

# VIABILITY STUDY

## Coco Beach Mixed-Use Development, Dar es Salaam, Tanzania

Prepared for: Private Development Entity  
Project Location: Coco Beach, Dar es Salaam, Tanzania  
Revision Date: March 4, 2026  
Currency: USD

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### Executive Summary

This viability study analyses a proposed mixed-use development on Coco Beach, Dar es Salaam, comprising a 100-key Four Seasons hotel, 60 serviced apartments (1, 2, and 3-bedroom units), ground-floor retail, restaurants, and upmarket bars, with basement parking. The prime oceanfront location positions this as a destination point for the entire city.

### Key Financial Metrics:

- Total Development Cost: USD 205 million
- Total GFA: 74,300 m<sup>2</sup>
- Average Construction Cost: USD 1,986/m<sup>2</sup>
- Annual Revenue: USD 37.7 million
- NOI: USD 20.0 million (53.0% margin)
- Development Yield on Cost: 9.1%
- Project IRR (10-year): 18.2%
- Break-even Occupancy: 48%

The project demonstrates exceptional financial viability with significantly enhanced returns through the expanded retail/F&B component. The Coco Beach location, combined with Four Seasons branding, 8,000 m<sup>2</sup> lifestyle destination retail, and limited luxury oceanfront supply in Dar es Salaam, creates a compelling investment opportunity. The diversified revenue mix (30% hotel, 49% apartments, 16% retail/F&B) provides resilience across market cycles.

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# 1. Project Overview

## 1.1 Site and Location

The 47,000 m<sup>2</sup> site is located on Coco Beach, one of Dar es Salaam's premier coastal locations. The area offers exceptional beachfront access, immediate proximity to key business districts such as Masaki and Oysterbay, diplomatic missions, and established residential neighbourhoods.

### Location Advantages:

- Direct oceanfront access with ocean views
- High-visibility location on major coastal route
- Proximity to city centre (7 km) and Julius Nyerere International Airport (15 km)
- Growing tourism infrastructure along the peninsula
- Limited competing luxury oceanfront developments
- Strong expatriate and affluent local residential base nearby
- Established as a citywide destination for leisure, dining, and entertainment

## 1.2 Development Components

The proposed development comprises a comprehensive mixed-use destination.

Component	Units/Keys	GFA (m <sup>2</sup> )
Four Seasons Hotel	100 keys	25,000
Serviced Apartments (1-bed)	20 units	9,000
Serviced Apartments (2-bed)	20 units	12,000
Serviced Apartments (3-bed)	20 units	13,000
Strip Mall - Retail Shops	Multi-tenant	5,000
Coastal F&B - Restaurants/Bars	8-12 venues	2,000
Hotel Support F&B	-	1,000
Basement Parking	160 spaces	4,800
Back of House/Service Areas	-	2,500
<b>Total GFA</b>	<b>220+ units</b>	<b>74,300</b>

**Ground Floor Configuration:**

- Strip Mall (5,000 m<sup>2</sup>): Multi-tenanted retail shops including luxury goods, jewellery, resort wear, boutiques, specialty retail, convenience services
- F&B (2,000 m<sup>2</sup>): 4 number oceanfront restaurants, upmarket bars, sunset lounges, beach club all with direct ocean views
- Hotel Support F&B (1,000 m<sup>2</sup>): Hotel restaurant, lobby bar, room service kitchen
- Total Ground Floor (8,000 m<sup>2</sup>) dedicated retail and F&B

**Site Coverage and Efficiency:**

- Site Area: 47,000 m<sup>2</sup>
- Total GFA: 74,300 m<sup>2</sup>
- Floor Area Ratio (FAR): 1.58
- Ground Coverage (Footprint): ~12,400 m<sup>2</sup> (26.4%)
- Estimated Building Height: 8-12 stories (hotel/apartments), 1-2 stories (retail strip)
- Retail strip designed for maximum street frontage and coastal visibility

**1.3 Parking Requirements**

Parking requirement: 2 spaces per 100 m<sup>2</sup> of GFA

Required spaces:  $(74,300 \div 100) \times 2 = 149$  spaces

Proposed: 160 spaces in basement parking

**Enhanced parking provision accounts for:**

- Increased retail visitor traffic (non-resident shoppers and diners)
  - Weekend and evening F&B demand from citywide clientele
  - Valet parking operations for restaurants and bars
  - Hotel guest and apartment resident allocation (included in unit rates)
  - Overflow capacity for peak periods and special events
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## 2. Market Context

### 2.1 Dar es Salaam Real Estate Market

The Dar es Salaam property market has demonstrated resilience through 2025-2026, with beachfront properties experiencing the strongest growth at 12-15% annually, significantly outpacing the overall market's 5-7% appreciation.

#### Key Market Drivers:

- GDP growth forecast at 5.2-5.8% annually (2026-2030)
- Urbanization accelerating, with Dar es Salaam population exceeding 7 million
- Growing middle class and high-net-worth individuals
- Increased foreign direct investment in tourism and extractives sectors
- Infrastructure improvements (BRT expansion, SGR railway, port development)
- Limited luxury beachfront hotel and residential supply

### 2.2 Hospitality Sector Demand

The luxury hotel segment in Dar es Salaam shows strong fundamentals:

- Limited international-branded luxury hotels (fewer than 5 properties)
- Corporate demand from oil/gas, mining, financial services sectors
- Growing leisure tourism (11% annual growth in international arrivals)
- Regional business hub status driving MICE (Meetings, Incentives, Conferences, Events) demand
- Expatriate family visits and relocations
- Weekend leisure demand from affluent Dar residents

Competitive Set: Hyatt Regency, Slipway Hotel, Sea Cliff Hotel, Ramada Resort. A Four Seasons property would be the highest luxury tier in the market.

### 2.3 Serviced Apartment Demand

Serviced apartments in African cities have shown 8-12% annual growth, driven by:

- Extended-stay corporate relocations (oil/gas, construction, consulting sectors)
- Expatriate temporary housing during permanent residence search
- Regional executives requiring Dar es Salaam base
- Affluent local families seeking beachfront secondary residences
- Short-term rental market (Airbnb-style) for high-end tourists

Market gap: Limited branded, hotel-standard serviced apartments with full amenities in prime beachfront locations.

## **2.4 Retail and F&B Opportunity**

The significantly expanded 8,000 m<sup>2</sup> ground-floor strip mall and coastal F&B precinct creates a citywide destination:

### **Strip Mall Retail (5,000 m<sup>2</sup>):**

- Multi-tenant format with 25-35 individual shop units (100-300 m<sup>2</sup> each)
- Luxury goods, jewellery, fashion boutiques, resort wear, home décor
- Specialty retail (art galleries, bookshops, wellness products)
- Convenience services (pharmacy, salon, travel agency)
- Strong visibility from coastal road and beach promenade
- Air-conditioned indoor mall with open-air sections

### **Restaurants, Bars & Beach Clubs (2,000 m<sup>2</sup>):**

- 8 Beachfront F&B venues with direct ocean views
- Upmarket restaurants (seafood, international, fine dining)
- Sunset bars and cocktail lounges
- Beach club with day-pass access and cabana service
- Outdoor terraces and al fresco dining
- Live entertainment and weekend DJ programming
- Private event spaces for corporate functions and celebrations

### **Market Positioning:**

- Captive demand: Hotel guests (100 keys) and apartment residents (60 units)
  - Citywide destination: Weekend traffic from Masaki, Oysterbay, Mikocheni, Upanga
  - Tourist attraction: International visitors seeking beachfront dining
  - Underserved market: Limited quality beachfront retail/F&B in Dar es Salaam
  - Competitive advantage: Only Four Seasons-anchored retail destination on coast
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### 3. Development Costs

#### 3.1 Construction Cost Assumptions

Based on AECOM Africa Cost Guide 2024/25 and Tanzania-specific data:

Component	Cost (USD/m <sup>2</sup> )
Luxury Hotel (Four Seasons)	2,400
Serviced Apartments (High-end)	1,800
Strip Mall Retail	2,200
Coastal F&B (Restaurants/Bars)	2,800
Hotel Support F&B	2,400
Basement Parking	900
Back of House/Service	1,200

#### Notes:

- Costs based on Dar es Salaam luxury high-rise
- Four Seasons standard requires premium finishes, MEP systems, and branded specifications
- Oceanfront construction includes marine engineering, piling, and coastal protection
- Strip mall retail: USD 2,200/m<sup>2</sup> reflects air-conditioned retail with quality finishes
- Coastal F&B: USD 2,800/m<sup>2</sup> higher cost for oceanfront construction, extensive MEP, kitchen ventilation
- Costs exclude land acquisition, site infrastructure in development budget

### 3.2 Total Development Budget Excluding Finance Costs

<b>Cost Category</b>	<b>Area/Units</b>	<b>Rate</b>	<b>Total (USD)</b>
Hotel Construction	25,000 m <sup>2</sup>	2,400/m <sup>2</sup>	60,000,000
Serviced Apartments (1-bed)	9,000 m <sup>2</sup>	1,800/m <sup>2</sup>	16,200,000
Serviced Apartments (2-bed)	12,000 m <sup>2</sup>	1,800/m <sup>2</sup>	21,600,000
Serviced Apartments (3-bed)	13,000 m <sup>2</sup>	1,800/m <sup>2</sup>	23,400,000
Strip Mall Retail	5,000 m <sup>2</sup>	2,200/m <sup>2</sup>	11,000,000
F&B (Restaurants/Bars)	2,000 m <sup>2</sup>	2,800/m <sup>2</sup>	5,600,000
Hotel Support F&B	1,000 m <sup>2</sup>	2,400/m <sup>2</sup>	2,400,000
Basement Parking	4,800 m <sup>2</sup>	900/m <sup>2</sup>	4,320,000
Back of House/Service	2,500 m <sup>2</sup>	1,200/m <sup>2</sup>	3,000,000
<b>Subtotal Hard Costs</b>	<b>74,300 m<sup>2</sup></b>	<b>1,986/m<sup>2</sup></b>	<b>147,520,000</b>
Site Works & Infrastructure	5.5%		8,113,600
Professional Fees (Arch/Eng/QS)	8%		11,801,600
FF&E (Hotel & Apartments)	12%		15,728,160
Retail Tenant Improvement Allowance	Lump Sum		2,500,000
Four Seasons Licensing & Tech	Lump Sum		3,500,000
Marketing & Pre-opening	2.5%		3,688,000
Legal, Permits & Approvals	1.5%		2,212,800
Project Management	2%		2,950,400
<b>Subtotal Soft Costs</b>	<b>74,300 m<sup>2</sup></b>	<b>680/m<sup>2</sup></b>	<b>50,494,560</b>
Construction Contingency	5%		7,376,000
<b>TOTAL DEVELOPMENT COST</b>	<b>79,300 m<sup>2</sup></b>	<b>2,590/m<sup>2</sup></b>	<b>205,390,560</b>

**Key Assumptions:**

- Construction period: 30-36 months
  - Land assumed owned (not included in budget)
  - No VAT included (exempt or recoverable status assumed)
  - Tenant improvement allowance: USD 500/m<sup>2</sup> for shell-to-tenant fitout contributions (5,000 m<sup>2</sup> retail)
  - Escalation allowance within contingency (5% Tanzania construction inflation)
  - No costs of financing provided for
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## 4. Revenue Projections

### 4.1 Hotel Revenue

Four Seasons Hotel (100 keys):

Metric	Value
Average Daily Rate (ADR)	USD 280
Stabilized Occupancy (Year 3+)	72%
Revenue per Available Room (RevPAR)	USD 202
Annual Room Revenue (100 keys)	7,357,200
F&B Revenue (40% of rooms)	2,942,880
Other Revenue (spa, laundry, etc., 15%)	1,103,580
<b>Total Hotel Annual Revenue</b>	<b>11,403,660</b>

#### Benchmarking:

- Dar es Salaam luxury hotel ADR range: USD 180-350
- Four Seasons premium justified by brand, beachfront, limited competition
- Occupancy conservative vs. 75-80% market benchmark due to ramp-up prudence

### 4.2 Serviced Apartment Revenue

60 Units (20 × 1-bed, 20 × 2-bed, 20 × 3-bed):

Unit Type	Monthly Rate	Occupancy	Annual Revenue
1-Bedroom (20 units)	USD 2,200	78%	4,118,400
2-Bedroom (20 units)	USD 3,500	75%	6,300,000
3-Bedroom (20 units)	USD 4,800	70%	8,064,000
<b>Total Apartment Revenue</b>			<b>18,482,400</b>

#### Market Positioning:

- Rates 20-30% premium to standard Dar es Salaam serviced apartments
- Justified by Four Seasons management, beachfront location, hotel amenities
- Corporate extended-stay and expatriate primary target segments

- Lower occupancy for 3-bed reflects niche demand, higher rates

### 4.3 Retail and F&B Revenue

#### Expanded Ground Floor Commercial (8,000 m<sup>2</sup>):

Use	Area (m <sup>2</sup> )	Rate/m <sup>2</sup> /month	Annual Revenue
Strip Mall Retail (Multi-tenant)	5,000	USD 45	2,700,000
Coastal Restaurants	1,200	USD 55	792,000
Upmarket Bars & Lounges	500	USD 65	390,000
Beach Club	300	USD 70	252,000
Hotel Support F&B (Internal)	1,000	N/A	0
<b>Total Retail/F&amp;B Rental Revenue</b>	<b>7,000</b>		<b>4,134,000</b>

#### Additional F&B Operating Revenue:

Select F&B venues operated directly by Four Seasons or owner (not leased):

- Beach club day passes and memberships: USD 450,000
- Events and private functions: USD 380,000
- Retail percentage rent (3% of tenant sales over base): USD 420,000
- Total Additional F&B Revenue: USD 1,250,000

**Total Annual Retail/F&B Revenue: USD 5,384,000**

#### Operating Model:

- Strip mall retail: Triple-net leases, 3-5 year terms, USD 45/m<sup>2</sup>/month base rent plus 3% percentage rent
- Restaurants: Mix of leased and operated (revenue-share with Four Seasons)
- Bars and beach club: Owner-operated or revenue-share to maximize returns and control quality
- Hotel F&B: Fully integrated into Four Seasons hotel operations
- Tenant mix curation: Luxury brands, international chains, local premium concepts

### 4.4 Parking Revenue

#### Basement Parking (160 spaces):

- Hotel guests: Included in room rate (no separate charge)
- Apartment residents: Included (2 spaces per unit)
- Retail/F&B visitors: USD 3/hour, 80 spaces available, 55% utilization
- Valet parking premium: USD 5 flat rate, 25% of visitors opt for valet
- Annual parking revenue: USD 385,000

#### 4.5 Total Revenue

Revenue Source	Annual (USD)	% of Total
Hotel (rooms, F&B, other)	11,403,660	30.2%
Serviced Apartments	18,482,400	49.0%
Retail/F&B Leases	4,134,000	11.0%
F&B Operating Revenue	1,250,000	3.3%
Parking	385,000	1.0%
Other (events, beach access)	200,000	0.5%
Retail Percentage Rent	420,000	1.1%
Beach Club Memberships	450,000	1.2%
Events & Functions	380,000	1.0%
Miscellaneous	600,000	1.6%
<b>Total Revenue</b>	<b>37,705,060</b>	<b>100.0%</b>

#### Revenue Growth Drivers:

- Retail/F&B contribution is 16.4% of total revenue
  - Diversified income streams reduce dependency on hotel occupancy
  - Destination retail attracts citywide traffic beyond hotel/apartment guests
  - Beach club and events create additional high-margin revenue
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## 5. Operating Expenses

### 5.1 Hotel Operating Expenses

Expense Category	Annual (USD)	% Revenue
Rooms Department	1,596,008	14.0%
F&B Department	1,765,728	15.5%
Management Fee (Four Seasons)	855,275	7.5%
Sales & Marketing	684,219	6.0%
Property Operations & Maintenance	912,293	8.0%
Utilities	570,183	5.0%
Insurance & Property Tax	342,110	3.0%
General & Administrative	456,146	4.0%
<b>Total Hotel Operating Expenses</b>	<b>7,181,962</b>	<b>63.0%</b>
<b>Hotel NOI</b>	<b>4,221,698</b>	<b>37.0%</b>

#### Notes:

- Four Seasons management fee: Base 3% + incentive 4.5% (assumes strong performance)
- Operating expense ratio aligned with African luxury hotels (60-65%)
- Utilities high due to air conditioning, desalination, beachfront environment

## 5.2 Serviced Apartment Operating Expenses

Expense Category	Annual (USD)	% Revenue
Housekeeping & Laundry	1,478,592	8.0%
Property Management	1,848,240	10.0%
Maintenance & Repairs	924,120	5.0%
Utilities (Apartments)	1,478,592	8.0%
Marketing & Leasing	554,472	3.0%
Insurance & Property Tax	554,472	3.0%
General & Administrative	739,296	4.0%
<b>Total Apartment Operating Expenses</b>	<b>7,577,784</b>	<b>41.0%</b>
<b>Apartment NOI</b>	<b>10,904,616</b>	<b>59.0%</b>

### Notes:

- Property management by Four Seasons at 10% fee
- Lower expense ratio than hotel due to longer-stay guests, reduced turnover
- Utilities partially recovered through monthly rates

## 5.3 Retail, F&B and Parking Expenses

### Retail/F&B - Leased Space (Triple-Net Leases):

- Tenants responsible for unit operating expenses
- Landlord expenses: Property tax, insurance, common area maintenance, security, landscaping
- Strip mall estimated expenses: 18% of rental income = USD 744,120
- Leased retail/F&B NOI: USD 3,389,880 (82% margin)

### F&B - Owner-Operated Venues:

- Beach club, events, select restaurants operated by Four Seasons management
- Operating expenses: 55% of revenue = USD 687,500
- Owner-operated F&B NOI: USD 562,500 (45% margin)

### Parking:

- Operating expenses: 25% of revenue = USD 96,250

- Parking NOI: USD 288,750

#### 5.4 Total NOI

<b>Component</b>	<b>NOI (USD)</b>	<b>NOI Margin</b>
Hotel	4,221,698	37.0%
Serviced Apartments	10,904,616	59.0%
Retail/F&B - Leased	3,389,880	82.0%
F&B - Owner-Operated	562,500	45.0%
Parking & Other	888,750	75.0%
<b>Total NOI</b>	<b>19,967,444</b>	<b>53.0%</b>

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## 6. Financial Returns Analysis

### 6.1 Development Yield on Cost

Metric	Value (USD)
Total Development Cost	218,555,789
NOI (Year 3)	19,967,444
<b>Yield on Cost</b>	<b>9.1%</b>

**Interpretation:** 9.1% yield on cost represents strong returns for a luxury mixed-use development, particularly given the Four Seasons branding, prime beachfront location, and enhanced retail/F&B income diversification.

### 6.2 Capitalisation Rate Analysis

#### Market Cap Rates (Dar es Salaam, 2026):

- Prime office: 9.5-11.0%
- Luxury residential: 7.0-8.5%
- Retail (prime locations): 9.0-10.5%
- Hotels (branded): 8.5-10.0%
- Beachfront mixed-use destination: 7.5-8.5%

**Blended Exit Cap Rate:** 7.8% (reflecting stabilized asset, brand premium, scarcity value, and high-quality retail income)

#### Implied Value:

$$\text{Value} = \frac{\text{NOI}}{\text{Cap Rate}} = \frac{19,967,444}{0.078} = \text{USD } 256,018,513$$

#### Development Profit:

$$\begin{aligned} \text{Profit} &= \text{Value} - \text{Cost} = 256,018,513 - 218,555,789 \\ &= \text{USD } 37,462,724 \text{ (17.1\% margin)} \end{aligned}$$

#### Value Enhancement from Retail Expansion:

- Development profit increases by USD 26.9 million through retail/F&B expansion
- Profit margin improves from 5.5% to 17.1%
- Lower exit cap rate (7.8% vs 8.0%) reflects income quality and diversification
- Retail income commands premium valuation multiples

### 6.3 Internal Rate of Return (IRR)

#### 10-Year Hold Period Analysis:

##### Assumptions:

- Construction: Years 1-3
- Lease-up/Ramp-up: Year 3 (55% overall), Year 4 (80% of stabilized), Year 5+ (stabilized)
- Retail tenant lease-up: 18 months (slower than hotel/apartments)
- Annual NOI growth: 4.8% (inflation + market growth + retail maturation)
- Exit cap rate: 7.8%
- Sale in Year 10

##### Cash Flow Summary:

Year	Investment	NOI	Cumulative CF
Year 1	(65,000,000)	0	(65,000,000)
Year 2	(90,000,000)	0	(155,000,000)
Year 3	(63,555,789)	10,982,094	(207,573,695)
Year 4	0	15,973,955	(191,599,740)
Year 5	0	19,967,444	(171,632,296)
Year 6	0	20,925,478	(150,706,818)
Year 7	0	21,929,901	(128,776,917)
Year 8	0	22,982,532	(105,794,385)
Year 9	0	24,085,693	(81,708,692)
Year 10 (Exit)	0	25,241,806	354,405,908

Exit Value Calculation (Year 10):

$$\text{Exit Value} = \frac{25,241,806}{0.078} = \text{USD } 323,613,410$$

Projected IRR: 18.2% (unlevered)

Leveraged Returns (60% LTV, 7.5% interest):

- Total debt: USD 131.1 million (60% of USD 218.6M cost)

- Equity required: USD 87.4 million
- Annual debt service: USD 11.9 million (Years 4-10)
- Equity IRR: 26.8-31.4%
- Equity multiple: 3.8x
- Cash-on-cash return (Year 5): 9.2%

**IRR Sensitivity:**

- Base case: 18.2% unlevered / 28.5% levered
- Conservative (-10% NOI, +50bps exit cap): 14.8% unlevered / 21.2% levered
- Optimistic (+10% NOI, -30bps exit cap): 21.9% unlevered / 36.1% levered

**6.4 Sensitivity Analysis**

Scenario	Base Case	Conservative	Optimistic
Occupancy (Hotel)	72%	65%	78%
Occupancy (Apts)	74% avg	68% avg	80% avg
Retail Lease-up	85%	75%	95%
ADR/Rates	Base	-10%	+10%
Retail Rent	Base	-15%	+15%
Construction Cost	Base	+15%	-5%
<b>NOI</b>	20.0M	15.2M	23.8M
<b>Yield on Cost</b>	9.1%	6.1%	11.7%
<b>Unlevered IRR</b>	18.2%	13.1%	23.6%
<b>Levered IRR</b>	28.5%	19.8%	38.2%

**Break-Even Analysis:**

- Minimum blended occupancy for debt service coverage (DSCR 1.25x): 48%
  - Hotel break-even alone: 58% occupancy
  - Retail income provides substantial downside protection
  - Four Seasons brand and oceanfront scarcity support downside protection
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## 7. Risk Analysis

### 7.1 Development Risks

<b>Risk</b>	<b>Likelihood</b>	<b>Mitigation</b>
Construction cost overruns	Medium	Fixed-price contracts, 5% contingency, experienced contractor selection
Construction delays	Medium	Phased delivery, penalty clauses, buffer in timeline
Licensing/permits (Four Seasons, zoning)	Low- Medium	Early engagement with authorities, local legal expertise
Marine engineering challenges (beachfront construction)	Medium	Geotechnical study, specialist marine contractors
Currency fluctuation (TZS/USD volatility)	High	USD-denominated contracts where possible, hedging strategies
Retail lease-up delays	Medium	Pre-leasing strategy (40-50% target), tenant improvement allowances

## 7.2 Market and Operating Risks

<b>Risk</b>	<b>Likelihood</b>	<b>Mitigation</b>
Slower-than-projected lease-up	Low-Medium	Phased marketing, pre-leasing, Four Seasons reservation system
Competition from new luxury developments	Low	Limited beachfront sites, barriers to entry (capital, brand access)
Economic downturn affecting demand	Medium	Diversified revenue (corporate, leisure, residential, retail), luxury tier resilience
Foreign exchange controls or capital repatriation	Medium	USD pricing, international payment channels, legal structuring
Security concerns affecting tourism	Low	Tanzania stable vs. regional peers, secure compound design
Climate/environmental (coastal erosion, flooding)	Low-Medium	Engineering for sea-level rise, coastal protection infrastructure

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## 8. Value Enhancement Opportunities

### 8.1 Condominium Conversion Option

**Alternative Strategy:** Sell serviced apartments as branded residences (Four Seasons Private Residences)

**Potential Pricing:**

- 1-bedroom: USD 350,000 - 450,000
- 2-bedroom: USD 600,000 - 800,000
- 3-bedroom: USD 900,000 - 1,200,000
- Total sellout: USD 40-50 million

**Advantages:**

- Accelerated capital recovery
- Reduced operational complexity
- Premium pricing for branded residences
- Owner rental pool generates ongoing fees

### 8.2 Retail Tenant Mix Optimization

**Strategic Tenant Curation for Strip Mall (5,000 m<sup>2</sup>):**

**Anchor Tenants (30-40% of GLA):**

- Luxury fashion boutique: 400-600 m<sup>2</sup>
- High-end jewellery/watches: 200-300 m<sup>2</sup>
- Premium lifestyle brand: 300-400 m<sup>2</sup>
- Specialty gourmet market: 400-500 m<sup>2</sup>

**In-Line Tenants (60-70% of GLA):**

- Resort wear and beachwear (3-4 units): 600-800 m<sup>2</sup>
- Art gallery and home décor (2-3 units): 400-500 m<sup>2</sup>
- Wellness and beauty: 300-400 m<sup>2</sup>
- Books, gifts, specialty retail: 200-300 m<sup>2</sup>
- Services (salon, travel agency, pharmacy): 400-600 m<sup>2</sup>

**Leasing Strategy:**

- Pre-lease 40-50% to anchor tenants before construction completion

- Target international brands entering Tanzania market
- Mix of retail (70%) and services (30%)
- Tenant improvement allowances: USD 500/m<sup>2</sup> for qualified anchors
- Annual rent escalations: 4-5% or CPI-linked

### **8.3 Residential Tower Expansion (Future Phase)**

**Site Capacity:** 47,000 m<sup>2</sup> site allows future expansion

**Option:** Add 80-100 luxury condominiums in separate tower (Phase 2)

- Incremental GFA: 15,000-18,000 m<sup>2</sup>
  - Investment: USD 35-40 million
  - Sellout value: USD 55-70 million
  - Leverage Phase 1 amenities and Four Seasons brand
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## 9. Implementation Timeline

<b>Phase</b>	<b>Duration</b>	<b>Key Milestones</b>
Due Diligence & Planning	Months 1-6	Site surveys, feasibility, permits
Design & Approvals	Months 4-12	Schematic through construction documents, regulatory approvals
Four Seasons Negotiation	Months 1-9	Management agreement, technical services agreement, licensing
Retail Pre-Leasing	Months 6-18	Anchor tenant commitments, lease negotiations
Financing	Months 6-12	Debt and equity raise, financial close
Construction	Months 13-42	Foundation through completion, phased delivery
FF&E and Pre-opening	Months 37-45	Procurement, installation, staff hiring
Retail Tenant Fitout	Months 40-48	Tenant improvements, store openings
Grand Opening	Month 45	Hotel, apartments, retail/F&B launch
Stabilization	Months 45-60	Ramp to stabilized occupancy

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## 10. Conclusions and Recommendations

### 10.1 Strategic Positioning

- First Four Seasons property in Tanzania, establishing luxury benchmark
- Only beachfront luxury hotel-residence complex, limited competitive overlap
- Premier lifestyle destination with 8,000 m<sup>2</sup> of retail, dining, and entertainment
- Multi-tenant strip mall addresses underserved luxury retail market
- Coastal dining and nightlife hub with oceanfront F&B venues
- Highly diversified revenue streams (30% hotel, 49% apartments, 16% retail/F&B)
- Citywide destination appeal extends beyond hotel guests
- Scarcity value from irreplaceable beachfront site

### 10.2 Financial Viability

- Development yield of 9.1% exceeds typical cost of capital
- Unlevered IRR of 18.2% provides highly attractive returns
- Leveraged equity IRR of 26.8-31.4% delivers exceptional sponsor returns
- Development profit of USD 37.5 million (17.1% margin)
- Enhanced downside protection with 48% break-even occupancy
- Multiple exit strategies available

### 10.3 Risk-Adjusted Returns

#### Strengths:

- Prime irreplaceable beachfront location
- Strong Four Seasons brand
- Highly diversified mixed-use format
- Retail income resilience (long-term triple-net leases)
- Growing market fundamentals
- Limited beachfront retail competition
- Destination positioning creates citywide demand

#### Challenges:

- Higher capital requirement (USD 205 million)
- Extended retail lease-up period (12-18 months)

- Construction period risk (36-42 months)
- Currency volatility considerations
- Coastal engineering complexity

**Overall Assessment:** The risk-reward profile is highly favourable for an institutional developer or high-net-worth sponsor with mixed-use and hospitality expertise. The retail expansion significantly enhances returns (IRR +140bps, profit margin +1,160bps) while diversifying income and reducing single-sector risk.

#### **10.4 Next Stages:**

##### **1. Detailed Feasibility Study**

- Comprehensive market study
- Geotechnical and marine engineering assessment
- Environmental impact assessment and NEMC permitting

##### **2. Four Seasons Engagement**

- Letter of intent for management agreement
- Technical services agreement, including brand standards and FF&E specifications

##### **3. Retail Pre-Leasing**

- Target international luxury brands
- Engage regional F&B operators
- Secure 40-50% pre-commitments

##### **4. Design Development**

- Engage hospitality architects
- Schematic design incorporating Four Seasons standards
- Traffic and parking study
- Refined cost estimates

##### **5. Financial Structuring**

- Capital structure optimization
  - Tax structuring (Tanzania Investment Act incentives)
  - Development finance pre-qualification
  - Foreign exchange hedging strategy
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# COCO BEACH

Dar Es Salaam, Tanzania

TOTAL BUA = 80,000 SQM  
BASEMENT PARKING = 13,000 SQM

COOMERCIAL AREA = 27.600 SQM  
RESIDENTIAL AREA = 52,400 SQM  
202 KEYS













