

TANZANIA REAL ESTATES INVESTMENT OPPORTUNITIES

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What *stress-free* banking is all about.

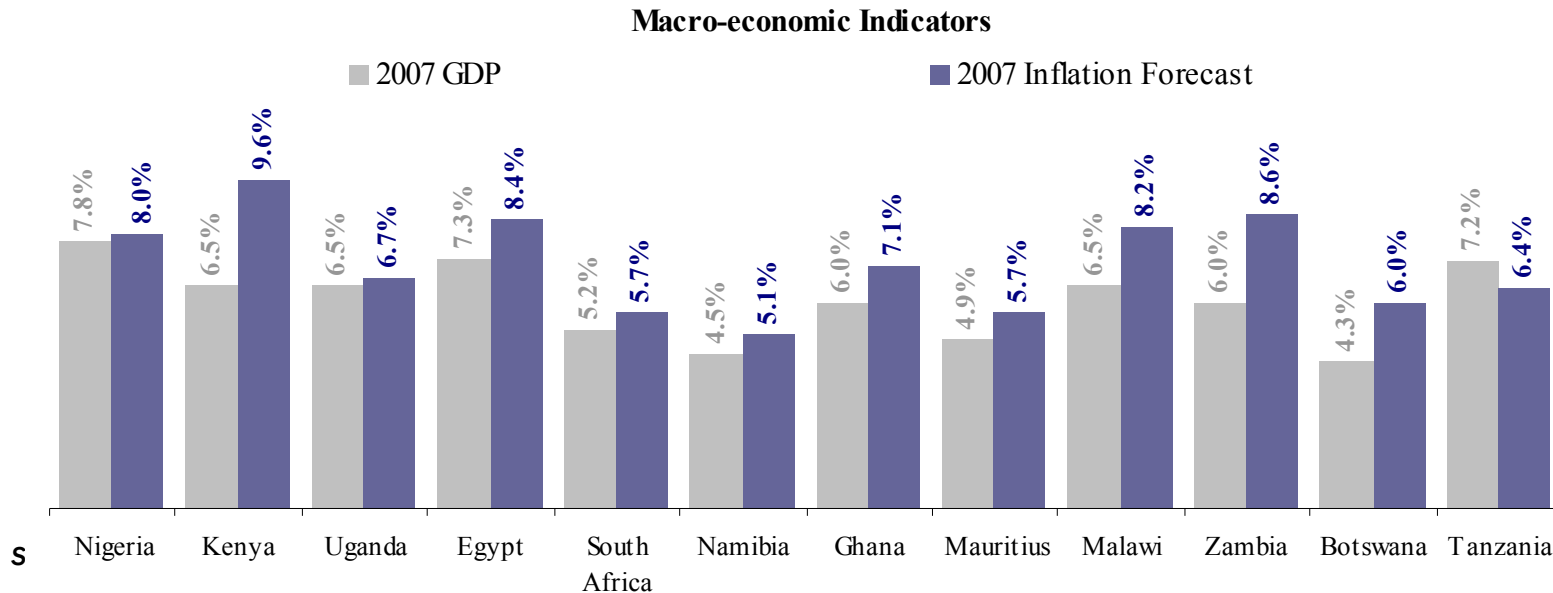


Peter Barker/PANOS PICTURES



What *stress-free* banking is all about.

Africa Economy 2007



Growth within Sub-Saharan Africa to remain strong, surpassing the global average.

Rising oil production & revenues, increased capital flows and positive external developments to support economic growth.

Sound monetary and fiscal policies to drive interest rates lower.



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Global challenges facing financial institutions

Increased customer knowledge

- Customers have more access to information
- Reduced margins through price negotiations
- However, can create more opportunities through introduction of new products.

Risk Management and Compliance

- Increasingly stringent regulations both externally and internally (e.g. IAS39, IFARS, KYC, Basel 2)
- Global warming & environment
- Gender sensitivity

Global Competition

- Mergers and acquisitions (e.g. Barclays and ABSA; Stanbic & CFC; Stanbic & Chinese Bank, recent Nigeria grouping banks)
- Friendly environment for cross border investments
- Liberalized financial sector
- Excessive global liquidity
- Privatization of state owned banks

Technology and reward from innovation

- Facilitation of global transactions and improving information flow
- Growth through innovation
- Improved technology means requires more expenditure
- Productivity increases

Catastrophic Risks

- The past few years have witnessed large scale disasters, both man-made and natural (e.g. 9/11 terrorist attack, Tsunami, Hurricane Ivan, SARS disease)
- Operational and Financial impact – large scale disasters can translate to massive claims and compensations through insurers.



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Global challenges facing financial institutions

Skilled workforce

- Skills gap especially within the developing world
- Finding the right people and keeping them motivated

Political and Economical climates

- Civil wars, political instability and regional conflicts
- Economic policies; taxation, foreign exchange controls, money supply, government expenditure
- Enhancement of infrastructure services
- Attracting Foreign Direct Investments (FDI) Growth through innovation



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Commercial banks in Tanzania

Accusation of failing to support the growth agenda

High Interest Rates

- Lending rates range between 12% - 21%, while deposit rates are generally 5% and below. This disparity is despite the fact that inflation is now below 5%

Restrictive Commercial Bank lending policies

- Industrial production contributes only 10-12% of GDP, far below 22% in neighboring Kenya

Finance to agriculture is inadequate

- Agriculture accounts for 50% of the economy, yet receives less than 10% of total loans

Lack of access to capital

- The private sector is not given adequate capital to meet the needs of the projects to be implemented.

No flexibility on policy rules and regulations.

- Banks still lack the flexibility in dealing with their customers.

Loan security conditions are hard to meet

- Security conditions for loans are still hard to meet as most of our members belong to SMEs and do not possess fixed properties that have title deeds.



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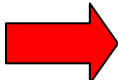


Significant progress has been made

- o **Liberalization of the Banking Sector in 1993. Today, 30 banks operate in Tanzania**
- o **Rapid growth in private sector credit**
- o **Establishment of a Credit Information Bureau on progress**
- o **Introduction of several Govt. credit guarantee schemes to support lending to priority sectors (exports, SMEs)**
- o **The margin between lending and deposit rates is shrinking**
- o **There is a downward trend in both the NPL % as well as the credit risk premium charged by banks. Currently 3.7 % of all loans become non performing**
- o **Banks have recognized this improvement by reducing the credit risk premium. Currently banks charge on average 5%, and therefore leaving a profit Spread of 1.3%**
- o **The first truly Mortgage has been introduced by Commercial Bank of Africa up to 15 years – loan worth USD 300.**



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Despite of these achievements – more efforts required

Increased lending		but significant excess liquidity
Growth of sector		but assets less than 10% of GDP
Lower lending rates		but still much higher than deposits
Lower NPLs		but still room for improvement
Credit Bureau		but very little data as yet
Emphasis on Mortgage		policy & infrastructure review



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Other structural challenges facing Financial sector

- **Nascent Capital Markets**
- **Poorly developed Housing Finance**
- **Lack of long-term development capital**
- **Poor outreach to rural areas**
- **Low lending to the agriculture sector**
- **Excess liquidity which is invested in Govt. Securities**
- **Judicial reform lagging financial reform**
- **Need for a strong partnership between banks and Non financial Institutions**



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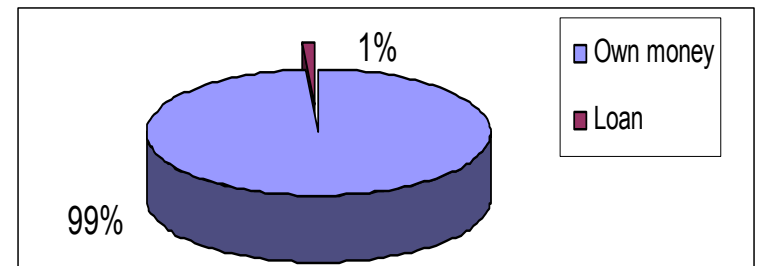
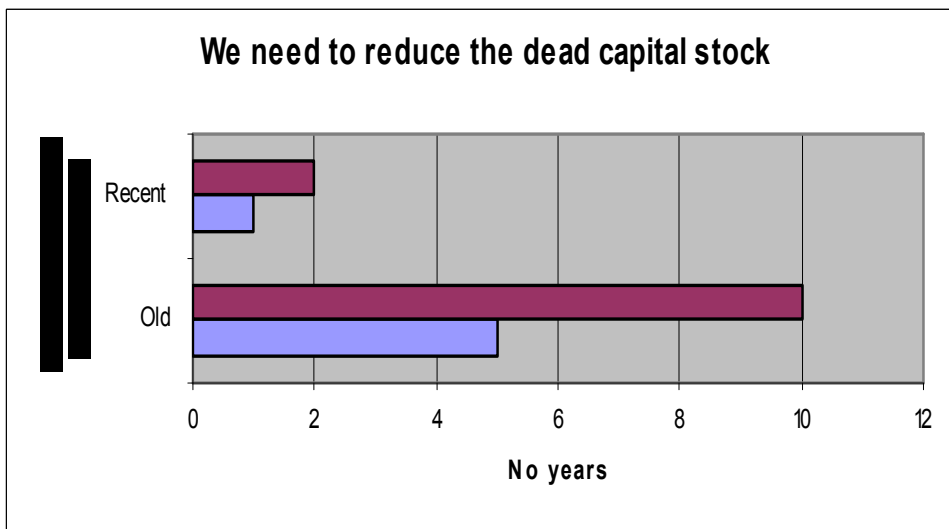
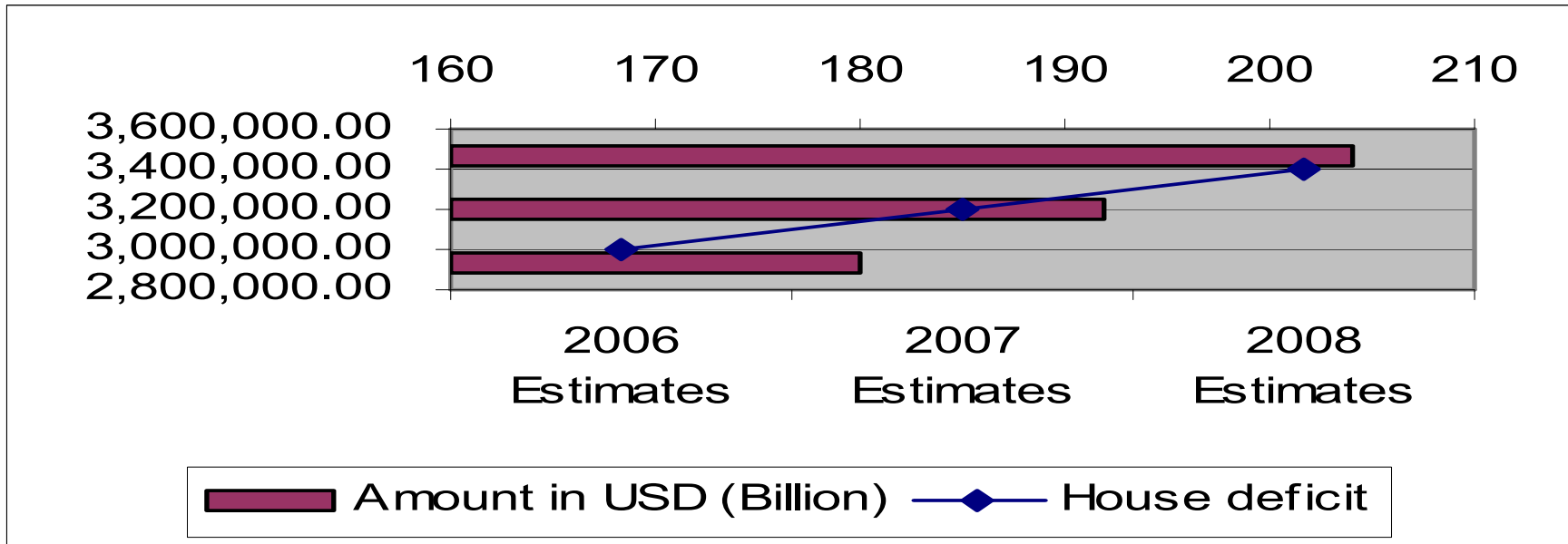
Real Estate opportunity in Tanzania

- **Why investing in real estate?**
- **What is the role of Financial sector in real estates**
- **Can I get mortgage loans?**
- **Who are the right partners?**
- **How do I own a house in Tanzania?**
- **How do I service my loan?**
- **Can I become a developer?**
- **How do I get partners?**
- **Other investment opportunities?**



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Why investing real estates?



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Why investing real estates?

- Growth of urban population by approx. 30%
- Development of Industrialization and standardization in the construction sector.
- Housing deficit + annual demand + growth in population + urban migration = **Growth Opportunity**
- Potential **1 million jobs** growing at over **20% P. A** or more for the next 20 years
- Commercial Banks will enjoy more liquidity, growing profits even at **lower** lending interest rates
- Encourage FDI in Tanzania

We all have the opportunity to participate on this great opportunity either as Investors or Potential clients. It starts with you....



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Why investing real estates?

- “The Riches have either made their wealth from **Real Estate** or Kept it in **Real Estate**”. **Don't be left out**
- Construction industries will grow as **standardization** takes hold on the back of mass production
- Government will harvest massive **revenues in taxes**, levies, fees
- Homeowners a ready **market** for utility companies, retail sector
- Homeowners have a **vested interest** in social peace and harmony



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Can 1 have A mortgage loan?

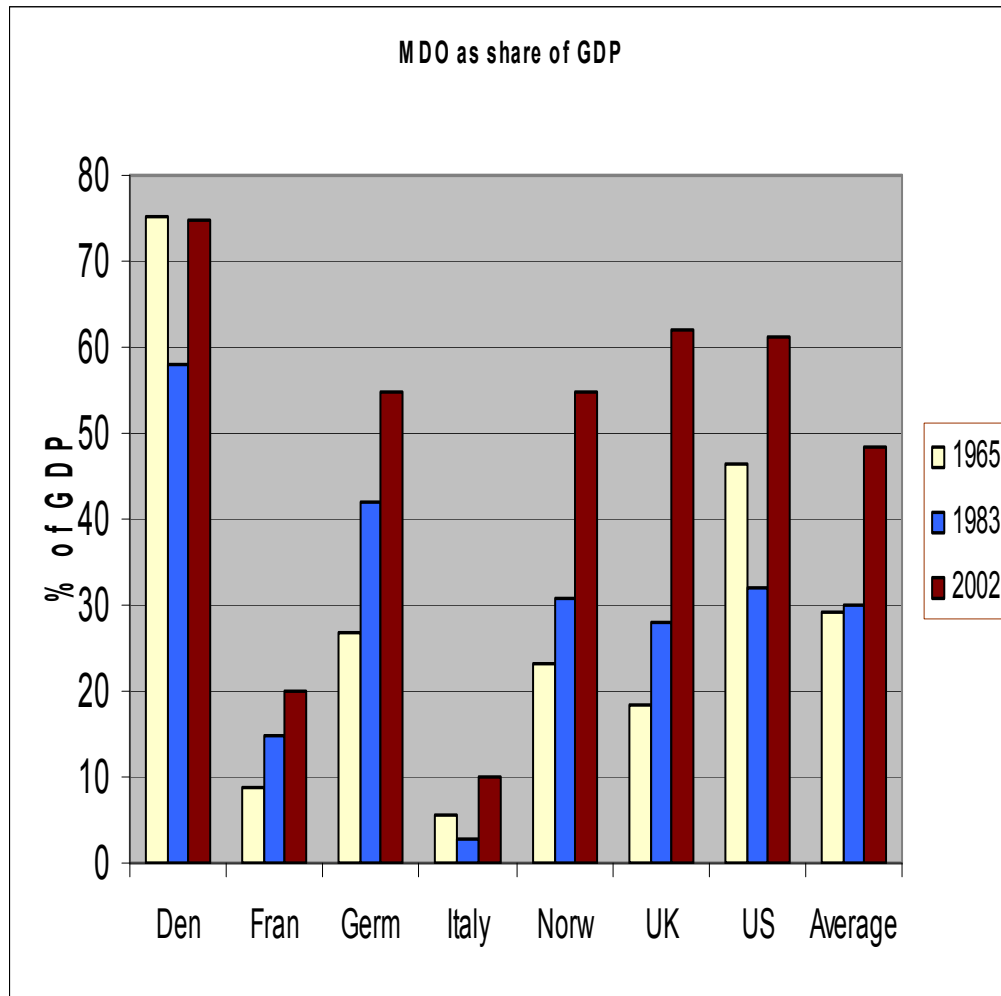
- Yes, through the CBA Home Finance
- Home loans up to TZS 350 million equivalent (approximately USD 300)
- Payable in 15 years
- For Residents and Non residents Tanzanian
- **How do I own a house in Tanzania?**
 - Identify a house
 - Apply for Mortgage loan
 - Terms and Conditions applies
- **How do I service my loan?**
 - Send money directly to your account maintained at CBAT
- The first truly mortgage finance in Tanzania



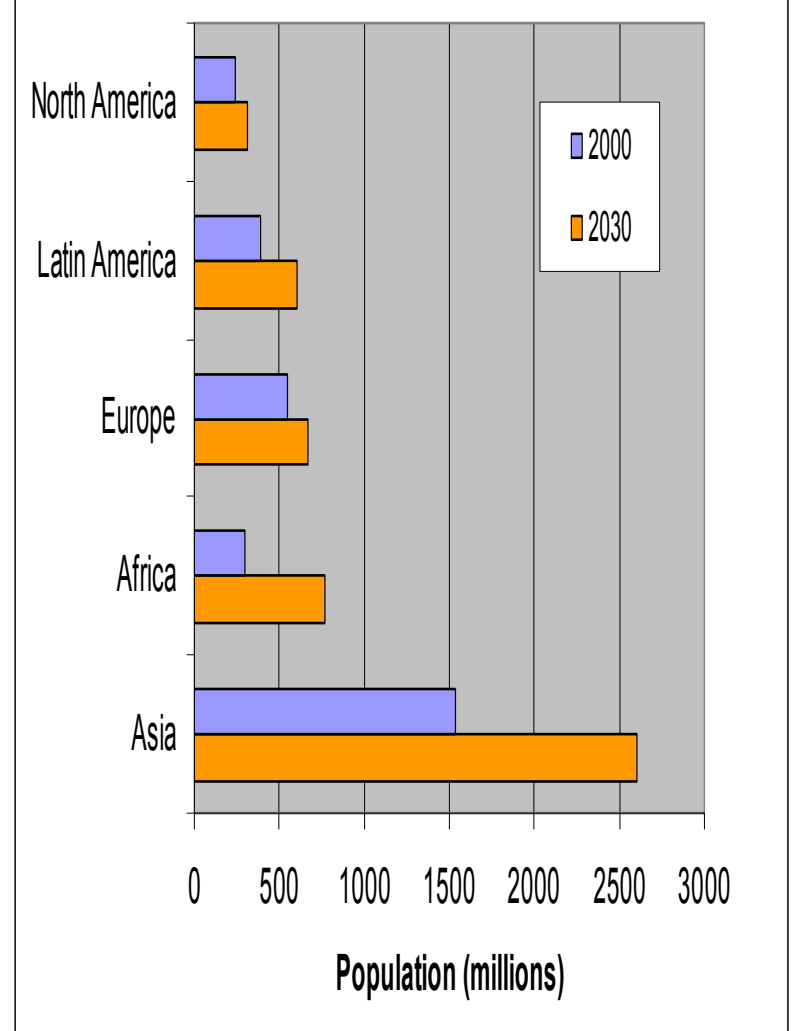
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The rest of the World has done it..

Size of Housing Finance System in High Income countries.



Urban population by Region, 2000 and 2030



What will it take to see a big boom..



Fig. 8.1 Street view - Type 1 units



Fig. 8.2 Street view - Type 2 units



Fig. 8.3 Street view - Type 3 units



Fig. 8.4 Street view - Type 4 units

- A sound legal framework, particularly laws allowing **swift foreclosure** upon default
- Stable Macro-economics especially **low interest** environment
- Transparency and efficiency in **registration** of title deeds and mortgage instruments
- A good supply of houses from Developers
- Big Financial Players joining the game



What *stress-free* banking is all about.

WE ARE SUPPORTING THE DEVELOPERS



**PRIME
CAPITAL
MANAGEMENT**

*CBA will arrange for the project
Financing, and ARECO will provide a land
And the project supervision, while PCM
Will participate as the financial
Consultant to ARECO but also will
Deal with marketing of the
Project.*



Home loans Financing



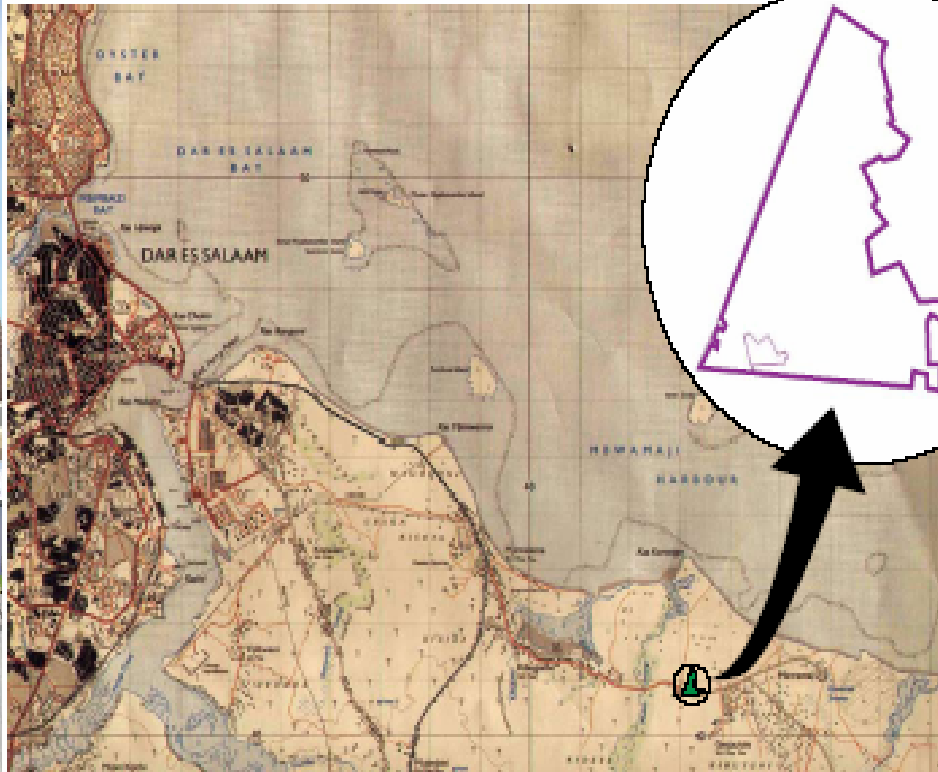
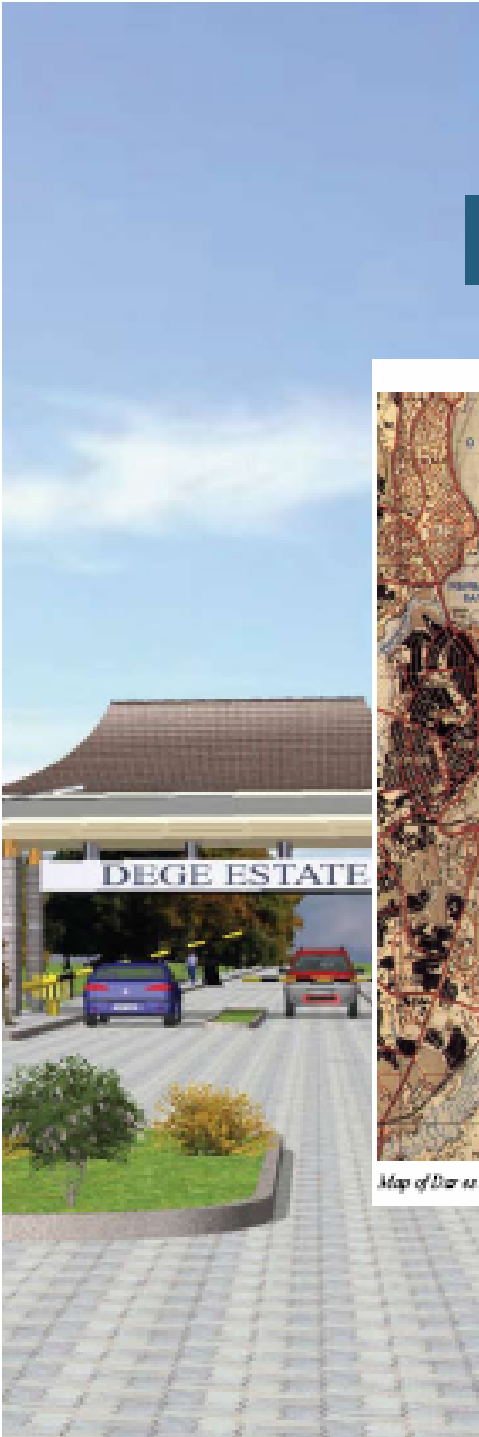
ARECO

RE- Developer & Contractor



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DEGE ESTATE



Map of Dar es Salaam area provided by Sinar Karna Associates



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Fig 7.19 Beach View



Fig 7.20 Beachside Front



WHAT IS ALL ABOUT DEGE PROJECT?

The biggest project in Tanzania that is coming soon

- 2000 units to be constructed close to the beach
- USD \$ 90 million investments
- All recreation facilities under one roof
- Price ranges between USD 70K to 250K
- Mortgage loan via CBA
- You can apply NOW



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Other Business Opportunities

- Loans and O/D's
- Assets Financing
- Invoice Financing and Trade Finance Products
- Fund Transfers
- Insurance Premium Finance
- Treasury Risk Management and Treasury Products
- Electronic Banking



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T24 Banking System

- Offline/on-line operation for optimised user experience and low cost in use.
- Highest level of “end to end” security involving encryption from handset to bank server.
- All data and transactions are taken from and applied to T24 in real time – no replication of data or delays
- Mobile banking activity is accessible and reflected in all T24 channels immediately, including transactions and beneficiaries.
- High performance across an extremely wide range of handsets (all Java handsets, both MIDP1 and MIDP2).
- Capability to operate internationally across all mobile operators
- Future option to generate one-time passwords for logging into T24 Internet Banking thus removing the need for the bank to issue separate hardware tokens
- Potential to enhance phone application to be meta-data driven.

PHYSICAL BRANCHES IS ANOTHER OPTIONAL



What *stress-free* banking is all about.

Akhsanteni Sana

Welcome to CBA and Enjoy
“What a stress *Free* banking is all about”



What *stress-free* banking is all about.