



<p>2.3 NHC furnishes the prospective partner (s) with and Conditions for participation as well as a list of plots ripe for redevelopment.</p>	<p><b>Formal invitation of Partner(s)</b></p>
<p>2.4 Upon agreement on the above, the partner (s) submits a Redevelopment proposal which include scheme proposal of the building and a write-up entailing the technical feasibility; financial viability of the project; mode of financing; and stake holding arrangement.</p>	<p><b>Submission of the Proposal.</b></p>
<p>2.5 The proposal is scrutinized by the Directorate of Property Development. If this proposal is sound, it is submitted to the Management and later to the Board of Directors for approval.</p>	<p><b>Scrutiny and Approval of the Proposal.</b></p>
<p>2.6 After NHC Board of Directors approval, an agreement for Partnership is negotiated and ratified by the two parties.</p>	<p><b>Ratification of Agreement.</b></p>
<p><b>3.0 TERMS AND CONDITIONS FOR JOINT VENTURE PARTNERSHIP</b></p>	
<p><b>3.1 Project Proposal:</b></p>	
<p>3.1.1 As highlighted in Section 2.4, for effective consideration by NHC, prospective partners are required to submit project Proposals which include, inter alia; design impressions, cost Estimates, financing plans and the project. Importantly, the Designs have to meet the statutory requirements imposed by the Local Authorities.</p>	<p><b>Contents of the proposal.</b></p>
<p>3.1.2 Expenses for preparing the above submission are born by the partners. These expenses are non-refundable in case the proposal does not meet the approval of the Board of Directors. In encouraging the participation of partners from The public sector, NHC could consider to share costs.</p>	<p><b>Cost of Proposal.</b></p>



<p>In addition to the above commitment fee the following conditions apply:</p> <ul style="list-style-type: none"> <li>• The fees is payable to NHC at the time of signing the joint venture agreement or within one month following a consensus by both parties. Failure to abide to this warrants the termination of understandings on the project.</li> <li>• The paid fee is deposited by NHC in a special account.</li> <li>• The sum is reimbursed as soon as the construction works start.</li> </ul> <p>3.3.3 However, the Director General is mandated by the Board of Directors to use discretion in enforcing the commitment fee condition.</p> <p><b>4.0 Project Financing:</b></p> <p>4.1 Each partners contribution towards financing the project is Proportionate to the amount of shares held.</p> <p>4.2 NHC's initial contribution is partly financed by the premium of the project plot whilst the balance is expected to be financed through a term loan from the other partner. This Loan is recoverable from NHC's shares of project proceeds.</p> <p>4.3 However, NHC's acquisition of the top-up shares to reach 50% of the total, as stated in Item 3.2.4 above, is not part of the said term loan. Financing of such shares is negotiated Separately between/ among the partners.</p> <p><b>4.4 Project Management:</b></p> <p>4.4.1 The other partner fully finances the project including Architectural and engineering design payment of consultancy and contractor' fees as well as building construction.</p>	<p><b>Director General's Discretion</b></p> <p><b>NHC's Initial contribution</b></p> <p><b>Acquisition of up to 50% shares</b></p> <p><b>Responsibility of the Joint Venture Partners</b></p>
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<p>4.4.2 Proposed project designs should be undertaken by the registered professionals i.e., Engineers, Architects &amp; Quantity Surveyors.</p> <p>4.4.3 The partner(s) is required to fully involve NHC at all stages of project execution. A co-ordination reporting to the director of Development is appointed to oversee project implementation.</p> <p>4.4.4 At the completion of the project, the joint venture partner shall submit final project accounts. The authenticity of these accounts is verified by an independent body, particularly the National Council (NCC). The verified accounts will form the basis for loan and shares distribution.</p>	<p><b>Project designs</b></p> <p><b>Level of NHC involvement.</b></p> <p><b>Final Project Accounts</b></p>
<p><b>4.5 Premium of the Project Land/Plot:</b></p> <p><b>4.5.1</b> Although legally in Tanzania vacant land cannot at the moment be priced and sold, in practice however, land and plots are sold in sort of parallel market. In consideration of this difficulty, NHC employs the <b>Valuation for Equity Share Method</b> in determining the value of project land. In this method the following aspects form the value of land:</p> <ul style="list-style-type: none"> <li>• Location attributes.</li> <li>• Value of unexhausted improvements.</li> <li>• Value of site works.</li> <li>• Land potentials</li> <li>• Opportunity cost of the existing structures and the remaining lease term obtained by using the years purchase (YP) method.</li> <li>• Other expenses, e.g. Legal and professional fees, cost of securing title etc.</li> </ul> <p>This method is widely used and internationally is acceptable as a transparent method.</p> <p><b>4.5.2</b> However, other methods such as <b>Comparable Method</b> in which the price of a plot is taken as a proxy in determining the prices for other plots in the same locality as well as the <b>Tendering Method</b> could be used.</p>	<p><b>Valuation of Project Land</b></p>

<p><b>4.5.3</b> For transparency purpose, an independent valuer is engaged to value the project land. The cost for this valuation is normally met by NHC and is treated as part of its contribution towards the project.</p> <p><b>4.5.4</b> The proportion of land value in project cost established initially is to be maintained irrespective of future construction costs escalation.</p> <p><b>4.6 Change of Land Title:</b> Upon commencement of the project by the joint venture partner, NHC endeavor to surrender its right and interest in the project land, and a new title deed for this land is procured in the name of NHC and the other partner(s) in proportion to the shares held.</p> <p><b>4.7 Property Management:</b></p> <p>4.7.1 In smaller properties, the form of partnership is loose. That is, each partner is allotted his/her own space in the building, mainly on floor basis. The ground floor of the building hosting shop spaces is divided according to the proportions of spaces held by each partner. In cases where, building conditions and plot space allow, vertical partitioning of the building in relation to sharing is highly desired. The partner is notified of this condition prior to undertaking architectural designs.</p> <p>4.7.2 For large properties, in agreement with the partner(s) either of the two methods explained below are used:</p> <ul style="list-style-type: none"> <li>• Engage independent property management agent to manage such properties.</li> <li>• Form Joint Venture companies for purpose of executing the projects and managing such properties after completion.</li> </ul>	<p><b>Valuer and valuation Expenses</b></p> <p><b>Land Value v/s a Project Cost</b></p> <p><b>Condition for Issuing a new Title.</b></p> <p><b>Loose Partnership</b></p> <p><b>Property management agent</b></p> <p><b>Formation of Limited Liability company</b></p>
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<p>4.7.3 In case where the partner is tenant or sole occupant of the building, rent setting and periodical reviews are jointly agreed upon.</p>	<p><b>Rent review</b></p>
<p><b>4.8 Sharing property proceeds.</b> Upon completion of the project, the proceed are divided among partners proportional to the amount of shares held. Part of NHC’ proceeds may service the loan advanced by other partner(s) for the duration agreed upon.</p>	<p><b>NHC share of proceeds</b></p>
<p><b>4.9 Conditions of Terminating Negotiations/Agreements:</b> NHC is obliged to terminate its negotiations/agreements with (prospective) partner(S) if any of the following occurs:</p> <ul style="list-style-type: none"> <li>• If the partner(s) fails to appear for ratification of the joint venture agreement within 3 months of notification following the approval of the project by NHC’s board of Directors.</li> <li>• In the event that the partner fails to make progress in construction without any reasonable cause within one year. In such circumstances, the commitment fee is refunded less the costs incurred by NHC.</li> <li>• Failure to observe the agreed upon schedule of project implementation and duration of construction. In this case NHC is indemnified against any cost.</li> <li>• In the event of force majeure- such as government order/action prohibiting performance of the agreement, an act of God, war or hostility, earthquake, floods, fire or other natural disasters</li> <li>• In the event that the commissioner for Land Development withholds his/her consent to the disposition of the property.</li> </ul>	<p><b>Unnecessary delay</b></p> <p><b>Force majeure</b></p>

