



POSTAL STRATEGY COMMITTEE (SC)
PAPU/SC/IPG/01/2026 - Doc No. 03

INVESTMENTS AND PROJECTS WORKING GROUP

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INVESTMENT AND PROJECTS WORKING GROUP CYCLE REPORT 2021/2022 -2025/2026

1. Subject: Report on the PAPU Tower Investment and Projects Working Group Cycle Report 2021/2022 -2025/2026	References/Paragraphs <ul style="list-style-type: none">• Resolution No.03/PAPU/AC/XLIII/2023• Resolution No. 05/PAPU/AC/XLIII/2025
2. Decisions Expected <ul style="list-style-type: none">• Take note of the PAPU Tower Report and provide further guidance.• Table the Report at the Strategy Committee	

1.0 INTRODUCTION

One of the main activities during the period June 2025 to March 2026 is to report on the PAPU Tower, in particular on financial performance, marketing, and contributions from Member States. In addition to that the Union needs to look for the diversification of Investment choices to spread risk.

2.0 PRESENTATION ON THE PAPU TOWER REPORT FROM JUNE 2025 TO DATE

The PAPU TOWER has a total lettable space of 9,563.35m² which includes the housing of PAPU offices, Tanzania Communications Regulatory Authority (TCRA), Tanzania Posts Corporation, Property management offices, commercial space and office rental space.

To improve occupancy, particularly on letting of the ground floor (614.10m²) and first floor (943.80m²), for the future, the strong marketing of spaces is paramount due to the fact that the primary objective is to find an anchor tenant who would occupy the vacant space on both floors. This needs aggressive marketing and proper advertisement using available and appropriate media vehicles

2.1 Financial Performance

In confirmation of the known status, the auditor's report on PAPU's Financial Statements for the year ended 31 May 2025, tenants began renting office space right after the inauguration date of PAPU Tower. The financial performance for the years 2024 to 2025 is shown in the table below:

INVESTMENT IN PAPU TOWER JOINT VENTURE	2025	2024
Provisional Financial Performance of TCRA-PAPU Joint Venture	USD	USD
Revenue		
Rental income	515,301	108,359
Operating expenses	122,194	21,814
Net income	<u>393,107</u>	<u>86,545</u>

MEMBER STATES CONTRIBUTION OUTSTANDING		
Contribution's receivable	5,481,581	5,419,061
Less: Provision for impairment	3,582,882	3,444,697
Contribution's receivables-net	1,898,700	1,974,364

2.2 Funding of Ongoing/Pending Works

In a recent communication, TCRA has expressed its inability to support the ongoing as well as pending works with its own funds, and has requested additional excess cash to the Joint Venture Partnership. TCRA recommended that the ongoing works be funded from the income generated by the Investment. Much as this is a viable alternative, there are associated risks considering the low revenue generated by the Property since September 2023 and about sixty two percent (66%) occupancy rate of the building after 18 months of it becoming functional.

2.3 Marketing Activities

Various initiatives are being taken by the partners and the property manager to market the remaining space, including but not limited to:

- i) The utilization of the PAPU website to augment marketing efforts of the PAPU Tower.
- ii) The flighting of PAPU Tower adverts on the PAPU Newsletter.
- iii) Utilization of the TCRA website and other communication vehicles to publicize the PAPU Tower

The Tower has a total lettable area of 9,563.35m². The leased space is 5,374.75m², of which 3,560.85m² is occupied, representing 66.25% of total occupancy. This shows an improved occupancy rate compared to the previous financial year, when the occupancy rate stood at 62.32%.

The following is the highlight for the period under review:

- In November 2025, new tenants took up space on the ground floor totaling 66.25 m².

2.4 Contribution from Member States

2.4.1 Mandatory Equity Cash Contributions

To date, twenty-eight (28) Member States have paid their Mandatory Equity Cash Contributions to the PAPU Tower Project, amounting to **USD 591,380.46**, which represents 73% of the total mandatory contributions of **USD 810,000.00** expected from Member States.

The Member States that have contributed are **Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Côte d'Ivoire, Egypt, Eswatini, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mali, Morocco, Mozambique, Namibia, Niger, Nigeria, Senegal, South Africa, Tanzania, Tunisia, Uganda, Zambia, and Zimbabwe** as detailed in **Annex 1**.

2.4.2 Member States with Outstanding Contributions

The total outstanding mandatory financial contribution of **USD 218,405.65** as at 31st January 2026, is due from thirteen (13) Member States, namely **Cameroon, Chad, Congo Republic, Democratic Republic of Congo, Equatorial Guinea, Eritrea, Gabon, Gambia, Guinea, Liberia, Libya, Sierra Leone, and Sudan**.

The details are shown in the table below.

Member States with Outstanding PAPU Tower Contributions

	MEMBER STATE	UNPAID AMOUNT (USD)
1	Cameroon	21,501.55
2	Chad	12,632.05
3	Congo Republic	12,632.05
4	Dem Rep of Congo	19,922.05
5	Equatorial Guinea	12,632.05
6	Eritrea	10,526.05
7	Gabon	15,710.05
8	Gambia	10,526.05
9	Guinea	13,806.55
10	Liberia	10,526.05
11	Libya	44,789.05
12	Sierra Leone	10,526.05
13	Sudan	22,676.05
	TOTAL	218,405.65

2.5 Rental Collection Status

June 2024 to November 2025	Actual Amount
Rent Revenue	USD 621,030.53 (VAT inclusive)
Service Charge	USD 221,216.25 (VAT inclusive)
Total Revenue and Services collected June'24 to November'25	USD 842,246.78 VAT inclusive
Total Revenue and Services collected Sept'23 to November'25	USD 1,004,649.13 VAT Inclusive.

The Rental and service charge revenues are expected to continue rising as more lettable space is taken up by tenants.

The management of the conference facilities has been entrusted to a manager named **ONE INTER TRAVEL LIMITED** for a monthly amount of TZS 100,078,941.60 inclusive of VAT, payable in advance on a quarterly basis. The Conference Manager was given a grace period rent free of two (2) months from 1st August to 30th September 2025. However, no payment has been made by the manager to PAPU and TCRA since the start of the contract scheduled for October 2025.

The PAPU Legal Service is working with the parties concerned to find a final solution to the situation. A meeting is scheduled for 30th January 2026.

In addition, the income from the rental of the conference facilities at the PAPU Tower amounted to USD **215 956,24** over the period 1st June 2024 to 31st May 2025, excluding current payments. However, the money has not been deposited into the JVA Account. Meanwhile, a meeting has been scheduled for 30th January to consider the issue in line with Article 10, "Failure, Neglect or refusal to pay rent and service charges," of the Lease agreement.

The project is intended to generate both operational and financial benefits for the Union through rental income, hiring of conference facilities and capital appreciation, in line with PAPU's long-term strategic objectives. All transactions between the Union and the Joint Venture are conducted on an arm's-length basis and the Investment Property is an independent entity that operates in line with business regulation in Tanzania as per the BRELA license obtained for this purpose.¹

2.6 Additional Works at the PAPU Tower

The building comprises a full basement, ground floor, first floor to sixteenth floor, and a 16th-floor mezzanine (17th floor) with a semi-accessible rooftop. The total floor space covers a total area of 22,421 m².

¹ *Pan African Postal Union Report of the General Secretariat for the year ended 31 May 2025*

The details of the additional works at the PAPU Tower are shown in the table below:

Additional Works at the PAPU Tower

S/N	DESCRIPTION	STATUS	COMMENTS	AMOUNT IN USD
1.	Installation of signage in the building	Not completed	The Constructor must rectify <ul style="list-style-type: none"> • some snags, including exit and entrance signage at the entrance; • PAPU logo at the entrance and • basement signage 	82,682.60
2.	Supply and installation of security scanners	Not Completed	Improvements need to be done, including <ul style="list-style-type: none"> • setting the tables at the baggage scanners for visitors to put their baggage when inspected, • storage room/shelf to put items that are not allowed to enter the building, • handheld scanners, and 	34,618.34
3.	Installation of additional Network Video Recorder and Cameras, and Access Boom Barriers Control for Basement parking	Not completed	The boom's gates at the basement need card activation, which the contractor is in the process of doing	106,606.42
4.	Installation of full-glazed canopy at the front of the building;	Completed	The work is completed and is pending handover	56,040.92
5.	Installation of gabions at the riverbank;	Completed	The work has been completed and is pending handover	23,519.67
6.	Installation of fire extinguishers in the Lift Machine room and ICT rooms;	Completed	The work has been completed and is pending handover	32,568.00
7.	Installation of sliding gates at the entrance and exit of the premises	Completed	The work has been completed and is on defect liability period	
8.	Installation of iron grills for the protection of Water Tanks on the rooftop.	Not done	The iron grills for protecting water tanks have not yet started, and are on the procurement stage.	TBA
9.	Generator and fuel tank shade	Not done	The shade to protect the generators and fuel tank has not yet started.	
10.	Gas installation	Not completed	Improvements to protect the gas tank installed at the back of the building, including building a concrete wall for safety reasons	
11.	Flood lights	Completed	The work has been completed and is pending handover	

2.1 Process to Create an Expert Team of Investment

In accordance with **Resolution No. 05/PAPU/AC/XLIII/2025**, it was resolved to establish a team of experts for financing and real estate project management activities to strengthen and guide investment decisions. This process is underway and is expected to be completed by Q2 2026. The draft terms of reference have been prepared and are undergoing approval.

3.0 DECISIONS EXPECTED

The Investment and Projects Working Group is hereby requested to:

- Take note of the PAPU Tower Report and provide necessary guidance
Table the Report at the Strategy Committee

STATEMENT OF MEMBER STATES MANDATORY PAPU TOWER EQUITY CASH CONTRIBUTIONS AS AT 31/01/2026			
	MEMBER STATE	PAID	DATE PAID
1	Algeria	44,789.05	26.11.2022
2	Angola	17,492.05	23.09.2022
3	Benin	12,632.05	17.01.2025
4	Botswana	17,127.55	07.09.2022
5	Burkina Faso	12,632.05	30.08.2022
6	Burundi	10,526.05	19.01.2024
7	Côte d'Ivoire	23,972.05	13.06.2023
8	Egypt	44,677.05	28.03.2022
9	Eswatini	12,622.05	08.04.2022
10	Ethiopia	16,115.05	29.07.2022
11	Ghana	16,317.55	11.01.2024
12	Kenya	22,554.55	30.01.2023
13	Lesotho	12,632.05	14.02.2023
14	Madagascar	13,685.05	20.01.2023
15	Malawi	12,632.00	06.07.2022
16	Mali	12,592.05	27.04.2022
17	Morocco	36,922.05	19.07.2022
18	Mozambique	13,442.05	26.10.2022
19	Namibia	14,778.55	31.07.2023
20	Niger	12,632.05	14.12.2022
21	Nigeria	44,789.05	19.09.2024
22	Senegal	15,506.21	27.04.2022
23	South Africa	44,789.05	31.03.2023
24	Tanzania	19,274.05	28.03.2022
25	Tunisia	37,539.55	04.04.2022
26	Uganda	17,411.00	13.05.2022
27	Zambia	13,280.05	15.11.2023
28	Zimbabwe	18,018.55	18.12.2021
	TOTAL	591,380.46	

BUILDING OCCUPANCY LEVELS

FLOOR	OCCUPANCY	REMARKS
Basement	<ul style="list-style-type: none"> • Parking for PAPU and TCRA is in whole operation • Water Tanks • Electricity transformer 	
Ground Floor	<ul style="list-style-type: none"> • Tanzania Posts Corporation Post Office • Virtual Pay • KCB Commercial Bank branch • Intrepid Travel • Africa The Only Safari • CFA Logistics • Trinidad International 	614.10 m ² vacant Space 42% Occupied
1st Floor	First and ground floor, commercial floors: shopping mall <ul style="list-style-type: none"> • Atlaxus Logistics • Scandinavia Microfinance 	943.80 m ² vacant space 10% Occupied
2nd Floor	Restaurant and kitchen to cater for Conference Delegates	Not yet functional
3rd Floor	<ul style="list-style-type: none"> • 5 break-away collapsible meeting rooms, adjustable to serve as one large meeting room. • These rooms can be rooms or, in a similar vein, two, three, four, or five meeting rooms, • VVIP holding lounge • VVIP boardroom • First aid room • Main Conference 400-seater Hall 	100 % Occupied
4th Floor	<ul style="list-style-type: none"> • 6 break-away meeting rooms, • Media room • Breastfeeding Room • Secretariat room; 	100% occupied
5th Floor	<ul style="list-style-type: none"> • Crown Lapidary Ltd • East African Local Government Authority • Prolaty Property Manager • Trademark Africa 	100% Occupied (Podium restaurant not functional)
6th Floor	<ul style="list-style-type: none"> • African Finance and Management Thinkers Institute • Compassion International 	100% occupied
7th Floor	<ul style="list-style-type: none"> • Compassion International 	100% occupied
8th Floor	<ul style="list-style-type: none"> • Gap Management Institute 	100%
9th Floor	<ul style="list-style-type: none"> • African Court Coalition • Universal Communication Services Access Fund (UCSAF) 	256m ² vacant space 45% occupied
10th Floor	<ul style="list-style-type: none"> • Price Waterhouse Coopers (PWC) • Occupational Safety and Health Authority (OSHA) 	100%
11th Floor	TCRA Northern Zonal office (Vodacom)	100%
12th Floor	TCRA Northern Zonal office	100%

13th Floor	PAPU Head Office	<ul style="list-style-type: none"> • SG and other PAPU offices. • 100% Occupied
14th Floor	PAPU Head Office	<ul style="list-style-type: none"> • ASG and other PAPU offices • UPU East Africa Regional Office • 100% Occupied
15th Floor	PAPU Head Office	<ul style="list-style-type: none"> • PAPU ICT Capacity Building Centre • 100% Occupied
16th Floor	VIP restaurant operated by Clouds Entertainment Company Limited	100%
17th Floor	VIP restaurant operated by Clouds Entertainment Company Limited	100%