines, Precision Air
Comoros	Dzaoudzi	EWA Air
Congo	Lubumbashi	Air Tanzania
Egypt	Cairo	Egyptair
Ethiopia	Addis Ababa	Ethiopian Airlines
France	Paris	Air France
India	Mumbai	Air Tanzania
Kenya	Nairobi	Kenya Airways, Air Tanzania, First Air, Astral Aviation, Fanjet Express, Emirates, Kenya Airways Cargo, Taquan Air, Airlink, Zambia Airways, Jeju Air, Precision Air
Kenya	Nairobi	Air Tanzania
Malawi	Blantyre	Malawi Airlines, Ethiopian Airlines
Mozambique	Pemba	LAM
Netherlands	Amsterdam	KLM
Oman	Muscat	Oman Air
Pakistan	Kalat	Precision Air
Qatar	Doha	Oman Air, Qatar Airways
Rwanda	Kigali	RwandAir
Saudi Arabia	Jeddah	Saudia
Saudi Arabia	Madinah	Saudia
Somalia	Mogadishu	Freedom Airline Express
South Africa	Johannesburg	Airlink, Kenya Airways
Spain	Barcelona	Qatar Executive
Spain	Madrid	Qatar Executive
Turkey	Istanbul	Turkish Airlines
Uganda	Entebbe	Uganda Airlines
United Arab Emirates	Dubai	Emirates, Air Tanzania
Zambia	Lusaka	Air Tanzania, Turkish Airlines, Zambia Airways
Zambia	Ndola	Air Tanzania
Zimbabwe	Harare	Air Zimbabwe, Air Tanzania

Country	City	Airlines
Tanzania	Zanzibar	Flightlink, Auric Air, FlightLink, Flexflight, Air Tanzania, Coastal Aviation, Air Excel, Precision Air, Zanair, flydubai, Oman Air, Kenya Airways, Auric Air Services, Uganda Airlines, KLM, Air France, Delta Air Lines
Tanzania	Mafia	Coastal Aviation, Auric Air, Flexflight
Tanzania	Kilimanjaro	Precision Air, Air Tanzania, Qatar Airways, Uganda Airlines, KLM, Oman Air, RwandAir
Tanzania	Dodoma	Air Tanzania, Precision Air
Tanzania	Mwanza	Air Tanzania, Precision Air
Tanzania	Iringa	Flexflight, Auric Air
Tanzania	Arusha	Flexflight, Auric Air, Flightlink, Precision Air, FlightLink
Tanzania	Mbeya	Precision Air, Air Tanzania
Tanzania	Kigoma	Air Tanzania
Tanzania	Mtwara	Precision Air
Tanzania	Songea	Air Tanzania
Tanzania	Tabora	Air Tanzania
Tanzania	Geita	Air Tanzania

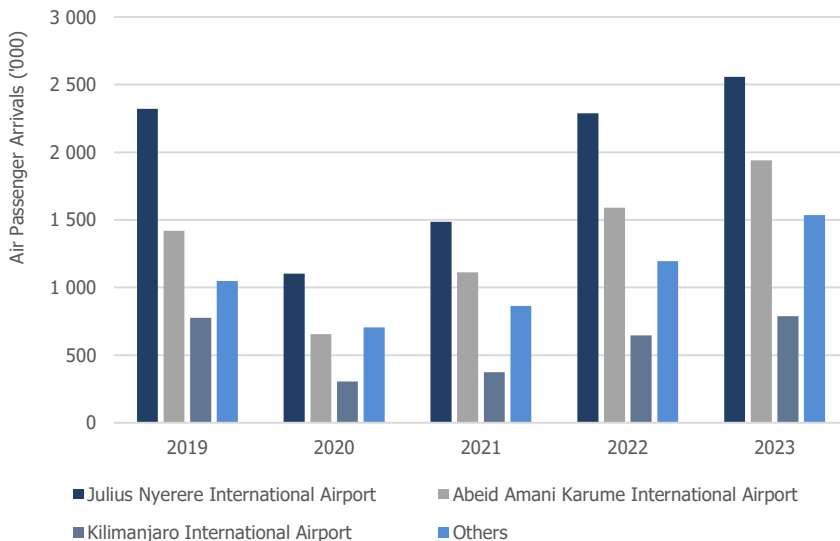
Source: Flight Connections

## Dar es Salaam Passenger Movement

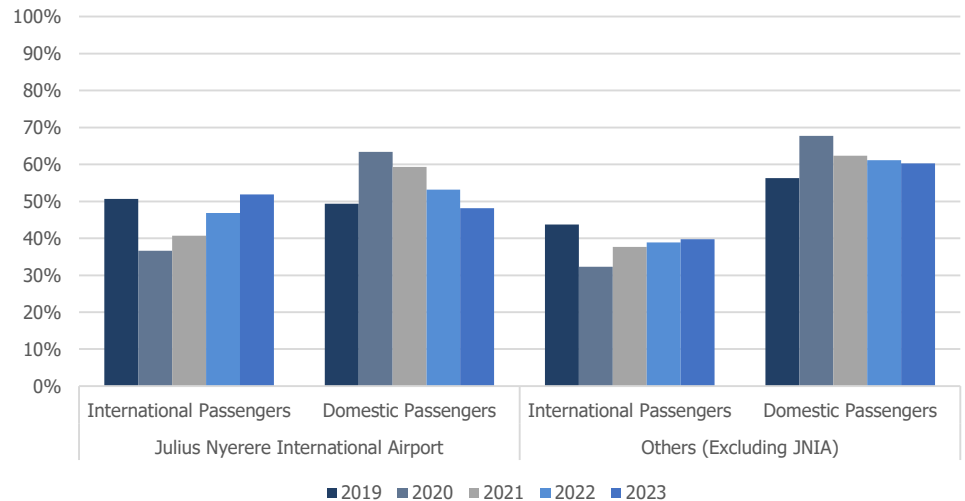
### Air Passenger Volumes

- Total passenger movement to JNIA in 2019 stood at around 2,3 million passengers – split almost equally between international (51%) and domestic passengers (49%). As a result of the Covid pandemic, both international and domestic passenger volumes declined considerably in 2020 (international passengers declined by around two-thirds and domestic passengers declined by around a third compared to 2019 levels).
- By 2023, both international and domestic passenger movement had fully recovered and reflected an increase of around 10% compared to 2019 levels – to around 2.6 million total passengers (CAGR of 2.5% over the period).** International passengers showed a 12.8% increase on 2019 levels (a CAGR of 3.1%) with domestic passengers showing a total increase of 7.5% (a CAGR of 1.8%). In 2023, international passengers accounted for 52% of total passenger movement at JNIA, with domestic passengers accounting for 48% - a slight increase on 2019 levels, indicating a full recovery with positive growth momentum.
- JNIA is the **second fastest-growing airport in Tanzania in terms of international passengers handled** over the period 2019-2023, with the fastest growth in international passenger movement being Abeid Amani Karume International Airport at a CAGR of 7.1% over the same period. **Domestic passenger movement growth at JNIA was among the slowest of all airports in the country**, with Dodoma (CAGR of 18.3%), Abeid Amani Karume International Airport (CAGR of 10.0%) and Arusha (CAGR of 8.2%) seeing much stronger growth in domestic air passengers handled over the 2019-2023 period (albeit from a lower base).

### Total Air Passenger Movement through Airports in Tanzania



### International and Domestic Air Passenger Movement through Airports in Tanzania



Source: Tanzania National Bureau of Statistics (2023)



# Overview of Dar es Salaam

## SECTION 2

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



## City Nodes in Dar es Salaam

### An Introduction to Dar es Salaam

- **Dar es Salaam Region** is one of Tanzania's 31 administrative regions and is located on the east coast of the country. The region covers an area of 1,393 km<sup>2</sup> - the region is comparable in size to that of Mauritius (combined land and water areas). Dar es Salaam as a city consists of five districts including Kinondoni in the north, Ilala in the centre, Ubungo and Temeke in the south and Kigamboni in the east across the Kurasini estuary.
- Dar es Salaam is the economic hub of the country and serves as an administrative, industrial, fishing, and commercial centre. The city accommodates about 40% of the total industrial manufacturing units in the country and contributes about 45% of Tanzania's gross industrial manufacturing output, 90% of its import and export capability as well as contributing around 17% of national GDP. The city has a population of around 5.4 million people – making it the largest city in the country.
- A brief history of Dar es Salaam's emergence is listed below:
  - The city started as a fishing village until the mid-19th century, when it gradually became an established port and trading centre;
  - In 1857, Dar es Salaam was named Mzizima – meaning “healthy town”;
  - After the emergence of Arabs in 1866, the city was founded and named Dar es Salaam which means “haven of peace” in Swahili “Bandari Salama”;
  - In 1887, the city rose as German colonial rule took place in the state and established the city as a trading Centre. The city grew as the administrative and commercial centre and various physical developments were implemented to foster growth, such as the construction of a central railway;
  - After World War I, German East Africa was under the British's control. During this era, residential areas in Dar es Salaam were categorized by consideration of race, as Oyster Bay was planned for Europeans (Uzunguni), Upanga (Uhindini) and Kariakoo and Ilala for Africans (Uswahilini).
  - During World War II and later became Tanganyika's first capital city after independence in 1961 and remained so after the Union between Tanganyika and Zanzibar in 1964. The British put more emphasis on developing Dar es Salaam and expanding services like transport networks, health services, and water distribution.
  - The city continued to handle the title of the capital city until the government announced in 1973 that Dodoma was the new city. Even after the government shifted all its activities to Dodoma, Dar Salaam remains a core business centre in the United Republic of Tanzania.
- The city of Dar es Salaam has recorded a significant development since its independence and become the commercial city of the country. It contributes highly to the internal government revenue and fast-paced with the liberalization of trade many developers are encouraged to invest due to political stability, geographical position, and investment incentives. Historically, Tanzania's economy has been relatively stable, with steady growth in recent years, thanks in part to its political stability. This growth has positively impacted the real estate market, making Dar es Salaam a hub for property investment.
- The 2027 Africa Cup of Nations is scheduled to be the 36th edition of the biennial African football tournament will be jointly hosted by Tanzania, Kenya and Uganda – over June and July 2027. The Benjamin Mkapa Stadium (capacity of 60,000 spectators and is the second-largest stadium in East and Central Africa) in Dar es Salaam will be one of the main venues (potentially hosting the opening and some of the final matches of the tournament). The Amaan Stadium is undergoing extensive renovation and expansion in Zanzibar. The new Samia Suluhu Hassan stadium is under construction in Arusha and it has also been proposed that another stadium be built in Dodoma. It is not clear at this stage what the final list of venues will be, but it is certain that Dar es Salaam will take centre stage.

## City Nodes in Dar es Salaam

### An Introduction to Dar es Salaam

- Due to increased economic activity, Dar es Salaam city has been expanding rapidly which has led to greater congestion in the CBD node and pushed development upwards and downwards with higher levels of decentralisation occurring in recent periods.
- The majority of formal commercial relocation has been northwards towards the **Peninsula** area with this area becoming a popular node for multinational corporates, foreign embassies and residents. Ophir, STAT Oil, Vodacom and Shell are a few examples of corporates that have relocated or set up offices in the node. The Peninsula is increasingly being positioned as the corporate hub whilst the CBD remains home to key political and financial institutions. Historically the CBD was also a centre for Government business, however the decision to position Dodoma as the seat of Government has seen a shift in some Government departments to the new political capital. Currently, 85% of Government departments have relocated.
- Looking southwards, **Kigamboni** District provides great potential for increased CBD expansion as accessibility to the CBD has improved following the development of the Nyerere Bridge in 2016. In 2008 a grand 20-year Kigamboni New City Master Plan was unveiled. This masterplan was said to propel economic activity and development in the District whilst contributing to the national income and position of Tanzania within the East African Region – *more detail on this Masterplan is provided on the following slide.*

- Some of the other key nodes in the area include:

- **Mikocheni** is located east of the Peninsula and is home to residential commercial and industrial buildings.
- **Mbezi Beach** is approximately 15km away from the CBD but can take up to 2 hours to reach during peak traffic times. This area holds a number of beachfront hotels including the White Sands Resort, and the Ramada Beach Resort. However, given their out-of-town location as well as outdated facilities, they are not viewed as competitive to the quality hotels assessed in this study.
- **Mwenge** is a large residential node and is home to the University of Tanzania. Given this, the area holds a number of bars, restaurants and a shopping mall inclusive of a cinema. This node has seen positive investment growth in recent years with a number of office buildings being developed on the border of Mwenge and Mikocheni.

### City Nodes in Dar es Salaam



Source: Google Images

## Relocation of Government and Political Presence to Dodoma

### Shifting Political Power from Dar es Salaam to Dodoma

- There has been a gradual relocation of government institutions to Dodoma, but the 50-year journey culminated in May 2023, with the opening of the new State House building in Chamwino. The building will hold presidential offices and the official home of the president. The transition of government institutions is expected to accelerate in the short term as Dodoma's infrastructure, social infrastructure and housing becomes more readily available. According to the Deputy Minister of State around 25,000 civil servants have moved to Dodoma as of 2024. Around 65 institutions have been granted building permits for the development of a headquarter buildings in the Government city. Based on updated information, 22 are complete and relocation is underway and around 16 are at various stages of construction and 19 are in the preliminary stages of construction.
  - As per government directives, the relocation of ministries will be apportioned over the coming two years with around 38 required to relocate during the 2023/2024 financial year and around 19 required to relocate during the 2024/2025 financial year.
- There are a total of 189 government institutions in Tanzania, of these around 27 will remain in Dar es Salaam (given the nature of their services / business) but are required to have a sub-office in Dodoma.
- In addition to government institutions, Government City will house 67 foreign embassies or consulates. The relocation of diplomatic functions will slowly follow that of the government transition and will naturally lag behind. To date a small number of embassies have started development however plot allocation has been completed and around 30 embassies have been granted their permits with construction expected to start in the next quarter. To date, it has been published that China, Germany and France constructed embassies in Dodoma – but their operational capacity at this stage is not known. It has been published that Ethiopia has started construction of their embassy offices and diplomat's residential buildings in Dodoma in 2024. At present, it is noted that not all foreign embassies will relocate to Government City, opting to retain their Consulate or Commission offices in Dar es Salaam (for the time being at least). For those that will not fully relocate, it is more likely that a smaller regional satellite office will be constructed in Dodoma. Based on market feedback, the US Embassy and British High Commission will not be fully relocating to Dodoma. Very few diplomats are going on record regarding their estimated relocation plans nor are they providing much clarity on timelines for such a relocation. Numerous embassies have stated that it will likely take over a decade for any meaningful shift to a new capital city.

### Government and Embassy Concentration in Dar es Salaam



Source: MyMaps / HTI

**\* It is important to note the shift of government, NGO and diplomatic presence and functions from Dar es Salaam to Dodoma as it will have implications on the hospitality sector in terms of conferencing and room demand.**

## Major Developments that would Impact the Project

### Kigamboni New City Master Plan

- In the 2000's the Tanzanian government put forward an ambitious New City project for Dar es Salaam. This envisaged the redevelopment of a vast stretch of land in the attractive Kigamboni area into a modern eco-friendly satellite city. The new Kigamboni would offer city attractions, recreation parks, beach resorts, cultural facilities and international business centres equipped with modern technology. Intended to be brought to fruition through partnerships with private investors and real estate companies, the New City – also named the “Blue Diamond” – was expected to propel Dar es Salaam to a ‘world-class city’ status.
- The development program was to be divided into three phases, starting in 2011 and to be completed by 2030. The New City included five zones: residential (36.2%), industrial (7.7%), touristic (8.3%), international business (5.6%), public facilities and open areas (40.2%), and would spearhead both national economic growth and improve the quality of life for local Kigamboni residents.
- However, the implementation of the project would require control to be gained over space and land and would entail the relocation of local residents (+/- 97,000 residents) to alternative residential areas. The element of relocation was not thoroughly addressed in the implementation plan of this futuristic project and caused tension between residents/local activists and government bodies. The resettlement issues, financial complications and other delays eventually brought this project to a standstill and there is no clear plan in place to redevelop the node. The node therefore currently remains in the hands of local manufacturing and informal commercial activity alongside residential use by low-income groups predominantly.
- The municipality has expressed their willingness to develop the beachfront areas for hotels and resorts but none are currently in the pipeline and the areas earmarked for significant industrial/manufacturing activities are still at a nascent stage, as opposed to the informal commercial activities that are found along the main roads of Kigamboni, more specifically towards the entrance of the city.
- Although there has been little movement on the general redevelopment or modernization of the Kigamboni node, the completion of the Nyerere Bridge in 2016 has significantly improved accessibility to the District as it links Kigamboni with Dar es Salaam. In addition, there is a daily passenger and vehicle ferry between Dar es Salaam and Kigamboni. These infrastructure improvements indicate urban development of the District is still important to the government as a whole.

Kigamboni New City Master Plan (2010)



Source: Google Images

## Major Developments that would Impact the Project

### Electrified Standard Gauge Railway Project ("SGR")

- Forming part of the East African Railway Master Plan, the 1,800 kilometer SGR 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), Morogoro to Dodoma (fully operational)**
  - Phase 2: Morogoro – Makutupora 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: Makutupora – 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. The SGR is likely to bolster logistical movement of goods and people to and from Dar es Salaam as well as bolster export volume. However, due to the lag of key integrations such as Mwanza, it will take several years for the full value of the SGR to realise.

### SGR Network and Dar es Salaam SGR Station



Source: Various

## Major Developments that would Impact the Project

### Dar es Salaam Port

- Dar es Salaam Port has an annual capacity of 14.1 million tons for dry cargo and 6.0 million for bulk liquid cargo. The inability of the port to handle large ships (can only handle ships with a maximum capacity of 8,000 containers), forced the Tanzania Ports Authority ("**TPA**") to invest in deepening and widening the gateway to berths one to seven. In December 2023, TPA completed the dredging of the entrance channel and turning basin to the berths, meaning the port can now handle much larger vessels.
- In addition to changes to handling capacity, TPA also signed concessions with Adani Ports and Special Economic Zone Ltd (APSEZ / AIPH) who will take over the running of berths eight to 11, which have an annual cargo handling capacity of one million TEU ("**twenty-foot equivalent unit**"). The four berths handle an estimated 83% of Tanzania's total container volumes. A subsidiary of APSEZ is expected to invest in increasing the depth of berths 8-11 as part of the concession conditions. Currently, only 12 vessels or less can dock at a time, which creates handling challenges during the high season.
- APSEZ / AIPH is expected to compete for business with Dubai state-owned DP World, which in October 2023 was also granted a 30-year concession to run berths four to seven at the port. DP World committed to investing \$250 million over the next five years to upgrade facilities in order to improve cargo clearing systems and eliminate delays – it has been indicated that DP World will improve the effectiveness and efficiency of the port by reducing cargo clearance time and increasing port capacity to process 130 vessels per month compared to 90.
- The entry of the two global operators at the port of Dar es Salaam comes at a critical time to improve the port's competitiveness – which has been in decline due to strained facilities causing perennial congestion and forcing shipping lines to seek alternatives, with Kenya's Mombasa port being the main beneficiary.

### Port of Dar es Salaam



Source: Various



## Conclusion

- Tanzania's investment environment has considerably improved under new leadership, encouraging greater private sector investment into the country. The government has indicated that public spending on large-scale infrastructure projects will remain high over the short-to-mid term which is stimulating the economy and driving demand for commercial real estate in the country. Natural gas sector development could address electricity shortages and improve the balance of payments. A final investment decision for Tanzania's onshore liquefied natural gas facility is expected to be reached in 2025, which could see the start of operations before the close of the decade in 2030. Furthermore, reforms to the business environment and improving regional integration could attract foreign investment and boost public-private partnerships.
- Driven mainly by growth in mining, construction, financial services, information and communication sectors, Tanzania's economic forecasts are among the strongest in the region in the coming years. Concern remains around the depreciation of the shilling's depreciation, it would increase imported inflation, posing headwinds to consumer and business activity.
- Tanzania's political stability and relatively high policy continuity provide reassurance to foreign investors, especially when compared with more politically volatile neighbours.
- 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. However, it should be noted that the majority of growth in tourism arrivals is likely to predominantly benefit the Zanzibar market and not the Dar es Salaam market.
- Dar es Salaam is Tanzania's most important city for both business and government. The city contains high concentrations of trade and other services and manufacturing compared to other parts of the country. With Dar es Salaam being the primary economic hub and base of operations for international and local private sector entities, the city tends to be one of the main beneficiaries of economic tailwinds.
- The transition of government from Dar es Salaam to Dodoma has already begun and efforts are underway to accelerate the transition. Already, many government buildings in Dar es Salaam are standing mostly vacant. Furthermore, once this transition achieves critical mass, NGOs and Embassies are likely to follow (lagging behind). It is uncertain at this stage whether NGOs and Embassies will fully transition to Dodoma or whether they will retain their main presence in Dar es Salaam and simply operate satellite offices in Dodoma – not much clarity has been provided at this stage on internal transition plans.
- Overall, the outlook for Tanzania and Dar es Salaam (as the largest economic hub of the country) is strong. The positive economic and political climate bodes well for the development of a new hotel in Dar es Salaam.



# Site Assessment

## SECTION 3

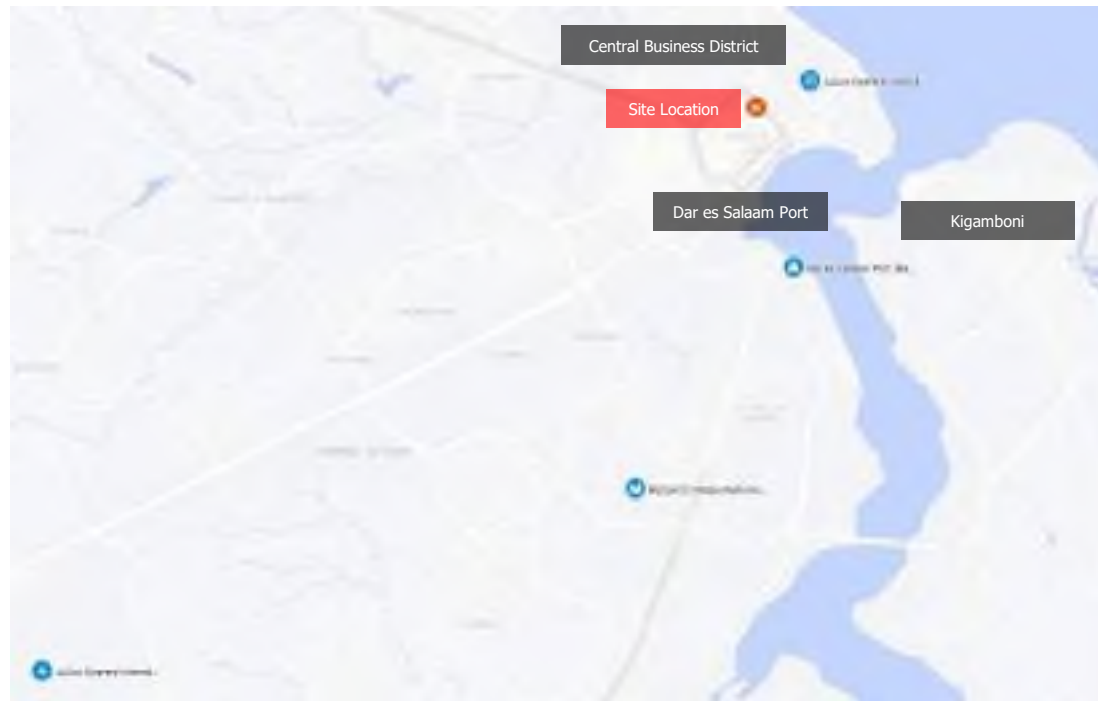
- A site visit was conducted in March 2024 to determine the suitability of the site to house the proposed development.
- This Section covers elements such as accessibility, site characteristics, size and overall appeal of the location to house the development under review.

## Introduction to Site

### Site Location and Size

- The site is located in the Central Business District ("CBD") of Dar es Salaam. The site has good accessibility to key landmarks including the airport (11km), Benjamin Mkapa National Stadium (6km), Dar es Salaam Port (3km) and Julius Nyerere International Convention Centre (1km). The site has excellent visibility along Maktaba / Azikiwe Street which is a prominent arterial in the CBD and links with Nkrumah / Julius K. Nyerere Road which leads to the airport.
- The site is close to the Julius Nyerere International Convention Centre (a similar distance compared to that of the Serena Hotel), making it an attractive hotel to be used during major conventions as travel distance to and from the venue is a critical consideration for event organizers due to logistical ease of use and cost of transport of staff and delegates. The Serena Hotel is commonly used as a venue for events hosted at Julius Nyerere International Convention Centre due to its proximity to the venue.

### Development Site Location



Source: MyMaps

### Development Site Boundary



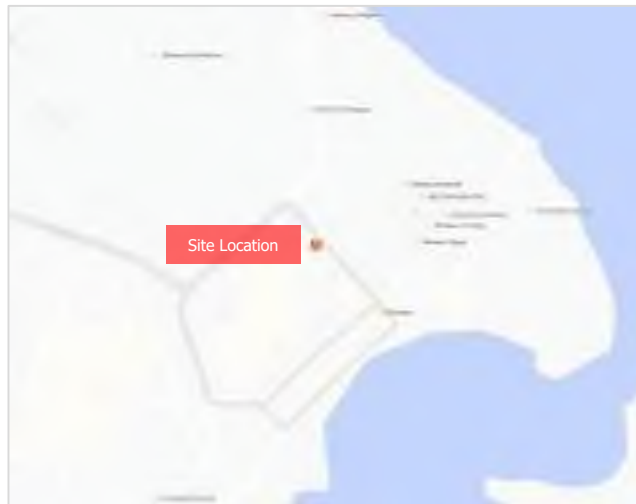


## Introduction to Site

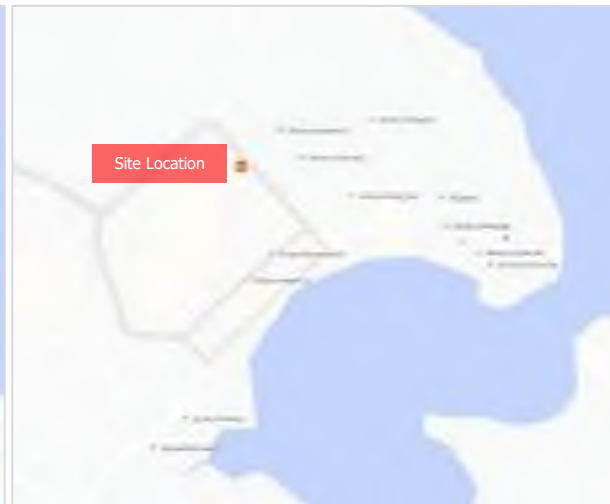
### Site Location and Size

- The site is fully serviced and construction of the hotel has reached around 80% completion (having started construction in 2013). Structurally the majority of the building is complete. The building comprises two towers – the main building contains offices, retail, a hotel and conference facilities while the second tower contains apartments. The main tower consists of 34 floors (with one floor dedicated as a service and engineering floor), which is one of the tallest buildings in East Africa (3rd tallest in Dar es Salaam) and provides guests with exceptional views towards the ocean and over the city.
- The site is located within close proximity to several key embassies and consulates, government departments (although many have and are in the process of relocating) as well as numerous banks, insurance companies and other large corporate head offices (see Maps below). The location of the site is attractive to these demand drivers given the proximity and ease of access.
- There are several prominent hotels located near the site, including: Johari Rotana, Holiday Inn, Crowne Plaza, Four Points by Sheraton, Hyatt Regency, Golden Tulip, Onomo Hotel and the Serena Hotel.
- A portion of the Dar Rapid Transit (“DART”) bus rapid transit system is being developed along Maktaba Street in front of proposed the main entrance of the – thus access to and from the site will need to be reviewed to find the most appropriate and efficient flow to and from the site.
- Site imagery is provided on the following slide.

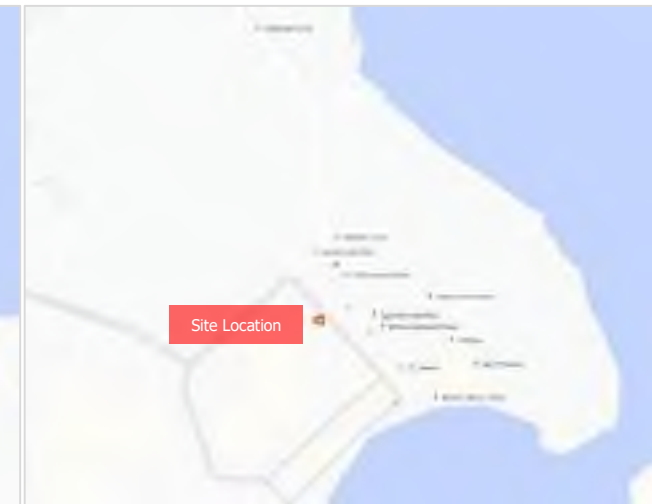
### Diplomatic Presence



### Government Presence



### Financial Services Sector (Banks & Insurance)



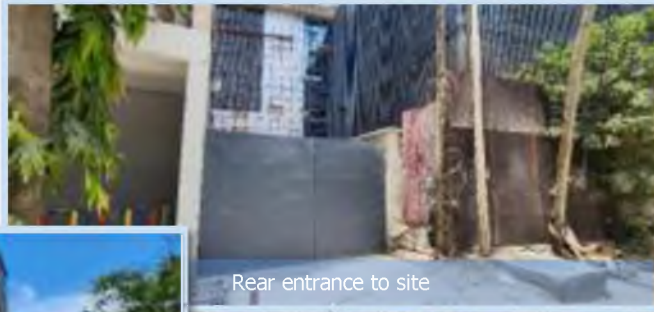
Source: MyMaps

# Site Assessment

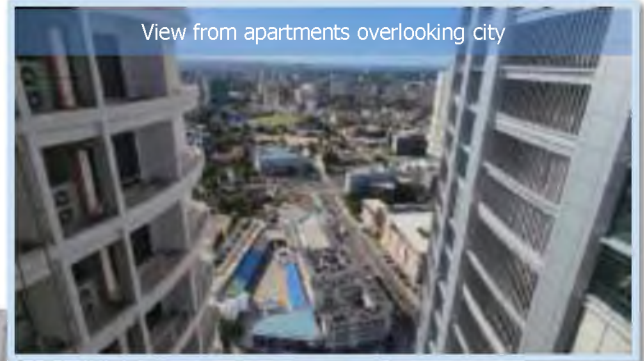
## Site Characteristics

### Site Characteristics

#### Development Site Imagery



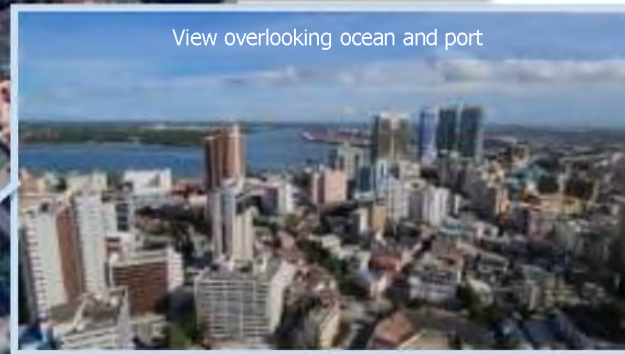
Rear entrance to site



View from apartments overlooking city



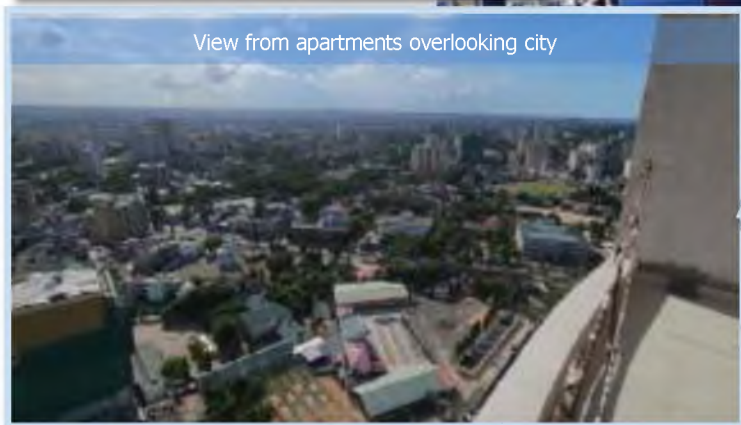
View from main road towards Holiday Inn



View overlooking ocean and port



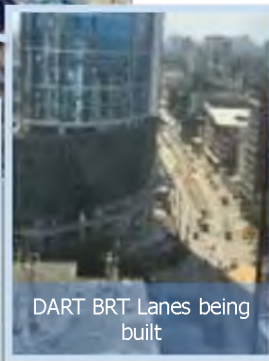
View from side street



View from apartments overlooking city



Main entrance to site



DART BRT Lanes being built



View from street



## Site Evaluation

### Conclusion

Site Evaluation	--	-	-/+	+	++	Comment
Location						Prominent site location in Dar es Salaam CBD
Accessibility						Corner location with well established and good quality road networks leading to the site DART BRT system being developed in front of site – allowing easy public transport to and from the site, but may impact internal flow to and from site (entry and exit points not finalized - pending final design revisions)
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, diplomatic and private sector institutions as well as the Convention Centre. The site is quite accessible to the airport
Competitive Supply						There are several hotels located close to the site, although the majority are 3 and 4 star properties and/or of aging quality. However, the site does not offer much external space for guests compared to the likes of the Serena hotel.
Rate Potential						The Hotel's closest competition will be the Hyatt hotel, Serena and Johari Rotana which are all in close proximity to the site. 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 the CBD of Dar es Salaam and has excellent visibility and access to main arterials.
- The site is well located in the CBD and close to most demand generators.
- The building is prominent and has excellent views towards the ocean and city.
- Several prominent hotels are located relatively close to the site – including the Hyatt Hotel which is the best performing property in the Dar es Salaam market.
- The hotel is in an advance stage of construction and is nearly complete, thus the timing of opening would be ideal to capture the current positive economic momentum in the market as well as to take advantage of the bump in demand expected as a result of the 2027 Africa Cup of Nations tournament.



# Dar es Salaam Hotel Market Assessment

## SECTION 4

In this section we provide an overview of the Dar es Salaam hotel market and analysis on a competitive set on hotels, covering:

- An introduction to the Tanzania hotel market and key performance indicators;
- An introduction to accommodation supply in Dar es Salaam;
- Hospitality demand drivers in Dar es Salaam;
- Rate and occupancy levels in Dar es Salaam;
- Introduction to the competitive set and key performance indicators relating to demand and hotel performance; and
- Future hotel supply planned for Dar es Salaam.

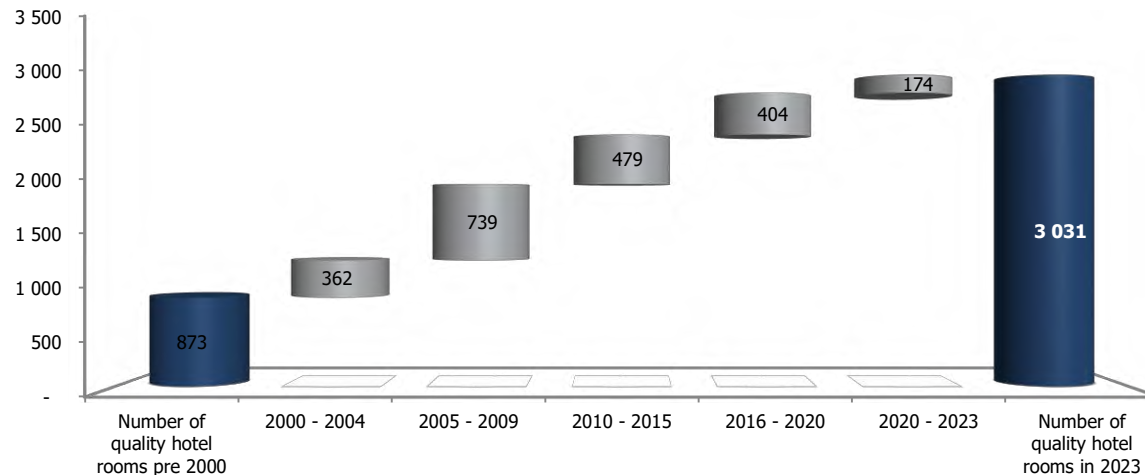


## Hotel Supply

### Growth in Supply

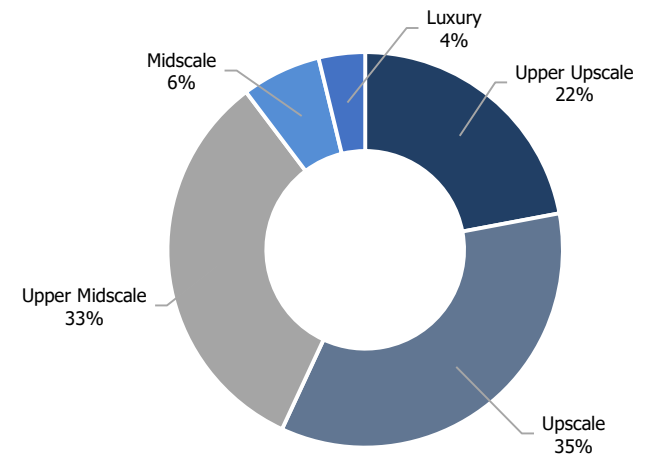
- Over the last two decades, investment in the hotel industry in Dar es Salaam has been strong. To date there are 30 quality hotels representing 3,031 rooms in Dar es Salaam, the majority of which are positioned at an Upscale (35%) or Upper Midscale (33%) level. Of the two dominant nodes, the CBD accounts 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 led to decent brand penetration in the market. Of the quality rooms assessed, 64% are operated under either an international or regional operator with the most prominent operator being Marriott which 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. 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 has 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 undertaken 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



## 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
<b>Total</b>	<b>3,031</b>				

Source: STR

## 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

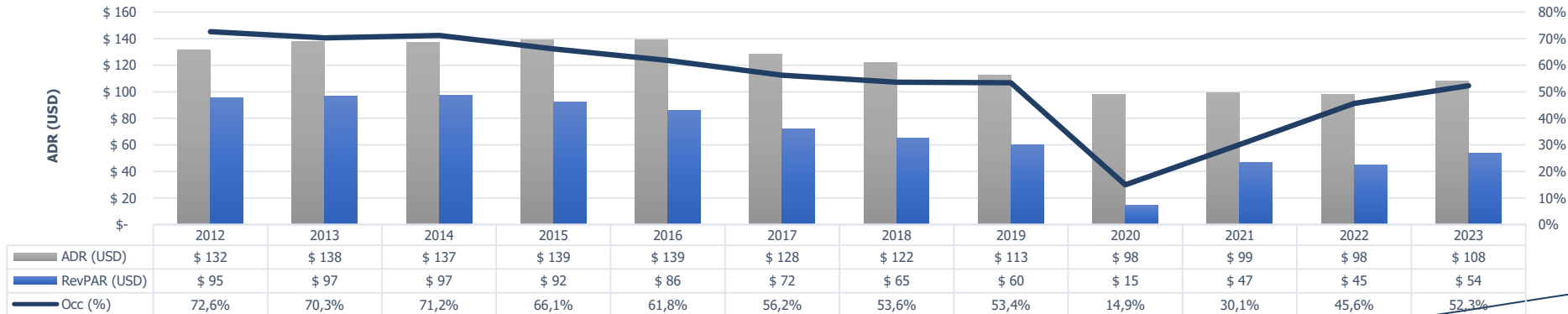


## Market Performance

### 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)



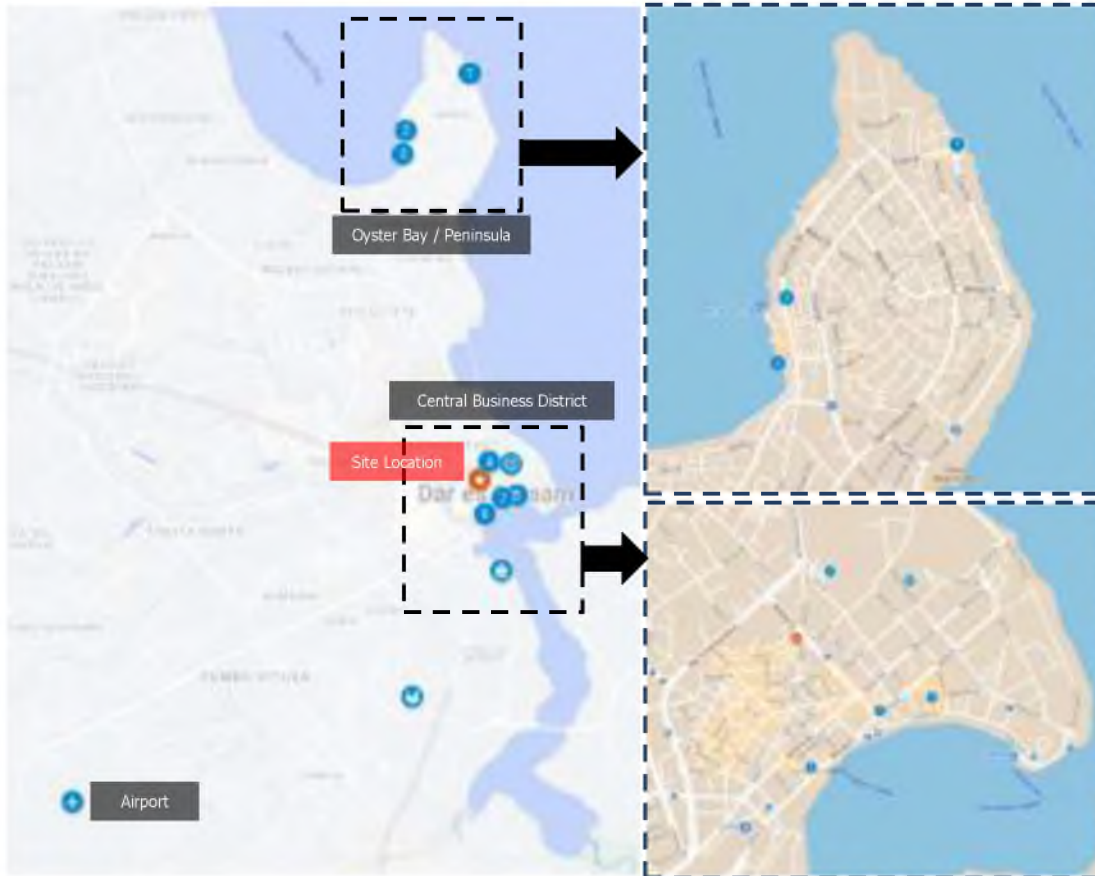
# Dar es Salaam Hotel Market Assessment

## Spotlight on Relevant Set







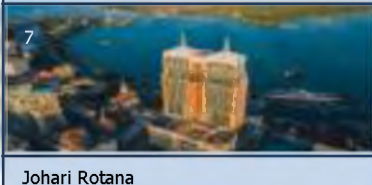
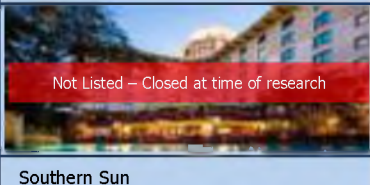
### Introduction and Location of Relevant Set

- Although the proposed development will offer a level of service and quality that will outperform the current supply in Dar es Salaam, it remains important to understand the demand drivers in the market and the 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 the Relevant Set, in total 814 rooms (5 hotels) were surveyed which represents a healthy portion of the overall supply present in Dar es Salaam.

### Location of Dar es Salaam Relevant Set Hotels












Source: My Maps

 <p>1</p>	 <p>2</p>
<p>Sea Cliff Hotel Upper Upscale 115 Keys</p>	<p>Element Hotel Upper Midscale 109 keys</p>
 <p>3</p>	
<p>Delta Hotel Upscale 152 keys</p>	<p>Dar es Salaam Serena Hotel Upper Upscale 230 keys</p>
 <p>5</p>	 <p>6</p>
<p>Hyatt Regency, The Kilimanjaro Upper Upscale 182 Keys</p>	<p>Four Points by Sheraton, New Africa Upper Midscale 126 keys currently - 174 post-reno</p>
 <p>7</p>	 <p>Not Listed – Closed at time of research</p>
<p>Johari Rotana Upper Upscale 253 Keys (incl. 60 apartments)</p>	<p>Southern Sun Upscale 152 Keys</p>

## Relevant Set

		Hyatt Hotel (The Kilimanjaro)	Dar es Salaam Serena Hotel
General	Hotel		
	Location	CBD	CBD
	Position	Upper Upscale	Upper Upscale
	Keys	182	230
Facilities	Operator	Hyatt Regency	Independent
	Conference	Yes Pax 400	Yes Pax 500
	F&B	4 Restaurants, 1 Pool Bar	2 Restaurants, 2 Bars, 1 Bakery
	Gym	Yes	Yes
	Pool	Yes	Yes
	Other	Spa, Laundry	Spa
	Room Typology	Standard, Suite, Executive, Presidential, Royal	Standard, Superior, Suite, Executive, Diplomate, Presidential
	Single Rack Rate (USD)	Standard (151): \$200 Deluxe / Club (31): \$280 Suite (13): \$420 Executive (4): \$720 Presidential (1): \$2300 Royal (1): \$3500	Standard (125): \$195 Superior (54): \$235 Suite (36): \$250 Executive (10): \$460 Diplomate (4): \$650 Presidential (1): \$2200
	Commentary	Closed 2020 and re-opened end of 2021	Close proximity to Convention centre
Comments	Renovation / Expansion	Est. 2005 Planning a renovation and making changes to F&B offering Brand	Est. 1995 Renovation planned in next 2 years
	Unique Selling Point	High end business and leisure travel Considered the best all-round hotel in Dar es Salaam	Authentic Tanzanian Experience Expansive gardens and lots of parking
	Quality Rating within Market context (low - high)		




























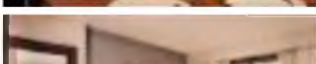


## Relevant Set

		Sea Cliff Hotel		Johari Rotana	
General	Hotel				
	Location	Masaki		CBD – Close to Ferry Terminals	
	Position	Upper Upscale		Upper Upscale	
	Keys	115		193 rooms 60 serviced apartments	
Facilities	Operator	Independent – affiliation with Preferred Hotels & Resorts		Rotana	
	Conference	Yes Pax 120		Yes - largest hotel ballroom in the country (2,000 sqm – 900 pax) 6 fully-equipped meeting rooms	
	F&B	3 Restaurants, 1 Pool Bar		3 Restaurants, 2 Bars, 1 cigar lounge, club lounge, retail, coffee shop	
	Gym	Yes		Yes	
	Pool	Yes		Yes	
	Other	Spa, Laundry, jetty, kids club, excursions from hotel, casino & adjacent shopping centre		Spa, sauna	
Rooms	Room Typology	Deluxe, Superior, Executive, Suites – sea and city view options		Standard, King, Suite, Spacious Room, Ambassador Suite, Royal Suite – studio, 1-bed and 2-bed apartments Standard: \$195 Suite: \$265 King: \$215-280 Spacious Room: \$280 Ambassador Suite: \$750 Presidential (1): +\$1000 Studio Apartment: \$ 220 1 Bedroom Apartment: \$ 275 2 Bedroom Apartment: \$ 295	
	Single Rack Rate (USD)	Deluxe: \$210 Superior: \$240 Executive: \$350 Suites: \$420 Junior Suite: \$525 Amani Suite: \$625		Access is difficult to site due to port and ferry traffic – not ideal for conferences Closed in 2020 and re-opened June 2022	
	Commentary	-			
Comments	Renovation / Expansion	Est . 1998 Currently being renovated		Est. 2019	
	Unique Selling Point	Located on the ocean More leisure focused property		Best quality hotel in Dar es Salaam	
	Quality Rating within Market context (low - high)				

## Relevant Set

		Four Points by Sheraton New Africa		Delta Hotel	
General	Hotel				
	Location	CBD		Masaki	
	Position	Upscale		Upper Midscale / Upscale	
	Keys	154 currently (due to renovation) 174 when renovation is complete		152	
	Operator	Marriott		Marriott	
Facilities	Conference	Yes Pax 310		Yes Pax 250 pax 6 meeting rooms	
	F&B	2 Restaurant, 1 Bar		2 Restaurant , 1 pool Bar	
	Gym	Yes		Yes	
	Pool	Yes		Yes	
	Other	Game room, Laundry, Currency Exchange		Spa, Laundry, jetty, convenience store and gift shop	
Rooms	Room Typology	Standard, Deluxe, Executive		Standard, Deluxe, Superior, Premium Suite, Presidential	
	Single Rack Rate (USD)	Standard: \$140 Deluxe: \$165 Executive: \$200		Standard: \$155 Deluxe: \$170 Superior: \$180 Premium Suite: \$240 Presidential: \$660	
	Commentary	-		Closed in April 2020 and re-opened in April 2023 Popular for weddings – large outdoor areas	
Comments	Renovation / Expansion	Est. 1997 Currently undergoing renovation per room block – completion expected end 2024 Also expanded conferencing offering		Currently being renovated	
	Unique Selling Point	Dependable Brand Good conference facilities and dining options		Popular conference venue in Masaki Part of Marriott – loyalty programme	
	Quality Rating within Market context (low - high)				

## Relevant Set

		Element Hotel		Southern Sun	
General	Hotel				
	Location	Masaki		CBD	
	Position	Upper Midscale		Upscale	
	Keys	109		152	
	Operator	Marriott		Southern Sun	
Facilities	Conference	Yes Pax 130 largest 5 meeting rooms		Yes	
	F&B	1 Restaurant , 1 Bar		1 Restaurant, 1 Bar, 1 Lounge	
	Gym	Yes		Yes	
	Pool	Yes		Yes	
	Other	Spa, Laundry		Nightclub,	
Rooms	Room Typology	Standard / Studio, Superior, Premier		Standard	
	Single Rack Rate (USD)	Standard: \$155 Superior: \$180 Premier: \$195			
	Commentary	-			
Comments	Renovation / Expansion	Est. December 2021		2001	
	Unique Selling Point	Aparthotel concept - all suites Good value for money		and Business appeal	
	Quality Rating within Market context (low - high)				

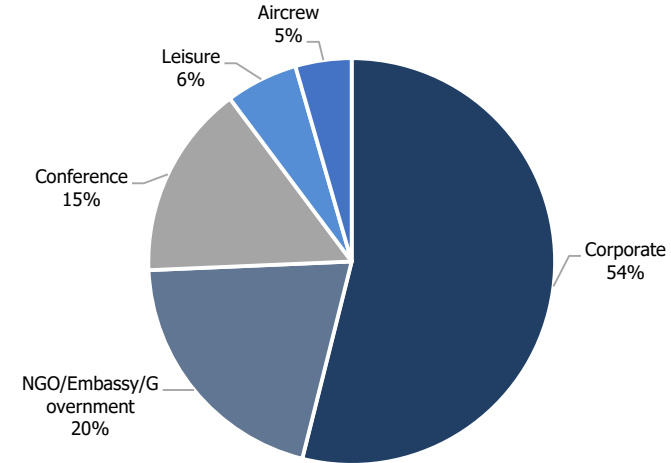
Closed During Research - Re-Opened Late October 2024

## Demand Assessment

### Market Drivers

- As indicated earlier in this report, Tanzania has a full recovery and growth in tourist arrivals in 2023 - surpassing both 2022 and 2019 levels by 24.3% and 18.4% respectively. This has been driven by various aspects such as improved regional air access as well as the rise in popularity of Zanzibar as a key leisure destination. **Tanzania's hospitality sector has been stagnant for a number of years** partly due to late President John Magufuli who imposed severe austerity measures that restricted government's use of hotel accommodation as well as policies that were less business-friendly – hampering international investment and development and resulted in an uptick expatriate relocations. Since President Samia Hassan took office, she has **loosened austerity measures and managed to improve investor confidence and the business environment in general** – benefitting the hospitality sector. As a result, there has been a **notable shift in market demand compared to pre-pandemic levels** under the previous president as government has ramped up efforts to support and facilitate private-sector investment. It should be noted though that we **expect the dynamics of demand the shift in the short-to-medium term as government transitions mostly to Dodoma and again in the medium-to-long term as the diplomatic sector slowly follows.**
- 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 Nyerere 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 lower levels of hotel occupancy have shifted the balance of power and corporates are able to negotiate better rates.

**Market Mix in Dar es Salaam**

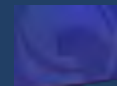


Source: HTI Consulting

### Overnight Conference Characteristic

Characteristic	
<b>Market Drivers</b>	Corporate market primarily – Secondary Government and and Embassy / NGOs (mostly conferencing)
<b>Average Size</b>	Corporate: 20 – 50 pax NGO: 100 pax
<b>Average Length</b>	Embassy / NGO: 2 – 3 days Corporates: 2 – 3 days Leisure: 1 – 2 days MICE: 3 – 5 days
<b>Preferred Hotel Facilities (in CBD)</b>	Hyatt Regency Serena Four Points

Source: HTI Consulting



## Demand Assessment

### Market Drivers

- In terms of diplomatic demand (**Embassy**), foreign delegates tend to stay primarily at the Hyatt Regency, the Southern Sun (prior to its closure) 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 200+ for senior delegates and Ambassadors which tend to make use of Suites. One of the key factors determining hotel utilization amongst this segment is the level of **security provided** by the property – this is key to note for the proposed development as strict security and safety measures will be needed when catering to foreign delegations.
- **Aircrew** typically pays substantially discounted rates, ranging from USD 80 to USD 120. The Hyatt hotel attracts the largest number of aircrew due to their offering (quality and amenities) as well as high levels of safety and security. Based on discussions with management, aircrew accounts for around 16 rooms per day for aircrew. Furthermore, management at the Hyatt has indicated that due to improved demand conditions, they plan to transition away from aircrew business in order to improve their ADR. Properties such as the Serena, Rotana and New Africa Four Points also receive aircrew demand.
- **The leisure market** remains a small driver of roomnight demand in Dar es Salaam. The leisure market is dominated by stop overs from international guests on their way to tourist attractions in areas such as Zanzibar and Mount Kilimanjaro. As Zanzibar improves air connectivity and regional integration, an increasing number of leisure guests may opt to bypass Dar es Salaam as a transit point. Furthermore, leisure guests traditionally favour properties with beachfront access and leisure amenities – such as the Golden Tulip, Sea Cliff, Coral Beach, Hotel Slipway.
- Based on our research, **extended stay / long stay demand** is limited – representing only around 1% of overall demand in 2023 of the set of hotels interviewed. It was indicated that most extended stay demand typically occurs on the peninsula or more affordable options in the CBD or periphery. For example, the Protea Hotel Oyster Bay follows an aparthotel concept whilst providing traditional hotel services. For this reason, it captures both short and long stay demand primarily from the corporate and NGO segments. The hotel indicated long stay demand is more dominant and the inclusion of hotel amenities and services is seen as an advantage amongst long stay guests. Similarly, the Golden Tulip and Colosseum indicated more interest for longer stays with this segment accounting for between 10% - 15% of overall demand at these properties. By contrast, the Element by Marriott is an aparthotel but only receives around 3% of their overall demand from extended stay / long stays as management prioritises short-stays to bolster ADR given they are running at relatively high occupancy. The Rotana also has dedicated apartments, but due to their location at the port and price point, demand has been low – however the hotel is still ramping-up.



## Demand Drivers

### Market Mix (continued)

- The market share of conferencing and Government related demand has increased compared to 2019 levels – in line with less austere government policies around the use of hotel accommodation and conference facilities. Based on previous research HTI has conducted in Dar es Salaam, we estimated overnight conferencing demand stood at around 9% in 2019, improving to around 15% in 2023. While government still makes use of accommodation and conference facilities in the CBD of Dar es Salaam, we expect this segment to decline in its share of demand in the short-to-medium terms as Government transitions to Dodoma. Among the key demand drivers, the Government sector is the most price sensitive market segment with per diem rates largely being set – the exception being very senior officials whom tend to exceed set per diem allowances. As will be highlighted in the coming section, government per diems range from USD 60 to USD 300 depending on the staff level.
- Overnight conference demand is primarily driven by corporates and NGOs, with increase government activity recently. Conferences held at hotel facilities tend to average 2-3 days in duration with only a portion of delegates overnighing at the hotel during the conference period.
- Full-day conference packages at hotels assessed range from USD 50 to USD 65, with celebrations and weddings at around USD 70-75 per delegate.

### 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 Overnighing
<b>Four Points</b>	25%	12	250 pax (but parking issues)	45	65	30-50 Pax: 2-3 per week 80-100 Pax: 1-2 per week +100 pax: 1-2 per month	80-100	20%-30%
<b>Hyatt</b>	15%	4	400 pax	55	65 for corporate and government 70-75 for weddings / celebrations	30-50 Pax: 1-2 per week 80-100 Pax: 2-3 per week 120-200 Pax: 1-2 per week Celebrations: 1-2 a month	120-200	15%-20%
<b>Serena</b>	15%	7	500 pax in marquee	55	60	15-30: 1-2 a week 50-70 pax: 1-2 a week 80-120 pax: 1-2 every two weeks 250-300: 1-2 a month Weddings: 20 per year	80-120 - Weddings around 350-500 pax	20%-25%

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.

	Embassy Demand	Corporate Demand	NGO Demand	Government Demand
Main Demand Driver	<ul style="list-style-type: none"> <li>Visitors attending meetings with the ambassador</li> <li>Delegations meeting with Tanzanian government departments and officials</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Government and NGO workshops or meetings</li> </ul>	<ul style="list-style-type: none"> <li>Meetings and workshops</li> <li>Quarterly and Annual government meetings</li> <li>Regional projects – i.e. National Government and National Departmental participation.</li> </ul>
Primary Criteria for Usage	<ul style="list-style-type: none"> <li><b>Security / Approved</b> – properties must be approved by various organizational policies</li> <li><b>Location</b> – within a reasonable perimeter from the embassy (15 minutes drive maximum)</li> <li><b>Quality</b> – consistent quality throughout an establishment is important with design (contemporary) and international standards being highlighted as important</li> </ul>	<ul style="list-style-type: none"> <li><b>Location</b> – proximity to head office, retail and entertainment facilities are prioritised</li> <li><b>Quality</b> - three star to five star depending on budgets of corporates</li> <li><b>Rate</b> - affordability is an increasing requirement as corporates cut back on travel spend</li> </ul>	<ul style="list-style-type: none"> <li><b>Location</b> – close to their offices / point of interest (minimize travel)</li> <li><b>Rate</b> – NGO's remain a price sensitive market, affordable rates are prioritized (per diem budgets)</li> <li><b>Approved</b> – 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)</li> </ul>	<ul style="list-style-type: none"> <li><b>Rate</b>– most price sensitive segment</li> <li><b>Conference facilities</b></li> </ul>
Rates Paid (USD)	<ul style="list-style-type: none"> <li>Rates vary between USD 140 and USD 300 with breakfast included</li> <li>High level officials make use of Suites and rates paid range from USD 450 to USD 1,000</li> </ul>	<ul style="list-style-type: none"> <li>Rates corporates are currently paying range from USD 90 to USD 150 per night (for 3 and 4 stars properties)</li> <li>All rates are inclusive of breakfast</li> </ul>	<ul style="list-style-type: none"> <li>Rates paid vary depending on the organization</li> <li>Rates ranges between USD 80 to USD 160 per night</li> <li>Higher rates are paid for international travelers than for regional/local travelers</li> </ul>	<p>Official per diem allowances range from:</p> <ul style="list-style-type: none"> <li>Junior level staff: TZS 100,000 – 150,000 (USD 40 - 60)</li> <li>Mid level staff: TZS 150,000 – 170,000 (USD 60 - 65)</li> <li>Senior level staff: TZS 220,000 – 250,000 (USD 85 - 95)</li> </ul> <p><b>*Above per diem rates will be active as of July 2024.</b></p>
Trends	<ul style="list-style-type: none"> <li>Average length of stay is between 4 to 6 nights</li> <li>Top international delegates on short stay visits would request luxury hotel (even if its not within proximity)</li> <li>Request upper upscale properties</li> </ul>	<ul style="list-style-type: none"> <li>Average length of stay is between 2 to 4 nights</li> <li>Proximity to corporate head office is preferred to reduce exposure to traffic and overall travel time                             <ul style="list-style-type: none"> <li>Currently hotels in the Peninsula are prioritised given the corporate decentralisation into this node</li> </ul> </li> <li>Majority of demand comes from South Africa, Europe and rest of Africa (primarily regional countries)</li> <li>Most corporates making a concerted effort to reduce travel costs with travel group sizes decreasing from 4+ pax to 2+ pax</li> </ul>	<ul style="list-style-type: none"> <li>Average length of stay of 4 to 6 nights – sometimes a week</li> <li>NGOs often travel as a small group of approximately 5 people</li> <li>NGO's with per diem budgets prefer self catering accommodations                             <ul style="list-style-type: none"> <li>They would pay a premium for a nicer room with kitchenette in order to reduce expenses on F&amp;B costs</li> </ul> </li> <li>Some NGO's select new hotel service providers at the beginning of each financial year and issue an RFP to which hotels respond</li> <li>International NGO's such as the World Bank have their rates negotiated in Washington DC which are often locked in for a predetermined period</li> </ul>	<ul style="list-style-type: none"> <li>Only a small portion of overnight demand</li> <li>Average length of stay ranges from 2 to 4 nights</li> <li>Government transition to Dodoma underway</li> </ul>
Preferred Establishments (focusing on CBD node)	<ul style="list-style-type: none"> <li>Hyatt Regency (international senior delegates)</li> <li>Johari Rotana</li> <li>Southern Sun (prior to its closure)</li> <li>Serena</li> <li>FourPoints</li> </ul>	<ul style="list-style-type: none"> <li>FourPoints</li> <li>Crowne Plaza</li> <li>ONOMO</li> <li>Holiday Inn</li> <li>Hyatt Regency</li> </ul>	<ul style="list-style-type: none"> <li>Serena Hotel (conference facilities)</li> <li>Hyatt Regency (high level management)</li> <li>FourPoints</li> </ul>	<ul style="list-style-type: none"> <li>Serena Hotel (conference facilities)</li> <li>Hyatt Regency (high level management)</li> <li>FourPoints</li> </ul>

Source: HTI Consulting

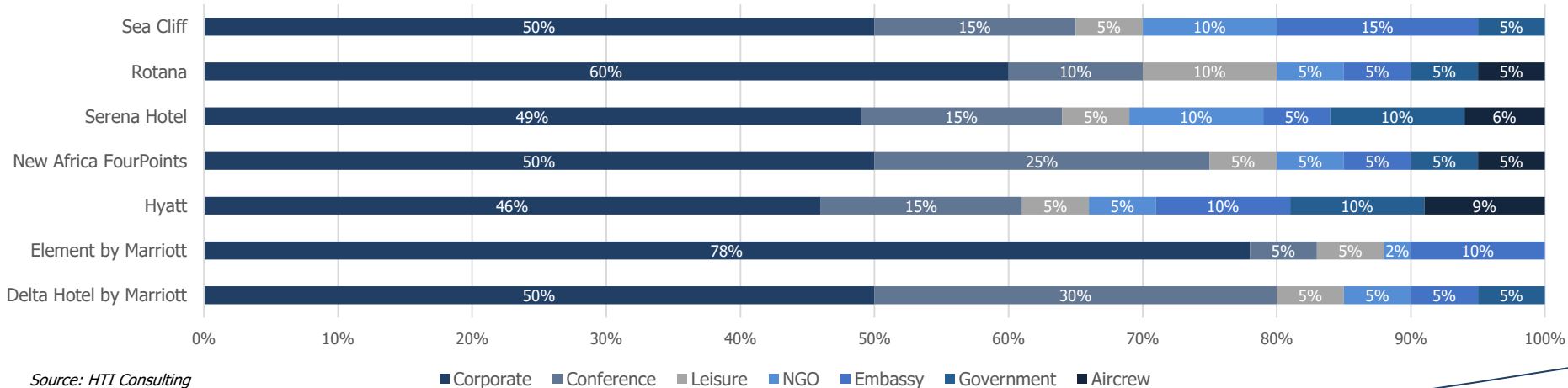


## Demand Drivers

### Individual Market Mix

- As indicated earlier, the **corporate market** is the main driver of roomnight demand amongst all hotels in the competitive set – accounting for around half of all roomnights sold for most properties in the set. The average length of stay for the corporate segment is around 3 nights. Corporate demand stems from project / logistics / shipping based activities as well as the financial services / insurance industry and the pharmaceutical / medical industry. A preference remains towards Oyster Bay / Masaki for hosting corporate events and meetings.
- There has been an uptick in **conference demand** in recent years and a number of hotels achieved a healthy number of roomnights originating from MICE demand. It should be noted that most properties have a retention rate on a meeting, event or conference of around 20%-33%. Events usually last around 3-4 days with 1-2 days for set-up and teardown before or after – relevant to larger events. Recently, government has been more active in hosting medium-to-large events and conferences compared to prior years, when larger events were mostly NGO-led. It was noted that this trend is driven by government’s efforts to stimulate the business environment in the country. Embassy and NGO-driven events and conferences are typically smaller and are usually for training / workshops (80-120 pax). Corporate events are typically smaller at around 20-50 pax.
- Leisure demand** is transient in nature with an average length of stay of around 1-2 nights. Similarly, **aircrew** are only for a single night at a time.
- NGO and Embassy**-related stays tend to be over a full work week – averaging around 4-5 nights. It was also noted that Embassy-related demand has a higher average rate and guests typically prefer suites.
- Government demand** is often linked to conferences, training or workshops as well as quarterly, bi-annual and annual sittings, budgeting, planning and workshops. The average length of stay is usually 4-5 days.

### Individual Market Mix (2023)



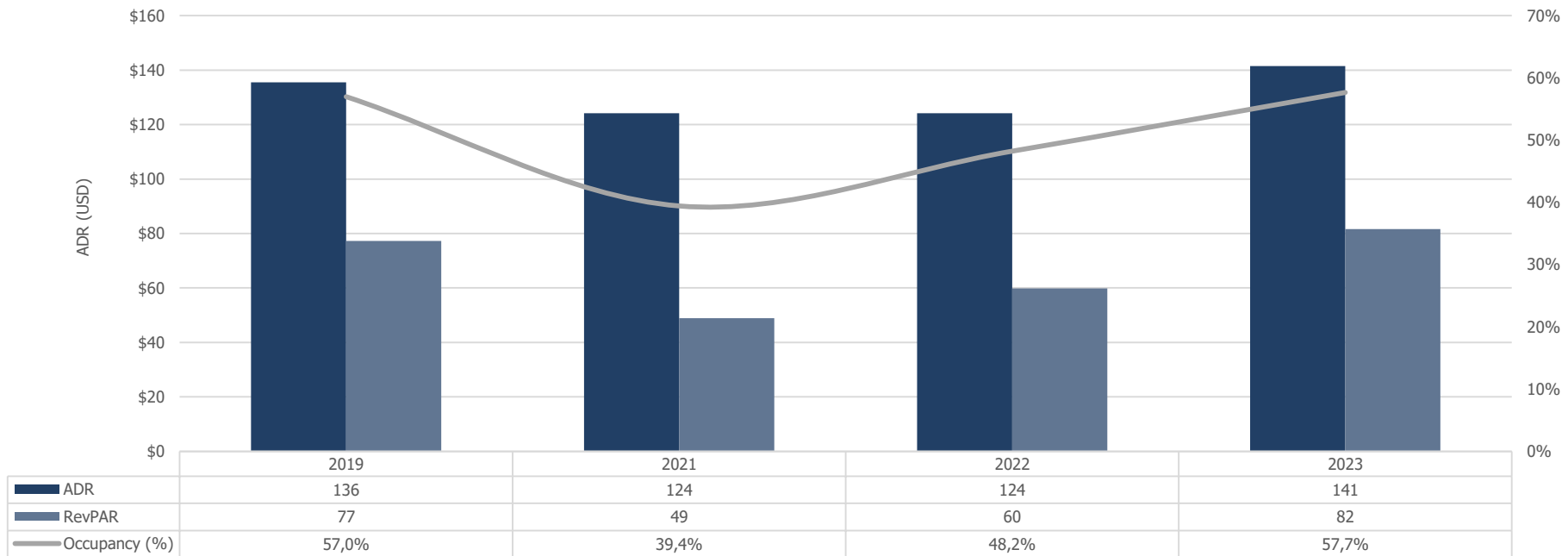


## Market Performance

### Competitive Set Historic Trading Performance

- In 2019, the competitive set achieved an average occupancy of 57.0%. Although the Element was not open during this time and the Rotana had just opened. The average ADR achieved by the competitive set at the time was around USD 136, resulting in a RevPAR of USD 77. Once the recovery began in 2021, occupancy stood at 39.4% at an ADR of USD 124. In 2022, demand continued to improve and new supply started to be absorbed. This resulted in an average occupancy for the competitive set of 48.4%. Rates stagnated during this period, with RevPAR recovering to 77.5% compared to 2019 levels. By 2023, the competitive set achieved an occupancy of 57.7% - which exceeded 2019 levels. ADR also saw a growth in ADR of 4.4% on 2019 levels (only 1.1% CAGR over the period), exceeding 2019 levels. This resulted in stronger RevPAR for the set as a whole (USD 82), exceeding levels achieved in 2019. Despite the full recovery of the competitive set, rate growth remains subdued.
- Compared to the market average for Dar es Salaam, the competitive set achieved an ADR that was USD 33 higher than the market average and occupancy levels 5.4 percentage points higher than the market baseline. Overall, RevPAR of the competitive set is USD 28 higher than the market average.

### Competitive Set Performance (2019-2023)



**\*Note: New supply entered the market and some competitors were closed during 2021 and 2022 – thus consistency of competitive set performance may be affected.**

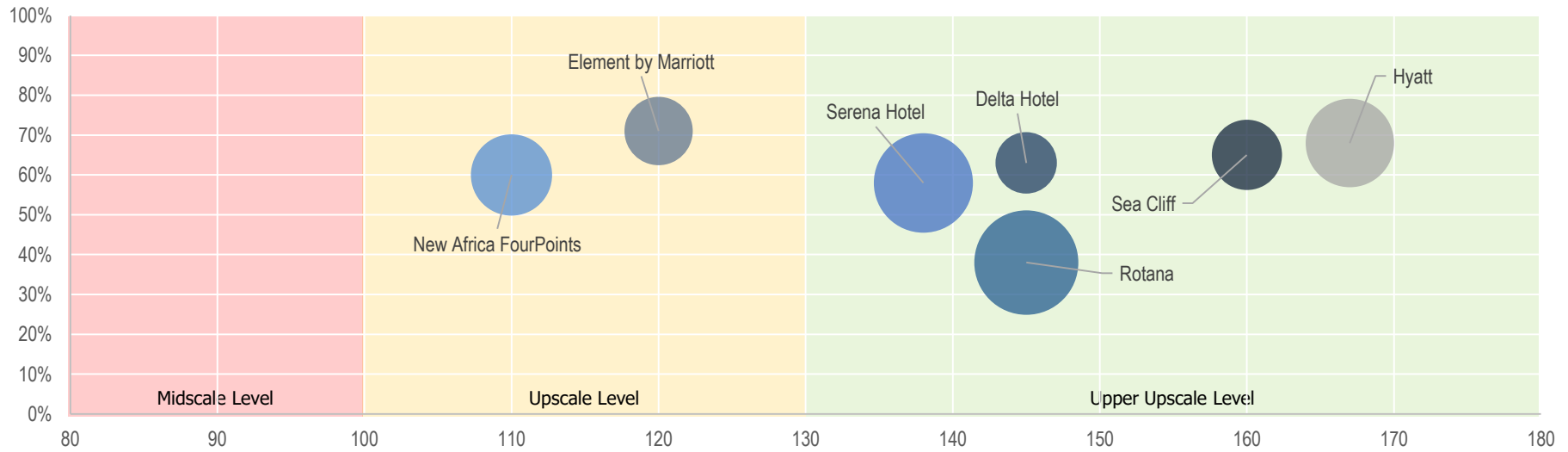
Source: HTI Consulting

## Market Performance

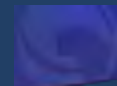
### 2023 Individual Performance

- 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.
- 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 Four Points 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 bolstering the occupancy of the Element.

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



Source: HTI Consulting



## Market Performance

### 2023 Individual Performance

- When comparing the competitive set's performance against their combined average baseline, we can assess the key strengths and focus areas of the individual properties in context of the set as a whole. When assessing the Market Penetration Index of the set, the Element achieves the highest index score and is ranked 1<sup>st</sup> under this metric – however, when assessing RGI, RevPAR and Market Share parameters, the overall performance against the set is average. The Sea Cliff performs well on RGI (ranked 2<sup>nd</sup>), which bolsters its RevPAR index (ranked 2<sup>nd</sup>). With the Rotana being the newest entry among the set, it is clearly struggling in terms of its MPI index – but it should be noted that the hotel is still in its ramp-up phase. Regardless, our discussions with management and some key demand drivers have indicated that upon re-entry of the Rotana, it was targeting rates that exceeded what the market was willing to pay and thus management has been slowly reducing rates in order to find a balance between occupancy and rate. Despite this, the Rotana (given its size) is capturing around 15% of roomnights sold amongst the set (ranked 3<sup>rd</sup>) – which is an early indicator that the property will likely become a prominent player amongst the competitive set of hotels once stabilises.
- The Hyatt consistently ranks 1<sup>st</sup> and 2<sup>nd</sup> amongst key parameters compared to the set as a whole – in particular, its RevPAR index outperforms the set average by a considerable margin. It also achieves over 19% of demand generated by the set as a whole, and only 2 percentage points behind the Serena which is a much larger hotel (48 more keys). This property has consistently been a dominant player in the market and is often seen as the rate ceiling for hotels in Dar es Salaam. **For this reason, we have provided a benchmarking assessment of this property on the overleaf.**

### Key Performance Indices of the Competitive Set (2023)

	Market Penetration Index		Revenue Generation Index		RevPAR Index		Market Share (Demand / Roomnights Sold)	
	MPI	Ranking	RGI	Ranking	RevPAR	Ranking	% Share of RNS	Ranking
Delta Hotel by Marriott	109%	4	102%	4	112%	3	6,5%	7
Element by Marriott	123%	1	85%	6	104%	4	12,1%	5
Hyatt	118%	2	118%	1	139%	1	19,3%	2
New Africa Four Points	104%	5	78%	7	81%	6	14,4%	4
Serena Hotel	101%	6	98%	5	98%	5	20,9%	1
Rotana	66%	7	102%	3	68%	7	15,0%	3
Sea Cliff	113%	3	113%	2	127%	2	11,7%	6

Source: HTI Consulting

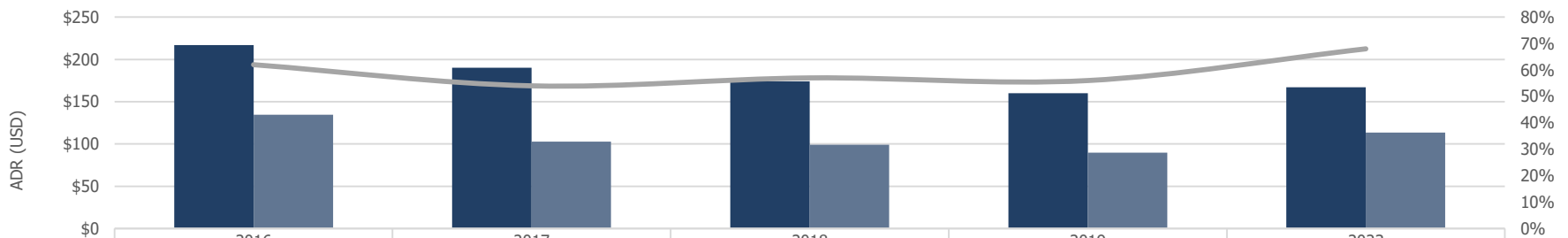


## Market Performance

### Spotlight on Hyatt Regency Performance

- Considering the initial 5-star positioning of Mzizima Towers, we have provided an overview of the historic and current performance of the Hyatt Dar es Salaam as an example of performance metrics for an upper upscale product in this market. In addition, the Hyatt has a diverse market mix and is frequently utilised by key demand generators such as foreign embassies, corporates, NGOs and a portion of high-level government officials. The Hyatt has managed to fully recover in terms of occupancy, compared to 2019 levels, exceeding performance levels last seen in 2016. Rates in Dar es Salaam have traded softer since 2015/2016 due to the impact of government austerity measures (having a cascading effect on all market segments in terms of demand and occupancy) – requiring hotels to focus on occupancy rather than rate to remain competitive. The Hyatt achieved a strong 2023 occupancy of 67%, surpassing pre-pandemic levels by 11 percentage points and surpassing the market average considerably. The Hyatt’s rate has surpassed 2019 levels in 2023 and management has indicated that they would be able to achieve a target ADR of around USD 190 (in current terms) should they relinquish aircrew base business (which trades at highly discounted rates) – but this strategy is only practical if demand momentum is sustained in the coming years (the overarching government transition may impact on the implementation timeframe for this strategy).
- This is an indicator that demand for this quality of the product is high amongst demand generators, however, management did note that price sensitivity remains apparent – especially amongst corporate contracts, government and NGO segments. **The element of price sensitivity and rate negotiation at a property of this nature should be noted as it is therefore unlikely that clients would be willing to pay a premium for a similar hotel in Dar es Salaam – as seen with the Rotana.**
- The Hyatt is also popular from an F&B perspective, catering for around 50 non-hotel guests per day on average at their various outlets. Over weekends, the number of external patrons increases considerably. Take-up for breakfast is high and included in room rates in USD terms. Lunch and dinner are typically priced in local currency to appeal to the local market. However, take-up for lunch is low (a common occurrence in this market) while dinner take-up is generally within expected market norms.

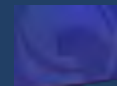
### Hyatt Dar es Salaam Benchmarking (2023)



	2016		2017		2018		2019		2023	
ADR	217		190		174		160		167	
RevPAR	135		103		99		90		114	
Occupancy (%)	62%		54%		57%		56%		68%	

Breakfast		Lunch		Dinner		Walkins
Price	Take-Up	Price (USD)	Take-Up	Price (USD)	Take-Up	
USD 20	95%	TZS 25,000 – 30,000	30%	TZS 50,000 – 70,000	70%	+/- 50 walkins per day   120-150 walkins over the weekend for a Sunday brunch buffet with free sparkling wine

Source: HTI Consulting

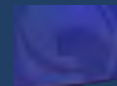


## Future Hotel Supply

### Planned Hotel Supply for Dar es Salaam

- The Dar es Salaam hotel market has experienced minimal supply growth in recent years with only the Urban CityBlu in Masaki having opened in early 2024. Below we have stated some of the key trends relating to the future of supply in the Dar es Salaam market:
  - Some existing properties that closed during Covid have gradually re-opened since 2021/2022 and most existing supply has now re-entered the market or opened under a new brand (such as the Delta Hotel and the Crowne Plaza). However, the likes of the Delta and Four Points hotels do not yet have their full room inventory active due to renovation, and it is expected their full supply will be operational towards the end of 2024 or early 2025.
  - One property remained closed at the time of our research - the Southern Sun Dar es Salaam which was sold during Covid. At the time of our research, no information on plans to renovate and reposition the asset nor any timelines and clarity around exact plans for re-opening was known. The property subsequently re-opened in late October 2024.
  - It was noted that some properties have gone through renovation whilst others are considering renovation soon – in order to stay relevant in the market. Some existing properties have indicated that they may expand their room inventory in the future, but no concrete plans are in place (based on our discussions).
  - As per our research and feedback from competitors in Dar es Salaam, there are no announced new hotels planned for the city with the exception of the NSSF project.
  - We are aware of a 120-room Novotel project with the PSSSF as promoters. Nothing has been announced at this stage but the project is likely to go ahead – based on feedback from the potential operator. The location of the site isn't known, but has been indicated as being in the vicinity of the **Rotana / Fourpoints**
- Based on the above, we expect the supply pipeline to remain muted in the short-to-medium term and that the focus will likely be on the renovation and expansion of existing properties, some potential conversions (from other uses to hotels) and/or potential branding of independent properties to be more competitively positioned in the market (only around half of the market supply is currently operated by a regional / international brand). We have taken into account the following as part of future incoming supply:
  - 84 existing hotel keys to come back into the supply pool once the Delta and Four Points complete their renovation.
  - The entry of Mzizima Towers in 2026 with 196 keys
  - Southern Sun Dar es Salaam (which at the time was not yet open, but has subsequently re-opened) – 152 keys
  - We have also taken into account the opening of the Urban CityBlu in 2024 – 61 keys

**A total of 297 keys are expected to enter the market between 2024 and 2027.**



## Apartment Benchmarking

### Residential Apartment Benchmarks

- Based on our discussions with Knight Frank in Dar es Salaam, it was indicated that there has been a surge in demand for residential apartments in Dar es Salaam. The bulk of demand gravitates towards prime areas such as Oyster Bay and Masaki (Peninsula) and these areas tend to outperform other parts of Dar Es Salaam – including the CBD. It was indicated that demand is being driven by expatriates re-entering Tanzania and basing themselves in Dar es Salaam – given the more business-friendly environment being promoted by the current President. To provide some context, prior to the pandemic, demand for residential apartments started to decline as more international corporates were scaling back and expatriates left the country. Rental rates remained stagnant and saw a regression during the Covid period. Over the last two years, demand has surged (but from a lower base), pushing up rents by 15%-20% compared to 2021. Average monthly residential rates achieved prior to the pandemic stood at USD 2,900 (up to around USD 4,250 in some prime locations) and have risen to around USD 3,500 on average at present (equating to around 115-120 per day).
- Based on feedback from Knight Frank as well as a prominent local developer in Tanzania the following key trends were highlighted:
  - Demand is very high at the moment with vacancy rates at low levels – this is given the limited available supply at present.
  - New residential developments are being fast-tracked in Dar es Salaam given the current positive momentum and demand for residential apartments in the market
  - A typical 3-bedroom apartment rental in Tanzania is around USD 3,500 (excluding service charges, utilities, etc.).
  - The market is being influenced by the rise of online rental platforms and changing work patterns, causing landlords to be more flexible on lease periods and rental terms to tenants.
  - It is important to provide tenants with public areas and convenience retail in order to create a comfortable and “livable” space. Additional facilities like a gym, children’s play area etc. are important as is parking and access to public transport.
  - Residential yields range between 6.0% to around 7.5%-8.0% depending on the construction cost, how much costs can be passed on to the tenant and ultimately the net rents achieved.
  - 2-and-3-bedroom apartments are in highest demand.
- The Centre for Affordable Housing Finance in Africa also indicated the following:
  - In urban areas, the average monthly rent for the least expensive newly constructed 80 sqm house is around TSh 961,200 (USD 362).
  - Monthly rents for tenants vary from TSh 100,000 (USD 42.9) to TSh 400,000 (USD 171.5), with a median rent of TSh 300,000 (USD 128.7) in central city areas.
  - Approximately 70% of Tanzanians are renters, and they allocate more than 25% of their monthly income to housing costs.
  - Thus indicating that local demand achieves substantially lower rentals than that being paid by expatriates.
- Knight Frank also stated that developers are capitalising on the demand by bringing forward a raft of new residential developments, particularly in and around the Peninsula, such as the Manhattan Garden (98 units) and 711 NHC Project (320 units) - both of which are expected to be completed by 2025.



## Apartment Benchmarking

### Residential Apartment Benchmarks

- The Table below outlines market averages for certain key nodes:

	Oyster Bay & Masaki			Msasani & Mikocheni			Mbezi Beach & Upanga		
<b>Bedrooms</b>	1	2	3	1	2	3	1	2	3+; Houses
<b>Rental USD (per month)</b>	1200	1500 - 1900	2400 - 3500	600 – 800	800 - 1350	1300 -2200	550	700 - 1000	1300 - 2000
<b>Deposit</b>	1- or 2-Months' Rent								
<b>Lease period</b>	6 Months to a Year								
<b>Service Charge</b>	Inclusive in rent – about 200 USD								
<b>Utilities</b>	Inclusive excluding Electricity								
<b>Size SQM</b>	1 50 - 80			2 90 - 155			3 180 - 220		

Source: HTI Consulting

- In addition, we have benchmarked a few key players in the CBD node to understand their current trading performance and monthly rentals charged:

	Twin Towers	Viva Towers		Palm Residency	New Avon Apartments (C grade)			
<b>Bedrooms</b>	3	2	3	4	3	Studio	1	2
<b>Rental USD (per month)</b>	3900	2300	2700 – 3500	No current pricing available – due to being fully let	No current pricing available – due to being fully let	450	700	1050
<b>Units</b>	88	86			128	37		
<b>Vacancy</b>	2% (2 Units)	2% (7-9 units)			No vacancy	1% (1 unit remaining)		

Source: HTI Consulting

- Most of the supply we benchmarked in and around the CBD are nearly fully let – showing strong demand for quality apartments in the CBD.
- Typical rentals achieved are in line with market benchmarks stated earlier.
- Compared to hotels we benchmarked, dedicated residential apartments perform much better on a long-term rental basis compared to a mix of short-and-long stay apartments in hotels. Mzizima Towers would likely benefit from the dedicated nature of their residential tower as it suites market needs, but will have the added benefit to tenants whereby they can access the hotel's public / leisure facilities, enjoy a high degree of security, have dedicated parking as well as retail shops included as part of the greater mixed-use nature of the development – making the apartments an attractive value proposition.



# Hotel Concept Recommendations

## SECTION 5

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;
- Concept and 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.

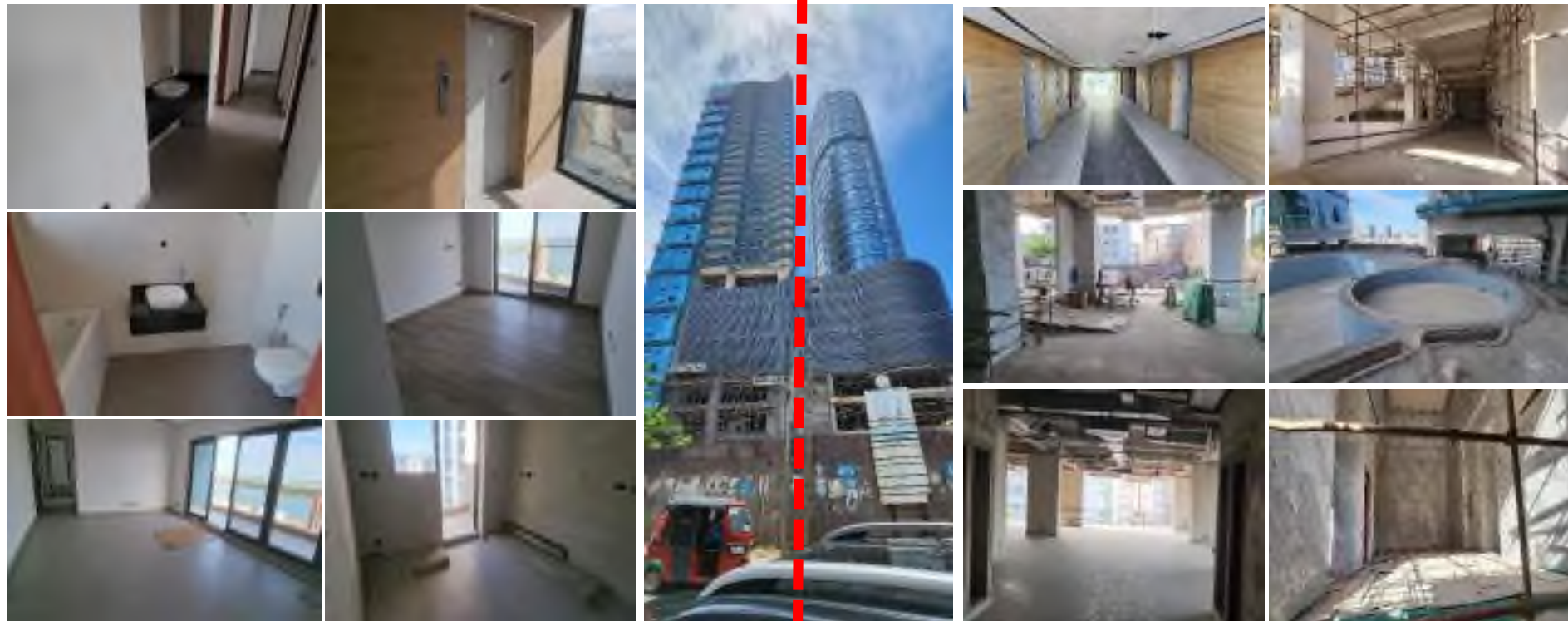
## Overview of the Current Hotel Layout and Proposed Scheme

### 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. It will be critical that the completion and fit-out timeframe be accelerated in order to ensure opening in 2026. This will allow the hotel to gain visibility and secure bookings for the Afcon 2027 tournament which starts in mid-June – however, bookings will likely start a year in advance (especially group bookings) and organising committees, teams, media, etc. will likely station themselves in Dar es Salaam well ahead of the tournament. We also expect that there will be post-event stays that will linger after the event closes (depending on where the final match will take place). Given that Dar es Salaam will be one of the main host destinations, we anticipate the local hotel sector to significantly benefit over this period and the Subject Hotel should ideally benefit from this upswing in demand.

Apartments

Hotel Areas



Source: HTI Consulting



## Overview of the Current Hotel Layout and Proposed Scheme

### General Description of Hotel

- The hotel comprises 34 floors, spread across two towers with a shared podium and parking on the first eight floors.
- The building has two basement levels for parking, back of house and logistical / operational requirements. A combined total of 78 parking bays have been allocated in the current design documents across both basement levels.
- The ground floor is a shared podium space which houses various retail, administrative, lift and lobby functions.
- The first floor houses the bulk of meeting and conference rooms of the hotel as well as admin offices and storage rooms for the hotel.
- The second floor is also a hotel area housing additional conference and meeting rooms as well as business lounges and hotel support functions (back of house, storage, etc.).
- Floors three to seven have been allocated for parking – a total of 52 bays per floor (260 bays in total) have been noted on current design documents;
- The eighth floor is a recreational / public space for both hotel guests and apartment guests/tenants.
- From the eighth floor upward, the towers split, with one tower housing apartments only and the other comprising offices and the remaining hotel facilities and rooms.
  - The main tower (comprising of offices and the remaining hotel components):
    - Floors 9-20 to be used for offices (tenants)
    - Floor 21-22 allocated as conference rooms (2 per floor) – originally for the use of the office tenants.
    - Floors 21-33 are used for the remaining hotel functions and services
  - The apartment towers span floors 9-30 with 44 apartments in total
- It should be noted at present, the hotel (as built) comprises 94 hotel keys and 44 apartments. However, based on operator input, some floors were altered and internal reconfiguration was suggested. We will outline the suggested alterations in the coming slides – including our recommendations.

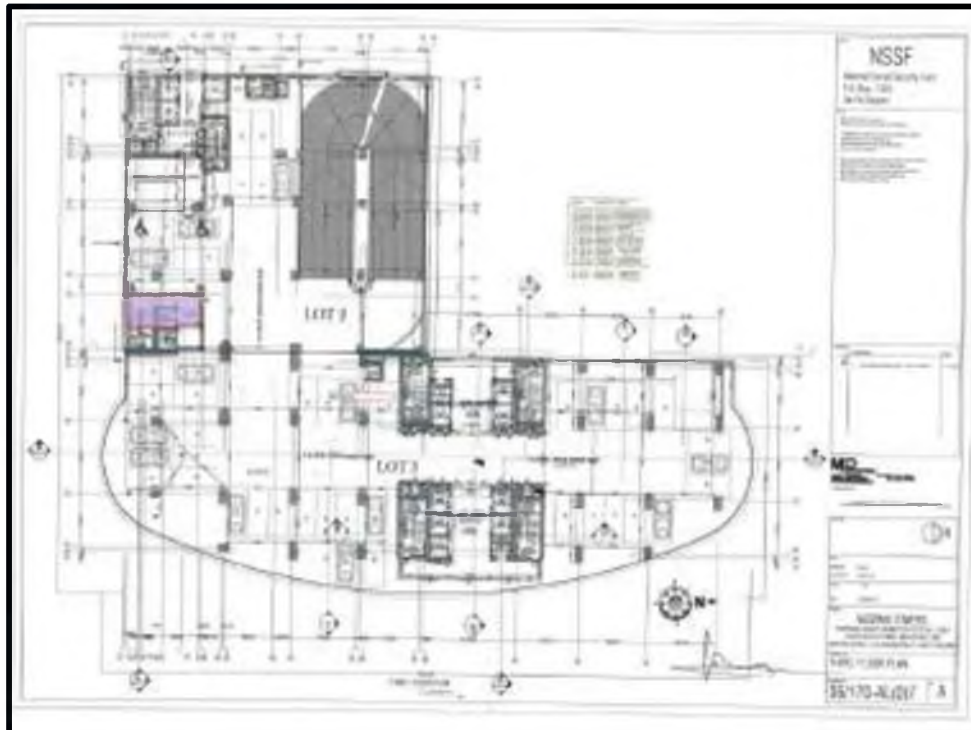
# Hotel Concept Recommendations

## Overview of the Current Hotel Layout and Proposed Scheme

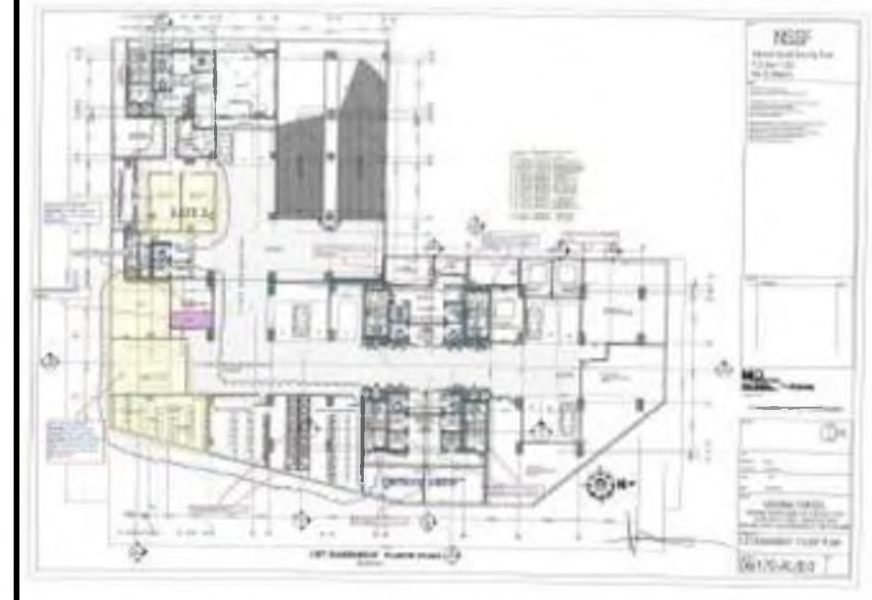
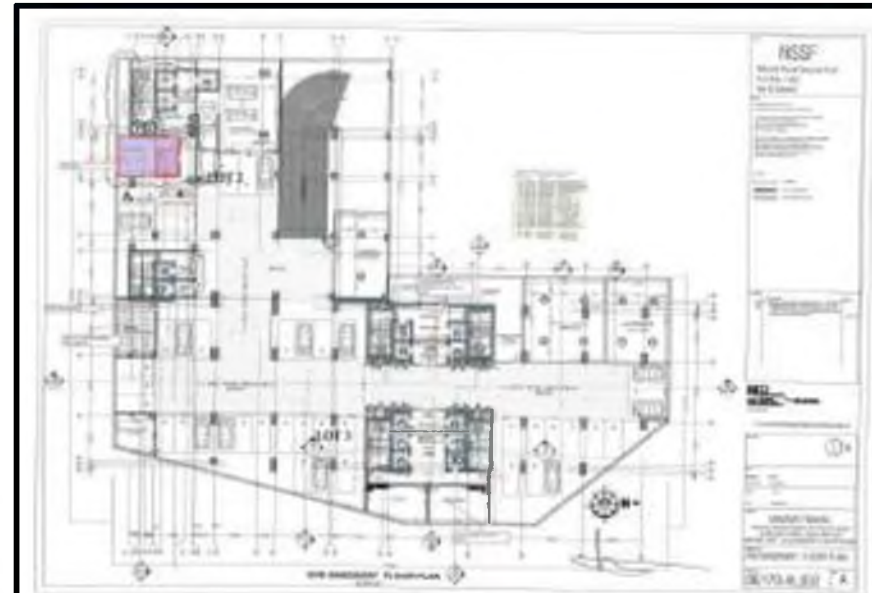
### Basement and Parking Floors (Basement 1 & 2 and Floors 3-7)

- With reference to the drawings below:
  - Basement Level 1 has an allocation of 37 parking bays (17 for residential/apartment use & 20 visitor parking bays). In addition, the operator has requested the conversion of spaces on this floor to allow for a workshop (maintenance), a refuse area, cold storage and a store room for the hotel's use.
  - Basement Level 2 has 41 parking bays allocated for visitors. The operator has also requested some areas for receiving goods, a security monitoring office, a security checkpoint (presumed for staff purposes) and a store room.
- Floors 3-7 have 52 parking bays per level for hotel and general use – the five floors are similar in their layout.

### Floor Levels 3-7: Parking



### Basement Levels 1 & 2: Parking, Storage, Security and Maintenance



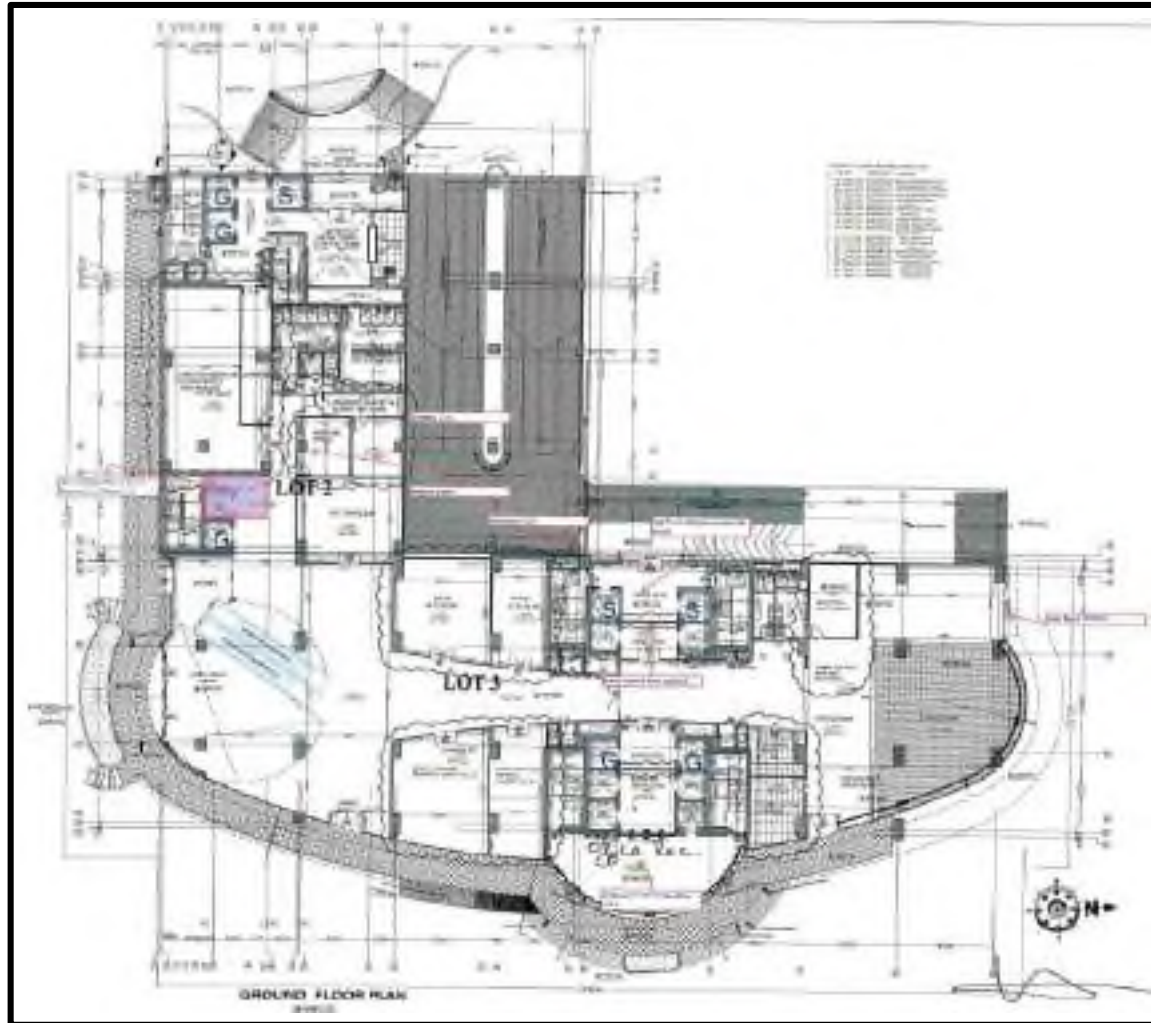
# Hotel Concept Recommendations

## Overview of the Current Hotel Layout and Proposed Scheme

### Ground Floor (Lobby, Retail, Coffee Shop and Meeting Spaces)

- The ground floor contains the hotel reception and hotel back office, a coffee shop, and a lobby lounge area (see the initial design of this space depicted on the adjacent layout).
- The area towards the left of the lifts has been allocated as retail space (four outlets ranging from 42 sqm to 134 sqm per outlet).
- The north-western part of the floorplate comprises three meeting rooms as well as bathroom facilities for guests and conference / meeting delegates as well as storage space (furniture for the meeting rooms). **Note that not all conference room sizes are legible nor have they been included in the area schedule provided to us.**
  - The largest meeting room comprises around 142 sqm (50 pax in conference-style configuration).
  - There is also a boardroom that appears to be able to accommodate around 20-30 pax (around 55-60 sqm).
  - There is also a small meeting room that appears to be able to accommodate around 10-15 pax (around 25-30 sqm).

Ground Floor Configuration: Multi-Use



SCHEDULES OF AREA-LOT 3-COMMERCIAL TOWER		
Ground Floor Approx. Areas (m <sup>2</sup> )		
Main Area	Room	Approx. Areas (m <sup>2</sup> )
Hotel Welcome Lobby	Hotel Welcome Lobby	236,76
Office Welcome Lobby	Office Welcome Lobby	40,90
Coffee Shop	Shop Next to Hotel Lobby	70,56
Anchor Shop	Residential Side	14,68
Shop	Shop A (From Residential Side)	18,30
Shop	Shop B (From Residential Side)	64,73
Shop	Shop C (From Residential Side)	67,97
Shop	Shop D (From Residential Side)	41,50
Shop	Shop E (From Residential Side)	80,64
Shop	Shop F (From Residential Side)	53,33
Shop	Shop G (Next to Control Room)	37,52
<b>Sub-total Shop</b>		<b>363,99</b>
<b>Total Floor Area for Ground Floor</b>		<b>2 176,40</b>
<b>Total Utilized Floor Area for Ground Floor</b>		<b>726,89</b>

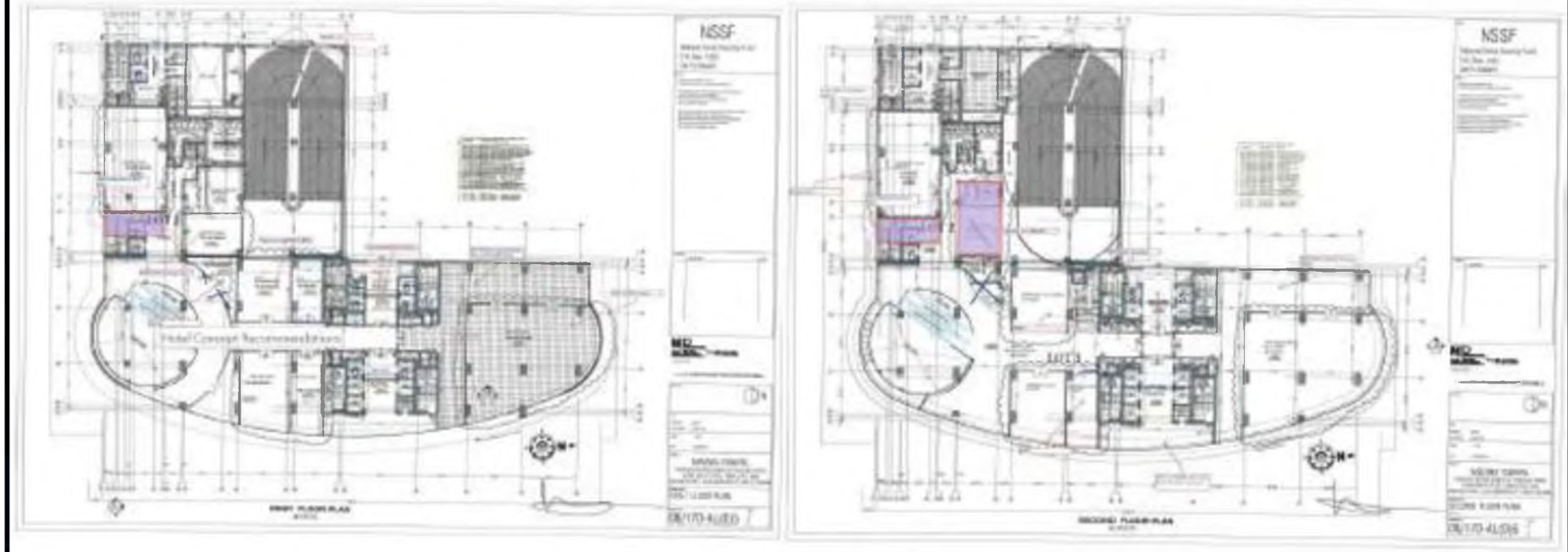
# Hotel Concept Recommendations

## Overview of the Current Hotel Layout and Proposed Scheme

### First and Second Floors (Hotel Admin, Conference and Meeting Facilities, Storage and a Business Lounge)

- The first floor comprises:
  - Meeting rooms, hotel admin offices, bathroom facilities and banquet pantry and storage facilities.
  - The meeting rooms are as follows (5 in total):
    - A large meeting room of 542 sqm (around 400 pax in classroom-style configuration) with a wrap-around plenary area. *A finishing kitchen are furniture store area have been proposed by the Operator.*
    - 142 sqm meeting room (50 pax conference and 100 pax classroom)
    - 134 sqm meeting room (48 pax conference and 100 pax classroom)
    - 58 sqm meeting room (20 pax conference layout)
    - 55 sqm meeting room (20 pax conference layout)
- The second floor comprises:
  - Meeting rooms, a hotel admin office, bathroom facilities, banquet, pantry, storage facilities and a business lounge.
  - Meeting rooms are as follows (2 in total):
    - A large meeting room of 562 sqm (around 400 pax in classroom-style configuration) with a wrap-around plenary area. *A finishing kitchen are furniture store area have been proposed by the Operator.*
    - 142 sqm meeting room 50 pax conference and 100 pax classroom)

### First and Second Floors: Conference and Meeting Facilities, Admin, Storage and a Business Lounge

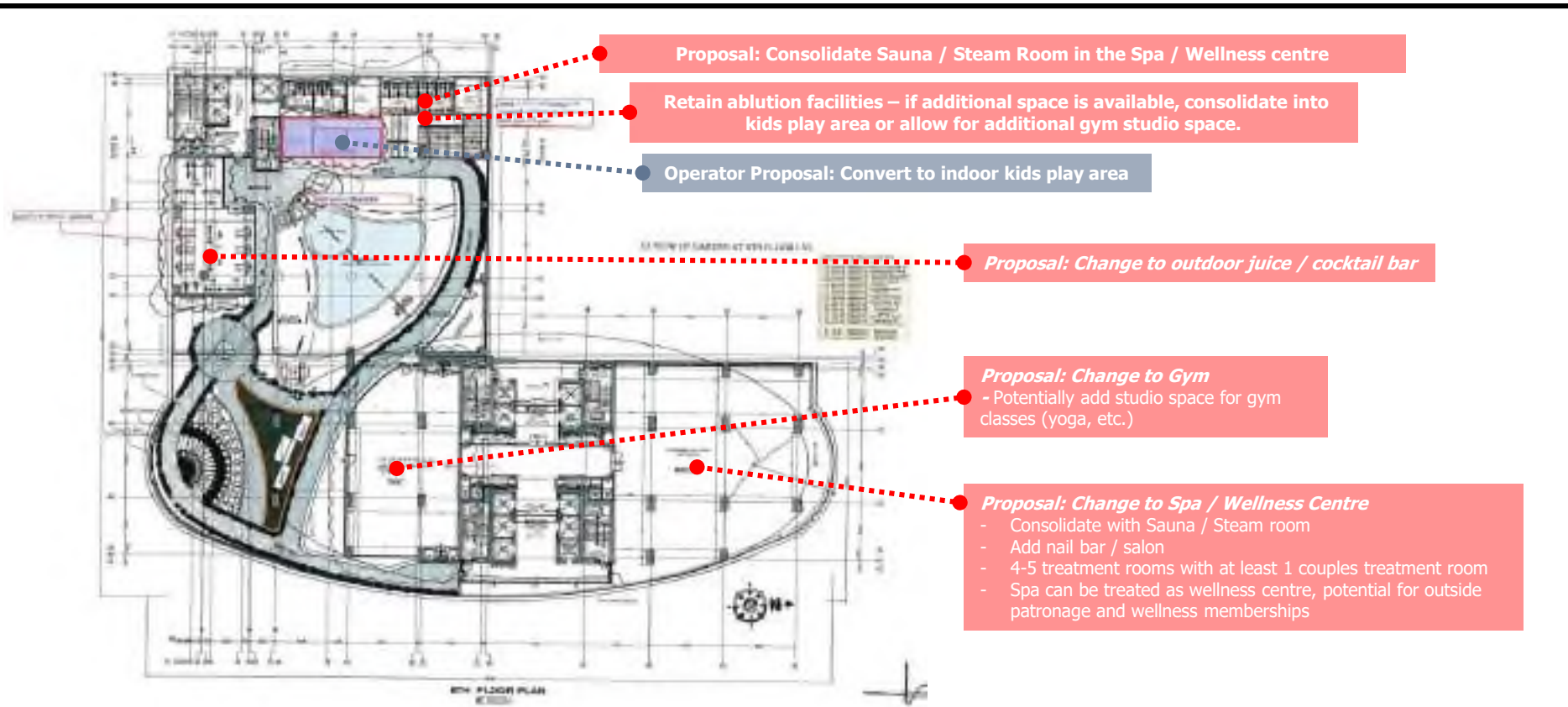


## Overview of the Current Hotel Layout and Proposed Scheme

### Eighth Floor (Leisure / Recreational Facilities and Public Spaces)

- The eighth floor acts as a leisure, recreational and public space for both apartment and hotel guests. It comprises open-air spaces as well as areas under roof. Based on operator feedback, the following areas have been allocated:
  - Central pool area with landscape outdoor space for seating and loungers;
  - A large gym area – the operator has a dedicated commercial gym (530 sqm) as well as an optional residents gym for the apartments;
  - A spa of around 257 sqm was proposed by the operator;
  - A sauna, steam room and relaxation lounge with change rooms have been proposed by the operator; and
  - Operator has allocated a space for a kids play area.

### Eighth Floor: Leisure, Recreation and Public Facilities



# Hotel Concept Recommendations

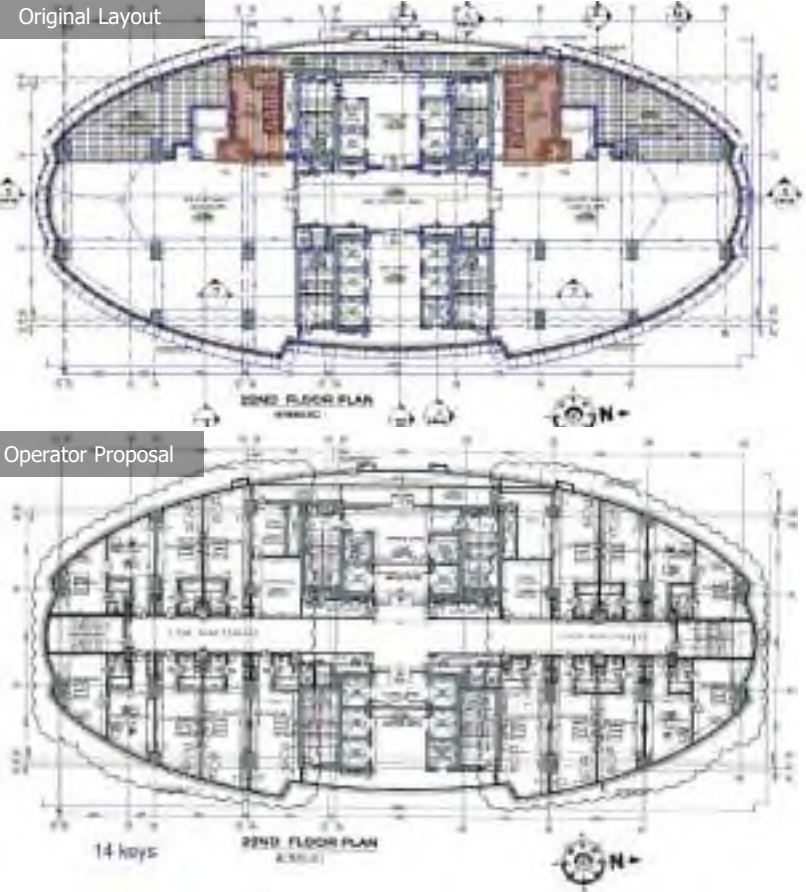
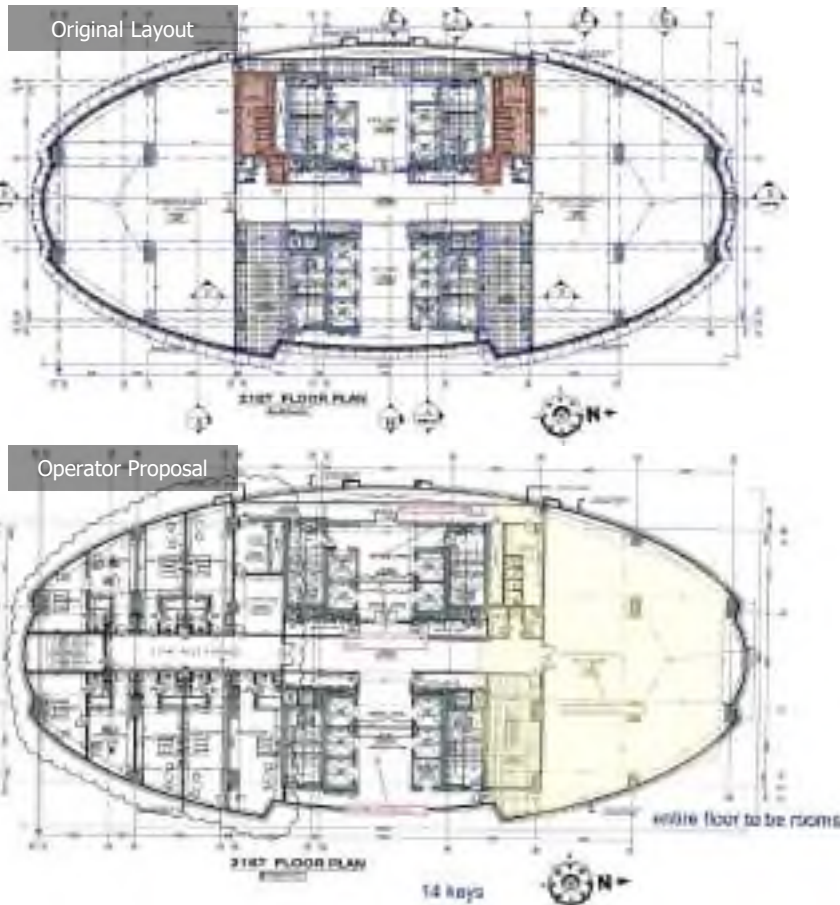
## Overview of the Current Hotel Layout and Proposed Scheme

### Twenty-First and Twenty-Second Floors: Conference Rooms and Proposed Conversion to Hotel Rooms

- As per the original building drawings, the 21<sup>st</sup> and 22<sup>nd</sup> floors were to be used as conference halls (see Layouts below). These floors were originally intended to be dedicated conference floors for the offices.
- The Operator has subsequently recommended that these floors be converted to hotel rooms – **in order to add 28 additional rooms and losing four conference rooms.**

### Proposal to Convert 21<sup>st</sup> and 22<sup>nd</sup> floors to Additional Hotel Rooms

21<sup>st</sup> floor conversion from conference rooms to 14 hotel rooms



22<sup>nd</sup> floor conversion proposed from conference room to 14 hotel rooms

# Hotel Concept Recommendations

## Overview of the Current Hotel Layout and Proposed Scheme

### Twenty-Third Floor (Dining Outlets)

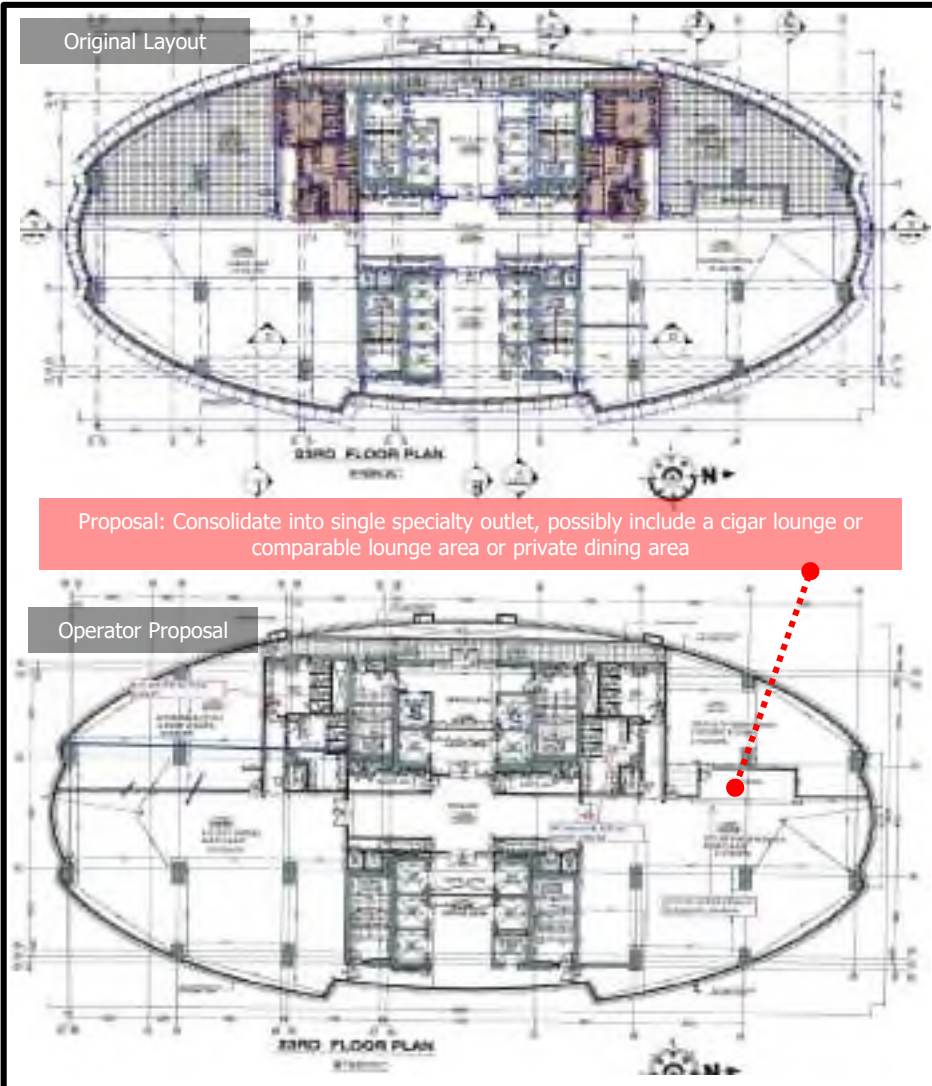
23<sup>rd</sup> Floor: F&B Outlets

- According to the original layouts provided by the Client, the 23<sup>rd</sup> floor is provisioned to be used for a coffee shop, waiting lounge, admin offices as well as a main kitchen (see adjacent Layout).
- With reference to the adjacent drawings, the Operator has proposed to dedicate the entire 23<sup>rd</sup> floor for the main dining outlets of the hotel:
  - The operator has recommended three outlets comprising:
    - An All-Day Dining outlet of 270 sqm with a finishing kitchen and room service station of 123 sqm;
    - Two speciality restaurants comprising 123 sqm and 214 sqm respectively.
- A reduction in the kitchen area was proposed to increase the floor area for the All-Day dining outlet – (main kitchen was proposed to be located on 24<sup>th</sup> floor).
- ***It should be noted that the ceiling height on this floor in particular is noticeably lower compared to others – making the room feel confining and will likely pose a problem for taller guests.***
- We would recommend combining the two specialty restaurants into a single restaurant with a show kitchen and possibly the incorporation of a private dining area or “whisky / cigar lounge”.

***Ceiling heights in a public space should typically be between 2.6-2.8m.***



***The void space in the ceiling could be opened up (if possible) to create more ceiling volume and improve the ambiance of the space.***



Original Layout

Operator Proposal

Proposal: Consolidate into single speciality outlet, possibly include a cigar lounge or comparable lounge area or private dining area

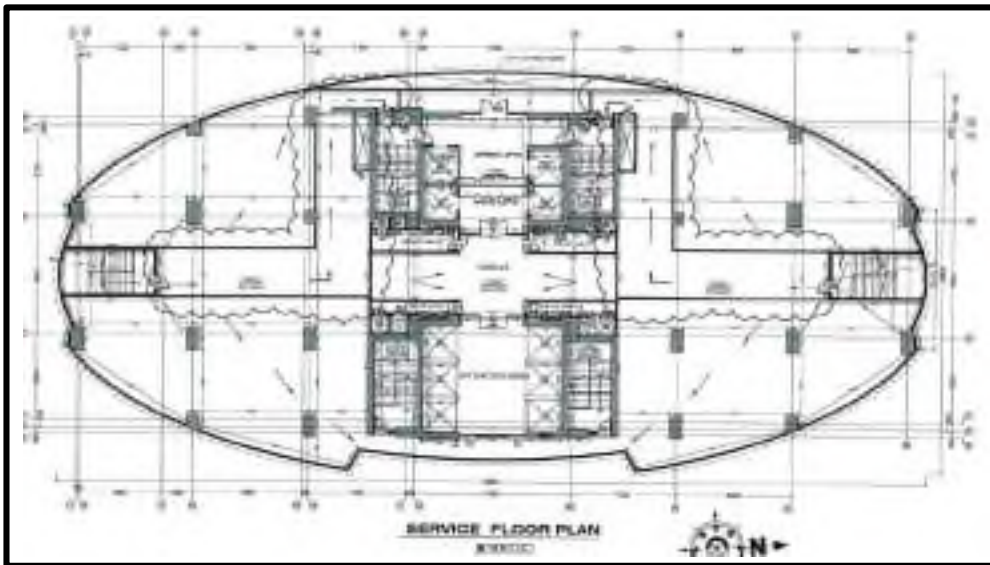
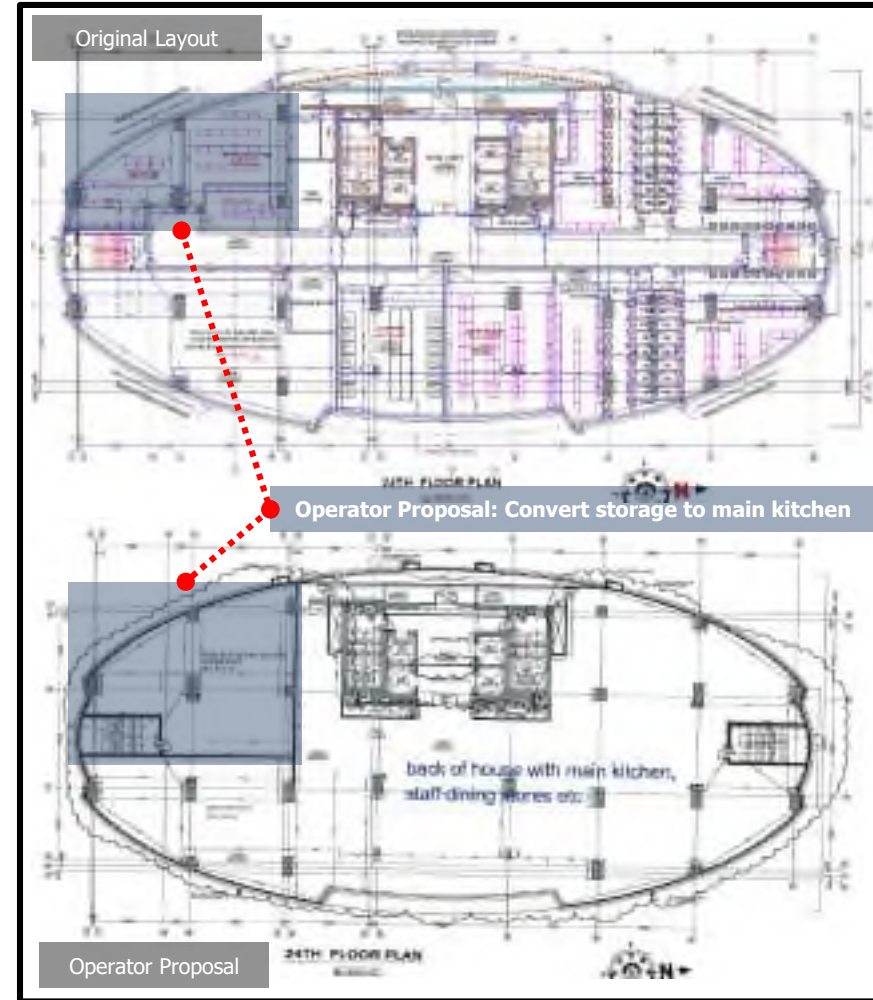
## Overview of the Current Hotel Layout and Proposed Scheme

### Twenty-Fourth Floor and Services Floor (Services Back of House and Staff Areas)

- It should be noted that the services floor sits between what is listed as the 23<sup>rd</sup> and 24<sup>th</sup> floor. It is a distinct floor of the building but not numbered (i.e. it is technically the 24<sup>th</sup> floor of the building).
- The services floor only houses critical hotel infrastructure, plant, and other services equipment, while the 24<sup>th</sup> floor is dedicated to the back-of-house functions, and staffing areas (canteen, change rooms, storage, etc.).
- The 24<sup>th</sup> floor is almost entirely built and it may be difficult to implement the Operator's proposal of moving the main hotel kitchen from the 25<sup>th</sup> floor to this floor by converting existing storage space (see adjacent Layout). *We are not in a position to comment on these changes as this is an operational requirement and will be for the Operator to propose the most efficient solution. However, there is a need to add additional room inventory to the hotel, which may necessitate this change, unless an alternate solution can be found.*

Services Floor: **No changes**

### 24<sup>th</sup> Floor: Back of House, Staffing, Storage

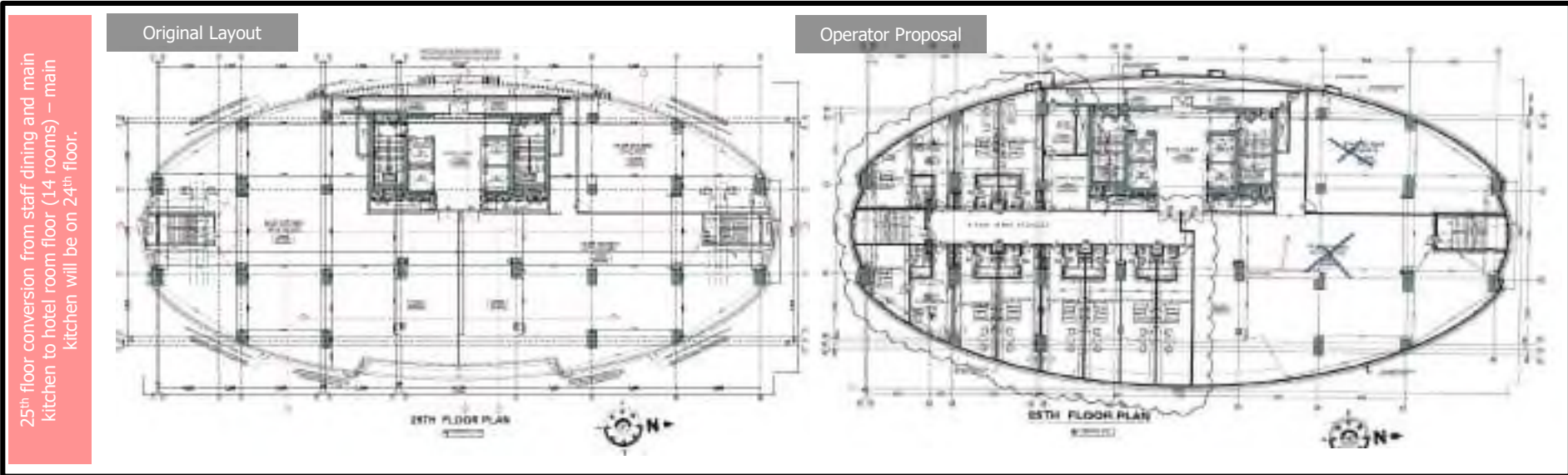


## Overview of the Current Hotel Layout and Proposed Scheme

### Twenty-Fifth Floor (Main Kitchen, Staff Kitchen and Staff Dining)

- The 25<sup>th</sup> floor is currently designed to house the main hotel kitchen – serving all the other finishing kitchens and banqueting functions. This floor also houses a staff kitchen and staff dining facilities.
- The operator has proposed to consolidate the functions of the 25<sup>th</sup> floor on the 24<sup>th</sup> floor. *However, we are not in a position to comment on these changes as this is an operational requirement and will be for the Operator to propose the most efficient solution.*
- The conversion of the 25<sup>th</sup> floor to hotel rooms creates an additional 14 keys.

### Conversion of 25<sup>th</sup> floor to Hotel Rooms



## Overview of the Current Hotel Layout and Proposed Scheme

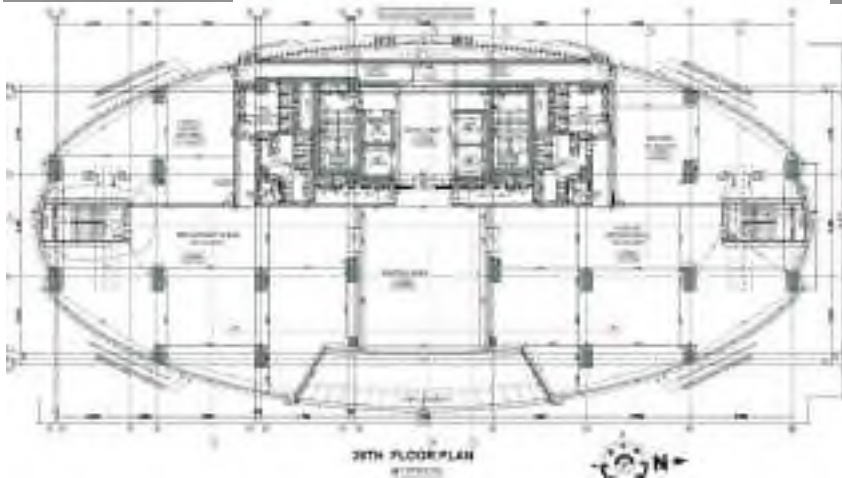
### Twenty-Sixth Floor (Restaurant, Bar, Dining Hall and Kitchens)

- The 26<sup>th</sup> floor is currently designed to house the main restaurant and dining functions of the hotel – comprising of a restaurant with kitchen and a dining hall with a kitchen.
- The Operator has proposed to convert this entire floor to hotel rooms, creating an additional 14 rooms. As a result, the main all-day dining and specialty restaurant(s) have been allocated to the 23<sup>rd</sup> floor. **Again, note that the 23<sup>rd</sup> floor is very restricted in terms of ceiling height.**

### Conversion of 26<sup>th</sup> floor to Hotel Rooms

26<sup>th</sup> floor conversion from dining outlets to hotel room floor (14 rooms).

Original Layout



Operator Proposal



# Hotel Concept Recommendations

## Overview of the Current Hotel Layout and Proposed Scheme

### Floors 27-32 (Hotel Rooms)

- Floors 27-32 are dedicated Hotel room floors. Floors 27-31 comprise 16 rooms each, while the 32<sup>nd</sup> floor has 14 rooms and a business centre with a dining area.
- There are thus a total of 94 existing hotel rooms spread across these 6 floors.
- The Operator has recommended the conversion of the business centre and dining area on the 32<sup>nd</sup> floor into hotel rooms – creating an additional 2 rooms for a total of 16 on this floor.
- Taking into account all the recommended floor alterations in order to increase to hotel's room inventory, the following changes were proposed by the Operator:
  - Convert floors 21 and 22 into hotel room floors in order to gain an additional 28 hotel rooms;
  - Convert floors 25 and 26 in 14 keys each (28 keys total)
  - Convert business centre and dining area on 32<sup>nd</sup> floor into 2 additional hotel rooms.
- Based on these changes, an additional 58 hotel rooms can be gained – increasing the hotel's total room inventory to 152 rooms.

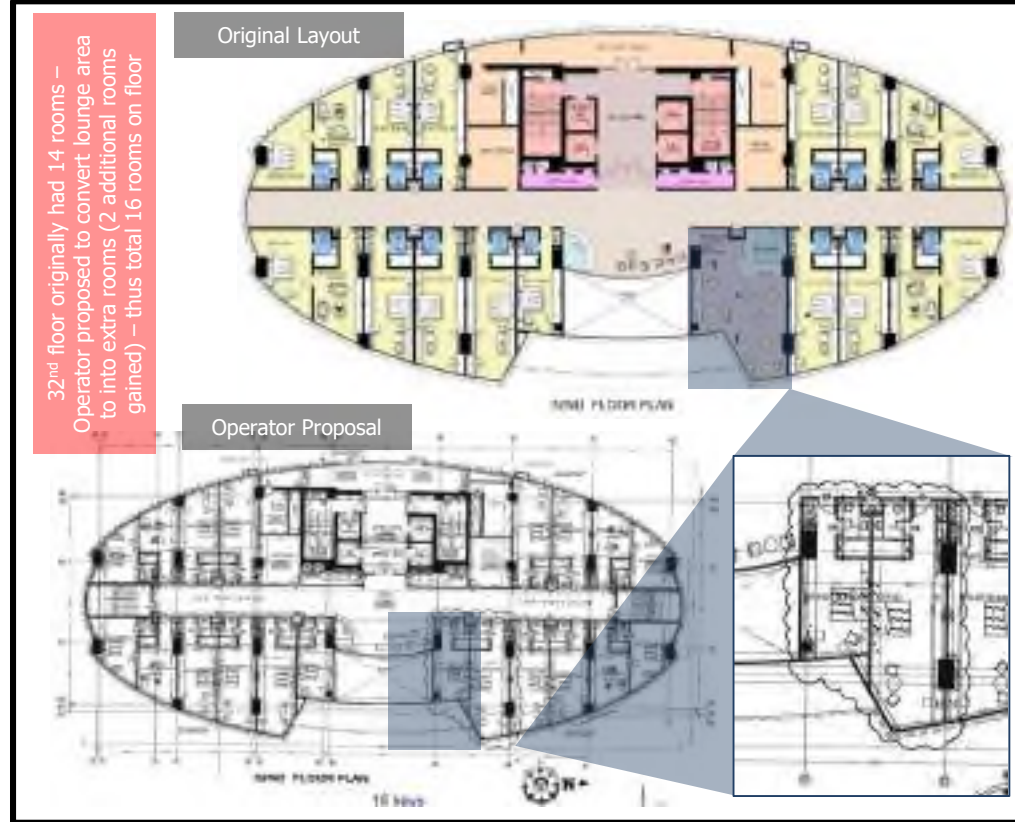
### Proposed Expanded Room Configuration by Operator:

152 Hotel Guestrooms and 44 three-bedroom apartments = 196 keys.  
Hotel and Apartments are in two separate but adjoining towers, with following breakdown:

- Hotel Room Type 1 49 m<sup>2</sup> = 20 keys
- Hotel Room Type 2 45 m<sup>2</sup> = 40 keys
- Hotel Room Type 3 40 m<sup>2</sup> = 40 keys
- Hotel Room Type 4 58 m<sup>2</sup> = 40 keys
- Hotel Room Type 5 34 m<sup>2</sup> = 12 keys
- Apartments Type 1 131 m<sup>2</sup> = 22 keys
- Apartments Type 2 143 m<sup>2</sup> = 22 keys

Apartments Tower: 9<sup>th</sup> to 30<sup>th</sup> Floor contains apartments.  
Hotel and Office tower: 9<sup>th</sup> to 22<sup>nd</sup> floor contains hotel guestrooms.  
Hotel and Office tower: 25<sup>th</sup> to 32<sup>nd</sup> floor contains guestrooms.

### Hotel Room Floors: Conversions for Additional Keys



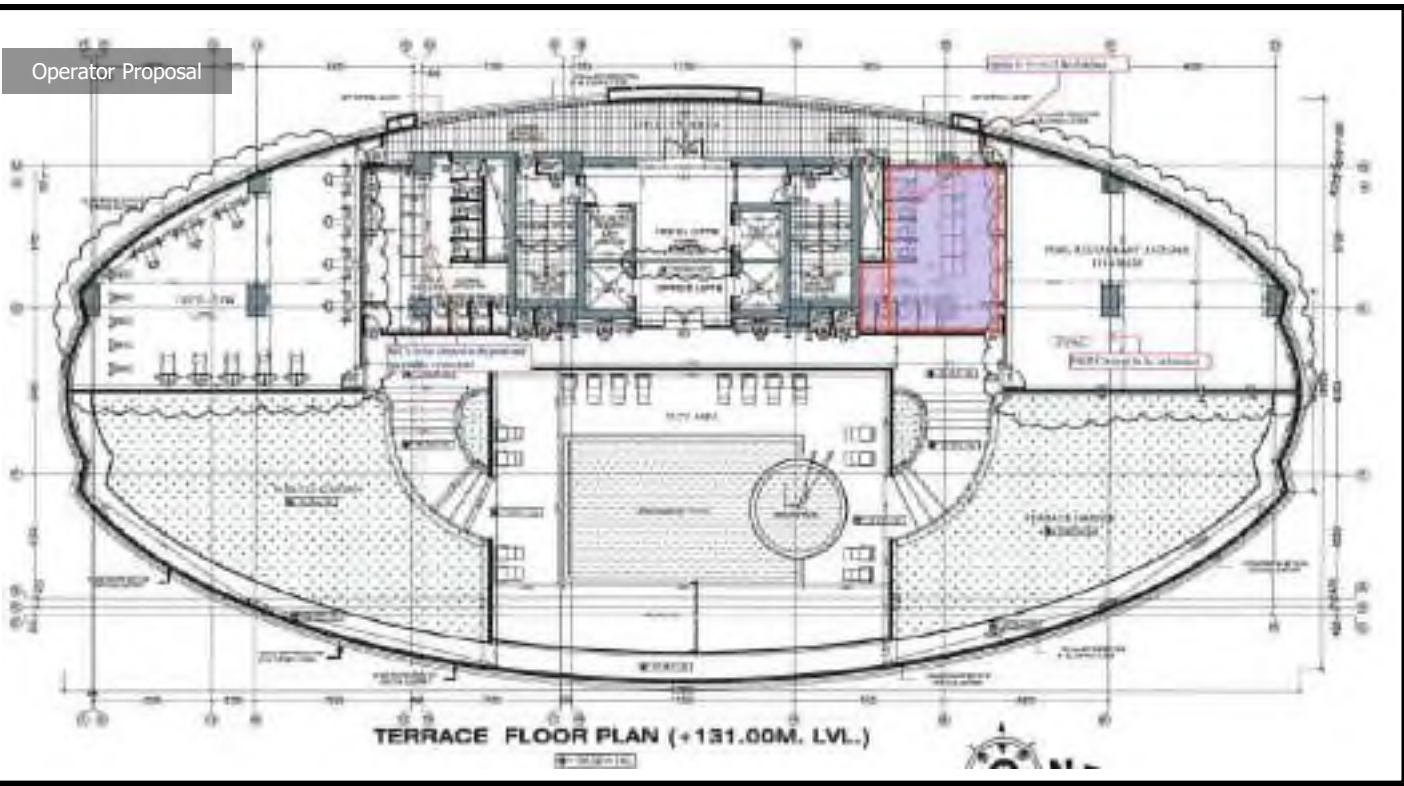


## Overview of the Current Hotel Layout and Proposed Scheme

### Thirty-Third Floor (Pool Restaurant and Bar)

- The 33<sup>rd</sup> floor (also known as the Terrace Floor) comprises open-air and covered areas.
- The floor has an outdoor pool, terrace area and two enclosed spaces:
  - A pool restaurant and bar (around 135 sqm);
  - A hotel gym (around 135 sqm);
- Ablution facilities are provided on the floor – however the operator has proposed converting one of the ablution facilities (market in the Layout below) as a kitchen for the pool restaurant, resulting in the remaining ablution facility being unisex. We would advise against offering unisex ablution facilities in this market as it may not be culturally appropriate. An alternative solution would need to be sought, by possibly converting the gym space to include the restaurant kitchen and seating.

### Thirty-Third Floor (Terrace Floor): Pool Restaurant and Bar, Gym and Recreational Space





## Overview of the Current Hotel Layout and Proposed Scheme

- Below is a summary of all hotel facilities as per the documents provided to us – note we have only focused on hotel and apartment facilities as per our mandate:
  - Total inventory of 138 rooms comprising of:
    - 94 hotel rooms (***proposal to convert floors 21, 22, 25 and 26 into 58 additional hotel rooms***)
    - 44 apartments (all 3-bedroom configuration)
  - The proposed concept provides for the following F&B outlets:
    - 1x Lobby coffee shop on Ground Floor
    - 1x Large coffee shop and waiting area on 23<sup>rd</sup> floor (***operator proposal to convert these spaces into an All-Day dining and 2x Specialty Restaurants***)
    - 1x Pool Restaurant and Bar on the 33<sup>rd</sup> floor
  - Conference and Meeting facilities comprise of:
    - Ground floor:
      - 1x Meeting room of around 142 sqm (50 pax in conference-style configuration)
      - 1x Boardroom of around 55-60 sqm (20-30 pax)
      - 1x Small meeting room of around 25-30 sqm (accommodating around 10-15 pax)
    - First Floor:
      - 1x large conference room of 542 sqm (around 400 pax in classroom-style configuration) with a wrap-around plenary area
      - 1x 142 sqm meeting room (50 pax conference and 100 pax classroom)
      - 1x 134 sqm meeting room (48 pax conference and 100 pax classroom)
      - 1x 58 sqm meeting room (20 pax conference layout)
      - 1x 55 sqm meeting room (20 pax conference layout)
    - Second Floor:
      - 1x large conference room of 562 sqm (around 400 pax in classroom-style configuration) with a wrap-around plenary area
      - 1x 142 sqm meeting room (50 pax conference and 100 pax classroom)
  - Additional hotel facilities:
    - 3x gyms (proposed by the operator) including a large commercial gym
    - A spa of around 257 sqm with separate sauna, steam room and relaxation lounge with change rooms as proposed by the operator
    - A pool area on the rooftop (33<sup>rd</sup> floor)
    - 1x Business lounge facility (2<sup>nd</sup> floor)
    - 1x Business centre and dining area on 32<sup>nd</sup> floor (proposal to convert this space into 2 hotel rooms)



## Recommendations

### Rooms and Apartments

- The hotel does not currently offer a presidential suite (*it is not a brand standard requirement*), although it may need to be explored by the operator in order to cater to VIP guests. All other key competitors offer at least one Presidential Suite and it could be a strategic disadvantage should Mzizima Towers not have such a room tier on offer.
- We are of the opinion that the current as-built hotel room count of 94 is not sufficient to adequately cater to and sustain the extent of facilities provided in the hotel. We recommend increasing the room count to a maximum of 152 (in accordance with operator's proposal), taking into account the provision of a presidential suite. Furthermore, the staff facilities and conference venue that would be lost as a result of the conversion can be accommodated elsewhere in the hotel while the conference facilities on the ground, 1<sup>st</sup> and 2<sup>nd</sup> floors are sufficient to cater to market needs.
- We would advise against splitting the 3-bedroom apartments at this stage given the cost and time implications it could have on the completion of the project as a whole. It is recommended that the apartments be completed as is and the focus should be on securing long-term tenants – given the current need in the market. However, given the Afcon tournament in 2027, it may be more beneficial to rent out the apartments on a short-stay basis until the tournament is complete in order to maximize potential revenue to be generated by the event. In the event that the apartments struggle to secure long term tenants due to a greater need for 2-bedroom and studio apartments, the apartments could be converted in phases at a later date as per the interior design team's recommendation – failing operator interventions.

### Conference and Meeting Facilities

- As indicated in our review of the proposed concept, the hotel currently offers extensive conferencing facilities spread across the ground floor as well as 1<sup>st</sup> and 2<sup>nd</sup> floors.
- There are effectively eight (8) dedicated meeting / boardrooms as well as two conference halls with dedicated pre-function areas. We would recommend that at least one of the large conference halls be sub-divisible. Furthermore, the large conference rooms have multiple large pillars that seem to have been "boxed" with dry-walling, making them bulkier and obscuring views. If possible, the "boxing" should be removed to improve the functionality of the space and to improve delegate visibility. The pillars can be painted or covered to improve aesthetics.
- Based on our research, venue configurations of between 20-30, 50-100, 120-200 and larger venues for 200-300 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.
- We are not in a position to comment on the finishing kitchens proposed by the operators as these may be an operational requirement given the vertical nature of the building.
- Outdoor pool areas could also be covered for special events and used as stages if required – removable hard surface pool covers are often used in the hotel industry.
- Due to the hotel being located close to the JNICC – we do not believe that the hotel needs to cater for larger events exceeding 500 pax. Weddings and special functions / events will need to be planned according to space requirements, but the configuration of venues on separate floors allows for flexibility in this regard and receptions could be accommodated in one of the F&B outlets if required.
- 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 a third of all delegates on average – therefore we are of the opinion that the hotel has sufficient room capacity to cater to overnight guests – with sufficient hotel inventory located close by should there be an overflow of guests.



## Recommendations

### Other Guest Facilities

- **Spa:** The Gym area is better suited to offer the hotel spa / wellness centre with 4-5 treatment rooms as well as amenities and services (such as a nail bar, steam room / sauna) that could serve in-house guests, tenants as well as external patrons. When compared to the Hyatt Dar es Salaam (with six treatment rooms, sauna, steam room and other facilities), Mzizima Towers can offer similar facilities by incorporating the suggested changes.
- The Hyatt's spa is operated by Anantara Spas and we would suggest that the proposed spa at Mzizima Towers be operated by a specialist spa operator such as Amani Spas given the size of the spa. We propose that the spa area be relocated to where the current commercial gym is situated.
- *Alternatively Wellness membership structure could be incorporated – providing members (external patrons) with the usage of the spa, gym and recreational facilities as well as special rates for spa treatments. This would be subject to operator approval and we have not accounted for this structure at this stage.*
- **Gym:** A large commercial gym with change rooms locker rooms etc. have been proposed. We would swap the space allocation between the spa and gym. Furthermore, we would recommend the inclusion of studio spaces in the gym to allow for classes / yoga sessions, etc. to be accommodated. The hotel would not need three separate gyms, with only a single gym being sufficient. The gym proposed on the 33<sup>rd</sup> floor is not required and should rather be used for alternative purposes such as additional seating capacity for the rooftop restaurant, a sports bar or a private function venue. **Therefore, the additional gym space on the 8<sup>th</sup> and 33<sup>rd</sup> floor would not be required – these areas would be better suited to alternative uses.**
- **Pool Area on 8<sup>th</sup> floor:** The pool area is already constructed and can be utilized by guests and apartment guests/tenants. Loungers and possibly a juice and cocktail bar should be incorporated to create a more vibrant atmosphere.
- **Kids play area:** We would suggest using allocated space on the 8<sup>th</sup> floor for a kids club / kids play area.

### Food and Beverage Facilities

- One All-day dining facility is adequate – depending on operator requirements.
- We propose to combine the two proposed specialty restaurants (as per the operator proposal) into a single outlet. The outlet could incorporate a “show-kitchen” element and potentially a private dining area or “whisky / cigar” lounge area or private dining area.
- The 8<sup>th</sup> floor requires a small juice / cocktail bar to cater to guests.
- The rooftop restaurant and bar is an optimal use of this space and should be retained.



# Hotel Projected Demand

## SECTION 6

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 **196 key Upper 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 Dar es Salaam was gathered and has been incorporated into the supply and demand model. The relevant set accounted for 1,131 rooms. The projections in this model are based on the performance of the relevant set which achieved an average occupancy of 57.7% in 2023.

### Demand Growth and Market Mix

- The hospitality sector in Dar es Salaam is primarily driven by an active corporate market segment (accounting for more than half of roomnights sold in Dar es Salaam). We expect this segment to remain the dominant source of demand and will likely grow in share over time as government relocations impact on the dynamics of the market with the NGO / Embassy market to follow. 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 Dar es Salaam and we expect strong growth from this sector over the projected period as Dar es Salaam is the main economic centre of the country. On average, we estimate demand growth originating from this segment of the market at 6.7% per annum over a 10-year period. We also expect the **leisure segment** to see an average of 8.0% growth per annum over a 10-year period – impacted by the expected surge caused by Afcon in 2027, the subsequent growth due to the exposure gained as well as some retained leisure gains due to Zanzibar’s growth as a leisure destination. By excluding the expected impact of Afcon 2027, annual expected leisure growth drops to 4.7% per annum. **Overnight conferencing** growth is expected to be driven by the corporate sector, with Government related conferencing as well as NGO / Embassy related conferencing growth expected to transition more towards Dodoma over time. **Government and NGO / Embassy** related demand is expected to see limited growth due to the transition to Dodoma. **Aircrew** is expected to increase at around 4.8% per annum.
- Overall the **market as a whole is projected to achieve an average growth rate of around 6.0% per annum** over the assessed period with the market segmentation expected to shift **more towards corporate demand with a lesser reliance on government and NGO / Embassy demand expected.**
- Estimated market mix is projected as follows (over the assessed period on average):
  - Corporate: 55%
  - Overnight MICE: 16%
  - Government: 5%
  - Crew: 6%
  - NGO / Embassy: 12%
  - Leisure and Other: 7%

### Average 10 year Market Growth Rates

<b>Corporate</b>	
6.7% demand growth	
<b>Leisure</b>	
8.0% demand growth (4.7% excluding Afcon impact)	
<b>Growth Above Baseline</b>	
<b>Baseline Economic Growth</b>	
6.5% GDP growth	
<b>Growth Below Baseline</b>	
<b>Overnight Conference</b>	
6.2% demand growth	
<b>Aircrew</b>	
4.8% demand growth	
<b>Government</b>	<b>NGO / Embassy</b>
2.7% demand growth	3.5% demand growth

Source: HTI Consulting

## Demand Growth

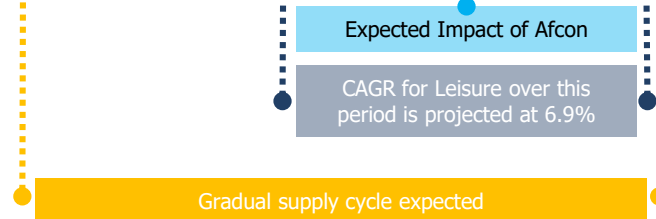
### Future Supply

- As indicated, the only additional room supply we have accounted for amounts to 297 rooms (excluding Mzizima Towers) entering the market between 2024 and 2027 (515 rooms including Mzizima Towers).
- The introduction of the Subject Hotel is expected in 2026 and the addition of 196 rooms impacts the market occupancy overall – with the market occupancy expected to decline to around 51.5% in 2026 due to incoming supply over this period. The combined effect of these developments (including the proposed development) will potentially see fair share market occupancies only recover back to 2023 levels between 2029 and 2030 (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 the timing for the opening of the hotel aligns with several key activities that both bolster and detract from market potential. Positive factors contributing to strong growth include economic activity in the country as well as the expected impact that the Afcon tournament will have on the market (although temporary, we expect some longer-term benefit to remain due to the exposure Tanzania is likely to get as a result of being a key host destination). Furthermore, there is limited future supply currently mooted or known, which would benefit market occupancies in the short-to-medium term.

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

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>Room nights supply</b>	404 895	423 795	465 740	537 280	550 960	592 760	592 760	592 760	592 760	592 760	592 760
<b>Growth</b>		4,7%	9,9%	15,4%	2,5%	7,6%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Room nights demand</b>	233 460	246 773	260 883	276 473	352 986	315 826	333 725	352 716	372 868	394 254	416 952
<b>Demand Growth</b>		5,7%	5,7%	6,0%	27,7%	-10,5%	5,7%	5,7%	5,7%	5,7%	5,8%
<b>Fair-share Occupancy (CompSet)</b>	57,7%	58,2%	56,0%	51,5%	64,1%	53,3%	56,3%	59,5%	62,9%	66,5%	70,3%

Source: HTI Consulting



## Demand for the Proposed Development

### Fair share Percentage, Displaced Demand and Created Demand

- Given the location and quality facilities of the Subject Hotel, the hotel is likely to achieve a higher fair share of market demand among various segments.
- We anticipate that the hotel to achieve a higher fair share of corporate demand compared to the market due to the quality and facilities the hotel offers, a recognizable international hotel brand as well as apartments that can cater to longer-stay guests / tenants. On stabilization we project the hotel would achieve a fair share of +10 compared to the market.
- The Subject Hotel's key strength is its extensive conferencing facilities and we estimate that the hotel would be able to achieve a greater fair share (+10% on stabilization) of the overnight conferencing business due to its modern facilities offered – again we expect this to be largely aligned with the growth of the corporate sector due to the transition of government and diplomatic presence to Dodoma over time. Weddings, celebrations and events will also be 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 and with the NSSF being a Government parastatal. Taking into account the transition of government, fair share percentages will grow year on year, stabilizing at around +10%.
- The NGO / Embassy segment follows a similar trend to that of the Government sector as the two are somewhat intertwined. The hotel will need to ensure a high degree of safety and security in order to comply with the stringent requirements of this segment – as is the case with the Hyatt Hotel.
- 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 +5% on stabilization for this segment – it should be noted that the hotel does not offer extensive gardens or outdoor spaces such as some other competitors.
- Taking all of the above assumptions into account, it is estimated that the Subject Hotel will attract 13.5% of all roomnight demand in the market – it should be considered that the fair share of demand for all properties in the market will shift (compared to previously stated for 2023) due to the increase in supply expected.

### Percentage Greater/Less than Fair Share of the Market

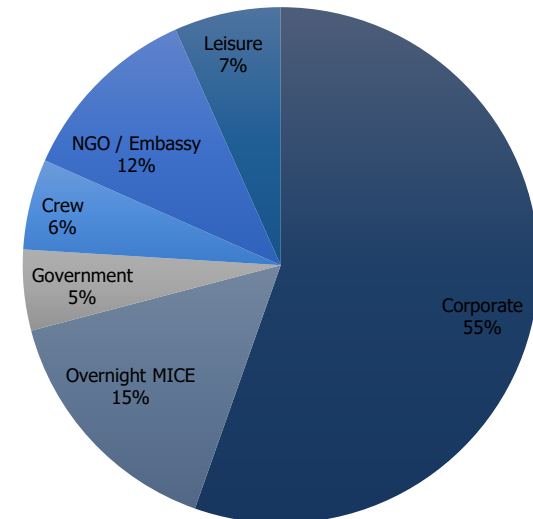
Hotel Fair Share	2026	2027	Stabilisation Onwards
Corporate	1,0%	3,0%	10,0%
Overnight MICE	2,0%	3,0%	10,0%
Government	5,0%	7,0%	10,0%
Crew	55,0%	55,0%	55,0%
NGO / Embassy	1,0%	5,0%	10,0%
Leisure	2,0%	5,0%	5,0%

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 be relatively similar to that of the overall market.
- The projected stabilized market mix is shown in the Graph below.

### Projected Market Mix for the Hotel



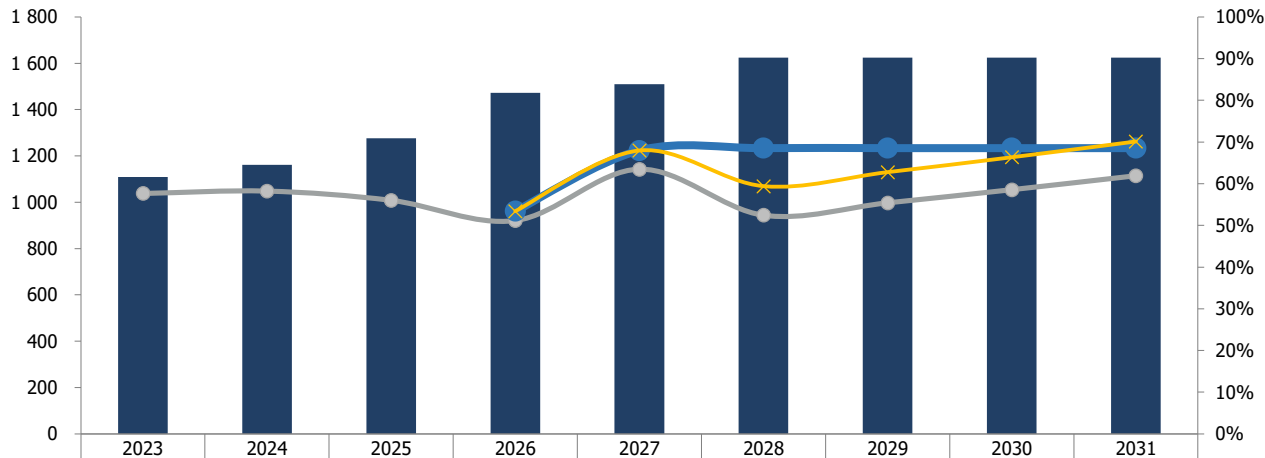
Source: HTI Consulting

## 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 fair share of the key market segment;
  - Compete with the likes of Hyatt (which is considered the preferred hotel in the market); and
  - Become the prominent player in the market – if priced appropriately.
- The hotel is expected to achieve an opening occupancy of around 53% in 2026. Occupancy is projected to jump in 2027 to 68% as a result of the expected impact of Afcon (including pre-and-post stays) – again it is critical that the hotel opens well ahead of the tournament in order to be able to secure forward bookings related to the tournament. The hotel is expected to stabilise thereafter at around 68.5% - note to avoid a protracted stabilisation period or uneven cash-flows, we have stabilised the hotel in Year 3 (which is a market norm) taking into account that 2027 will likely be an irregular year due to the Afcon tournament. To illustrate a more realistic ramp-up of the hotel, we have provided the ramp-up curve marked in “yellow” – see Graph below. The stabilised occupancy for the Hotel is stronger than the stabilised occupancy projected for the market as a whole – positioning itself as a prominent competitor in Dar es Salaam.

Hotel Projected Occupancy vs Market Occupancy (2023 - 2032)



**Market Stabilised Occupancy**  
 60.5%

**Proposed Hotel Stabilised Occupancy**  
 68.5%

	2023	2024	2025	2026	2027	2028	2029	2030	2031
■ Additions to supply (number rooms)	1 109	1 161	1 276	1 472	1 509	1 624	1 624	1 624	1 624
—●— Market Occupancy with Stab	57,7%	58,2%	56,0%	51,2%	63,5%	52,4%	55,4%	58,6%	61,9%
—●— NSSF Mzizima Occupancy with Stab				53,4%	68,0%	68,5%	68,5%	68,5%	68,5%
—x— NSSF Mzizima Occupancy				53,4%	68,0%	59,4%	62,8%	66,3%	70,1%

Source: HTI Consulting



# Hotel Revenue Projections

## SECTION 7

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 196 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 0.15% and 0.20% 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

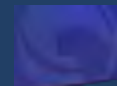
Metrics to Measure Hotel Performance



**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 upper 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 Dar es Salaam and also taking into account the Afcon tournament in 2027.

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

Year	2026	2027	2028	2029	2030	2031
<b>Occupancy</b>	<b>53,4%</b>	<b>68,0%</b>	<b>68,5%</b>	<b>68,5%</b>	<b>68,5%</b>	<b>68,5%</b>
Rooms sold	38 212	48 627	49 028	49 028	49 028	49 028
Beds Sold	53 891	68 986	69 623	69 623	69 623	69 623
<b>Average Room Rate (USD)</b>	<b>170</b>	<b>175</b>	<b>178</b>	<b>182</b>	<b>185</b>	<b>189</b>
Average Room Rate Growth		2,8%	2,0%	2,0%	2,0%	2,0%
<b>RevPar (USD)</b>	<b>91</b>	<b>119</b>	<b>122</b>	<b>125</b>	<b>127</b>	<b>130</b>
RevPar Growth		30,8%	2,8%	2,0%	2,0%	2,0%
<b>Rooms Revenue</b>	<b>6 501 041</b>	<b>8 501 496</b>	<b>8 740 938</b>	<b>8 915 757</b>	<b>9 094 072</b>	<b>9 275 954</b>
<b>Rooms % of Total Revenue</b>	<b>59,7%</b>	<b>58,5%</b>	<b>55,2%</b>	<b>55,2%</b>	<b>55,2%</b>	<b>55,2%</b>

Source: HTI Consulting

- In the first full year (2026) of operations, the hotel is projected to achieve an **occupancy of 53.4%**. The hotel is projected to achieve strong occupancy in its second year of operations (68.0%) due to the expected demand spike as a result of the Afcon tournament hosted in 2027. The hotel is projected to reach a **stabilised position by the third year of operations (2028) at an occupancy of 68.5%**. The inclusion of the apartments bolsters occupancy.
- Based on a **current term ADR of USD 163** (as shown in the following slides) and taking into account inflation during the construction period, a **first-year ADR of USD 170** is projected (compared to the market average of USD 108, the competitive set ADR of USD 141 and the Hyatt which is the market ceiling at USD 167 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 20) 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, these thresholds can be exceeded but requires motivation.
- Overall Rooms Revenue amounts to USD 6,5 million in the first year and grows to USD 9,3 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

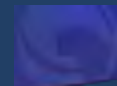
## Financial Base

### 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 (34 sqm)	Corporate	12	13%	10%	195	254	10%	18%	132	159	20	135
	Conference	12	28%	10%	195	254	20%	18%	115	138	20	118
	Gouvernement	12	19%	5%	195	254	10%	18%	132	159	20	133
	NGO / Embassy	12	16%	5%	195	254	45%	18%	99	116	20	100
	Leisure	12	10%	90%	195	254	30%	18%	140	170	20	167
	<b>Total Standard</b>		<b>12</b>			<b>195</b>	<b>254</b>					
Premium (40 sqm)	Corporate	40	46%	10%	215	279	10%	18%	147	179	20	150
	Conference	40	23%	10%	215	279	20%	18%	128	155	20	131
	Gouvernement	40	4%	10%	215	279	10%	18%	147	179	20	150
	NGO / Embassy	40	14%	5%	215	279	30%	18%	110	132	20	111
	Leisure	40	7%	90%	215	279	5%	18%	156	191	20	187
	<b>Total Family Studios</b>		<b>40</b>			<b>215</b>	<b>279</b>					
Deluxe (45 sqm)	Corporate	40	65%	5%	240	312	10%	18%	166	204	20	168
	Conference	40	10%	5%	240	312	20%	18%	146	178	20	147
	Gouvernement	40	3%	5%	240	312	10%	18%	166	204	20	168
	NGO / Embassy	40	10%	5%	240	312	30%	18%	125	151	20	127
	Leisure	40	6%	90%	240	312	5%	18%	176	217	20	213
	<b>Total Executive Rooms</b>		<b>40</b>			<b>240</b>	<b>312</b>					
Executive (49 sqm)	Corporate	20	68%	5%	280	364	10%	18%	197	244	20	199
	Conference	20	10%	5%	280	364	20%	18%	173	213	20	175
	Gouvernement	20	4%	5%	280	364	10%	18%	197	244	20	199
	NGO / Embassy	20	10%	5%	280	364	30%	18%	149	182	20	151
	Leisure	20	6%	90%	280	364	5%	18%	208	259	20	254
	<b>Total Luxury Room / Junior Suite</b>		<b>20</b>			<b>280</b>	<b>364</b>					
Suite (58 sqm)	Corporate	40	68%	5%	330	429	10%	18%	235	293	20	238
	Conference	40	10%	5%	330	429	20%	18%	207	257	20	209
	Gouvernement	40	5%	5%	330	429	10%	18%	235	293	20	238
	Crew	40	2%	10%	330	429	40%	18%	151	184	20	154
	NGO / Embassy	40	10%	5%	330	429	30%	18%	179	221	20	181
	Leisure	40	6%	90%	330	429	5%	18%	249	311	20	305
	<b>Total T1</b>		<b>40</b>			<b>330</b>	<b>429</b>					
3 Bedroom Apartment (Smaller - 131 sqm)	Long stay	22	75%	100%	380	380	60%	18%	129	129	0	129
	Short stay	22	25%	100%	380	380	20%	18%	241	224	20	224
	<b>Total T2</b>		<b>22</b>			<b>380</b>	<b>380</b>					
3 Bedroom Apartment (Larger - 143 sqm)	Long stay	22	75%	100%	395	395	60%	18%	134	134	0	134
	Short stay	22	25%	100%	395	395	20%	18%	251	234	20	234
	<b>Total T3</b>		<b>22</b>			<b>395</b>	<b>395</b>					
<b>TOTAL</b>		<b>196</b>										<b>163</b>



## 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, market feedback, and input from the Client) 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	Crew	NGO / Embassy	Leisure
Reference Bands (USD)	Junior / Low Level Staff	<b>140-190</b>				<b>90-120</b>	
	Mid Level / Managers Staff	<b>200-240</b>	<i>Varies Depending on Host (Blended)</i>	<i>Aligned with Corporate Rates</i>	<b>100-120</b>	<b>120-140</b>	<i>Similar to Corporate Rates</i>
	Senior Level Staff	<b>250-300</b>				<b>140-200</b>	
	C-Suite / Executive Level	<b>300-350+</b>				<b>200+</b>	
Standard (34 sqm)		176	156	176	107	137	185
Premium (40 sqm)		193	172	193	118	150	204
Deluxe (45 sqm)		216	192	216	144	168	228
Executive (49 sqm)		252	224	252	168	196	266
Suite (58 sqm)		297	264	297	198	231	314
Reference Bands (TZS) @TZS 3,000 conversion rate	Junior / Low Level Staff	<i>Predominantly USD Prices</i>	<i>Blended Rates (Between Corporate and NGO / Embassy)</i>	<i>Aligned with Corporate Rates</i>	<i>Predominantly USD Prices</i>	<i>Predominantly USD Prices</i>	<i>Predominantly USD Prices</i>
	Mid Level / Managers Staff						
	Senior Level Staff						
	C-Suite / Executive Level						
Standard (34 sqm)		526 500	468 000	526 500	321 750	409 500	555 750
Premium (40 sqm)		579 150	514 800	579 150	353 925	450 450	611 325
Deluxe (45 sqm)		648 000	576 000	648 000	432 000	504 000	684 000
Executive (49 sqm)		756 000	672 000	756 000	504 000	588 000	798 000
Suite (58 sqm)		891 000	792 000	891 000	594 000	693 000	940 500

Source: HTI Consulting

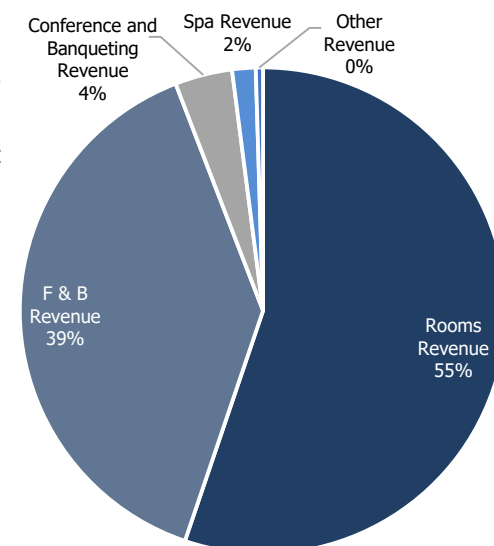
- As can be seen in the table above, we have taken a slightly more bullish approach to rate due to:
  - Current pricing in the market considering factors such as quality and offering of competitors, their size and individual market mix;
  - The quality and offering of the hotel;
  - An internationally branded and operated hotel.

## 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 55% of total revenue. F&B Departmental revenue is estimated to contribute around 39% of total revenue (around 43% including venue hire), given that conferencing is a sizeable portion of business. In addition, we have taken into account the diverse restaurant offerings, in particular the Specialty Restaurant and Rooftop Poolside Restaurant and Bar – which we anticipate to be popular for external patronage. As a result, the proportion of F&B revenue relative to total revenue is higher than in a conventional business hotel.
- We expect **conferencing** activity will be a strong and contribute to roomnight demand at the hotel, 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 0,5% of total revenues during stabilization. This includes revenues such as parking, laundry, transfers, telephone etc.
- Spa revenue** will also drive around 2% 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 10.9 million and grow to USD 18.2 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	6 501 041	8 501 496	8 740 938	8 915 757	9 094 072	9 275 954	9 461 473	9 650 702	9 843 716	10 040 591
F & B Revenue	3 872 980	5 293 355	6 165 751	6 289 066	6 414 847	6 543 144	6 674 007	6 807 487	6 943 637	7 082 510
Conference and Banqueting Revenue	317 309	447 233	603 508	615 578	627 889	640 447	653 256	666 321	679 648	693 241
Spa Revenue	148 297	209 733	247 431	252 380	257 427	262 576	267 827	273 184	278 647	284 220
Other Revenue	56 529	73 811	75 982	77 502	79 052	80 633	82 246	83 891	85 569	87 280
<b>Total Revenues</b>	<b>10 896 157</b>	<b>14 525 628</b>	<b>15 833 611</b>	<b>16 150 283</b>	<b>16 473 289</b>	<b>16 802 754</b>	<b>17 138 809</b>	<b>17 481 586</b>	<b>17 831 217</b>	<b>18 187 842</b>

Source: HTI Consulting

# Hotel Revenue Projections



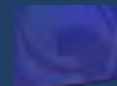
## Financial Base

### Food and Beverage Revenues

- In estimating the average food spending and levels of utilization by in-house and external guests. 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 specialty restaurant offering lunch and dinner only, and a rooftop pool bar and restaurant serving lunch and dinner as well as a lobby lounge / grab & go outlet / coffee shop. 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 each outlet 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 breakfast and the conference market.

### Average Spend and Covers per Outlet

F&B Outlets Summarised			2026	2027	2028	2029	2030
All Day Dining	Breakfast	Revenue	1 317 101	1 740 551	1 859 158	1 896 341	1 934 268
		Covers per day	175	228	239	239	239
		Average Spend / Cover	21	21	21	22	22
	Lunch	Revenue	638 652	914 932	1 236 630	1 261 362	1 286 590
		Covers per day	129	181	240	240	240
		Average Spend / Cover	14	14	14	14	15
	Dinner (Including Room Service)	Revenue	696 561	945 110	1 057 276	1 078 422	1 099 990
		Covers per day	81	108	119	119	119
		Average Spend / Cover	24	24	24	25	25
	Snacks	Revenue	296 187	420 398	553 858	564 935	576 234
		Covers per day	133	185	241	241	241
		Average Spend / Cover	6	6	6	6	7
<b>Total All Day Dining Revenue</b>			<b>2 948 500</b>	<b>4 020 991</b>	<b>4 706 922</b>	<b>4 801 060</b>	<b>4 897 081</b>
<b>Total All Day Dining Covers per day</b>			<b>518</b>	<b>702</b>	<b>839</b>	<b>839</b>	<b>839</b>
<b>Average All Day Dining Cover Cost</b>			<b>16</b>	<b>16</b>	<b>15</b>	<b>16</b>	<b>16</b>
Speciality Restaurant	Lunch	Revenue	177 074	263 096	324 350	330 837	337 453
		Covers per day	20	29	35	35	35
		Average Spend / Cover	25	25	26	26	27
	Dinner	Revenue	372 489	518 043	575 357	586 864	598 602
		Covers per day	42	57	62	62	62
		Average Spend / Cover	25	25	26	26	27
	<b>Total All Day Dining Revenue</b>			<b>549 563</b>	<b>781 138</b>	<b>899 707</b>	<b>917 701</b>
<b>Total All Day Dining Covers per day</b>			<b>66</b>	<b>82</b>	<b>87</b>	<b>88</b>	<b>88</b>
<b>Average All Day Dining Cover Cost</b>			<b>23</b>	<b>26</b>	<b>28</b>	<b>29</b>	<b>29</b>
Rooftop Restaurant and Bar	Lunch	Revenue	145 286	177 137	198 618	202 591	206 643
		Covers per day	25	30	33	33	33
		Average Spend / Cover	16	16	16	17	17
	Dinner	Revenue	191 344	271 130	312 704	318 958	325 337
		Covers per day	28	39	44	44	44
		Average Spend / Cover	19	19	20	20	20
	<b>Total Pool Bar and Restaurant Dining Revenue</b>			<b>336 630</b>	<b>448 268</b>	<b>511 322</b>	<b>521 549</b>
<b>Total Pool Bar and Restaurant Covers per day</b>			<b>53</b>	<b>69</b>	<b>77</b>	<b>77</b>	<b>77</b>
<b>Average All Day Dining Cover Cost</b>			<b>17</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>19</b>
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	
<b>All F&amp;B Outlets (Includes Conference Packages, Room Service, etc.)</b>			<b>Total Revenue</b>	<b>5 293 355</b>	<b>6 165 751</b>	<b>6 289 066</b>	<b>6 414 847</b>
			<b>Total Covers per Day</b>	<b>864</b>	<b>1 015</b>	<b>1 016</b>	<b>1 016</b>
			<b>Average Spend / Cover</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>17</b>



## Financial Base

### Events/Conference and Banqueting Revenue

- MICE revenue (made up of room hire only) accounts for around 4% of revenue in stabilization.
- 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 50 delegates are projected to be the most frequent with around 4 events anticipated per week once stabilised. This is followed by larger events with an average delegation of 100 pax, around three times a week on stabilisation. We anticipate around 2 large events to be hosted at the hotel per month – which is around 24 events per annum (including celebrations, weddings and special functions). 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) – excluding venue hire. Half-Day DCP is projected at USD 33 per delegate (in 2026) – excluding venue hire. Keeping in line with the current market trend where only a portion of conference and event delegates 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	
50	2,50	2,5	3,5	4,0	4,0	4,0	4,0	Full Day DCP USD 50-57 (2026)
100	2,50	1,5	2,0	3,0	3,0	3,0	3,0	
200	2,50	0,2	0,3	0,5	0,5	0,5	0,5	
Residential delegate days (annual)		5 389	7 588	8 703	8 703	8 703	8 703	Half-Day DCP USD 33-40 (2026)
Day delegate days (annual)		36 361	50 162	68 297	68 297	68 297	68 297	
Total delegate days (annual)		41 750	57 750	77 000	77 000	77 000	77 000	
Average per day		114,4	158,2	211,0	211,0	211,0	211,0	
<b>Total conference revenue (USD)</b>		<b>317 309</b>	<b>447 233</b>	<b>603 508</b>	<b>615 578</b>	<b>627 889</b>	<b>640 447</b>	

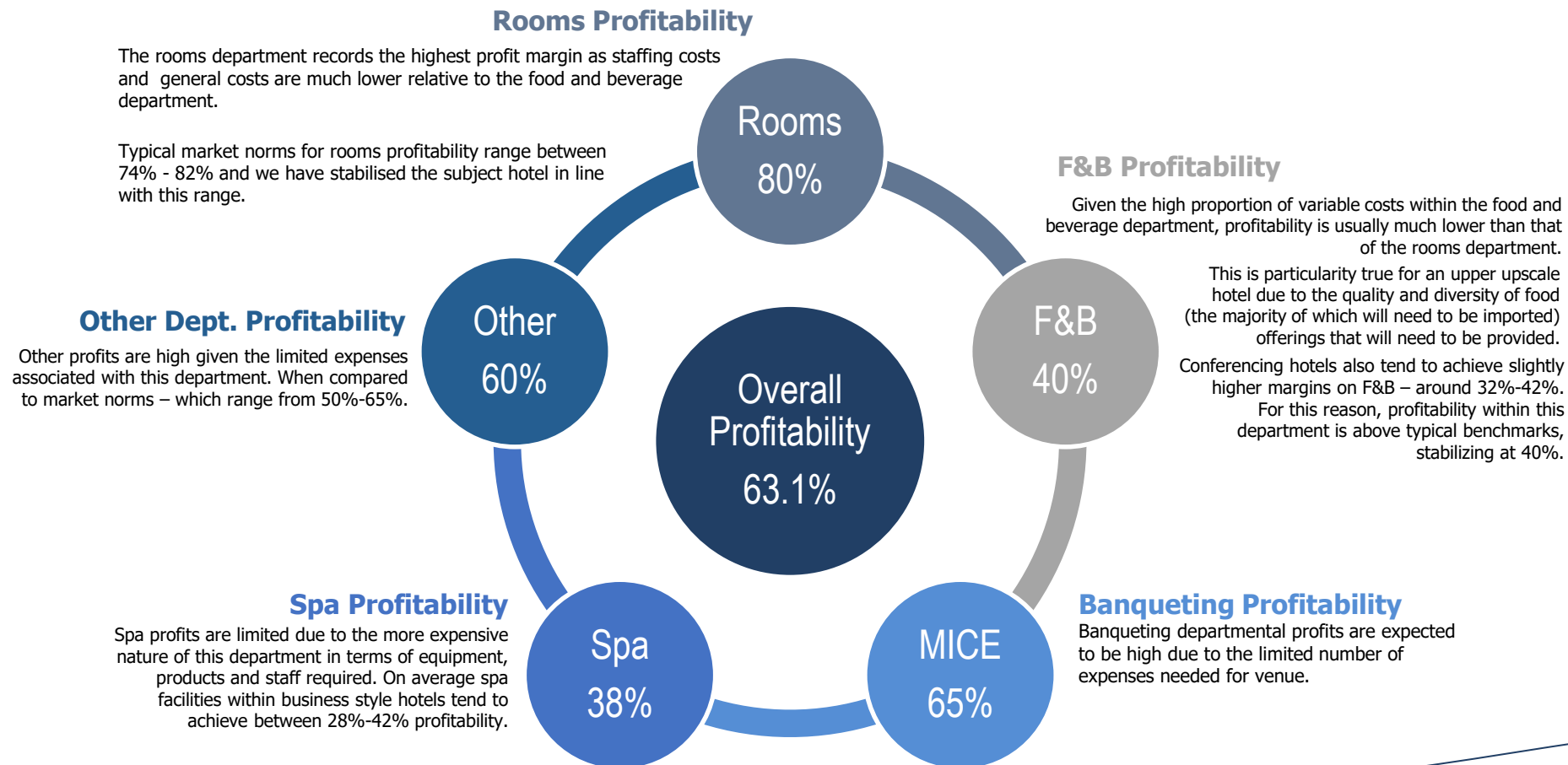
Source: HTI Consulting

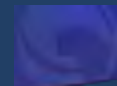
## Financial Base

### 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 63.1% which amounts to USD 10,0 million in 2028. By the tenth year, departmental profits grow to USD 11,5 million.

### Stabilised Departmental Profitability (2028)





## Overhead Costs

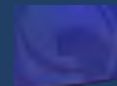
### Stabilised Overhead Costs

- 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)



- 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 11.5% 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 3.9 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 Dar es Salaam property.

#### Base Management Fee

	Base Fee (%)	USD Value
Year 1 of Operations	1.5%	163 442
Year 2 of Operations	1.5%	217 884
Year 3 of Operations	1.5%	237 504
Year 4 of Operations and onwards	2.0%	323 006
<b>Total Base Fee over 10 year period</b>		<b>3 020 147</b>

#### 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 Incentive Management Fee structure was negotiated and approved by Radisson Hotel Group for the 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%

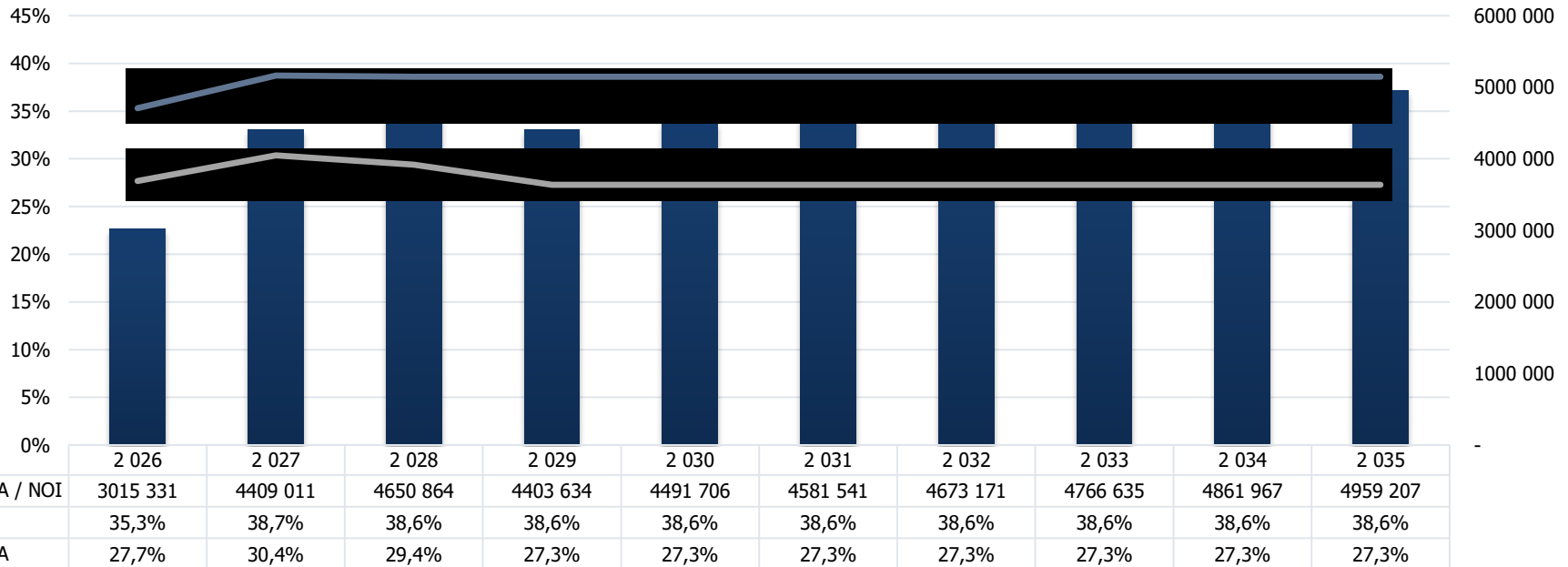
	Stabilised Incentive Fee (%)	USD Value
<b>Total Incentive Fee over 10 year period</b>	<b>7.00%</b>	<b>1 903 369</b>

## Profit Margins

### GOP and EBITDA

- Overall the GOP achieved by the hotel is projected at 35,3% in its first full year, stabilizing at 38.6% from 2028 onwards.
- Looking at Earnings Before Income Tax, Depreciation and Amortization (EBITDA) bottom line performance is healthy averaging around 27.3% when stabilised. This equates to a bottom line profit of **USD 3,0 million (TZS 9.0 billion) in the first year growing to USD 4,96 million (TZS 14.9 billion) by the tenth year.**
- The quick ramp-up due to the Afcon tournament in 2027, strong conference demand and inclusion of apartments results in healthy stabilized occupancy for the property, coupled with stable market supply conditions attribute to the sustainable level of profitability associated with development.

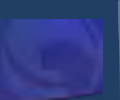
EBITDA (USD) and Profit Margins (2026 - 2035)



Source: HTI Consulting

# Hotel Revenue Projections

## Profit and Loss Statement (USD)



YEAR	NSSF Dar es Salaam Upper Upscale Hotel									
	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	196	196	196	196	196	196	196	196	196	196
Rooms Available	71 540	71 540	71 540	71 540	71 540	71 540	71 540	71 540	71 540	71 540
Rooms Sold	38 212	48 627	49 028	49 028	49 028	49 028	49 028	49 028	49 028	49 028
Occupancy	53,4%	68,0%	68,5%	68,5%	68,5%	68,5%	68,5%	68,5%	68,5%	68,5%
Occupancy Growth		27,3%	0,8%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
ADR	170	175	178	182	185	189	193	197	201	205
ADR Growth		2,8%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
RevPAR	91	119	122	125	127	130	132	135	138	140
RevPAR Growth		30,8%	2,8%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
<b>REVENUES</b>										
Rooms Revenue	6 501 041 59,7%	8 501 496 58,5%	8 740 938 55,2%	8 915 757 55,2%	9 094 072 55,2%	9 275 954 55,2%	9 461 473 55,2%	9 650 702 55,2%	9 843 716 55,2%	10 040 591 55,2%
F & B Revenue	3 872 980 35,5%	5 293 355 36,4%	6 165 751 38,9%	6 289 066 38,9%	6 414 847 38,9%	6 543 144 38,9%	6 674 007 38,9%	6 807 487 38,9%	6 943 637 38,9%	7 082 510 38,9%
Conference and Banqueting Revenue	317 309 2,9%	447 233 3,1%	603 508 3,8%	615 578 3,8%	627 889 3,8%	640 447 3,8%	653 256 3,8%	666 321 3,8%	679 648 3,8%	693 241 3,8%
Spa Revenue	148 297 1,4%	209 733 1,4%	247 431 1,6%	252 380 1,6%	257 427 1,6%	262 576 1,6%	267 827 1,6%	273 184 1,6%	278 647 1,6%	284 220 1,6%
Other Revenue	56 529 0,5%	73 811 0,5%	75 982 0,5%	77 502 0,5%	79 052 0,5%	80 633 0,5%	82 246 0,5%	83 891 0,5%	85 569 0,5%	87 280 0,5%
<b>TOTAL REVENUE</b>	<b>10 896 157 100%</b>	<b>14 525 628 100%</b>	<b>15 833 611 100%</b>	<b>16 150 283 100%</b>	<b>16 473 289 100%</b>	<b>16 802 754 100%</b>	<b>17 138 809 100%</b>	<b>17 481 586 100%</b>	<b>17 831 217 100%</b>	<b>18 187 842 100%</b>
Revenue Growth		33,3%	9,0%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
<b>DEPARTMENTAL COSTS</b>										
Rooms Department	1 430 229 22,0%	1 700 299 20,0%	1 748 188 20,0%	1 783 151 20,0%	1 818 814 20,0%	1 855 191 20,0%	1 892 295 20,0%	1 930 140 20,0%	1 968 743 20,0%	2 008 118 20,0%
F&B Department	2 439 978 63,0%	3 228 947 61,0%	3 699 451 60,0%	3 773 440 60,0%	3 848 908 60,0%	3 925 887 60,0%	4 004 404 60,0%	4 084 492 60,0%	4 166 182 60,0%	4 249 506 60,0%
Conference and Banqueting Department	117 404 37,0%	161 004 36,0%	211 228 35,0%	215 452 35,0%	219 761 35,0%	224 157 35,0%	228 640 35,0%	233 212 35,0%	237 877 35,0%	242 634 35,0%
Spa Department	96 393 65,0%	134 229 64,0%	153 407 62,0%	156 475 62,0%	159 605 62,0%	162 797 62,0%	166 053 62,0%	169 374 62,0%	172 761 62,0%	176 217 62,0%
Other Departments	22 612 40,0%	29 524 40,0%	30 393 40,0%	31 001 40,0%	31 621 40,0%	32 253 40,0%	32 898 40,0%	33 556 40,0%	34 227 40,0%	34 912 40,0%
<b>TOTAL DEPARTMENTAL COSTS</b>	<b>4 106 616 37,7%</b>	<b>5 254 003 36,2%</b>	<b>5 842 666 36,9%</b>	<b>5 959 520 36,9%</b>	<b>6 078 710 36,9%</b>	<b>6 200 284 36,9%</b>	<b>6 324 290 36,9%</b>	<b>6 450 776 36,9%</b>	<b>6 579 791 36,9%</b>	<b>6 711 387 36,9%</b>
Departmental Costs Growth		27,9%	11,2%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
<b>DEPARTMENTAL PROFIT</b>										
Rooms Department	5 070 812 78,0%	6 801 197 80,0%	6 992 751 80,0%	7 132 606 80,0%	7 275 258 80,0%	7 420 763 80,0%	7 569 178 80,0%	7 720 562 80,0%	7 874 973 80,0%	8 032 473 80,0%
F&B Department	1 433 003 37,0%	2 064 408 39,0%	2 466 300 40,0%	2 515 626 40,0%	2 565 939 40,0%	2 617 258 40,0%	2 669 603 40,0%	2 722 995 40,0%	2 777 455 40,0%	2 833 004 40,0%
Conference and Banqueting Department	199 905 63,0%	286 229 64,0%	392 280 65,0%	400 126 65,0%	408 128 65,0%	416 291 65,0%	424 617 65,0%	433 109 65,0%	441 717 65,0%	450 606 65,0%
Spa Department	51 904 35,0%	75 504 36,0%	94 024 38,0%	95 904 38,0%	97 822 38,0%	99 779 38,0%	101 774 38,0%	103 810 38,0%	105 888 38,0%	108 004 38,0%
Other Departments	33 918 60,0%	44 287 60,0%	45 589 60,0%	46 501 60,0%	47 431 60,0%	48 380 60,0%	49 348 60,0%	50 334 60,0%	51 341 60,0%	52 368 60,0%
<b>TOTAL DEPARTMENTAL PROFIT</b>	<b>6 789 541 62,3%</b>	<b>9 271 625 63,8%</b>	<b>9 990 944 63,1%</b>	<b>10 190 763 63,1%</b>	<b>10 394 579 63,1%</b>	<b>10 602 470 63,1%</b>	<b>10 814 520 63,1%</b>	<b>11 030 810 63,1%</b>	<b>11 251 426 63,1%</b>	<b>11 476 455 63,1%</b>
Departmental Profit Growth		36,6%	7,8%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
<b>UNDISTRIBUTED OPERATING EXPENSES</b>										
Administration, Management and General	1 253 058 11,5%	1 525 191 10,5%	1 583 361 10,0%	1 615 028 10,0%	1 647 329 10,0%	1 680 275 10,0%	1 713 881 10,0%	1 748 159 10,0%	1 783 122 10,0%	1 818 784 10,0%
IT	217 923 2,0%	232 410 1,6%	237 504 1,5%	242 254 1,5%	247 099 1,5%	252 041 1,5%	257 082 1,5%	262 224 1,5%	267 468 1,5%	272 818 1,5%
Energy	653 769 6,0%	835 224 5,8%	870 849 5,5%	888 266 5,5%	906 031 5,5%	924 151 5,5%	942 635 5,5%	961 487 5,5%	980 717 5,5%	1 000 331 5,5%
Marketing	490 327 4,5%	544 711 3,8%	554 176 3,5%	565 260 3,5%	576 565 3,5%	588 096 3,5%	599 858 3,5%	611 855 3,5%	624 093 3,5%	636 574 3,5%
Repairs & Maintenance	326 885 3,0%	508 397 3,5%	633 344 4,0%	646 011 4,0%	658 932 4,0%	672 110 4,0%	685 552 4,0%	699 263 4,0%	713 249 4,0%	727 514 4,0%
<b>TOTAL UNDISTRIBUTED EXPENSES</b>	<b>2 941 962 27,0%</b>	<b>3 645 933 25,1%</b>	<b>3 879 235 24,5%</b>	<b>3 956 819 24,5%</b>	<b>4 035 956 24,5%</b>	<b>4 116 675 24,5%</b>	<b>4 199 008 24,5%</b>	<b>4 282 988 24,5%</b>	<b>4 368 648 24,5%</b>	<b>4 456 021 24,5%</b>
Undistributed Expenses Growth		23,9%	6,4%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
<b>GOP BEFORE FEES</b>	<b>3 847 579 35,3%</b>	<b>5 625 692 38,7%</b>	<b>6 111 710 38,6%</b>	<b>6 233 944 38,6%</b>	<b>6 358 623 38,6%</b>	<b>6 485 795 38,6%</b>	<b>6 615 511 38,6%</b>	<b>6 747 821 38,6%</b>	<b>6 882 778 38,6%</b>	<b>7 020 433 38,6%</b>
GOP Growth		46,2%	8,6%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
<b>MANAGEMENT FEE</b>										
Base Fee	163 442 1,50%	217 884 1,50%	237 504 1,50%	323 006 2,00%	329 466 2,00%	336 055 2,00%	342 776 2,00%	349 632 2,00%	356 624 2,00%	363 757 2,00%
Marketing Fee	81 263 1,25%	106 269 1,25%	109 262 1,25%	222 894 2,50%	227 352 2,50%	231 899 2,50%	236 537 2,50%	241 268 2,50%	246 093 2,50%	251 015 2,50%
Total Fees	244 705 2,2%	324 153 2,2%	346 766 2,2%	545 900 3,4%	556 818 3,4%	567 954 3,4%	579 313 3,4%	590 899 3,4%	602 717 3,4%	614 772 3,4%
<b>AGOP</b>	<b>3 602 873 33,1%</b>	<b>5 301 539 36,5%</b>	<b>5 764 944 36,4%</b>	<b>5 688 044 35,2%</b>	<b>5 801 805 35,2%</b>	<b>5 917 841 35,2%</b>	<b>6 036 198 35,2%</b>	<b>6 156 922 35,2%</b>	<b>6 280 061 35,2%</b>	<b>6 405 662 35,2%</b>
Incentive Fee (on AGOP)	252 201 7,0%	371 108 7,0%	403 546 7,0%	398 163 7,0%	406 126 7,0%	414 249 7,0%	422 534 7,0%	430 985 7,0%	439 604 7,0%	448 396 7,0%
<b>INCOME BEFORE FIXED CHARGES</b>	<b>3 350 672 30,8%</b>	<b>4 930 431 33,9%</b>	<b>5 361 398 33,9%</b>	<b>5 289 881 32,8%</b>	<b>5 395 679 32,8%</b>	<b>5 503 593 32,8%</b>	<b>5 613 664 32,8%</b>	<b>5 725 938 32,8%</b>	<b>5 840 456 32,8%</b>	<b>5 957 266 32,8%</b>
<b>FIXED CHARGES</b>										
FF&E Reserve	108 962 1,0%	290 513 2,0%	475 008 3,0%	646 011 4,0%	658 932 4,0%	672 110 4,0%	685 552 4,0%	699 263 4,0%	713 249 4,0%	727 514 4,0%
Property Taxes	97 020 0,9%	98 960 0,7%	100 940 0,6%	102 958 0,6%	105 018 0,6%	107 118 0,6%	109 260 0,6%	111 445 0,6%	113 674 0,6%	115 948 0,6%
Insurance	129 360 1,2%	131 947 0,9%	134 586 0,9%	137 278 0,9%	140 023 0,9%	142 824 0,9%	145 680 0,9%	148 594 0,9%	151 566 0,9%	154 597 0,9%
<b>TOTAL FIXED CHARGES</b>	<b>335 342 3,1%</b>	<b>521 420 3,6%</b>	<b>710 534 4,5%</b>	<b>886 248 4,0%</b>	<b>903 973 4,0%</b>	<b>922 052 4,0%</b>	<b>940 493 4,0%</b>	<b>959 303 4,0%</b>	<b>978 489 4,0%</b>	<b>998 059 4,0%</b>
<b>EBITDA</b>	<b>3 015 331 27,7%</b>	<b>4 409 011 30,4%</b>	<b>4 650 864 29,4%</b>	<b>4 403 634 27,3%</b>	<b>4 491 706 27,3%</b>	<b>4 581 541 27,3%</b>	<b>4 673 171 27,3%</b>	<b>4 766 635 27,3%</b>	<b>4 861 967 27,3%</b>	<b>4 959 207 27,3%</b>

Source: HTI Consulting

# 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	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
<b>NSSF Dar es Salaam Upper Upscale Hotel (TZ\$)</b>										
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	196	196	196	196	196	196	196	196	196	196
Rooms Available	71 540	71 540	71 540	71 540	71 540	71 540	71 540	71 540	71 540	71 540
Rooms Sold	38 212	48 627	49 028	49 028	49 028	49 028	49 028	49 028	49 028	49 028
<b>Occupancy</b>	<b>53,4%</b>	<b>68,0%</b>	<b>68,5%</b>	<b>68,5%</b>	<b>68,5%</b>	<b>68,5%</b>	<b>68,5%</b>	<b>68,5%</b>	<b>68,5%</b>	<b>68,5%</b>
<b>Occupancy Growth</b>		<b>27,3%</b>	<b>0,8%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>
<b>ADR</b>	<b>510 390</b>	<b>524 495</b>	<b>534 851</b>	<b>545 548</b>	<b>556 459</b>	<b>567 588</b>	<b>578 940</b>	<b>590 519</b>	<b>602 329</b>	<b>614 376</b>
ADR Growth		<b>2,8%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>
<b>RevPAR</b>	<b>272 618</b>	<b>356 507</b>	<b>366 548</b>	<b>373 879</b>	<b>381 356</b>	<b>388 983</b>	<b>396 763</b>	<b>404 698</b>	<b>412 792</b>	<b>421 048</b>
RevPAR Growth		<b>2,8%</b>	<b>2,8%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>
<b>REVENUES</b>										
Rooms Revenue	19 503 122 554	25 504 489 207	26 222 815 119	26 747 271 422	27 282 216 850	27 827 861 187	28 384 418 411	28 952 106 779	29 531 148 915	30 121 771 893
F & B Revenue	11 618 940 891	15 880 065 359	18 497 253 081	18 867 198 142	19 244 542 105	19 629 432 947	20 022 021 606	20 422 462 038	20 830 911 279	21 247 529 505
Conference and Banqueting Revenue	951 927 850	1 341 699 035	1 810 523 344	1 846 733 810	1 883 668 487	1 921 341 856	1 959 768 693	1 998 964 067	2 038 943 349	2 079 722 216
Spa Revenue	444 890 951	629 197 936	742 293 014	757 138 874	772 281 652	787 727 285	803 481 830	819 551 467	835 942 496	852 661 346
Other Revenue	169 588 092	221 432 778	227 947 490	232 506 440	237 156 659	241 899 700	246 737 694	251 672 448	256 705 897	261 840 015
<b>TOTAL REVENUE</b>	<b>32 688 470 338</b>	<b>43 576 884 316</b>	<b>47 500 832 048</b>	<b>48 450 848 689</b>	<b>49 419 865 662</b>	<b>50 408 262 976</b>	<b>51 416 428 235</b>	<b>52 444 756 800</b>	<b>53 493 651 936</b>	<b>54 563 524 975</b>
Revenue Growth		<b>33,3%</b>	<b>9,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>
<b>DEPARTMENTAL COSTS</b>										
Rooms Department	4 290 686 962	5 100 897 841	5 244 563 024	5 349 454 284	5 456 443 370	5 565 572 237	5 676 883 682	5 790 421 356	5 906 229 783	6 024 354 379
F&B Department	7 319 932 761	9 686 839 869	11 098 351 848	11 320 318 885	11 546 725 263	11 777 659 768	12 013 212 964	12 253 477 223	12 498 546 767	12 748 517 703
Conference and Banqueting Department	352 213 304	483 011 653	633 683 170	646 356 834	659 283 970	672 469 650	685 919 043	699 637 424	713 630 172	727 902 775
Spa Department	289 179 118	402 686 679	460 221 669	469 424 102	478 814 624	488 390 916	498 158 735	508 121 910	518 284 348	528 650 035
Other Departments	67 835 237	88 573 111	93 002 576	94 862 628	96 759 880	98 659 078	100 668 979	102 682 359	104 736 006	106 790 553
<b>TOTAL DEPARTMENTAL COSTS</b>	<b>12 319 847 383</b>	<b>15 762 009 154</b>	<b>17 527 998 707</b>	<b>17 878 558 681</b>	<b>18 236 129 855</b>	<b>18 600 852 452</b>	<b>18 972 869 501</b>	<b>19 352 326 891</b>	<b>19 739 373 429</b>	<b>20 134 160 898</b>
Departmental Costs Growth		<b>27,9%</b>	<b>11,2%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>
<b>DEPARTMENTAL PROFIT</b>										
Rooms Department	15 212 435 592	20 403 591 366	20 978 252 096	21 397 817 137	21 825 773 480	22 262 288 950	22 707 534 729	23 161 685 423	23 624 919 132	24 097 417 514
F&B Department	4 299 008 130	6 193 225 490	7 398 901 232	7 546 879 257	7 697 816 842	7 851 773 179	8 008 808 642	8 168 984 815	8 332 364 512	8 499 011 802
Conference and Banqueting Department	599 714 545	858 687 382	1 176 840 173	1 200 376 977	1 224 384 516	1 248 872 207	1 273 849 651	1 299 326 644	1 325 313 177	1 351 819 440
Spa Department	155 711 833	226 511 257	282 071 345	287 712 772	293 467 028	299 336 368	305 323 096	311 429 557	317 658 149	324 011 312
Other Departments	101 752 855	132 859 667	136 768 494	139 503 864	142 293 941	145 139 820	148 042 616	151 003 469	154 023 538	157 104 009
<b>TOTAL DEPARTMENTAL PROFIT</b>	<b>20 368 622 955</b>	<b>27 814 875 162</b>	<b>29 972 833 341</b>	<b>30 572 290 007</b>	<b>31 183 735 807</b>	<b>31 807 410 524</b>	<b>32 443 558 734</b>	<b>33 092 429 909</b>	<b>33 754 278 507</b>	<b>34 429 364 077</b>
Departmental Profit Growth		<b>36,6%</b>	<b>7,8%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>
<b>UNDISTRIBUTED OPERATING EXPENSES</b>										
Administration, Management and General	3 759 174 089	4 575 572 853	4 750 083 205	4 845 084 869	4 941 986 566	5 040 826 298	5 141 642 824	5 244 475 680	5 349 365 194	5 456 352 497
IT	653 769 407	697 230 149	712 512 481	726 762 730	741 297 985	756 123 945	771 246 424	786 671 352	802 404 779	818 452 875
Energy	1 961 308 220	2 505 670 848	2 612 545 763	2 664 596 678	2 718 092 611	2 772 454 464	2 827 903 553	2 884 461 624	2 942 150 856	3 000 993 874
Marketing	1 470 981 165	1 634 133 162	1 662 529 122	1 695 779 704	1 729 695 298	1 764 289 204	1 799 574 988	1 835 566 488	1 872 277 818	1 909 723 374
Repairs & Maintenance	980 654 110	1 900 033 951	1 900 033 282	1 938 033 948	1 976 794 626	2 016 330 519	2 056 657 129	2 097 790 272	2 139 746 077	2 182 540 999
<b>TOTAL UNDISTRIBUTED EXPENSES</b>	<b>8 825 886 991</b>	<b>10 937 798 796</b>	<b>11 637 703 980</b>	<b>11 870 457 989</b>	<b>12 107 867 147</b>	<b>12 350 024 489</b>	<b>12 597 024 978</b>	<b>12 848 965 476</b>	<b>13 105 944 784</b>	<b>13 368 063 679</b>
Undistributed Expenses Growth		<b>23,9%</b>	<b>6,4%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>
<b>GOP BEFORE FEES</b>	<b>11 542 735 964</b>	<b>16 877 076 366</b>	<b>18 335 129 361</b>	<b>18 701 832 019</b>	<b>19 075 868 660</b>	<b>19 457 386 035</b>	<b>19 846 533 756</b>	<b>20 243 464 433</b>	<b>20 648 333 723</b>	<b>21 061 300 398</b>
GOP Growth		<b>46,2%</b>	<b>8,6%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>
<b>MANAGEMENT FEE</b>										
Base Fee	490 327 055	653 653 265	712 512 481	969 016 974	988 397 313	1 008 165 260	1 028 328 565	1 048 895 136	1 069 873 039	1 091 270 499
Marketing Fee	243 769 032	318 806 115	327 785 189	668 681 786	682 055 421	695 696 530	709 610 460	723 802 669	738 278 729	753 044 297
Total Fees	734 116 087	972 459 380	1 040 297 670	1 637 698 759	1 670 452 735	1 703 861 789	1 737 939 025	1 772 697 805	1 808 151 762	1 844 314 797
<b>AGOP</b>	<b>11 052 408 909</b>	<b>16 223 423 102</b>	<b>17 622 616 880</b>	<b>17 732 815 045</b>	<b>18 087 471 347</b>	<b>18 449 220 775</b>	<b>18 818 205 192</b>	<b>19 194 569 297</b>	<b>19 578 460 684</b>	<b>19 970 029 899</b>
<b>Incentive Fee (on AGOP)</b>	<b>756 603 391</b>	<b>1 113 323 189</b>	<b>1 210 638 218</b>	<b>1 194 489 328</b>	<b>1 218 379 115</b>	<b>1 242 746 697</b>	<b>1 267 601 631</b>	<b>1 292 953 664</b>	<b>1 318 812 737</b>	<b>1 345 188 992</b>
<b>INCOME BEFORE FIXED CHARGES</b>	<b>10 052 016 486</b>	<b>14 791 293 797</b>	<b>16 084 193 473</b>	<b>15 869 643 931</b>	<b>16 187 036 811</b>	<b>16 510 777 548</b>	<b>16 840 993 100</b>	<b>17 177 812 963</b>	<b>17 521 369 224</b>	<b>17 871 796 609</b>
<b>FIXED CHARGES</b>										
FF&E Reserve	326 884 703	871 537 686	1 425 024 961	1 938 033 948	1 976 794 626	2 016 330 519	2 056 657 129	2 097 790 272	2 139 746 077	2 182 540 999
Property Taxes	291 060 000	296 881 200	302 818 824	308 875 200	315 052 704	321 353 759	327 780 834	334 336 450	341 023 179	347 843 297
Insurance	388 080 000	395 841 600	403 758 432	411 833 601	420 070 273	428 471 678	437 041 112	445 781 934	454 697 573	463 791 624
<b>TOTAL FIXED CHARGES</b>	<b>1 006 024 703</b>	<b>1 564 260 486</b>	<b>2 131 602 217</b>	<b>2 658 742 749</b>	<b>2 711 917 604</b>	<b>2 766 155 956</b>	<b>2 821 479 075</b>	<b>2 877 908 656</b>	<b>2 935 466 829</b>	<b>2 994 176 166</b>
<b>EBITDA</b>	<b>9 045 991 782</b>	<b>13 227 033 311</b>	<b>13 952 591 255</b>	<b>13 210 901 182</b>	<b>13 475 119 207</b>	<b>13 744 621 592</b>	<b>14 019 514 025</b>	<b>14 299 904 307</b>	<b>14 585 902 394</b>	<b>14 877 620 443</b>

Source: HTI Consulting



# Hotel Returns Analysis

## SECTION 8

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

- The latest construction costs provided to us include the original contract amount, the summary of payments to date and the remaining balance on the construction contract.
- These costs exclude the alterations to the key count as well as FF&E and OS&E costs. The development costs are also not split between the hotel and other commercial uses. We have (in the adjacent Table) provided a high-level estimate of the hotel component's total development costs. We have used a 40% allocation of existing construction costs to allocate towards the hotel component (which is an estimate based on areas). We have allowed for additional costs of 20% in order to take into account the alterations to the room count and internal re-configuration. We then allocated a cost of USD 100,000 per key (196 keys) to account for FF&E and OS&E expenses. This resulted in a total estimated development cost for the hotel component of USD 64,8 million or USD 330,000 per key (which is lower compared to regional benchmarks and estimates for a newly built Upper Upscale Hotel). Regardless, we have included this assumption in our financial calculations pending more clarity from the quantity surveyor and interior design firm.
- Construction cost estimates were converted at a rate of 1:2700 – 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 less advanced than that of Mwanza, and therefore will likely be more exposed to current and future currency depreciation – resulting in a slightly higher conversion rate - **a Quantity Surveyor will need to undertake a professional assessment.**

Contract Sums		USD:TZS RATE
<b>Mzizima Towers Project (Contract Sums in TZS)</b>		<b>2 700,00</b>
Contractors Lot 1	TZS 12 806 817 562,00	USD 4 743 265,76
Contractors Lot 2	TZS 74 162 620 279,79	USD 27 467 637,14
Contractors Lot 3	TZS 141 172 927 805,97	USD 52 286 269,56
Contractor Sewer Connection	TZS 5 197 879 677,65	USD 1 925 140,62
Contractors Sub-total	TZS 233 340 245 325,41	USD 86 422 313,08
Consultant	TZS 14 245 020 466,63	USD 5 275 933,51
Sub-total	TZS 247 585 265 792,04	USD 91 698 246,59
Land Cost	TZS 7 500 000 000,00	USD 2 777 777,78
Total estimated Project Cost	TZS 255 085 265 792,04	USD 94 476 024,37
<b>Summary of Payments (30th June 2024)</b>		<b>USD:TZS RATE</b>
<b>Mzizima Towers Project (Paid Amount in TZS)</b>		<b>2 700,00</b>
Contractors Lot 1	TZS 11 805 848 842,26	USD 4 372 536,61
Contractors Lot 2	TZS 53 491 603 091,65	USD 19 811 704,85
Contractors Lot 3	TZS 114 804 822 047,07	USD 42 520 304,46
Contractor Sewer Connection	TZS 5 197 879 677,65	USD 1 925 140,62
Contractors Sub-total	TZS 185 300 153 658,63	USD 68 629 686,54
Consultant	TZS 9 365 902 772,35	USD 3 468 852,88
Sub-total	TZS 194 666 056 430,98	USD 72 098 539,42
Land Cost	TZS 7 500 000 000,00	USD 2 777 777,78
Total estimated Project Cost	TZS 202 166 056 430,98	USD 74 876 317,20
<b>Remaining Balances (30th June 2024)</b>		<b>USD: TZS RATE</b>
<b>Mzizima Towers Project (Rem. Balance in TZS)</b>		<b>2 700,00</b>
Contractors Lot 1	TZS 0,00	USD 0,00
Contractors Lot 2	TZS 20 671 017 188,14	USD 7 655 932,29
Contractors Lot 3	TZS 26 368 105 758,90	USD 9 765 965,10
Contractor Sewer Connection	TZS 0,00	USD 0,00
Contractors Sub-total	TZS 47 039 122 947,04	USD 17 421 897,39
Consultant	TZS 4 879 117 694,28	USD 1 807 080,63
Sub-total	TZS 51 918 240 641,32	USD 19 228 978,02
Land Cost	TZS 0,00	USD 0,00
Total estimated Project Cost	TZS 51 918 240 641,32	USD 19 228 978,02

Dar es Salaam Hotel - 196 Room Option Estimate				
Construction & Fit-Out Costs		USD Amounts	TZS Amounts	Comments
Total Mixed-Use Development Cost		94 105 295	254 084 297 072	<< Provided by Client - excludes FF&E & alterations to rooms
Hotel Allocation of Overall Development	40% (approximately)	37 642 118	101 633 718 829	<< Based on areas
Additional Construction Cost Required for Hotel	20% (estimated)	7 528 424	20 326 743 766	<< Estimate, will need to be confirmed by QS
Adjusted Total Construction Costs for Hotel		45 170 542	121 960 462 595	<< Incorporating additional key count
Fit Out & OS&E Costs of Hotel and Apartments	USD 100,000 per key (estimated)	19 600 000	52 920 000 000	<< Estimated, will need to be confirmed by Interior Designers with Operator Input
Total Estimated Construction Costs with Fit-Out of Hotel and Apartments		64 770 542	174 880 462 595	
<b>Total Development Cost per Key of Hotel and Apartments</b>	<b>196 keys</b>	<b>330 462</b> <i>Say &gt; 330 000</i>	<b>892 247 258</b>	<< per key
<b>AECOM benchmark for Upper Upscale Hotel</b>		<b>375 000</b>	<b>1 012 500 000</b>	<< per key

## 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 during the fourteenth year of operations.

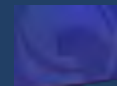
### Consolidated Cash Flow USD and TZS (2024 - 2035)

USD (000')	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Inflow</b>												
EBITDA before FF&E Reserve			3 124	4 700	5 126	5 050	5 151	5 254	5 359	5 466	5 575	5 687
Total (inflow)	0	0	3 124	4 700	5 126	5 050	5 151	5 254	5 359	5 466	5 575	5 687
<b>Outflow</b>												
Development cost	25 872	38 808										
FF&E Reserve			109,0	290,5	475,0	646,0	658,9	672,1	685,6	699,3	713,2	727,5
Total (outflow)	25 872	38 808	109,0	290,5	475,0	646,0	658,9	672,1	685,6	699,3	713,2	727,5
<b>Net Cashflow</b>	<b>-25 872</b>	<b>-38 808</b>	<b>3 015</b>	<b>4 409</b>	<b>4 651</b>	<b>4 404</b>	<b>4 492</b>	<b>4 582</b>	<b>4 673</b>	<b>4 767</b>	<b>4 862</b>	<b>4 959</b>
Net Cashflow (Cumulative)	-25 872	-64 680	-61 665	-57 256	-52 605	-48 201	-43 709	-39 128	-34 455	-29 688	-24 826	-19 867

Source: HTI Consulting

TZS (000')	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Inflow</b>												
EBITDA before FF&E Reserve			9 372 876	14 098 572	15 377 616	15 148 935	15 451 914	15 760 952	16 076 171	16 397 695	16 725 649	17 060 161
Total (inflow)			9 372 876	14 098 572	15 377 616	15 148 935	15 451 914	15 760 952	16 076 171	16 397 695	16 725 649	17 060 161
<b>Outflow</b>												
Development cost	77 616 000	116 424 000										
FF&E Reserve			326 885	871 538	1 425 025	1 938 034	1 976 795	2 016 331	2 056 657	2 097 790	2 139 746	2 182 541
Total (outflow)	77 616 000	116 424 000	326 885	871 538	1 425 025	1 938 034	1 976 795	2 016 331	2 056 657	2 097 790	2 139 746	2 182 541
<b>Net Cashflow</b>	<b>-77 616 000</b>	<b>-116 424 000</b>	<b>9 045 992</b>	<b>13 227 034</b>	<b>13 952 591</b>	<b>13 210 901</b>	<b>13 475 119</b>	<b>13 744 622</b>	<b>14 019 514</b>	<b>14 299 904</b>	<b>14 585 902</b>	<b>14 877 620</b>
Net Cashflow (Cumulative)	-77 616 000	-194 040 000	-184 994 008	-171 766 974	-157 814 383	-144 603 482	-131 128 362	-117 383 741	-103 364 227	-89 064 322	-74 478 420	-59 600 799

Source: HTI Consulting



## Financial Bases

### 20 Year Cash Flow (Project)

#### Hotel 20 Year Cashflow Generation (Construction and Operating Years 1-20)

	2024	2025	2026 (Op 1)	2027 (Op 2)	2028 (Op 3)	2029 (Op 4)	2030 (Op 5)	2031 (Op 6)	2032 (Op 7)	2033 (Op 8)	2034 (Op 9)	2035 (Op 10)
Free Cashflows (USD)	-25 872 000	-38 808 000	3 015 331	4 409 011	4 650 864	4 403 634	4 491 706	4 581 541	4 673 171	4 766 635	4 861 967	4 959 207
Cumulative Cashflows (USD)	-25 872 000	-64 680 000	-61 664 669	-57 255 658	-52 604 794	-48 201 161	-43 709 454	-39 127 914	-34 454 742	-29 688 107	-24 826 140	-19 866 933

	2024	2025	2026 (Op 1)	2027 (Op 2)	2028 (Op 3)	2029 (Op 4)	2030 (Op 5)	2031 (Op 6)	2032 (Op 7)	2033 (Op 8)	2034 (Op 9)	2035 (Op 10)
Free Cashflows (TZS)	-77 616 000 000	-116 424 000 000	9 045 991 782	13 227 034 086	13 952 591 374	13 210 901 238	13 475 119 263	13 744 621 648	14 019 514 081	14 299 904 363	14 585 902 450	14 877 620 499
Cumulative Cashflows (TZS)	-77 616 000 000	-194 040 000 000	-184 994 008 218	-171 766 974 132	-157 814 382 758	-144 603 481 519	-131 128 362 256	-117 383 740 608	-103 364 226 527	-89 064 322 164	-74 478 419 714	-59 600 799 215

#### Hotel 20 Year Cashflow Generation (Years 11-20)

	2036 (Op 11)	2037 (Op 12)	2038 (Op 13)	2039 (Op 14)	2040 (Op 15)	2041 (Op 16)	2042 (Op 17)	2043 (Op 18)	2044 (Op 19)	2045 (Op 20)
Free Cashflows (USD)	5 058 391	5 159 559	5 262 750	5 368 005	5 475 365	5 584 872	5 696 570	5 810 501	5 926 711	6 045 245
Cumulative Cashflows (USD)	-14 808 542	-9 648 983	-4 386 233	981 772	6 457 137	12 042 009	17 738 579	23 549 080	29 475 791	35 521 037

	2036 (Op 11)	2037 (Op 12)	2038 (Op 13)	2039 (Op 14)	2040 (Op 15)	2041 (Op 16)	2042 (Op 17)	2043 (Op 18)	2044 (Op 19)	2045 (Op 20)
Free Cashflows (TZS)	15 175 172 909	15 478 676 367	15 788 249 895	16 104 014 893	16 426 095 190	16 754 617 094	17 089 709 436	17 431 503 625	17 780 133 697	18 135 736 371
Cumulative Cashflows (TZS)	-44 425 626 306	-28 946 949 938	-13 158 700 044	2 945 314 849	19 371 410 039	36 126 027 133	53 215 736 569	70 647 240 194	88 427 373 891	106 563 110 263

Source: HTI Consulting

## Return Analysis

### 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.
- The Project IRR (10 years) is 9.1% alongside an NPV of USD 14,314,608 which constitutes a financially feasible investment within the African hospitality context. Returns ranging from 0% - 5% in the hospitality industry are seen as weak and often not financially feasibility, returns between 5% - 10% are considered feasible with a long term investment view and returns between 10% - 15% are considered good and indicate a healthy project.
- Although decent returns are achieved, the following factors need to be taken into consideration as they could apply downwards pressure to overall return levels:
  - The protracted development timeframe and implications on the development cost (cost escalation, changes to concept, conformity to operator standards, etc.).
  - Price sensitivity and a rate ceiling in the Dar es Salaam hospitality market.
  - The transition, to Dodoma, of the government sector as well as NGO / Embassy segments will have medium-to-long term implications on the market.
- 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 a critical need to increase the key count in order for the hotel to have sufficient scale to support and sustain its various facilities on offer. Another critical point is the completion and opening of the property ahead of the Afcon 2027 tournament in order to benefit from a strong trading year expected in 2027.

### Yields Analysis

- The yield (before tax) of 7.7% in the 10<sup>th</sup> year is moderate compared to typical hotel developments as well as other commercial real estate in Tanzania.
- Again, high development costs and local market dynamics impact on revenue generating potential.

### Project Yields (2026 – 2035)

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	<b>64 680</b>	3 015	4 409	4 651	4 404	4 492	4 582	4 673	4 767	4 862	4 959
Yields		4,7%	6,8%	7,2%	6,8%	6,9%	7,1%	7,2%	7,4%	7,5%	7,7%

Source: HTI Consulting

### Project Returns

Project Returns – Based on Tanzania Average Cost of Capital Cap and Discount Rates	
Project IRR 10 Yr of operations	<b>9.1%</b>
Project IRR 20 Yrs of operations	<b>8.5%</b>
Cap Rate	<b>5.0%</b>
Discount Rate	<b>7.0%</b>
NPV	14 314 608 (USD)

Source: HTI Consulting

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



# Hotel Sensitivity Analysis

## SECTION 9

Having outlined the Revenue streams, profitability and returns associated with the hotel development a Sensitivity Analysis of key metrics has been included 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.

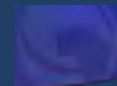




## Assumptions

### 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 (2023). 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

- Given the price sensitivity and rate ceiling in the market, achieving notable increases in ADR will likely prove difficult thus emphasizing the focus on development cost to improve IRRs is suggested. When decreasing development costs by 10%, 10 Year Project IRRs increase to 10.4% and 20 Year Project IRRs increase to 10.1%. Therefore, effort should be placed on streamlining construction costs and overall finishing, without foregoing quality where possible, as this will contribute to the overall success of the project.

### Revenue & Development Cost Sensitivity

#### Project IRR – 10 Years

	Development cost				
	110%	105%	100%	95%	90%
Revenue + 10%	9,1%	9,7%	10,3%	11,0%	11,7%
Revenue + 5%	8,5%	9,1%	9,7%	10,4%	11,1%
Base Revenue	7,8%	8,4%	9,1%	9,7%	10,4%
Revenue - 5%	7,2%	7,8%	8,4%	9,1%	9,8%
Revenue - 10%	6,5%	7,1%	7,7%	8,4%	9,1%

Source: HTI Consulting

#### Project IRR – 20 Years

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

### Occupancy & ADR Sensitivity

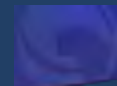
#### Project IRR – 10 Years

	ADR -10%	ADR -5%	Base ADR	ADR +5%	ADR +10%
Occ. +500 bps	8,7%	9,3%	10,9%	11,4%	10,8%
Occ. +300bps	8,4%	9,0%	9,6%	11,1%	11,5%
Base Occ.	7,9%	8,5%	9,1%	10,6%	11,1%
Occ. - 300bps	7,5%	8,0%	8,6%	9,1%	10,6%
Occ. - 500 bps	7,2%	7,7%	8,2%	8,8%	9,3%

Source: HTI Consulting

#### Project IRR – 20 Years

	ADR -10%	ADR -5%	Base ADR	ADR +5%	ADR +10%
Occ. +500 bps	8,2%	8,6%	9,1%	9,5%	9,9%
Occ. +300bps	7,9%	8,4%	8,8%	9,2%	9,6%
Base Occ.	7,6%	8,0%	8,5%	8,9%	9,3%
Occ. - 300bps	7,2%	7,7%	8,1%	8,5%	8,9%
Occ. - 500 bps	7,0%	7,4%	7,8%	8,2%	8,6%



## Yields

### Results

#### +20% on total revenue

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	64 680	3 664	5 337	5 628	5 332	5 439	5 548	5 659	5 772	5 887	6 005
Yields		5,7%	8,3%	8,7%	8,2%	8,4%	8,6%	8,7%	8,9%	9,1%	9,3%

#### +10% on total revenue

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	64 680	3 340	4 873	5 140	4 868	4 965	5 065	5 166	5 269	5 375	5 482
Yields		5,2%	7,5%	7,9%	7,5%	7,7%	7,8%	8,0%	8,1%	8,3%	8,5%

#### Base case scenario

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	64 680	3 015	4 409	4 651	4 404	4 492	4 582	4 673	4 767	4 862	4 959
Yields		4,7%	6,8%	7,2%	6,8%	6,9%	7,1%	7,2%	7,4%	7,5%	7,7%

#### -10% on total revenue

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	64 680	2 691	3 945	4 162	3 939	4 018	4 098	4 180	4 264	4 349	4 436
Yields		4,2%	6,1%	6,4%	6,1%	6,2%	6,3%	6,5%	6,6%	6,7%	6,9%

#### -20% on total revenue

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	64 680	2 367	3 481	3 674	3 475	3 544	3 615	3 688	3 761	3 837	3 913
Yields		3,7%	5,4%	5,7%	5,4%	5,5%	5,6%	5,7%	5,8%	5,9%	6,1%

Source: HTI Consulting



# Overall Viability and Conclusion

## SECTION 10

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 Dar es Salaam.

## Investment SWOT

### Strengths



- Positive economic outlook for Tanzania with bold infrastructure projects and progress in the oil and gas sector
- Dar es Salaam is the largest city in Tanzania and is the main economic driving force in the country, being the base of most local and international private sector role-players
- Within the context of the CBD, the location is good
- Large mixed-use development, creating synergies between various elements of the development
- Strength of Owner and network/reach within the government sector

### Weaknesses



- Market performance has been relatively stagnant
- Rate environment is capped or sensitive with regards to certain demand generators
- Hotel is dependent on conference demand and must accommodate all segments of demand to achieve sustainable occupancy
- Hotel concept requires adjustment with many inefficiencies and over-allocation of facilities – impacting on development cost.

Source: HTI Consulting

### Opportunities



- Limited future supply planned for Dar es Salaam – this market will have time to stabilise
- Apartment demand is high at present due to economic growth and the return of expatriates to the country after political change
- Will be an internationally branded hotel in the market – providing guests with comfort in terms of consistent quality and service
- Conference component, if priced correctly, can become a strong competitor in the market
- Quality of hotel supply (with a few exceptions) is relatively dated – thus the hotel will offer a contemporary and new offering
- Employment development and job creation through the inclusion of professional hotel management company
- Extensive conference facilities are sufficient to cater to the long-term needs of the market
- The hotel can take advantage of the Afcon 2027 tournament to boost the performance of its second year of trading

### Threats



- Pandemics and other disasters
- Cut in government conference and travel expenditure would weaken demand for the development – implications of government and NGO / Embassy transition over time is uncertain
- Declines in conference demand can result in weakened revenue and reduced returns
- Price sensitivity and rate caps dictate what hotels can charge
- Weakened returns if completion costs exceed viable levels
- Corporate relocations to Oyster Bay / Masaki could ramp up again should the CBD decline due to increasing vacancies left by relocation of government / NGOs / Embassies
- Government policy changes could impact on demand and usage of hotels – as was the case in the past
- Should the hotel fail to open in time for the Afcon 2027 tournament, it will miss a vital wave of incoming demand which will bolster trading during the second year of trading

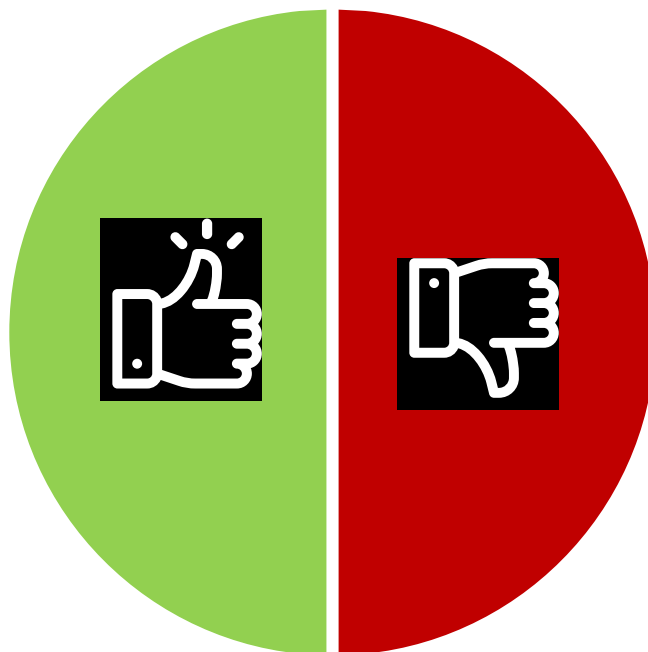
## Overall Viability

### Project Strengths vs Risks

- The Dar es Salaam hospitality sector has seen a notable recovery post-Covid which has been driven by key government policy changes relating to the usage of hotels, economic tailwinds (driven by major infrastructure development projects as well as oil & gas as well as the mining industry), and limited new supply entering the market. Occupancy has improved, however, rate remains relatively stagnant. There has been a return of expatriates back to Dar es Salaam, which is driving demand for apartments. The Afcon 2027 tournament is expected to provide a temporary uplift in market performance. Furthermore, growing demand for Zanzibar as a leisure destination is driving some demand through Dar es Salaam – benefitting the hotel industry. Longer term risks to the development include the transition of government to Dodoma as well as the eventual and gradual transition of NGOs and Embassies out of Dar es Salaam. The pace and timeframe of these relocations are not known and difficult to foresee, but will likely dilute demand over the medium-to-long term for these market segments.

### Project Strengths

- ✓ Strong economy – Dar es Salaam being the hub
- ✓ Renewed private sector interest and activity in Dar es Salaam
- ✓ Strength of Owner and network/reach within the government sector
- ✓ Competitive set outperforms market average
- ✓ Hospitality market fully recovered with limited future supply incoming
- ✓ Afcon 2027 tournament expected to boost performance during host year (if hotel opens on time)
- ✓ Inclusion of apartments boost overall occupancy and revenue generation – can start with combination of short-and-long term rentals initially and then transition into long term residential rentals. Can also offload apartments as an exit strategy if required.



### Project Risks

- ✗ Opening date of the hotel
- ✗ Transition of government and NGO / Embassy to Dodoma
- ✗ Potential high vacancy and deterioration of CBD as a result of government transition
- ✗ Rate sensitivity in market and price ceiling – rates have been relatively stagnant in market
- ✗ Hotel facilities extensive and inefficient, increasing overall development cost
- ✗ Hotel currently does not have enough room inventory to sustain facilities included – thus necessitates the internal reconfiguration to increase key count
- ✗ Construction costs estimated to be high relative to rate environment and revenue generating capacity – impacting on viability and returns of the project

### Conclusion

- Taking into consideration the above project risk assessment, coupled with financial projections and the balance of estimated completion costs, the proposed investment achieves **an overall Project IRR of 9.1% over a 10 year period**. It will be essential that the Client's QS, interior designers and Hotel Operator finalise costs associated with increasing the key count, making adjustments to the facilities proposed and finalise the construction and fit out costs in order to gain a clear outline for the completion costs of the hotel and apartments. The completion timeframe of the hotel is of critical importance.

## Overall Viability

### Recommendations for Continuing with the Investment

- 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.
  - **Completion time is of critical importance:** We have assumed (based on Client feedback), that the hotel will be ready and open prior to hosting of the Afrcon tournament in 2027. We anticipate significant business to be generated by the event, bolstering performance during the initial years of the hotel's operations. Should the hotel miss this opening date, it will most likely have a slower ramp up than intended – impacting on returns.
  - **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 they would be able to do so and recoup money spent to date.
  - **Optimization of scheme to improve sustainability:** As noted in this report, the project does not currently offer sufficient room inventory to operate efficiently nor fully sustain supporting facilities. Therefore, additional capital will be required to ensure the development is optimized in order to compete effectively in the market.
  - **Market demand:** Based on our assessment, market demand exists for an additional Hotel in Dar es Salaam. 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 impact that project delays have had on development costs.
  - **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.
  - **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 timely opening – mitigating further cost overruns and delays in opening.

***Taking into account the factors listed above, 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, likely resulting in losses. The most pragmatic approach would be to complete the project in order to generate income from the asset. The completion window of this project is of critical importance and narrowing quickly.***