Federal Ministry of Information and Culture

CONCESSION OF THE FALLOW LAND AROUND THE NATIONAL THEATRE COMPLEX

REVALIDATED FINAL BUSINESS CASE

Submitted by

The Transaction Advisers

February 2017

Confidentiality Agreement

This Revalidated Final business case (FBC) is developed following the urgency to renew the Certificate of Compliance (COC) (earlier issued, but became expired due to a passage of time), of a PPP procurement process between the National Theatre Board and the preferred bidder, Messrs TOPWIDE APEAS Consortium. The document is prepared to reappraise and reconfirm the key assumptions, terms and/or conditions supporting the transaction in readiness for Federal Executive Council's (FEC) ratification. The content therein has been prepared exclusively for the benefit and internal use of the National Theatre, its supervisory ministry, the Federal Ministry of Information and Culture and to whom it is directly addressed and delivered in order to assist in evaluating, on a preliminary basis, the feasibility or business case for the development of the Project. It does not carry any rights of publication or disclosure, in whole or in part, to any other party without the express written permission of the National Theatre Board.

Abstract	This document represents the revalidated version of the Final Business Case in respect of the concession of fallow land around the Theatre complex to realise the National Theatre master plan
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Notice and Warning

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List of Abbreviations

DFBOT	Design, Finance, Build, Operate and Transfer
CSF	Critical Success Factor
EOI	Expression of Interest
FBC	Full Business Case
FEC	Federal Executive Council
FGN	Federal Government of Nigeria
FMF	Federal Ministry of Finance
GDP	Gross Domestic Product
ICRC	Infrastructure Concession and Regulatory Commission
IFC	International Finance Corporation
MDA	Ministry Department and Agency
NPV	Net Present Value
N4P	National Policy for PPPs
PDT	Project Delivery Team
PPP	Public Private Partnership
PSC	Public Sector Comparator
RFP	Request for Proposal
VAT	Value Added Tax

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EXECUTIVE SUMMARY

Background

The National Theatre management, together with its parent ministry, the Federal Ministry of Information and Culture, has resolved to achieve a successful closure of the National Theatre's fallow land concession transaction that produced Messrs Topwide-Apeas Consortium as the preferred bidder. The need to facilitate this timely closure became increasingly necessary following the urgency to re-present transaction documents for the Federal Executive Council's (FEC) ratification and the revalidation of the earlier issued Certificate of Compliance ("COC" or "the Certificate") by the Infrastructure Concession Regulatory Commission (ICRC).

As a background, the National Theatre was established as a multipurpose centre for the preservation, presentation and promotion of arts and culture in Nigeria; and for the development of tourism and entertainment industry. Over the years, the 134 hectares facility was left significantly under-utilised with only the Theatre Complex, which occupies about 10 hectares of the land, in partial use. The resultant effect of this neglect created an Agency whose impact could not be fully felt in international arena and whose activities could neither deliver desired socio-cultural heritage nor generate appreciable internally generated revenue for the Nation.

Completion of Procurement Process

The procurement of the National Theatre's fallow land concession transaction was successfully concluded in December 2015 with the emergence of Messrs TOPWIDE APEAS Consortium as preferred bidder and Messrs Calzada Limited as reserved bidder. Messrs TOPWIDE APEAS Consortium comprises of top-notch local firms and world-class international firms with well over seventy-five (75) years of combined experience in project development, construction, hospitality, tourism, entertainment and facility management. The consortium includes the following leading and reputable local and international firms:

- TOPWIDE APEAS – Lead Consortium/Project Developer
- TBG Limited – Co – Developer
- CMS Nigeria Limited
- Hyatt International
- Rotana Hotels and Resorts
- Delano Architects
- Thebe Reed Venue Management
- AKSA/Plethora Gas & Power Limited

- Alphamead Facility and Management Services

Following the completion of procurement process and negotiation of concession terms, the ICRC issued a Certificate of Compliance in March 10, 2016, by way of confirming the clearance of the Final Business Case (FBC) and Concession Agreement (CA), and requested that transaction be represented to the Federal Executive Council (FEC) for a formal ratification. The condition for issuance of the Certificate did emphasize that a revalidation of transaction may be necessary if National Theatre or its parent ministry fail to seek the FEC's ratification within a maximum period of six (6) months of the release of the Certificate.

As of the date transaction was to be presented to FEC in January 2017, it was realised that a fresh Certificate of Compliance (COC) of ICRC will be required because of the passage of time which has made the earlier issued COC to be expired.

Revisiting the National Theatre Master Plan

The overall aspiration of the Federal Government on this transaction is to ensure a fully realisation of the National Theatre's master plan as developed over 40 years ago. Following the rigorous activities and milestones carried out by the transaction adviser, National Theatre and the Ministry of Information and Culture, a revised master plan was developed and approved by the Infrastructure Concession and Regulatory Commission (ICRC).

The revised Master plan, as presented in the first Final Business Case (OBC), requires that the fallow land around the Theatre complex be developed into a mix-used commercial centre under a Design, Finance, Build, Operate and Transfer (DFBOT) arrangement. The following complementary facilities were recommended:

- Five (5) Star Hotel;
- International Shopping Mall;
- Water Amusement Park;
- Multi-level Car Park;
- Office Building Development

The FBC earlier approved by the ICRC, provided the following consideration in a bid to achieve a robust transaction:

- The necessity to christen the Project as "THE NIGERIA ENTERTAINMENT CITY"; thus making it the first of its kind in Nigeria and in West Africa as a whole.
- The urgency to deploy a world-class facility management service to deliver critical infrastructure amenities within the City:

- A combination of gas-fired and solar powered Independent Power Plant which will ensure a twenty-four (24) hours uninterrupted power supply;
- A world-class water and water treatment infrastructure for the entire tenants within the facility. This will be provided as an expanded infrastructure to the exiting two (2) million litres water plant capacity currently serving the Theatre complex
- A robust sewage treatment infrastructure to take care of the enormous traffic and waste management that might potentially be experience in the City

- The necessity to adopt a master concession arrangement developing the proposed facilities. This arrangement led to the selection of Messrs Topwide Apeas Consortium as the master concessionaire who showcases technical and financial together with its group of sub-concessionaires.
- The urgency to get Messrs Topwide Apeas Consortium to renovate the Theatre Complex into a world-class cultural heritage; matching the class of the new facilities to be developed.
- The need to enhance the City with a cultural and entertainment flavour. To realise, a facility to be called Cultural Arcade/Entertainment Centre was agreed and this was included in the FBC earlier approved. The objective of this is to further highlight the "THE NIGERIA ENTERTAINMENT CITY" concept for the National Theatre.

FBC Revalidation Procedure

Following the need to revalidate the Final Business Case (FBC), the following procedures were observed:

- The Minister of Information and Culture directed the Acting General Manager of National Theatre to liaise with ICRC for re-issuance of the Certificate of Compliance (OC). This is necessary to enable the Minister re-present the concession transaction to Federal Executive Council (FEC) for ratification.
- The Acting General Manager wrote a letter to ICRC; requesting for re-issuance of COC in line with the Minister's direction
- The ICRC reverted to the Acting GM, requesting the later to officially confirm from the preferred bidder, Messrs Topwide Apeas Consortium, if the terms in the earlier FBC have not changed
- The Ag GM forwarded a letter to the preferred bidder and requested to know if the terms and conditions negotiated in the earlier FBC have not changed or otherwise
- The preferred bidder reverted to the National Theatre's Ag GM; requesting for a revalidated FBC in view of the sudden shift and divergence in the economic and political

climate that supported the earlier approved FBC. Some of the reasons highlighted by preferred bidder to justify a revalidated FBC as follows:

  - There has been a sharp increase in the current market prices between the time the transaction was last negotiated and the current date. For example, inflation rate as at the last negotiation was 10% while inflation rate has rising significantly to about 18.97% as at the date of the renegotiated meetings which occur in January and February, 2017
  - Naira has suffered significant decline between the last negotiation meeting and current date. For example, the Base Exchange rate earlier agreed was N210 to a Dollar (USD). Currently, exchange rate has declined significantly to N515 to a Dollar (USD)
  - The implication of the above shift is that the transaction's capital investment as well as key assumption supporting the costs and revenue projections needs to be reviewed.

- Following the above submission, the preferred bidder reviewed the agreed financial models and requested for key changes from the last agreed negotiations:
  - A 30% reduction in the agreed year-on-year annual concession fee payment
  - In view of significant reduction in the projected revenue and rising operating costs, we request for an upward review to the concession period from 30 years to 60 years.
  - Given the current economic indicators also, the preferred bidder proposed a two (2) year moratorium period before annual concession fee payment kicks-in; this will support ramping up of service off-take and occupancy.
  - Given the on-going strain in the political climate and possible delay in securing timely regulatory approvals (building approvals etc), the preferred bidder proposed an upward review to the financial close deadlines from 18 months to 36 months.
- A re-negotiation committee was set up comprising of the following:
  - The National Theatre management team
  - Infrastructure Concession Regulatory Commission (ICRC)
  - Federal Ministry of Information and Culture
  - Federal Ministry of Finance
  - Federal Ministry of Justice
- Detailed re-negotiation meetings were held at two different times and dates (13th of February, 2017 and 23rd of February, 2017) with the high-powered delegation from the management team of Messrs Topwide Apeas Consortium
- Following detailed discussions and meetings, the following were agreed as frontline impacts to be adjusted in the FBC:

- A cap of 25% increase was agreed to be used to reflect a revision to the total investment requirement to compensate for the sharp increase in market prices
- The earlier agreed year-on-year annual concession fee payment structure is expected to remain unchanged
- Concession period was reviewed downward from the preferred bidder's 60 years request to 45 years period (inclusive of 3 years of the construction period). The new concession period represent a 12 years increase in the last negotiation concession period (30 years period). The additional period was approved to compensate for the challenging economic climate as well as increase in the investors and financiers risks in the Project
- A one year moratorium period was allowed before the commencement of annual concession fee payment to support the ramping-up of service off-take.
- The financial close deadlines was agreed to be 24 months to meet all eventualities during the pre-construction period.

The Revalidated Final Business Case

This revalidated Final Business Case (FBC) is a near reflection of earlier approved FBC except for the urgency to review few number of cost and revenue related assumptions affected by the current economic realities occasioned by the passage of time. Upon receipt of the "Certification of Compliance" and the final ratification of FEC, the transaction will embark on the final stage of its financial close which includes:

- Execution of Concession Agreement and payment of signature bonus by Messrs Topwide Apeas Consortium
- Formal flag-off of transaction (flag-off of the pre-construction phase estimated to last for a period of twenty-four (24) months
- A concession period of 45 years but inclusive of a construction phase estimated to last for a period of thirty-six (36) months.

The consideration for private sector financing was designed to achieve key objectives:

- To accelerate investment in critical infrastructure and facilitate rejuvenation of existing Theatre complex to a satisfactory standard that delivers national pride
- To achieve worthwhile and value for money investment that is affordable and beneficial to the Federal Government;
- To improve the availability, quality, and efficiency of public services in order to increase economic growth, productivity, competitiveness and access to markets;
- To increase the capacity and diversity of private sector participation in infrastructure development and by providing opportunities for Nigerians, international investors and

other contractors in the provision of public infrastructure; thus encouraging efficiency, innovation, and flexibility.

Project Cost Summary

The project would be delivered through a PPP arrangement that allows for the deployment of a landed property from the Federal Government. The overall project capital investment costs would be financed by Messrs TOPWIDE APEAS Consortium who has demonstrated sufficient financial capacity to deploy a capital structure of 70%:30% debt to equity ratio. The estimated project capital investment cost which has slightly increased from the earlier approved FBC and largely due to a continuous upsurge in market prices and inflation is summarised in the table below:

Complementary Facilities	NGN (₦)	%
5 Star Hotel	12,500,000,000	
Office Block	15,625,000,000	
Shopping Mall	16,406,250,000	
Cultural Arcade	2,050,781,244	
Multi-Level Car Park	5,000,000,000	
Water Park	10,828,110,000	
Facility Management	18,631,464,681	
Total Construction Cost	**81,041,605,926**	**95.0**
Renovation of the Theatre Complex	4,123,276,156	**5.0**
Total Construction/ Renovation Cost	**85,164,882,083**	
Total Capital Investment Required	**85,164,882,083**	**100.00**

Table 1: Project Capital Investments

All the facilities costs stated above have taken adequate consideration for the following construction elements:

- Civil Works
- Services
- Preliminaries
- Finishing Work
- Other facilities
- Contingency
- VAT

Table 2: Capital Structure

Capital Structure	NGN (₦)	%	%
Debt Financing	59,615,417,458		***70***
Equity	25,549,464,625		***30***
Total Investment Required	**85,164,882,083**	53.00	
Interest On debt financing	75,524,000,000	47.00	0
TOTAL PROJECT DELIVERY COST	**160,688,882,083**	**100**	**100**

Option Analysis

The underlying assumptions supporting the earlier option analysis carried-out have not change. This is further required to validate the project and put forward the strong business justification for the transaction. The option analysis summary for the project is presented in the table below:

Table 3: Option Analysis Summary

OPTIONS	DESCRIPTION
OPTION 1	Carry out an outright sale of the designated land
OPTION 2	Facilitate Lease rental
OPTION 3	Deploy the land for a direct use
OPTION 4	Carry-out a concession arrangement - DFBOT
OPTION 5	Maintain a status quo

From the above analysis, the Option 4 was adopted as it appears to be the most realistic option when viewed from the prisms of the benefits, potentials and critical success factors as well as given the consideration for project acceptability, cost and time impacts. Maintaining a status quo is never a good option and should never be considered as this will continue to retain the landed area with no economic and social values; making it grossly deserted and degenerated.

Risk Management Framework

The key objective of risk identification and categorisation in this earlier FBC has been reappraised and we do not consider any justifiable reasons to reduce or expunge identified risk factors. However, it is necessary that transaction at its subsequent phases (pre-construction, construction and operational phases) consider the need to provide effective systematic approach to:

- Risks assessment and diagnostic;
- Risk reduction and deployment of appropriate mitigation strategy;
- Implementation of rapid risk response strategy especially at the construction phase;
- Quality assurance and performance; and
- Monitoring and progress reporting.

A detailed identification of probable risks has been done. Mitigation plans for these risks including the responsibilities for the mitigations have also been developed to ensure the transaction is not impaired.

Stakeholder Management

The National Theatre management, working with the preferred bidder and in collaboration with stakeholders, will be deploying a structured communication and consultation approach targeted at achieving risk mitigation, issue resolution, timeliness of deliverables, quality assurance and consistent results during the construction phase as well as the operational phase of the transaction.

Key Next Steps

This revalidated FBC has been developed to signal the review of earlier approved FBC and to further confirm justification for the engagement of the preferred bidder to handle concession of the fallow land around the Theatre complex. The revalidated FBC alongside negotiated Concession Agreement will be forwarded to ICRC to review and re-issue a validated Certificate of Compliance. Subsequent to this, a presentation will be made at the Federal Executive Council (FEC) to grant a formal ratification of the transaction.

Upon FEC's ratification, the Concession Agreement would be formally executed between the National Theatre Board and Messrs TOPWIDE APEAS Consortium. This will signal the completion of financial close and herald the commencement of pre-construction and construction phase respectively.

Conclusion

We present this revalidated FBC to demonstrate the transaction inclusive capacity to realise the objective of the Nigeria entertainment city. We consider it an opportunity to showcase Nigeria cultural heritage to the world and we believe a timely execution of it will support the actualisation of Mr President's change agenda considering a time when Nigerians are eagerly waiting to see the fruits of the promised change.

INTRODUCTION AND BACKGROUND

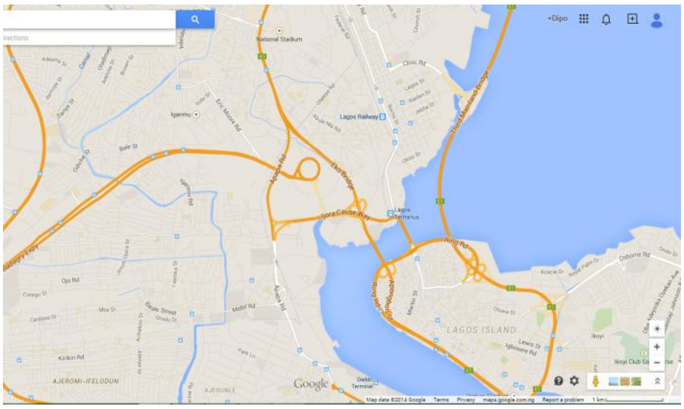
National Theatre Original Concept

The National Theatre ("the Theatre") is situated approximately three (3) km away from the centre of Lagos and approximately fourteen (14) km away from the Murtala Mohammed International Airport. Since establishment, the Theatre complex has been the hub of arts and cultural activities, presidential galas, art exhibitions, symposia and film shows in Nigeria. It has also played host to various National and international theatre and musical events.

Figure 1:The National Theatre

The total land area is approximately 134 hectares and triangle in shape; out of which the Theatre Complex currently occupies approximately ten (10) hectares.

It is bounded by major city highways like Murtala Mohammed Way, Ijora Causeway and Apapa Road. In accordance with the original master plan that establishes the Theatre, a number of complementary facilities were designed to be embedded within the earmarked land area in order to support the Theatre complex.



The originally proposed complementary facilities include:

- Five (5) Star Hotel;
- Shopping mall;
- Land and water recreation park;
- Multi-level car park;
- Office areas and
- Residential Apartments

Currently, the main bowl comprises a main hall with about 5,600 seating capacity, a conference/banquet hall, two (2) exhibition halls; each having about 2,000 seating capacity, two cinema halls; each having about 700 seating capacity, standard proscenium stage facilities and standard 16mm and 35mm film projectors with high quality sound equipment as well as state-of-the-art lighting facilities for stage productions.

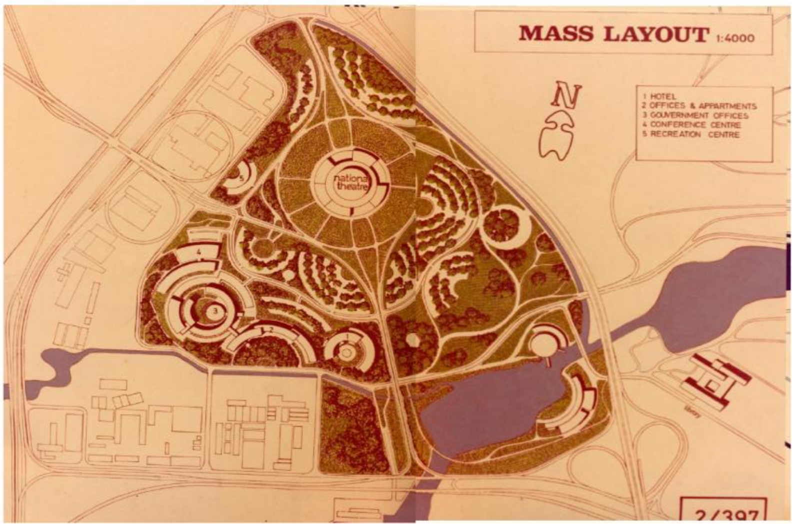


Figure 2: The National Theatre Original Master Plan

The Theatre was established as a multipurpose centre for the preservation, presentation and promotion of arts and culture in Nigeria; and for the development of tourism and entertainment industry. Over the years, the facility has been left significantly under-utilised with only the complex in partial use. The resultant effect of this neglect created an agency whose impact could not be felt in the international arena and whose activities cannot deliver desired socio-cultural heritage for the Nation.

In order to address this challenge, the Federal Government under the last administration resolved to revisit the National Theatre master plan; thus making necessary arrangements to upgrade the Theatre Complex and develop the unutilised area into a modern mixed-use commercial and business resort centre. To provide adequate national backing, the Federal Government through the Federal Executive Council (FEC) approved the need to engage private sector investor under a PPP arrangement.

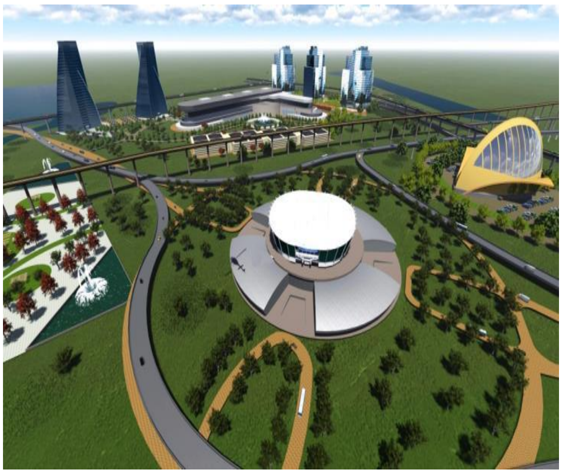
Commercial Justification for the Master Plan Redevelopment

The new commercial concept intends to offer visitors and tourists a modern, diverse, localized and exciting hotel, recreational and shopping experience. It will be characterized by modern architectural design, with a wide range of superlative offerings, friendly environment and high-tech international flavour.

Restoring the Theatre to its initial glory and drawing national and international attention to the facility will serve as a great strategy for improving and diversifying culture and tourism in Nigeria. This development is in line with the current vision of driving tourism as a major source of revenue generation and national economic development.

Redesigned National Theatre Master Plan

An extensive diagnostic study was carried-out during the project development phase to re-access the original master plan designed about forty (40) years ago and to recommend areas of enhancement in view of the current economic realities, business viability as well as financial returns to the Federal Government.



Following the study, the National Theatre master plan was redesigned and the project was christened "THE NIGERIA ENTERTAINMENT CITY". The City was now designed to accommodate the following complementary facilities:

- Five (5) Star Hotel;
- International Shopping Mall;
- Water Amusement Park;
- Multi-level Car Park;
- Office Development

Figure 3: Redesigned Master Plan of the National Theatre

As part of the value proposition that qualified Messrs TOPWIDE APEAS consortium, there was need to create a "buzz factor" (a unique traffic selling facility) to be called the National Theatre Cultural Arcade and Entertainment Centre. This Cultural Arcade is expected to further project the national prestige and showcase the wealth of Nigeria culture, artefacts and tourism experience. Consequently, the following facilities were agreed to be located within the desired Nigeria Entertainment City:

- The National Theatre Complex
- 200-Unit Five (5) Star Hotel;
- International Shopping Mall;
- Water Amusement Park;
- Multi-level Car Park;
- Office Development
- Cultural Arcade and Entertainment Centre

In delivering an efficiently managed entertainment city, a world-class facility management service that will be put in place to support the City. The inclusion of facility management infrastructure and services is expected to facilitate effective integration. The facility management infrastructure shall comprise the following:

- Water Treatment Plant
- Sewage System
- Power Plant Facility
- Horticulture, Garden, Greenery, Security and Surveillance System

Fallow Land Earmarked For Concession

For the purpose of this revalidated FBC, it is important to note that the portion of designated land for concession, which is about 51 hectares size of land, has not changed. The Survey Plan below provides the approved points and coordinates designated for the concession:

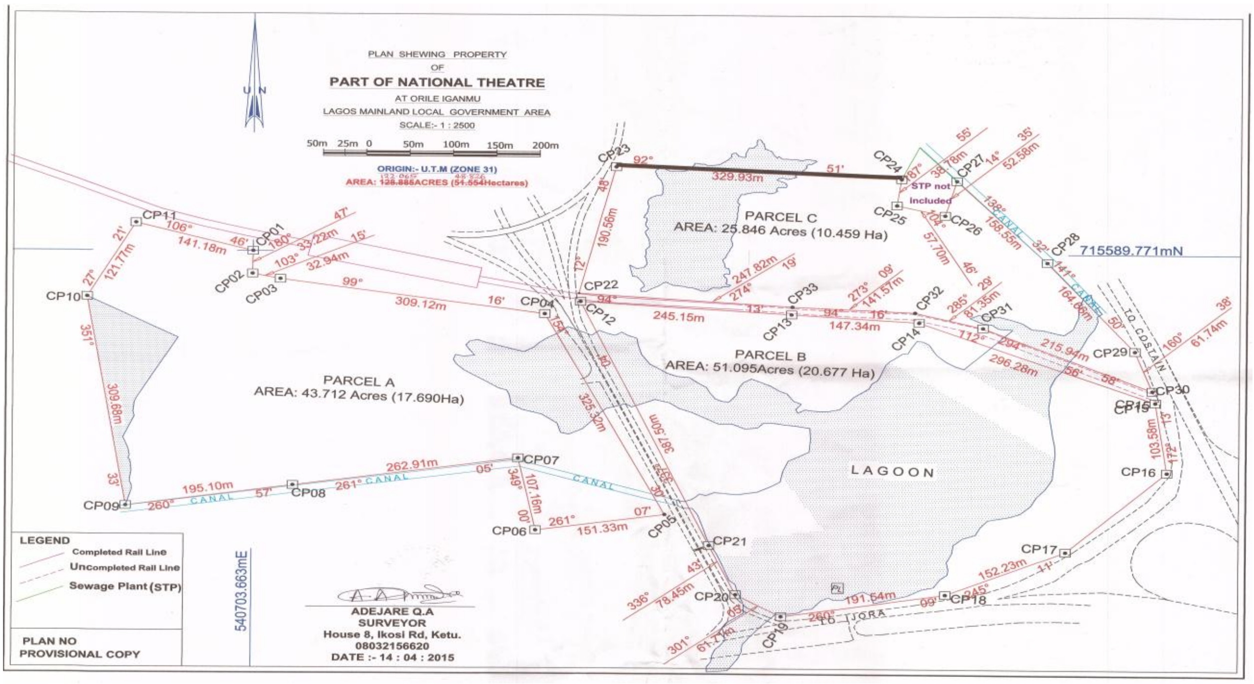


Figure 4: The Survey Plan for the Designated Fallow Land For Concession_1

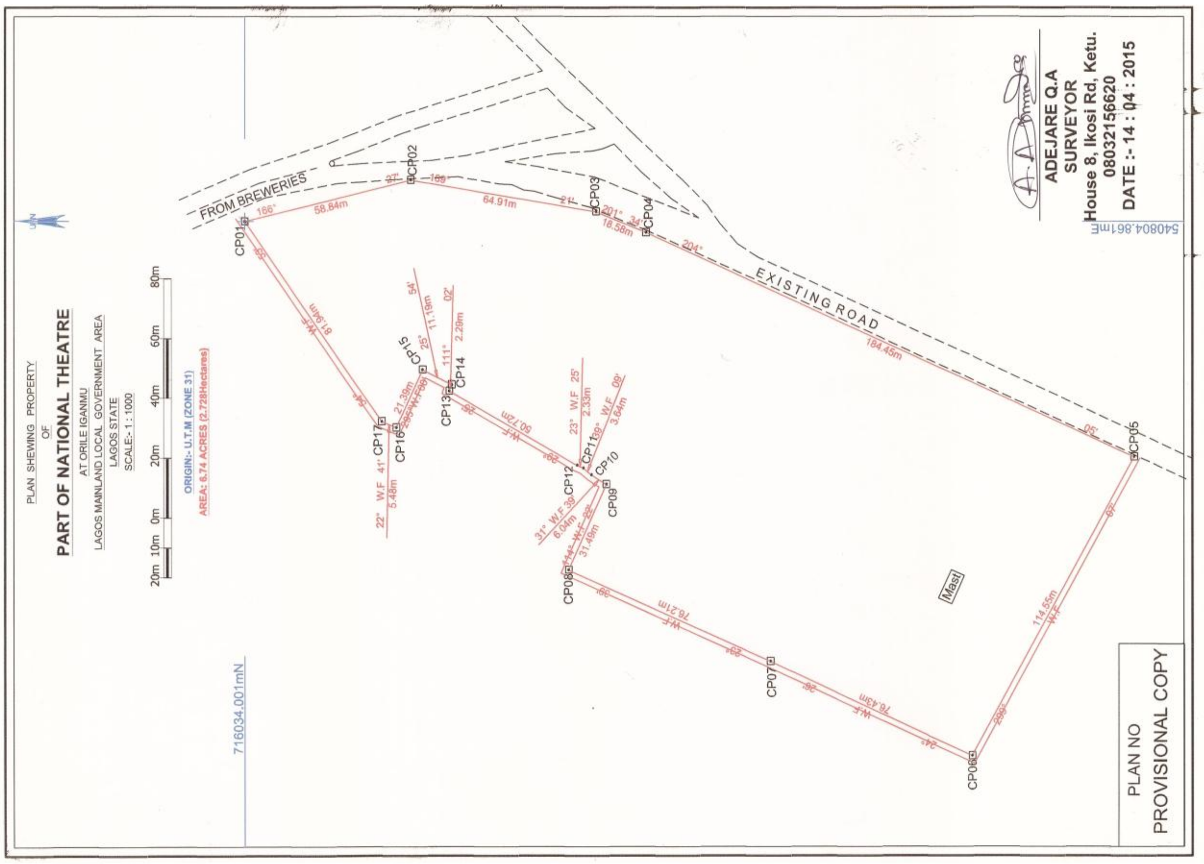


Figure 5: The Survey Plan for the Designated Fallow Land For Concession_2

Facility Management Infrastructure Description

Key facility management infrastructure includes:

- Expanded Water Plant Facility
- Massive Sewage Treatment Plant Facility to accommodate all tenants within the City
- Independent Power Plant (IPP) to facilitate twenty-four (24) hours uninterrupted power supply. The Power Plant is expected to deliver any excess electricity to adjoining industrial users and host communities via an embedded generation arrangement.
- Other shared services include security services, cleaning and horticulture services etc

Expanded Water Treatment Facility

The expanded Water Treatment Plant with a storage capacity of four (4) million litres is expected to build on the existing two (2) million litre capacity infrastructure currently supplying the Theatre Complex. The existing Plant is located approximately 100 meters away from entrance A of the Theatre complex. The Plant which will be built at the adjoining location of the existing water facility will service all the new tenants; including the Theatre complex. For the purpose of this revalidated FBC, nothing has changed in respect of this facility.

Sewage Treatment Plant System

Currently, the Sewage Treatment Plant built for the Theatre complex is partly functional with solid waste collection not fully optimised. Similarly, polluted water from the treatment plant flows into the lagoon and vice versa. To accommodate and sustain attendant traffic into the City and work within the embedded architectural realities where the existing Plant is situated, a new expanded sewage plant will be developed for the new tenants in addition to the existing sewage plant which will continue to serve the Theatre complex. For the purpose of this revalidated FBC, nothing has changed in respect of this facility.

Independent Power Generating Plant

An arrangement has been concluded as part of the facility management infrastructure for the Concessionaire to build a 15 MW Power Plant which will comprise a gas-fired infrastructure as well as a solar powered infrastructure. The Power Plant is expected to provide a twenty-four (24) hours uninterrupted power supply to the entire tenants within the City in order to support unhindered business operation.

As part of the Concessionaire negotiation, arrangement is underway to execute a Sales and Purchase Agreement (SPA) with Eko Power Distribution Company Limited, a Lagos-based electricity distribution company, to provide a stand-by priority electricity supply arrangement. This SPA is expected to be utilised as a short stop-gap arrangement and will unlikely be utilised or will exceptionally be adopted only where unanticipated power shut-down or force majeure of the Plant is experienced. For the purpose of this revalidated FBC, nothing has changed in respect of this facility.

Master Concession Arrangement Structure

To accommodate the complexity nature of this transaction; especially as regards the diversity of complementary facilities, a master concession arrangement was agreed. This arrangement has not changed for the purpose of this revalidated FBC.

Based on this arrangement, prospective bidders were invited to submit proposals and demonstrate sufficient financial and technical capacities to execute the entire proposed development. Bidders were encouraged to put together a competent consortium with local and international repute to deliver the transaction under a Design, Finance, Build, Operate and Transfer (DFBOT). Hence, all the risks relating to the designing, financing, building and operating the entertainment city (except the Theatre Complex) are being transferred to the preferred bidder, Messrs Topwide Apeas.

The table below represents the final transaction structure based on the renegotiated meetings held on the 13th of February and 23rd of February, 2017:

Item	Description
Overall Concession Arrangement	Master Concession
Complementary Facilities	▪ Five (5) Star Hotel; ▪ International Shopping Mall; ▪ Water Amusement Park; ▪ Multi-level Car Park; ▪ Office Development ▪ Cultural Arcade and Entertainment Centre ▪ Facility Management Services
Master Concessionaire	▪ Messrs TOPWDIE APPEAS Consortium
Sub-Concessionaire	▪ CMS Nigeria Limited ▪ Hyatt International ▪ Rotana Hotels & Resorts ▪ TBG ▪ Chris Michael Limited ▪ Delano Architect ▪ Thebe Reed Venue Management ▪ AKSA/Plethora Gas & Power Limited
Concession Overall Terms	DFBOT – Design, Finance, Build, Operate and Transfer
Concession Period	45 years (inclusive of construction period of 3 years)
Pre-construction Phase	24 months

Table 4: Transaction Structure Summary

As part of the re-negotiated meeting agreement, Messrs Topwide Apeas was made to confirm in writing that nothing has changed particularly in respect of composition of the consortium members. While Messrs Topwide Apeas will continue in its role as master concessionaire and the eight (8) entities highlighted above will continue on their role as sub-concessionaires.

Negotiation of the Concession Terms

Following the announcement of Messrs TOPWIDE APEAS Consortium as preferred bidder, the transaction adviser, BGL Capital Limited, and its legal counsel, A&E Law Partnership, led a structured concession negotiation meeting with the preferred team. The negotiation committee include representatives of the following strategic ministries and agencies:

- Federal Ministry of Finance
- Federal Ministry of Information; represented by officials of culture and tourism
- Federal Ministry of Justice
- Infrastructure Concession & Regulatory Commission
- National Theatre management

For the purpose of the revalidated FBC, nothing has changed on the Concession Agreement. Some of the Concession terms that will continue to be reflected in the Concession Agreement are as follows:

- Concession Structure: consortium ownership and interest, sub-concessionaire arrangement, technical alliances and partnership etc
- Key Financial terms: future cash flows, business profitability, annual base fee rate etc
- Future state of the Theatre Complex,
- Key activities and milestones for pre-construction and construction (building approval from Lagos State Government, Environmental Impact and Social Impact Assessment)
- Definition of force majeure, default, risks etc
- Facility maintenance arrangement during the concession
- Maintenance arrangement of the proposed facility in the last five (5) years of the concession
- Other handover strategies for the complementary facilities

Future Plan for the Theatre Complex

The Theatre complex will continue to play its leading role as the symbol of cultural heritage for the nation while the National Theatre agency retains its ownership position. In order to sustain patronage for the Theatre complex, a side arrangement has been put in place for the Concessionaire to carry-out a detailed rejuvenation of the Theatre complex as well as the two (2) cinema halls attached to it.

Within the period of re-negotiation and for the purpose of this revalidated FBC, it was highlighted that the Lagos State Government has opened-up communication with the honourable Minister of Information and Culture as well as management of National Theatre to carry-out some preliminary renovations of the Theatre Complex. It is important to note that this proposed renovation will not affect the level and quality of renovation expected from the preferred bidder to bring the ancient monument to match the proposed development.

It is important to note that the management and operation of the Theatre complex is never included under the Concession arrangement; neither the rejuvenation of the Theatre complex included under the Concession arrangement. This rejuvenation will only be carried-out by the Concessionaire under a separate service contract. In order to achieve the objective and mandate for setting-up the Theatre complex however, the following arrangements, for emphasis, have been agreed with the Concessionaire in redefining the future state of the Theatre complex:

- A total overhaul and renovation of the Theatre complex will be carried out during its construction period. Specifically, the renovation is expected to be completed within the first twenty-four (24) months of construction. It is expected that a timely completion of the renovation will drive traffic to the National Theatre environment even before the completion of complementary facilities;
- Although, rejuvenation of the Theatre complex will be handled by the Concessionaire, its management and operation will be retained by the management of the National Theatre in line with its statutory mandate.
- In return for the rejuvenation exercise, the Concessionaire will recover the agreed cost of renovation estimated at **N4,123,276,156** (see appendix for the agreed Bill of Quantities) from the annual concession fee payable to the National Theatre. The recoveries will come over the first 10 years period in the concession at an agreed fixed rate of 18% weighted average cost of funds and an agreed premium of 2% on the total exposure (principal and interest).

- All other arrangements relating to the shared facility management services, common utilities, shared areas etc have been agreed extensively during the negotiation stage. These have been carefully reflected in the final Concession Agreement. It is important to note that nothing has changed in respect of these facilities for the purpose of this revalidated FBC.

OBJECTIVE AND STRUCTURE OF THE REVALIDATED FINAL BUSINESS CASE

The Objectives of the Report

This document aims at re-validating the procurement process and revalidating the business viability originally conducted during the Outline Business Case (OBC) development phase. The revalidated Final Business Case (FBC) serves as a basis to justify to the Federal Government of Nigeria (FGN) the economic, business and social importance of developing the complementary facilities around the Theatre complex in order to realise the Nigeria entertainment city's mandate.

In summary, this revalidated FBC aims to:

- Provide an extensive business case to validate private sector investment in the realisation of National Theatre master plan;
- Validate the interest of National Theatre with that of bidders during the procurement process
- Facilitate the achievement of value for money in the process of delivering on the project;
- Ensure the project is planned, prioritised, and managed in order to maximize economic returns; in a timely, efficient, and cost effective manner;
- Support the identification and management of fiscal risks that may be created under the PPP contract within the Government's financial and budgetary framework;
- Facilitate the development of a framework for the physical development of the proposed facilities, whilst also identifying the physical and environmental regulatory risks that may and will be created and prescribing ways to mitigate such risks; and
- Put in place an effective facility management arrangement for the successful delivery of the transaction.

Structure of the Report

This revalidated FBC has been prepared with regards to the current socio economic realities of the country. The overall structure of the report is done with a view to highlighting all the requirements necessary to make the project bankable, given its private sector participation. In developing the FBC, strategic project objectives were taken into consideration in terms of investment objectives, business strategies etc. A thorough need's analysis was done by putting in proper context the nature of the business and operation of the National Theatre, the Ministry under which it operates and the nature of the current political and socio economic environment.

The business case was developed using a bottom-up approach; re-articulating the economic and commercial viability of the project. This culminated into the value for money and cost-benefit analyses which became necessary as a way of mapping objectives with expected benefits, as well as the attendant social and economic cost implications.

Approach and Methodology to the revalidated FBC

The approach and methodology employed in this revalidated FBC are highlighted below:

- Re-assessment of project cost, revenue and returns assumptions to validate the financial projections supporting the earlier agreed FBC
- Needs Analysis: Carry out a high-level review of the project's commercial rationale earlier documented to ensure no change exists.
- Ensure the re-validation of the legal due diligence to ensure all relevant legal requirements as identified have been met
- Technical Scope: Re-appraising the master plans and all designs to ensure all parameters are intact.
- Risk Analysis: re-verification of risk register to confirm all foreseeable risks are identified and mitigation measures developed.

MASTER CONCESSION PROCUREMENT STRATEGY

Procurement Strategy and Delivery Options

This section sets out the rationale underpinning the procurement strategy and options available for developing the complementary facilities. It also outlines the proposed Output Specifications for the project upon completion. Following the further review of the procurement strategy, it has been established that the strategy earlier highlighted is not expected to change significantly.

In line with the National Policy on PPP, the most likely procurement strategies for the proposed development include:

- Design and Build – Under a management contract structure
- Design, build and lease back without maintenance
- Design, Build, Finance, Operate and Transfer
- Build Operate, Own and Transfer
- Build Operate and Transfer

In order to maximise returns and achieve greater outcomes for the project, the Design, Finance, Build, Operate and Transfer (DFBOT) PPP procurement strategy has been carefully considered and selected. It is expected that this strategy offers required optimum value for money solution to the Government, private sector operators and Nigerians at large.

Throughout the project delivery phase and on an on-going basis, the execution monitoring committee comprising of key stakeholders will continue to provide guidance to the National Theatre management and the delivery team. The responsibility for delivering on all the proposed facilities to time, cost and quality is that of the preferred bidder who manages and reports on all associated services required for the construction phase. The responsibility of the preferred bidder is summed up in the following:

- Clearance of facilities in readiness for development;
- Engagement of contractors to facilitate construction of related portion and features of the facilities;
- Construction of essential ancillary infrastructure to enhance the designated facilities i.e. secondary access road, frontage, fire-fighting point etc

Output Specification for the Project

We also confirm that the output specification earlier approved for the Project is not expected to change for the purpose of this revalidated FBC. The overall objective of the Concession is to utilise the fallow land within the National Theatre complex in order to realise the master plan; making it economically viable and attractive. This objective is required in order to generate the necessary funds required by the Federal Government to rebrand and transform the National Theatre.

Achieving the output specification will:

- Enable the National Theatre agency to fulfil its statutory mandate which include the promotion of entertainment, culture, performing art and tourism in Nigeria;
- Encourage the discovery and development of fresh talents in the country;
- Promote healthy cultural activities and habits in the society;
- Increase revenue generation capacity of the Government through the increase in tourism activities within the National Theatre facility.
- Increase direct and indirect job creation for Nigerians

The overarching elements of Output Specification include:

- Design, Finance, Build, Operate and Transfer;
- Define goals, vision and objectives and develop appropriate strategies for achieving them;
- Develop and construct facilities; putting in place appropriate aesthetics and facade that meet international leading practice.

The Output Specification details include:

- Deploy appropriate strategies and concepts for programme management, risk management, quality assurance, revenue assurance, communication management, value management etc during the construction phase of the project and upon commencement of operation;
- Deliver a world-class customer service delivery to guarantee superlative customer experience;
- Devise best operating structure that will enhance business operations and provide effective coordination;
- Monitor, evaluate and provide corrective actions to key activities in order to ensure overall objectives are met;

- Manage the human, financial and physical resources for the facilities;
- Develop and construct facilities; putting in place appropriate structures and activities expected to deliver international standards;
- Deploy appropriate strategies and concepts for programme management, risk management, quality assurance, revenue assurance, communication management, value management etc during construction phase and upon commencement of operation;
- Provide a one stop-shop platform to support business and social friendly environment;
- Define a detailed stakeholder management plan and provide engagement of investors and prospective
- Develop and implement detailed service plan to ensure facility is operated by different investors in a manner that guarantees quality delivery;
- Develop and construct facility in such a way to help address possible congestion and traffic within the project area;
- Provide efficient car park management system capable of delivering a suite of automated fare collection, traffic solutions, access control management etc;
- Maintain the surrounding facility at all times;
- Create a conducive avenue for relaxation, entertainment and social activities for Lagosians and other Nigerians;
- Identify and construct a platform that can accommodate open events and entertainment activities
- Create outlets that can be adopted as office spaces and administrative operation.
- Define detailed stakeholder management plan for the office management and for the engagement of investors and prospective organisations who may be interested to take up some of the offices;
- Upgrade the Theatre complex in line with international art theatre centre
- Provide an efficient all-year-round facility management services for the overall complex etc

BUSINESS CASE OPTION ANALYSIS

Business Case Option Analysis

During the OBC stage, the team carried-out an option analysis to test the viability of the project. The earlier agreed FBC highlights the options and provide a suitable recommendation which provides highest value and returns to the Federal Government and to Nigerians. This revalidated FBC reviews the earlier option analysis and confirms the validity of the option analysis earlier carried out.

The key considerations for selecting options include:

- Continuous preservation and maintenance of the Theatre Complex which represents a National iconic heritage for the Nation ;
- The effect of dilution in the management and control of the National culture and tourism heritage;
- Continuous preservation of invested public interests and other social interests who consider the National Theatre edifice as a monument that must continue to enjoy total freedom without any encumbrances;
- The capacity of Government and its agency to fund the development and operation of the Theatre project from its internally generated revenue;
- The capacity of the Government to augment its revenue potentials from the allocation received from the National federation account;
- Relative cost of funds within the capital markets, foreign direct investments and other international financing options.
- Others include:
  - Capital and operational cost impact of the project.
  - Bankability of the various structures of the project.
  - Projected time of completion under each arrangement.
  - Buy-in of various stakeholder groups.
  - Availability of ready-bidders with investment capacity.

The following represent the key options have been retained for the purpose of this revalidated FBC:

Option	Description
1.	Carry out an outright sale of the designated land
2.	Facilitate Lease rental
3.	Deploy the land for a direct use
4.	Carry out a concession arrangement - DFBOT
5.	Maintain a status quo

Table 5: Procurement Options

Carry out an outright sale of the designated land

Carrying out an outright sale of the designated land involves:

- Releasing the land title completely to the purchaser through a sale agreement
- Sales are carried-out at the prevailing selling price per plot

The merits of carrying out an outright sale of the land include:

- Outright sale provides a one-time sale proceed to the Federal Government which represents a one-off increase in the national revenue
- The Federal Government focuses on ownership and management of the theatre complex which currently occupies about ten (10) hectares of the land.

The demerits of the outright sale to the Federal Government

- The actualisation of National Theatre entertainment city master plan would have been defeated
- The choice of investment to be carried out by the purchaser is completely out of control of the Federal Government
- The impact of maintaining and sustaining the national cultural heritage and tourism attraction for the nation would have been defeated
- Total proceeds/value from the outright sale is significantly low when compare with the returns that come to the Federal Government under a concession arrangement. With the prevailing selling price per plot increase to N12 million in the location, the federal government would only receive a total of N14.8 trillion as one-time revenue

- The transfer of the remaining 124 hectares expanse of land would have passed to a private entity with no option of recourse to the Federal Government

Overall Recommendation: This does not constitute an optimal option for the deployment of the fallow land around the Theatre complex

Facilitate Lease Rental

Facilitating a lease rental involves:

- Releasing the land under a lease agreement for the use of a lessee while the Federal Government is the lessor
- Lease rental requires the payment of a yearly lease to the Government
- Lease period are always relatively shorter.
- Under the lease arrangement, only the land is released with no option for infrastructure development

The merits of carrying out a lease rental include:

- The Federal government receives a yearly lease rental and still have the option of retaining the landed property at the end of the lease
- The Federal Government focuses on ownership and management of the theatre complex which currently occupies about 10 hectares of the land.

The demerits of carrying out a lease rental include:

- The actualisation of National Theatre entertainment city master plan would have been defeated
- The lease arrangement may be complex for the Federal Government to manage
- At the end of lease period, only the land is returned to the Federal Government with no appreciable infrastructure development
- The impact of maintaining and sustaining the national cultural heritage and tourism attraction for the nation would have been defeated
- Total proceeds/value from the lease arrangement is significantly low when compare with the returns that come to the Federal Government under a concession arrangement. With the prevailing annual lease rental of N1,000,000 (with cost sensitivity) per plot, for a 10 years lease period, the Federal Government would only receive a total of N12.4 trillion over the lease period

Overall Recommendation: This does not constitute an optimal option for the deployment of the fallow land around the Theatre complex

Deployment of the Land for Direct Use

This involves:

- Making a direct investment on the land

The merits of deploying the land for direct use:

- The Federal government can afford to deploy the land to any use at any point in time; either within cross ministerial or inter-ministerial agencies

The demerits of deploying the land for direct use

- The actualisation of National Theatre entertainment city master plan would have been defeated
- There may be distraction from the primary objective of deploying an entertainment city
- Federal Government may be required to make a huge direct investment which is currently not feasible considering the liquidity strain in running the business government
- A pure public finance is not the best option of deploying infrastructure for the citizenry; especially where the concerned infrastructure is a social asset
- The impact of maintaining and sustaining the national cultural heritage and tourism attraction for the nation would have been defeated

Overall Recommendation: This does not constitute an optimal option for the deployment of the fallow land around the Theatre complex

Creation of Concession Arrangement - DFBOT

The concession arrangement involves:

- The participation of private sector investors in the development of national infrastructure
- It is a guided public-private partnership arrangement to design, finance, build, operate and transfer of asset to the Federal Government

The merits of creating a concession arrangement:

- All investment will be carried out by the private investors
- Ownership of the asset is retained by the Federal Government at the end of the concession period
- A one-time 2% signature bonus on the estimated construction cost is paid to the Federal Government upon completion of the financial close and before the commencement of construction
- A graduated annual concession fee up to 11% of the annual revenue is paid to the Federal Government on an annual basis and over the 42 years concession period
- The National Theatre entertainment city master plan is actualised
- Because of the involvement of an independent regulator, ICRC, transaction is well guided, monitored and operated
- The impact of maintaining and sustaining the national cultural heritage and tourism attraction for the nation is realised
- PPP model is the best and suitable option for the development of infrastructure based project; especially, where national pride and social good like this is involved

The demerits of the outright sale to the Federal Government

- The process may be tasking; but where coordinate effectively, the benefits outweigh the strain

Overall Recommendation: This represents the best and optimal option for driving the actualisation of the National Theatre master plan.

Maintain a Status Quo

Maintaining status quo implies:

- Retaining the land as it is without any development
- Not engaging the private sector investor in any development of the fallow land

The merits of maintaining the status quo include:

- There is no feasible merit in retaining the land as it is

The demerits of maintaining the status quo:

- The actualisation of National Theatre entertainment city master plan would have been defeated
- No tangible investment will be carried out; making the land degenerated and under developed
- The one-time 2% signature bonus on the estimated construction cost under the concession arrangement is forfeited
- A graduated annual concession fee up to 11% of the annual revenue when compare with concession arrangement is forfeited
- Not doing anything is the worst economic decision that would be taken on the fallow land around the National Theatre complex

Overall Recommendation: This does not constitute an optimal option and should therefore be discarded

General Consideration for the Concession Arrangement

In carrying out the Concession Arrangement, the following represent some of the general consideration to be put in place:

Cost and Time Impacts

- Capital Cost
- Operational Cost
- Bankability of the project
- Achievability
- Timely deliverability of the project

Acceptability

- Adaptability to changes in the regulatory requirements for construction
- Public acceptability and stakeholder buy-in
- Availability of ready-concessionaires with investment capacity

Environmental Impacts

- Adaptability of environmental changes
- Exiting Infrastructure

Location

- Proximity to labour and material factors of production
- The planning and site implications

RISK MANAGEMENT, RISK ALLOCATION AND CONTRACTUAL STRUCTURE

Risk Management and Framework

This section provides an overview of the framework for the management of risks envisaged during the construction and operation stages. It also revalidates risks identified on the first FBC. The Concessionaire has agreed to implement a risk management strategy that will ensure a proactive and consistent approach during the Concession period. The Risk Identification and Mitigation Matrix as set out in this revalidated FBC will be utilised for the purpose of this project construction and operation stages. All risks have been considered and would be effectively allocated.

All risks have been adequately considered and would be reflected in the Concession Agreement with adequate risks mitigation plan and arrangement. The summary of anticipated risks for the purpose of this revalidated FBC is presented below:

- Design Risk
- Planning Risk
- Financial Risks
- Political Risk
- Residual Value Risk
- Cost Overrun Risk
- Pricing Risk
- Foreign Exchange Risk
- Construction and Commissioning Risk
- Regulatory Risk
- Operational and maintenance Risk
- Force majeure Risk
- Technological Risk
- Procurement Risk
- Market Risk
- Legal Risk
- Environmental Risk

Risk Allocation

Identified risks will be allocated to the party best equipped to manage and mitigate them. The Concession Agreement may allocate risks through the validation of the Output Specification which will define the service levels which Concessionaires must complied with. Failure to meet these service level terms will result in operational risks.

However there are certain risks such as force majeure which are outside the control of the Concessionaires and the National Theatre management. Such risks will be jointly shared.

Risk Identification and Mitigation Matrix

Risk	Type	Allocation	Mitigation
Pre-Construction Completion	▪ Cost over-runs ▪ Delays	▪ Private Party	▪ Fixed price turnkey contracts ▪ Warranties/penalties/ incentives ▪ Fixed project specifications ▪ Strong contractors ▪ Comply with ICRC regulatory framework
Post Construction Completion Risk	▪ Operating/maintenance risks ▪ Risk of Management failure	▪ Private Party	▪ Committed supply contracts ▪ Committed off-take contracts ▪ Strong operators ▪ Performance guarantees
Technical	▪ Performance ▪ Environmental ▪ Safety	▪ Private Party	▪ Warranties ▪ Proven technologies
Financial	▪ Foreign exchange ▪ Interest rates ▪ Debt Service cover ▪ Taxation ▪ Revenue	▪ Private Party	▪ Reserve accounts ▪ Insurance
Market	▪ Demand ▪ Economic	▪ National Theatre	▪ Enabling Environment
Legal	▪ Regulatory framework	▪ National Theatre	▪ Pre contractual compliance with all regulations

Risk	Type	Allocation	Mitigation
Political	▪ Regime stability ▪ Force majeure agreement ▪ Political intervention	▪ National Theatre ▪ Shared ▪ National Theatre	▪ Clear regulatory regime ▪ Investment insurance ▪ Federal Government Guarantee

Table 6: Risks Identification and Mitigation Plan

ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

Environmental and Social Impacts

A preliminary Environmental and Social Impact Assessment was carried in the course of the first FBC development and a further review shows that this is relevant for the purpose of this revalidated FBC. It is instructive to note however that the Concessionaire will be required to carry-out its detailed ESIA during the pre-construction phase and secure the approval of the same from the Federal Ministry of Environment. This section of the revalidated FBC however represents input that can be adopted during the detailed ESIA.

The initial phase of the ESIA is 'Scoping', which has been conducted to ensure that the objective of the concession exercise is achieved and the prospective bidders access the environmental and social impacts of the proposed facilities. Key deliverables produced by our environmental and social impact assessment include:

- Likely environmental impacts or other environmental concerns and
- Encroachment consideration that requires further investigated and study during the procurement phase;
- Environmental components that need further detailed study;
- General approach and methodology required for carrying-out detailed ESIA study;
- General views of all affected interests toward the execution of the project;
- The context for fixing the detailed ESIA study into the overall project priorities.

Social-Environment Project Context

The National Theatre sits on low-lying swampy land, abutting the Ebute-Metta Creek water way, which drains out to the Lagos Lagoon to the south-east of the site. As a water-logged site, the original construction of the Main Bowl was undertaken on deep piles and involved a considerable amount of sand-filling. Part of the reasons for the non-completion of the original master planned development was the prohibitive cost of fully reclaiming the site.

Due to the gradual development of various parts of the site by different government Parastatals and the recent on-going development of the Blue Line, the National Theatre site approximately 50% has been reclaimed and about 50% water-logged. This is the most significant environmental factor to be considered in any future development, as it has a direct bearing on natural and man-made drainage patterns of the local area. The development will need to be undertaken after detailed hydrological and soil analyses within the site, as well as a wider study of the drainage pattern.

The site also has to contend with unplanned effluent and waste water discharge from the surrounding developments, both residential and industrial. The major canals in the area have been broken down for many years, although the Lagos State Government is currently rejuvenating a drainage canal at the "Costain" gate. The developers or concessionaires will need to take a collaborative approach to working with the Lagos State Government on the issue of canal drainage, as this is beyond the scope of either the State Government or the National Theatre.

Figure 6: On-going Rejuvenation of the Canals by Lagos State Government

From a social impact point of view, the National Theatre as a national asset imposes a responsibility on the Federal Government and any private sector developers to ensure the asset remains accessible to ordinary Nigerians. Currently, the asset is a favourite destination for visiting schools children, who visit the place for parties, excursions and cinema. Currently, there are school trips on a regularly basis with over 200, 000 school children enjoying the facility annually.

The renowned “Abe-Igi” relaxation and hospitality spot is a favoured haunt of visitors, artistes and locals. Furthermore various temporary facilities within the site have been built, leased and used by artists in residence, government parastatals and other informal users for years.

Figure 7: Local School Children enjoying a day-out

Legislative and Institutional Framework

The construction and commissioning of the proposed developments where necessary would involve mobilization of personnel and equipment, site preparation, excavation and earth filling, dredging and clearing of water etc. We recognise the potential impact on the bio-physical components of the host environment. We have therefore identified some of the Nigerian statutes, guidelines, standards, regulations as well as international conventions that are relevant.

Some of these requirements are explained below:

The EIA Act 86 of 1992

Prior to the promulgation of EIA Decree 86 of 1992, all physical developments were carried-out provided a cost-benefit analysis (CBA) was conducted, without due cognition to the environmental and social impact. The EIA Act mandates an environmental impact assessment (EIA) to be carried-

out on new projects likely to exert serious impacts on the Nigerian environment.

The Federal Ministry of Environment procedural and sectoral guidelines details the various stages for which an EIA study/process must be adopted:

- Category I projects require a full EIA;
- Category II projects may or may not require a full EIA;
- Category III projects do not require an EIA.

Regarding the proposed projects, the EIA Act provides that the conversion of swamps and reclamation of inundated land of over 50 hectares should be classified as Category I developments and consequently requires a full EIA before actual projects commence. To ensure that the EIAs are properly conducted, the Federal Ministry of Environment also issued a National EIA Procedure indicating the steps to be followed from commencement to commissioning.

Key provisions that might impact the project include:

- National Environment Protection (Effluent Limitation) Regulation;
- National Environment Protection (Pollution Abatement in Industries and Facilities Generating Waste) Regulation; and,
- National Environment Protection (Management of Solid and Hazardous Wastes) Regulation.
- Lagos State Urban and Regional Planning Board ("the Board") and Town Planning Authority Edict of 1997. This edict provides for the control of urban and regional planning activities in Lagos State. The Board is empowered to approve and monitor the plans for the proposed developments to ensure they conform to prescribed standards. This summarily would involve the outline of development plans and other physical development plans and schemes embracing spatial distribution and location of the various facilities within the NAT Complex.

The Board, among other functions, shall also take inventory of all objections to any proposed development plan, review such objections based on merit and make decisions on the validity or otherwise of such objections.

The World Bank Guidelines for ESIA

The sustainability of economic development has become one of the most important challenges facing the World Bank Group (WBG) in recent years. In response to growing awareness regarding environmentally sound and sustainable development, the WBG introduced environmental assessment (EA) for specific projects or sectors. In October 1989, the WBG introduced an operational Directive on Environmental Assessment.

The comprehensive policy mandated an environmental assessment for all projects that may have significant impacts on the environment as a pre-requisite before any financial assistance is rendered. The WBG is now required to screen and categorize all prospective loans for potential adverse environmental and social problems at the time of project identification. Also, the WBG stipulates that ESIA should include an analysis of reasonable alternatives to meet the ultimate project objective. This alternatives analysis in ESIA is designed to bring environmental and social considerations into the "upstream" stages of development planning – project identification and earlier – as well as the later stages of site selection, design and implementation.

The IFC Environmental Assessment Policies

The IFC policies on environmental impact assessment (EA) mandate that all projects proposed for IFC financing require an ESIA to ensure that they are environmentally and socially sound and sustainable. In pursuance of the policy objectives, IFC introduced an Environmental and Social Review Procedure, which outlines the process by which IFC determine the adequacy of the project proponent's environmental assessment for a proposed project and works with the project proponent to address environmental and social issues and opportunities associated with the project. The purpose of the environmental and social review procedures is to ensure that the project complies with applicable IFC environmental and social policies and meets the applicable guidelines.

Collectively, these regulations are intended as a guide for regulatory agencies to monitor and ensure that developments and projects in Nigeria are carried out in an environmentally sound and friendly manner. Our Outline Business Case has been carried-out with due cognizance to these national legislations and international treaties. These will be further emphasised during financial close and contract negotiation with the successful concessionaires.

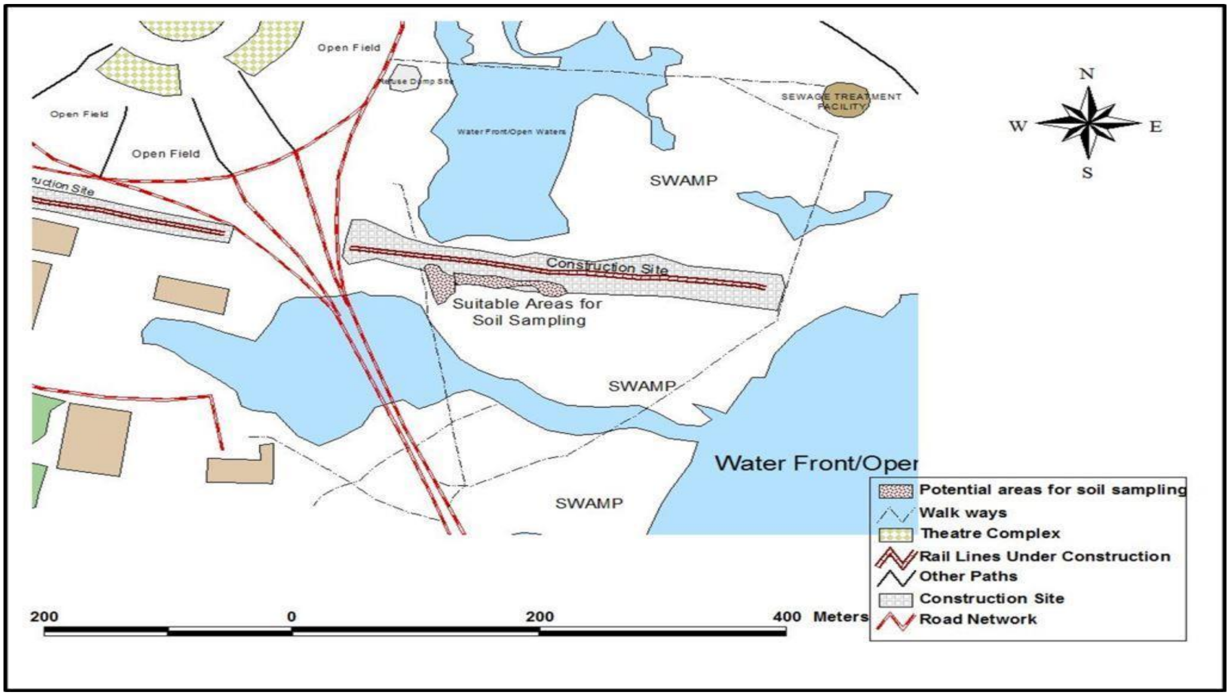
Physical Environmental Context

The study area is located within the National Theatre, Iganmu, Lagos State. The relative centre of the main bowl is at Latitude 6028'35.11"N and Longitude 3022'10.28"E, at an elevation of 51 feet above mean sea level. Selected sample points within the facility are listed in the table below:

S/No	Feature	Latitude	Longitude	Altitude(m)
1.	Gate 1/Security Post	6 28 47.0	03 22 06.0	16
2.	Swamp Area 1	6 28 45.6	03 22 08.9	15
3.	Heavy Vehicle Park	6 28 44.4	03 22 09.8	15
4.	Swamp Area 2	6 28 42.4	03 22 10.2	14
5.	Swamp Area 3/Refuse Dump	6 28 39.8	03 22 12.8	14
6.	Open Field 1	6 28 38.4	03 22 13.1	13
7.	Blocked Drainage 1	6 28 39.7	03 22 13.0	12
8.	Blocked Drainage 2	6 28 39.1	03 22 15.0	10
9.	Open Field 2	6 28 37.9	03 22 15.1	12
10.	Swamp/Water Log	6 28 36.5	03 22 18.6	11
11.	Open Field 3	6 28 35.3	03 22 17.1	11
12.	Waste Dump Site	6 28 30.9	03 22 18.7	12
13.	Water Front/Creek	6 28 31.2	03 22 23.1	12
14.	Sewage Treatment Plant	6 28 30.8	03 22 29.9	13
15.	Sewage Treatment Plant	6 28 29.9	03 22 30.5	13
16.	Canal/Final Sewage Disposal Channel	6 28 30.4	03 22 32.0	12
17.	Water Front/Creek	6 28 26.1	03 22 28.8	12
18.	Soil Sample Point 1	6 28 24.9	03 22 29.1	9
19.	Soil Sample Point 2	6 28 24.7	03 22 20.1	8
20.	Water Front/Creek/Soil Sample Site 3	6 28 24.3	03 22 16.8	7
21.	Blocked Channel	6 28 25.8	03 22 16.8	10
22.	Gate2/Security post	6 28 29.4	03 22 3.6	12
23.	Construction Site	6 28 27.9	3 22 10.6	12
24.	Aina Onabolu Complex (National Gallery of Modern Art)	6 28 35.4	03 22 06.7	13
25.	National Gallery of Crafts and Design	6 28 36.5	03 22 06.7	12

Table 7: Sample Points Coordinates

Figure 8: Location of Sample Points



Climate and Weather Conditions

By the reason of its location, the proposed project site is influenced by the humid-semi equatorial climate. Under this climatic regime, there are moderate maximum temperatures (the highest monthly average daily maximum temperature of the warmest month is below 33.50C or 92.30F). Annual rainfall is greater than annual potential evaporation. Although one or more months are not humid, there is no month that is completely dry and rainfall surplus is in excess of 200mm. Climate in this area is influenced by two air masses namely the South-East and the North-East trade winds.

The South-East trade wind is hot and humid as it blows from Atlantic Ocean and carries a lot of rain to most parts of Lagos, including the study area. The North-East trade wind on the other hand is hot, dry and dusty because they originate from the Sahara desert. The North-East trade wind prevails especially between the month of November and February and it is often referred to as Harmattan. These two air masses are separated by a zone of discontinuity called Inter Tropical Convergence Zone (ITCZ). This zone moves north-south following the movement of the sun. This apparent movement of the ITCZ largely account for variations in weather and climate within the study area.

Air temperature ranges between 24OC and 32OC. The mean highest temperature hovers between 31OC and 35OC, while the lowest temperature also hovers between 17OC and 21OC. The coldest months (March-July) coincide with the first peak of rainy season. The observed pattern of temperature regime is influenced by the movement of the Inter-tropical Convergence Zone (ITCZ), wind direction and distance from the sea. The ITCZ is responsible for the double temperature peak often experienced over the study area. The highest annual temperature is obtained between March and April, while the second highest temperature peak occurs between November and December.

The pattern of rainfall distribution is in consonance with the pattern of temperature regime. Rainfall is typically double maxima with the first peak occurring between June and July, while the second peak occurs between September and October annually. The average monthly rainfall is about 159.92mm, with a high percentage of this rain falling between the months of April and October. The moist tropical maritime air mass and the dry tropical continental air mass are the two dominant air masses affecting the distribution of rainfall in Lagos State. Rainfall within the facility is typically convectional in nature.

Soil and Vegetation

Preliminary studies reveal vestiges of swamp vegetation within the undeveloped land area of the National Theatre complex. The observed vegetation consist mostly of secondary freshwater swamps, re-growth and re-generation in disturbed parts. It is clear that vegetation would be more luxuriant in the rainy season than in the dry season, given the fact that rainy season conditions are usually more conducive for plant growth than the dry season. However, even during the dry season, the vegetation presents appears relatively vibrant, given the freshwater swamp nature and the lagoon around the entire eastern flank. It is expected that a detailed list of vegetation species in the area would be documented during the course of a detailed ESIA.

Aquatic Biome & Terrestrial Ecology

Preliminary appraisal of the aquatic biome and general biogeography was carried out using the visual observation of animal species. Birds, crabs, snakes, toads, frogs, fisheries, rodents and other species were observed. These observations were augmented with literature survey from relevant research works carried out within the area.

Animal and wildlife resources may be taxonomically identified during the ESIA phase. Wherever possible, pictures of the wildlife, their parts, footprints, nesting sites, and faecal droppings, feathers, etc. would be taken as evidence of their presence.

Having recognised the demand of environmental requirements, we have resolved to coordinate the process that will ensure that a monitoring program is designed to detect potential impacts on aquatic biome and terrestrial ecology that may arise during the construction phase. The monitoring program would be based on a BACI design with sampling undertaken at impact and control locations prior to the commencement of development. The monitoring would focus on key aquatic biome indicators such as habitat condition, aquatic macro-invertebrates, water quality and fish diversity. Similarly, the monitoring program would also be developed to assess key terrestrial ecological indicators such as species richness and abundance and frog/reptile count.

To further guide the process of identification and screening of impacts using the matrix, environmental impact indicators or indices were established for each of the environmental interaction categories. These impact indicators are the observable or measurable parameters of each environmental component that can be directly or indirectly linked to changes in environmental conditions..

Table 8: Environmental, Social and Health components

Components	Impact Indicators
Soil	Changes to physical and chemical properties and soil ecology
Surface and Groundwater	Contamination and changes in water quality (physico-chemical properties, hydrocarbon and metal contents and hydrobiology), habitat quality (geomorphology), abundance and diversity
Hydrobiology and Fisheries	Changes in water quality and fisheries productivity
Air	Emissions of NOx, SOx, PM, CO, VOCs, greenhouse gases (CO2, CH4 and N2O), Ozone (tropospheric) and changes to background concentrations of pollutants
Vibration and Noise	Change in noise or vibration levels at sensitive receptors
Aesthetics	Physical presence of facilities, increased night time light.
Sediments	River/watershed morphology, physical and chemical properties, benthic organisms
Population	Changes in population indices, total population, gender ratio, age distribution infrastructure
Infrastructure	Improvement or pressure on existing urban/rural infrastructure, including waste handling facilities
Macro and micro economy	Change in macro and micro economy, employment and standard of living occupation
Transport	Alternation in means of transportation or ability to move efficiently
Pollution related health effects	Increased concentration of air pollutant of concern (NOx, SOx, VOCs, CO &PM), contamination of surface and portable ground water with its associated diseases. Increased vibration and noise beyond regulatory limits and increased night time light beyond acceptable limits
Accidents/fires/explosions	Change to rate of occurrence and severity of accidents/fires/explosions

For this preliminary impact assessment, a tabular checklist (table 12) was developed from the information sourced on the nature of the project to highlight the major activities and key concerns in the project location.

Table 9: Impact Screening Matrix

Project Phase	Activity	Biophysical Aspects							Socioeconomic Aspects					Health	
		Soil & topography	Geophysical	Hydrology	Air quality Noise and vibration	Ground water quality	Vegetation	wildlife	Land use	Population	economy	Transport /traffic	Facilities and infrastructure	Health	Safety and security
Preconstruction& Construction	Mobilization										+				
	Base camp														
	ground excavation and Backfilling														
	construction														
	Operation of construction machines														
	handling of paints, thinners and fueling														
	Vehicular Traffic Flow														

Project Phase	Activity	Biophysical Aspects							Socioeconomic Aspects					Health	
		Soil & topography	Geophysical	Hydrology	Air quality Noise and vibration	Ground water quality	Vegetation	wildlife	Land use	Population	economy	Transport /traffic	Facilities and infrastructure	Health	Safety and security
	Construction Wastes Management.														
	Accidents- fire, vehicular, falls, trips														
	Sexual laxity disruption														
Operation/ Maintenance	Operation of electricity generating sets and other equipment														
	Transportation of humans														
	Solid Wastes														

Project Phase	Activity	Biophysical Aspects							Socioeconomic Aspects					Health	
		Soil & topography	Geophysical	Hydrology	Air quality Noise and vibration	Ground water quality	Vegetation	wildlife	Land use	Population	economy	Transport /traffic	Facilities and infrastructure	Health	Safety and security
	Management.														
	Effluent Laden with high BOD5, COD, TSS & Oil and grease.														
	Accidents- fire, vehicular, falls, trips														
	Excessive water demand														
	Excessive load on the national grid														
Decommissioning	Facility Abandonment.														

Key:			
	Minor Negative Impact		Positive impact
	Major Negative Impact		No Impact

Table 10: Checklist of Associated and Potential Impacts

Project Phase	Project Activity	Environmental Component	Potential/ Associated Impacts
Site preparation	Site survey; soil testing, Mobilisation and Base camp	Vegetation, soil	Vegetation removal exposes soil to weather conditions
		Air Quality, traffic, Aesthetics	Dust from vehicular movement leading to high suspended particulates in the atmosphere Noise emissions emanating from heavy duty vehicles and workers activities and resultant hearing impairment on workers Increased Vehicular traffic in and around project area. Increased waste generation constituting aesthetic nuisance and sewage nuisance
Construction	Construction	Air Quality	Dust emissions from ground excavation leading to high suspended particulates in the air. Emission of CO and greenhouse gases.
		Noise and Vibration	Noise emissions generated by construction activities and resultant hearing impairment on site workers.
		Water Quality (Ground water)	Improper storage and handling of paints, thinners and fuel and oil would inevitably result in spillage during equipment refuelling
		Erosion	Exposed soil in the affected areas could be vulnerable to

Project Phase	Project Activity	Environmental Component	Potential/ Associated Impacts
			erosion during storm.
		Transportation	Disturbance to Traffic Flow by Heavy Duty Trucks conveying construction materials to site.
		Safety.	Accidents, vehicular, slips, fall, trips, etc. Hearing impairment due to exposure to noise of heavy machineries Improper storage and handling of hazardous materials (e.g. paints, thinner, solvents, lubricants, fuels, etc.), onsite, are potential health hazards for construction workers.
		Waste Management	Wastes constitute aesthetic issues for the, project area. Accumulated wastes could lead to contamination of soil/ groundwater. Breeding grounds for vectors and rodents.
		Sewage	Faecal/ aesthetic issues for the project area. Spillage of septic liquor
		Social economics	Sexual laxity Local inflation as workers employed from other parts of the country have more money to spend
Operation	Facility operation	Air Quality	Fugitive emissions from tanks used to store petroleum products

Project Phase	Project Activity	Environmental Component	Potential/ Associated Impacts
			Combustion emissions from exhausts from machines e.g. pumps, power generating sets and truck. Burning
		Noise and vibration	Noise emissions generated by machines and resultant hearing impairment on site workers.
		Fires and explosions	Mechanical or electrical failure, Accidental ruptures of tanks, Leakages petroleum products Operators carelessness and Static electricity or lightening discharges Sabotage or terrorist attacks
		Traffic	Disturbance to traffic flow as people come and leave the establishment.
		Effluent	Effluent Laden with high BOD5, COD, TSS and Oil and grease.
		Office Waste	Solid waste constituting aesthetic nuisance Sewage Nuisance
		Health and Safety.	Hearing impairment due to exposure to noise of heavy machineries Accidents- vehicular, falls, trips Hearing impairment due to exposure to noise of heavy machineries Improper storage and

Project Phase	Project Activity	Environmental Component	Potential/ Associated Impacts
			handling of Hazardous materials (e.g. paints, thinner, solvents, lubricants, fuels, etc.) are potential health hazards to workers. Lack of/inadequate or inappropriate/wrong usage of PPE Trapping of workers in elevators when a power outage occurs
		Water supply and usage	Excessive water demand
		Socio economics	Sexual laxity disruption income
		Power	Extra load on the power grid
Decommissioning	Decommissioning	Land use, soil, waste, workers	Facility Abandonment.

Environmental and Social Impact Key Next Steps

Going forward, we have identified the need to develop a Trigger Action Response Plans (TARPs) which relate to identifying, assessing and responding to environmental and socio-economic impacts (including impacts greater than predicted). The TARPs would be designed to provide consistency across all areas proposed for development and would be continuously evolving to include additional knowledge gained from through the construction phase of the projects.

It should be noted that the Principal TARPs represent actions to be taken upon reaching each defined trigger level. Corrective Management Action (CMA) will be developed in consultation with stakeholders in order to manage an observed impact in accordance with relevant approvals. The CMA programme should provide a basis for the design and implementation of any mitigation and remediation.

Monitoring of environmental aspects would also provide key data when determining any requirement for mitigation or rehabilitation. The triggers would be based on comparison of baseline and impact monitoring results. Specific triggers will continue to develop as the impact monitoring phase matures. Refinement of triggers will be in consultation with key stakeholders. Refined triggers will be proposed, where required, within End of Monitoring and Evaluation Reports.

We expect the Concessionaire will develop full ESIA before the commencement of construction which will include:

- Scope of the study;
- Consider any relevant aspect from projects' plans;
- Analysis of trends;
- Assessment of any impacts against prediction;
- Root cause analysis of any change or impact;
- Options for management and mitigation;
- Assessment for the need for contingent measures;
- Any recommended changes to plans; and
- Appropriate consultation.

LEGAL DUE DILIGENCE AND CONTRACT STRUCTURE

Legal Due-Diligence and Contract Structure

The legal due diligence report prepared during the first FBC was reviewed. The review is intended to provide interested parties (either as project partners, financiers, vendors, general public etc) with further information with legal implication. This revalidated FBC has identified the following as updated outcome of legal due diligence:

- Letter from the Ag General Manager, National Theatre to Messrs Topwide Apeas to confirm the need for FBC revalidation; letter dated 23/01/2017;
- Lease agreement between National Theatre and Nigerian Breweries Limited dated 1st September 2011. This lease agreement has expired without any option of renewal. This is a good consideration or the Project.
- Lease Agreement between National Theatre and CCECC Nigeria Limited dated 26th January 2010. This lease agreement has expired without any option of renewal. This is a good consideration or the Project
- Writ of Summons, Statement of Claim, Witness Statement on Oath, List of witnesses to be called, list of documents to be relied on, motion interlocutory injunction in matter between the Incorporated Trustees of Truck Terminal Users Association Tin Can Island V. The National Theatre & 6 Others; Enrolment Order dated 10th December 2012 striking out the National Theatre as a Party.
- Letter from the Federal Ministry of Works, Housing and Urban Development to the Truck Terminal Users Association dated 15th April 2010. These truck Terminal Users have since relocated from the land

This Report is intended to draw attention to those issues (legal, commercial and Nigerian Law related) which, in carrying out the review, considered to be material in the context of the Project. This Report includes a brief of the information reviewed and an executive summary identifying the key issues which should be taken into consideration in structuring the Project.

The legal due diligence report is made based on key assumptions:

- copies of the Documents are true and complete copies of the originals and that the originals are authentic and complete;
- all signatures appearing on the Documents are authentic;
- the parties to the Documents had the requisite power to enter into those agreements and perform their obligations under the Documents;
- the documents have been executed correctly and are legally enforceable in accordance with the laws of the relevant jurisdiction;

- each document is in full force and effect and except where expressly brought to our attention, and has not been terminated or amended and no party to the Documents has breached or threatened to breach any of the terms of the Documents;
- the Authority and the Transaction Adviser have provided Information which were accurate, complete and not misleading when supplied and continues to be so;

Work Scope

This Legal Due Diligence Report contains highlights of potential legal issues relating to the Project as well as a review of relevant laws and regulations that may impact the Project.

The review is limited to the following areas of specific concern:

- **Legal & Regulatory Framework:** This relates to the Authority's capacity to contract; the procurement process; and environmental impact issues. The Authority is a body established under the National Theatre and National Troupe of Nigeria Board Act with the capacity to enter into agreements for the purpose of the Project (subject to the approval or directive of its supervising Board) in accordance with Nigerian Law.

- **Construction Designs and Planning Approvals:** This deals with the approvals required for the project design and other planning requirements. Based on our findings, it is a requirement to obtain certain permits relating to the development of the Facilities most especially an authorization from the Lagos State Urban and Regional Planning Board.

- **Risk Matrix:** Highlights the potential risks incidental to the Project, specifically those the parties to the Project should be effectively captured in the Concession Agreement.

The Design, Finance, Build, Operate, Transfer structure

The agreed project structure is a PPP transaction structure, wherein the Private Party receives a concession from the private or public sector to finance, design, construct, and operate a facility. In a DFBOT, the Private Party makes investments and operates the Facility for a fixed period of time (the Concession Period) after which the ownership reverts back to the Authority "Hand back". Following the transfer, the Authority then assumes the responsibility for the continued maintenance and operation of the Facilities.

The Private Party's revenue in a DFBOT project is received from fees paid by users of the Facilities during the Concession Period for example, fees for car parking, the hotel rates, advertisement on project land etc. The term of the Concession Period would be determined (by the Financial Advisers of the Authority and the Private party) on the basis of projected end user charges so as to provide the Private Party the opportunity to recover its investment expenses in the Project

Benefits of the DFBOT arrangement

- Funding: The key driver behind this model is the complete utilisation of private finance.
- Risk allocation: Due to the fact that it is a total transfer of design, construction and operational obligation from the Authority to the Private sector, the private sector bears a significant share of the risks involved.
- Efficiency: It allows for an accelerated construction programme as it is not subject to the bureaucratic obstacles often found within public entities.

Possible Drawbacks of the DFBOT arrangement

- Contract management and performance monitoring requirement: This is necessary to ensure that minimum standard of care of construction is met and statutory requirements are complied with. It will most likely require the recruitment of specialists, which is an additional expense that has to be factored in.
- Change in Operators: In the event of an operator being found unsatisfactory in the discharge of its duties, there will be a need to replace them. The financial costs incurred as well as the delay for finding a replacement, negotiating and re-entering contractual agreements will be high.

Key Considerations for the Project

Legal and Regulatory Framework

This is a diagnostic checklist on the legal viability of the Project with respect to the following:

- Capacity to contract: The Authority is set up by virtue of the National Theatre and National Troupe of Nigeria Board Act which provides for the establishment of a body to be known as the National Theatre and National Troupe of Nigeria Board "the Board" under whose general supervision is established a National Theatre.

  The Act further provides for the appointment of a general manager of the National Theatre who shall be responsible for the execution of the policies of the Board relating to the National Theatre and day to day running of the affairs of the Authority. Therefore the General Manager would be able to enter into agreements in respect to the Project upon an approval or directive by the Board.

- Capacity to enter PPP arrangement: The ICRC Act provides that any Federal Government Ministry, Agency, Corporation or body involved in the financing, construction, operation or maintenance of infrastructure may enter into a contract with or grant concession to any duly pre-qualified project proponent in the private sector for the financing, construction, operation or maintenance of any infrastructure that is financially viable. By virtue of the foregoing, the Authority being a Federal Government body may validly enter into a contractual arrangement with a Private Party for the development of each facility.

Procurement process

The laws and regulations below outline the procedure for procurement of infrastructure projects in line with the public private partnership principles:

Infrastructure Concession Regulatory Commission Act:

The ICRC Act provides for the participation of the private sector in financing the construction, development operation or maintenance of infrastructure or development of new projects of the federal government through concession or contractual arrangements and establishes the Infrastructure Concession Regulatory Commission. The Authority in this instance in compliance with procurement processes as laid out in the ICRC Act shall be required to:

- Submit such projects to the Federal Executive Council for approval prior to entering into any concession or contractual arrangement. The implication of this is that the outline business case for the Facilities to be procured will have to be approved by the FEC.
- Upon approval from the FEC, invite open competitive public bids for the project by publishing in at least three National newspapers having wide circulation and any other means.
- award the Project to the bidder who submits the most technically and economically comprehensive bid

It is important to note that where a consortium participates in a bid, there shall be proof that all its members shall be bound jointly and severally under the contract and the withdrawal of any member from the consortium before or during the implementation of the Project may be a ground for review or possible cancellation of the contract.

Public Procurement Act

The Public Procurement Act 'PPA' applies to all procurement of goods, works and services carried out by the Federal Government of Nigeria and all its procurement entities. Being a government Parastatal, the Authority must comply with certain provisions of the PPA in procuring a Private Sector Partner for the project. The PPA establishes the Bureau of Public

Procurement which issues Certificates of No Objection (which is subject to the monetary and prior review thresholds laid down by the BPP) for contract awards.

The PPA also mandates that all public procurements be done by open, competitive bidding, in a manner, which is transparent, timely and equitable. Other key applicable requirements in the PPA with respect to the requirement of an open, competitive bidding in any procurement process are:

- The bidder must possess the necessary professional and technical qualification, as well as financial capability;
- The procuring entity must plan its procurement by preparing needs assessment and evaluation; carry out appropriate market and statistical surveys and prepare analysis for cost implication and integrate its procurement into its yearly expenditure;
- Procuring entity must further:

All the above mentioned have been complied with in the course of the procurement exercise

Environmental Impact Assessment

The Environmental Impact Assessment Act1mandates that an Environmental Impact Assessment be carried out at the inception of all public or private sector driven projects, which are likely to have significant impact on the environment and which fall under the mandatory activities list2. It further provides that there is no exemption for projects undertaken by the Federal, State or Local government, their agencies or other third parties authorized by them3. Upon completion of an environmental assessment of a project, the Nigerian Environment Standard and Regulatory Agency (NESREA) the federal body charged with the protection and development of the environment, biodiversity conservation, and sustainable development of Nigeria's natural resources as well as environmental technology, issues a certificate permitting the Project to be undertaken.

The Project falls within the Mandatory activities list and therefore requires certification by NESREA. This approval may be granted with or without conditions. Where the order is granted with conditions, they must be fulfilled before the project commences.

[3] Section 13, EIA Act

Equator Principles, 2006

The Equator Principles are a set of voluntary guidelines for assessing and managing social and environmental risks in project financing. It was first initiated in 2002 by a group of International Banks and the World Bank's International Financing Corporation and has now been adopted by the Central Bank of Nigeria as proper banking practice. An Equator Principle Financing Institution is one that has adopted the Principles and will not provide loans to projects which are not are developed in a manner that is socially responsible and reflective sound environmental management practices.

It is advised that the project be undertaken in a manner that complies with the Equator Principles so as to increase the chances of private sector participants securing financing.

Required Approvals

The table below which is now updated outlines the various ministries, departments and agencies of Government, which have regulatory powers over the Project as well as the permits and approval to be procured at the various stages of the project:

S/N	AGENCY	ENABLING LEGISLATION	REGULATORY FUNCTION	PERMIT REQUIRED
1.	Federal Executive Council	ICRC Act	▪ Approves the project agreement ▪ Ensures efficient execution of any concession agreement entered into by the Government	Federal Executive Council Approval (for Project)
2.	Infrastructure Concession Regulatory Commission	ICRC Act	ICRC takes custody of the concession agreement and monitors compliance with the terms and conditions of such.	Written Approval of the Final Business Case.
3.	Fiscal Responsibility Commission	Fiscal Responsibility Act	The Commission ensures that monies to be expended on projects are included in the medium-term expenditure framework to be approved by the National Assembly.	Not Applicable
4.	National Environmental Standards and Regulations Enforcement Agency	National Environmental Standards and Regulations Enforcement Agency Act	Has the power to enforce laws, guidelines, policies and standards on environmental matters. Grants EIA certifications	EIA Certification Such other environmental related permits deemed necessary by the agency the review of the Project EIA.
5.	Lagos State Urban and Regional Planning Board	Lagos State Urban and Regional Planning Board Law	Grants approval for development designs.	Development Permit

S/N	AGENCY	ENABLING LEGISLATION	REGULATORY FUNCTION	PERMIT REQUIRED
6.	Urban and Regional Planning Commission	Nigerian Urban and Regional Planning Act	Grants approvals of development designs.	Development Permit
7.	National Inland Waterway Authority (NIWA)	National Inland Waterway Authority Act	Has the power to grant permits and licenses for sand dredging.	Permits and licenses for sand dredging activities.
8.	Nigerian Tourism Development Corporation (NTDC) NTDC Hotel Inspectorate Division[4] (NTDC-HID)	▪ The Nigerian Tourism Development Corporation Act ▪ Hospitality and Tourism Establishments (Registration, Grading and Classification) Regulations	Promotes, develops and encourages the provision and improvement of tourism amenities and facilities. Encourages the development of hotels and their ancillary facilities necessary to promote tourism. NTDC-HID: responsible for registering, classifying, grading and monitoring Hotels and other Hospitality businesses in Nigeria.	Issues an NTDC certificate of registration *(this occurs post construction and commencement of business operations)*
9.	Lagos State Hotel Licensing Law Authority	Lagos State Hotel Licensing Law	Issues license for the operating and running of a hotel.	License for the operation of Hotels within Lagos State.

Table 11: Legal Approvals

Risk Matrix

Below is a broad overview as to the immediate potential risks of the Project, which parties should be apprised of while developing the Project. This Risk Matrix is an on-going evaluation of the entire project from conception all the way to completion, with occasional updates to reflect the stage(s) of the Project. These risks, majority of which were earlier identified, are still relevant and valid for the purpose of this revalidated FBC.

S/N	Risk	Description	Allocation of Risk	Mitigation
1.	Project Land risks	Dispute of the Authority's title to the land. Lack of a right of access to the Private Party	The Authority	The Authority is to ensure its title to the land is legal. The Authority will indemnify the Private Party from any claims, litigation etc which may arise concerning the Project Land. The Authority will indemnify the Private Party for any loss occasioned as a result of a defective title to land. The Authority will further ensure free and unrestricted access to the Project Land.
2.	Completion Risk	Possibility that the completion of the Works required for the Project may be delayed or not completed at all for whatever reason	Private Party	Private Party should be required in the Agreement to procure a Performance Bond to ensure that each lot of the project is completed by the agreed timeline. Where there are any events which delay the project through no fault of the Private Party, such as Protester/ Squatter risk, there should be provisions in

S/N	Risk	Description	Allocation of Risk	Mitigation
				the Concession Agreement with the Private Party for an extension of the completion date as compensation. Provisions on performance monitoring should be included in the Agreement with the Private Party as a Service Level Agreement.
3.	Cost Overrun Risks	The possibility that during the design and construction phase, the actual Project costs for each Facility will exceed budgeted Project costs.	The Private Party	The contract with the Private Party should include the provision of a contingency reserve by the Private Party
4.	Environmental risk	Possibility of liability for losses caused by environmental damage arising from construction or operating activities during the Project term	The Authority/Private Party	An environmental as well as social impact assessment of the Project Land should be undertaken by the Authority and the Private Party
5.	Stakeholder Management	The eviction of various groups currently located within the Project land and ensuing protests The community in general who are averse to the idea of private ownership of a public landmark.	The Authority	In developing the project master plan the Authority may include a provision of an alternative settlement for artisans evicted for the Project purposes. The Authority will need to ensure that public support for the Project is acquired; this would require liaising with all stakeholders including those currently being evicted. The Authority will also

S/N	Risk	Description	Allocation of Risk	Mitigation
				have to ensure that delays caused by the activities of such groups during the Project are classified as compensation events for which the Private Party will not be penalised for any delay in completion or in the alternative compensating the Private Party for loss of revenue caused by such delays.
6.	Regulatory risks	Delays in obtaining relevant approvals and consents necessary for project implementation.	The Private Party, with support from the Authority	An obligation on the Authority to provide reasonable support on a best endeavor basis for obtaining required approvals.
7.	Political risk	Political opposition to project. Any legal or regulatory changes which many adversely affect the Concessionaire	The Authority	Section 11 of the ICRC Act provides that "no agreement reached in respect of this Act shall be arbitrarily suspended, stopped, cancelled or changed except in accordance with the provisions of the ICRC Act. This will be covered in a force majeure provision under the contractual arrangement for the Project, assigning liability for political risks to the Authority while acts of God will be shared between the parties
8.	Demand risk	Possibility that demand for services generated by the Project may be lower	The Private Party	The Financial Model provided by the Private Party is required to

S/N	Risk	Description	Allocation of Risk	Mitigation
		than projections in the finance model.		prepare for all eventualities. In the event that the project fails to generate the projected revenue from customer demand (different from intermittent revenue shortfalls), the Federal Ministry of Tourism may provide supportive funding
9.	Planning and approval permits	Delays in obtaining relevant approvals and consents necessary for project implementation.	Private Party	An obligation on the Authority to provide reasonable support on a best endeavor basis for obtaining required approvals.
10.	Force Majeure	Possibilities that unexpected events occur that are beyond the control of the parties and adversely affect the completion of the Project.	Authority/ Private Party	It is best practice for Acts of God to be shared between the parties whilst Political and Indirect Political Risks are allocated to Government.
11.	Interest Rate	Where the Lenders interest rate increases to a proportion that jeopardizes the Project.	Private Party	The Agreement with the Private Party should provide specifically that the Developer would have no right of recourse in the event that interest rates increase.
12.	Insolvency Risks	Possibility that the Private Party becomes insolvent or goes into liquidation.	Authority/ Private Party	The Authority should have the right to terminate the agreement entered into with the Private Party upon the bankruptcy or insolvency of the Private Party. The Private Party should also provide

S/N	Risk	Description	Allocation of Risk	Mitigation
				warranties regarding its solvency in the agreement entered into with the Authority
13.	Foreign Exchange Rate Risks	Possibility that foreign exchange rate fluctuations will adversely impact envisaged costs of imported inputs required for construction, operations of Project or foreign loan repayments.	Private Party	There should a clause clearly allocating this risk in the Agreement to the Private Party

Table 12: Risks Matrix Table

Contract Monitoring

Messrs Topwide Apeas Consortium, who is expected to retain the monitoring risk, would be required to monitor the contract execution. A dedicated technical expert within the delivery team will carry-out the project monitoring using key performance criteria linked to the specification. The majority of the data for this monitoring will be derived by the contractors to enable the monitoring team reviews and audits results on a regular basis. The execution monitoring team has instituted by the management of National Theatre will be actively involved in providing an oversight responsibility and quality assurance during the execution phase.

PROJECT TEAM AND GOVERNANCE

Project Team

At the inception of the Project, a steering committee comprising key stakeholders was set up to provide programme management assistance. The objective is to facilitate full buy-in of all relevant stakeholders towards successful delivery of the transaction. The committee members include:

- Lagos State Government officials - from PPP units of the State, State ministry of works as well as Urban and Physical Planning and Environment;
- Federal Ministry of Works;
- Federal Ministry of Lands, Housing and Urban Development;
- Federal Ministry of Environment;
- Office of Surveyor General of the Federation;
- Infrastructure Concession and Regulatory Commission.

The project delivery team also work with seasoned professionals from relevant disciplines from the concept development stage to bidding stage. These professionals include:

- Legal Advisers: responsible for preparation of legal due diligence report, drafting of the concession Agreement and other necessary contracts as well as supporting BGL Plc during procurement process;
- Land Surveyor: responsible for assessing and developing the current state of the National Theatre land as well as the reviewing and advising the topological properties;
- Quantity and Estate Surveyor: responsible for assessing and developing the preliminary project cost estimation to support the baseline architectural designs;
- Architect: responsible for developing baseline architectural design for each facility to guide prospective bidders during procurement process;
- Environmental and Social Impact Assessment Expert: responsible for assessing and developing scoping study on the environmental and social impact. This is intended to guide prospective bidders during procurement process;
- Media Consultant: responsible for identifying and implementing a suitable communication plan for the management of stakeholders during the procurement process.

Governance Structure

The overall governance structure adopted during the procurement has not changed for the purpose of this revalidated FBC. This is depicted in the schematic below:

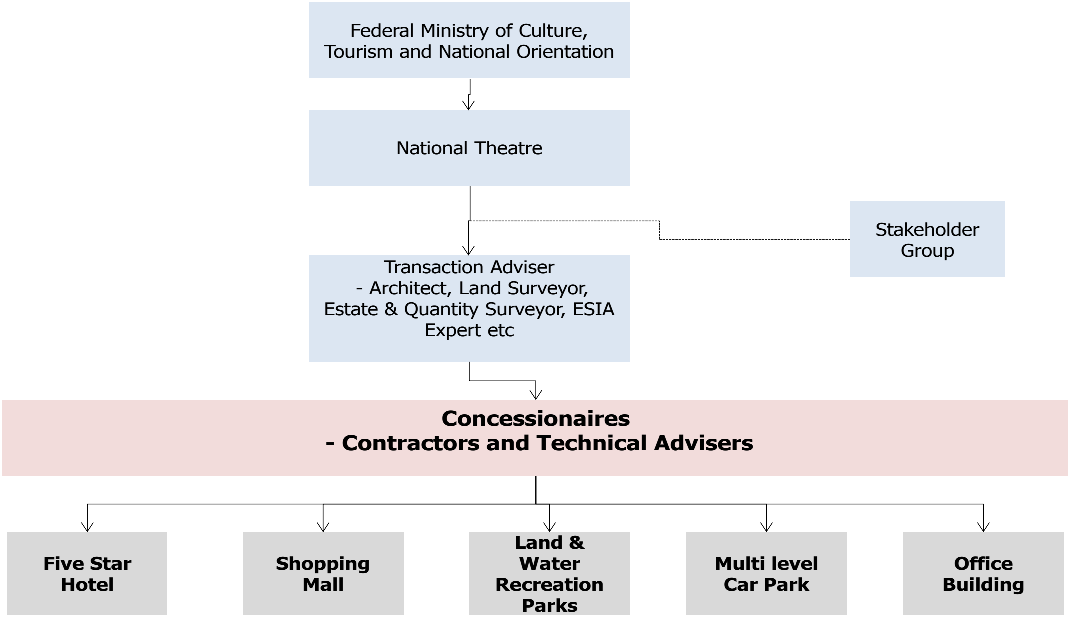


Figure 9: Governance Structure

THE REVISED MASTER PLAN

The National Theatre facility area is defined by the approximate triangle created by Western Avenue, Ijora Causeway and Apapa Road, and measures approximately 134 Hectares in size while the National Theatre main bowl is sitting approximately 10 Hectares. The approximately 124 Hectares remaining is available for development into world class recreational and entertainment facilities. However, for clear delineation of the concession arrangement, a total of 51 hectares has been earmarked for development and backed-up with a survey plan.

The Revised Master Plan Description

The revised Master Plan consists of a new Cultural & Entertainment district, a Business and Resort Hotel, an Office Development, an international Shopping Centre, a Waterpark, and several large usable Green Zones. All uses are meant to be complimentary to the existing Theatre's complex.

In addition to the new uses suggested above, the main feature of the Master Plan is a new water feature in the form of an undulating navigable River at the heart of the overall development. Along this new River, pedestrians stroll or float past numerous venues for Cultural Events, Street Retail, and Entertainment. The River continues to organize the Business Hotel and all the Office Blocks.

Figure 10: Aerial View of the Redesigned Master Plan

The site is extremely well served by the existing road network and a new public transportation hub. The new elevated Monorail line being constructed by the Lagos State Government bisects the site from east to west, stopping near the National Theatre to bring thousands of visitors to the immediate area. A divided boulevard bisects the site from north to south, connects with the surrounding road network, providing access to all parcels within the Master Plan.

The Shopping Mall is placed directly adjacent to the Monorail Station in order to take advantage of the thousands of visitors that will arrive by public transportation. Next to the Mall is the Waterpark which has great synergy with the offer of the Mall and is a great draw for family entertainment to the overall site.

The site has tremendous open space for use by the visiting public. In addition to the lengthy River, two substantial Green Zones are created to form a buffer between the elevated Highway along the east and the rest of the development. One Green Zone includes a Great Lawn for outdoor events such as concerts and festivals while the other Green Zone is devoted primarily to Sports Fields and outdoor physical activity.

Parking throughout the site is primarily on grade, serving individual parcels and uses as necessary. Structured parking adjacent to the Monorail Station provides spaces that may be shared by Park & Ride participants and Shopping Mall visitors. Primary parking for the Shopping Mall is found along its southern façade

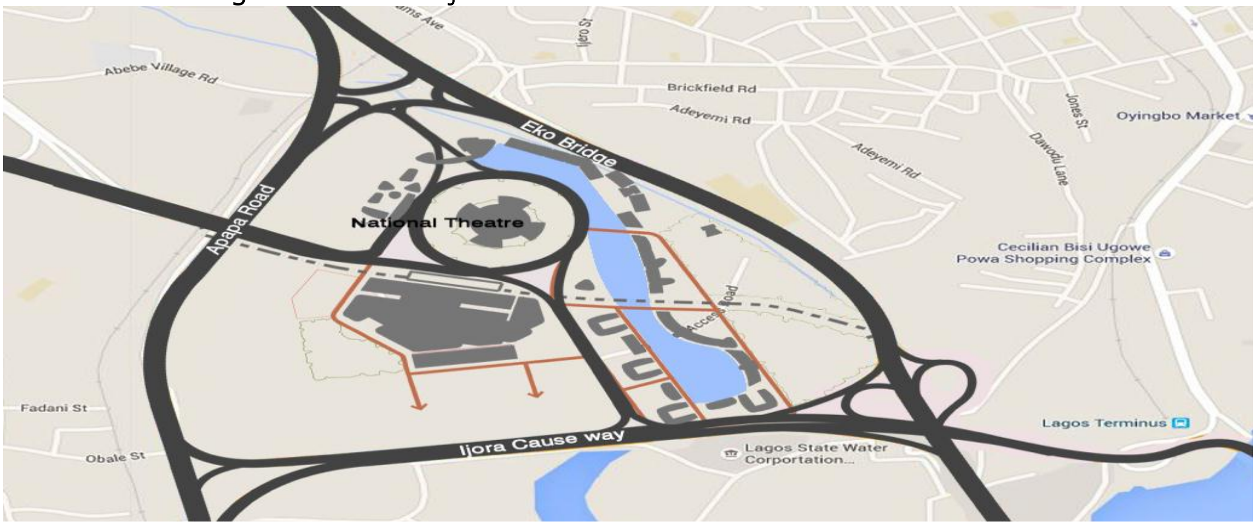
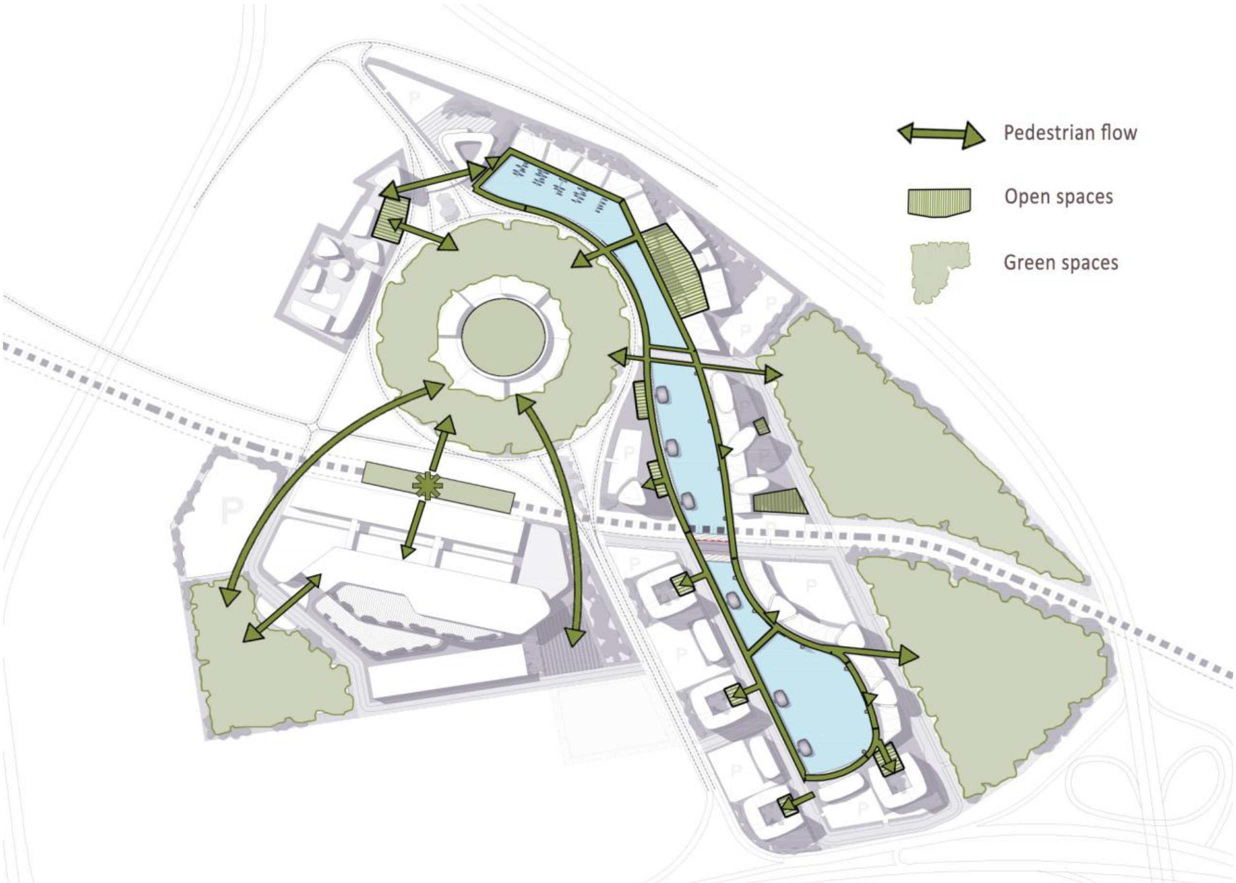


Figure 11: National Theatre Site Plan

Vehicular Traffic Diagram

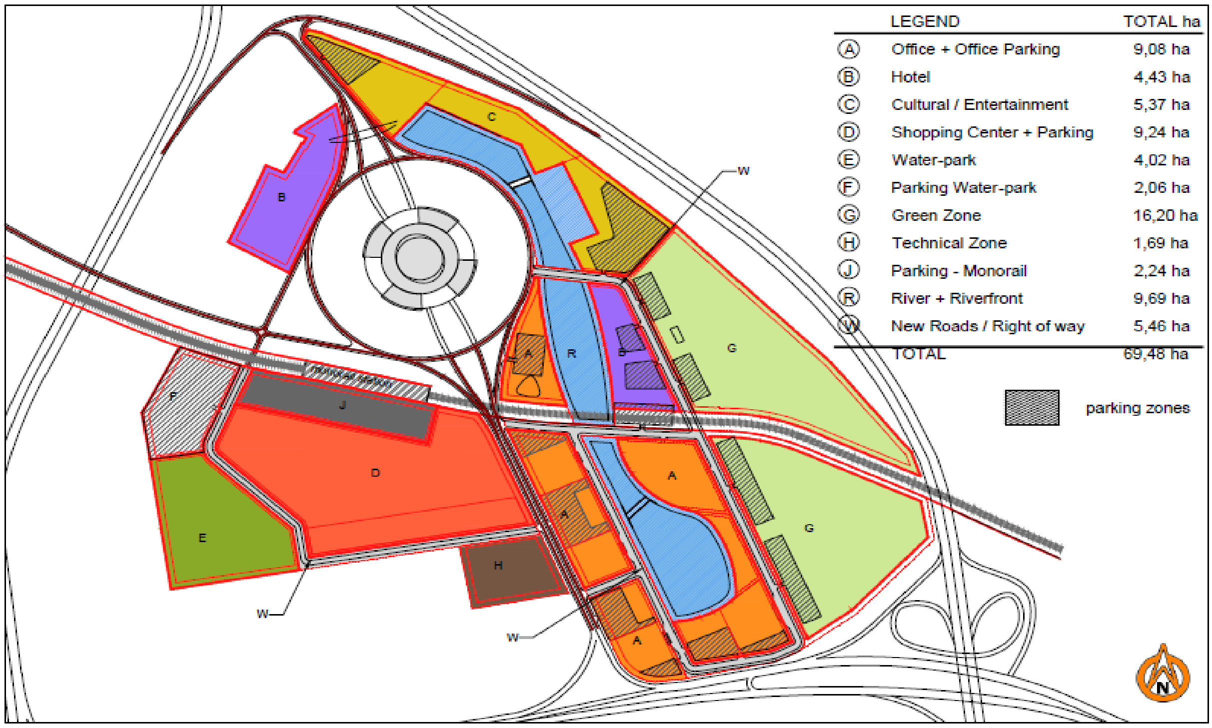
Figure 12: Vehicular Traffic Diagram



Pedestrian Flow Diagram

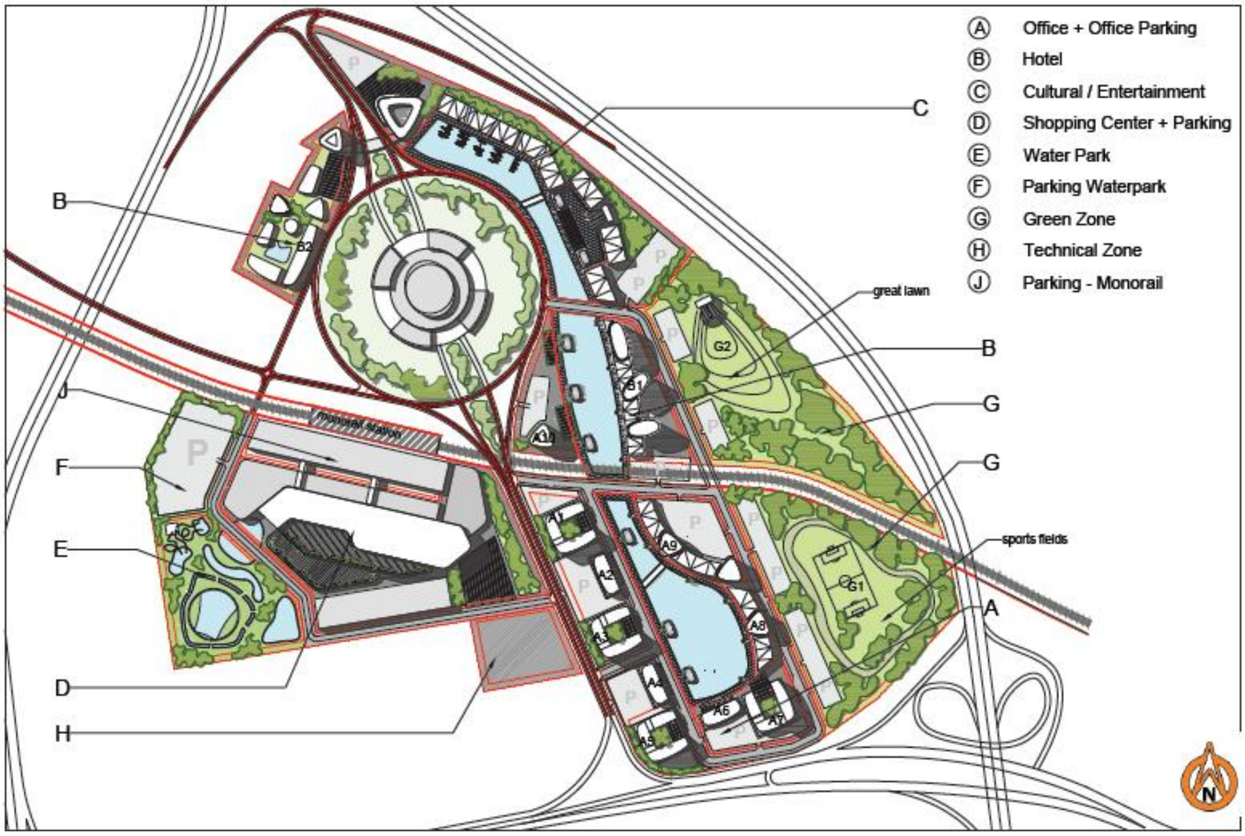
Figure 13: Pedestrian Flow Diagram

Aerial View from the South



Land Use Plan

Figure 14: Land Use Plan



Site Plan

Figure 15: Detailed Site Plan

Key revised Master plans for the complementary facilities are presented below:

Office Development

Aerial View of the Office Development

Office Arena

Figure 16: Office Development

Five (5) Star Hotel

The Master Plan recommends a two hundred (200) room five (5) star hotel

Aerial View of the 5 star Hotel

Figure 17: Five Star Hotel

Cultural Arcade

Aerial View of the Cultural Arcade Centre

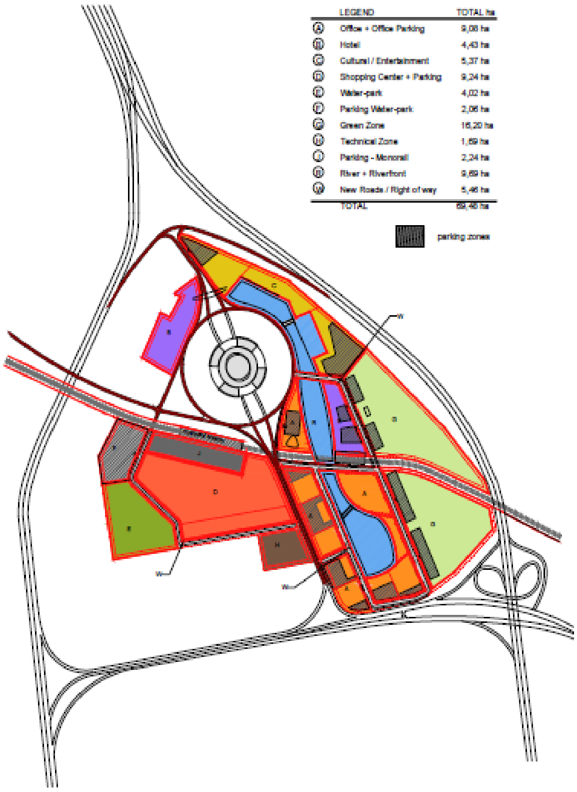
Figure 18: Cultural Arcade and Entertainment Centre

Street View of the Cultural Arcade and Entertainment Centre

Figure 19: Street View of the Cultural Arcade

International Shopping Mall

Figure 20: International Shopping Mall



Ⓐ	Office + Office Parking	9,08 ha	
A1	Office	24 000 m²	200 cars
A2	Office	3 000 m²	25 cars
A3	Office	24 000 m²	200 cars
A4	Office	3 000 m²	25 cars
A5	Office	24 000 m²	200 cars
A6	Office	3 000 m²	25 cars
A7	Office	24 000 m²	200 cars
A8	Office	6 000 m²	50 cars
A9	Office	6 000 m²	50 cars
A10	Office	12 000 m²	100 cars
	TOTAL	129 000 m²	1 075 cars
Ⓑ	HOTELS	4,43 ha	
B1	Hotel	100 rooms + 50 extended stay appartments	
B2	Resort Hotel	350 rooms	
	TOTAL	500 rooms	
Ⓒ	CULTURAL / ENTERTAINMENT	5,37 ha	
	Cultural venues / Street retail/ Entertainment	10 000 m² GBA	400 cars
Ⓓ	SHOPPING CENTER + PARKING	9,24 ha	
	Shopping Center	100 000 m² GBA	3 000 cars
Ⓔ	WATER - PARK + PARKING	4,02 ha	
		33 000 m² GBA	700 cars
Ⓙ	PARKING MONORAIL 2,2 ha		
		85 000 m² GBA	2 500 cars

Area Tabulation

Future State of Lagos State Monorail Project

Lagos State monorail

The idea of developing a Monorail System was conceived by the former governor of the Lagos State, Asiwaju Bola Ahmed Tinubu in his search for a solution to the traffic problems of Lagos State. The Rail project is being implemented through the Lagos Metropolitan Transport Authority and is billed to deliver seven lines crisscrossing the State upon completion.

The Blue and Red lines both terminated at the Marina have already left the drawing board with construction work on the first phase of the blue line (National Theatre to Mile two) at advanced stage. Governor Akinwumi Ambode is working assiduously to ensure the Rail project is ready for commissioning before the end of second quarter, 2017

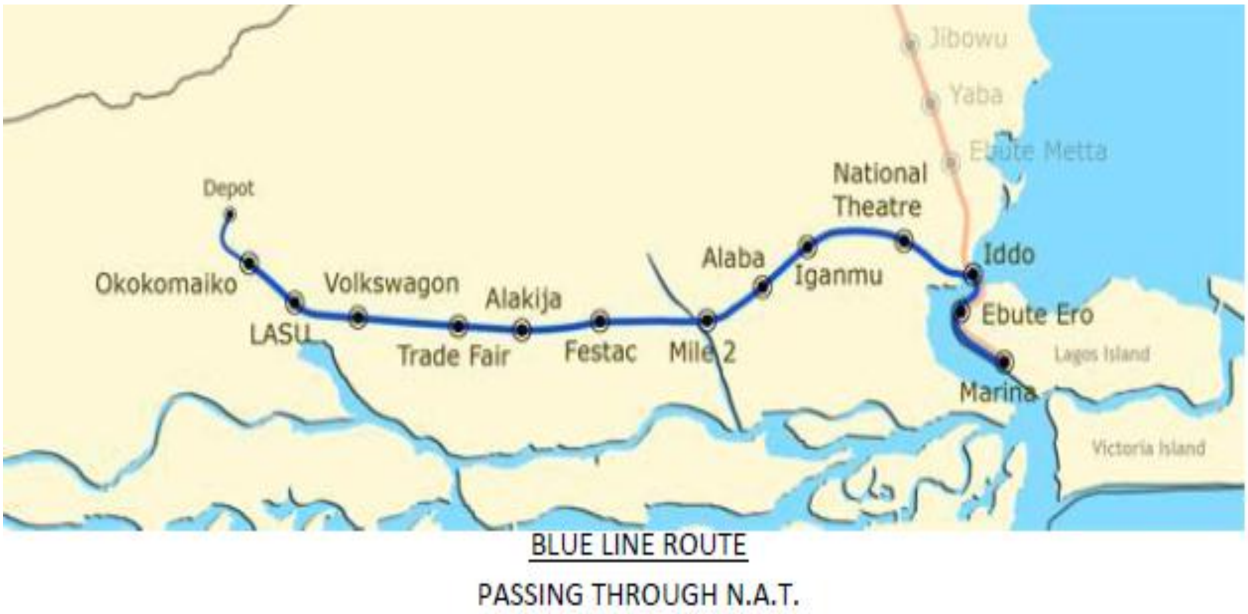


Figure 21: Lagos State Monorail Blue Line

The presence of a terminal station (one of the thirteen planned stations for the Blue Line) within the National Theatre facility area, which has reached about 85% completed, supported the dynamics of the Project. The implications of having a Light Rail Terminal intercepting the National Theatre facility include:

- The flow of traffic within the National Theatre will considerably increase.
- The increase in human traffic will create a business hub within the National Theatre.

Figure 22: on-going Monorail Terminal Construction

Future State of Facility Management

The provision of facilities is critical to the success of the development as infrastructure ties the development together. The current utilities found on the Project Land will require a form of overhauling so as to meet the increased capacity created by the Facilities.

The revised Master Plan and indeed this revalidated FBC provide for a centralized facility management service to serve the National Theatre. In considering the post development strategies for managing the utilities, the Concessionaire is expected to deliver the facility management role with a world class facility manager

FINANCIAL AND ECONOMIC VIABILITY APPRAISAL

Financial and Economic Viability Summary

In order to assess and test the financial and economic viability of the proposed development a der, a number of key assumptions have been built into the financial model as submitted by the preferred bidder. The financial model earlier agreed has been slightly adjusted along the following updates:

- Slight increase in the initial capital investment from N68 billion to N85 billion; about 25% increase as a result of general market price increase
- Adjustment to the occupancy rate from an average of 85% to an average of 60%. This is expected to crease a relatively reduction in the projected revenue
- Average general market price increase of an average of 30%. The implication of this is that certain cost elements like cost of sales and operating expenses are slightly adjusted upward to take care of the price variation between the last period when FBC was prepared and now when there is need for revalidation

The table below highlights the key financial and economic indicators adopted for the revalidated FBC:

Variables	Inputs
DATES	
Pre-development Phase (period)	24 months
Pre-development Year	2017 - 2018
Construction Phase	36 months
Construction Year	2018 - 2021
Concession Period	42 years
Concession/Operation Year	2021 - 2062
EXCHANGE RATE	
Exchange rate to dollar	430
Exchange rate annual depreciation	3.5%
FINANCING	

Variables	Inputs
Inflation (N)	18.7%
Inflation ($)	3%
Tax Rates	30%
Debt Burden	70%
Equity Ratio	30%
WACC (Average)	20.0%
Moratorium on Interest payment (Years)	4
Debt Tenure (Years)	20
Loan Management and Arrangement Fee (%)	0.50
Loan Interest Payment Start Date	2021
Loan End Date	January 2041
Renovation Cost	
National Theatre and Cinema Hall	4,123,276,156
Cost of Fund	20%
Repayment Tenor	10 years
Concession Payment	
Construction Cost	85,164,882,081
Signature Bonus	2% of the estimated construction fee (N1,703,297,642)
Annual Concession Fee Schedule	
Year 1	1.7%
Year 2 – 3	2.0%
Year 4 - 10	2.50%
Year 11	3%
Year 12 – 16	4%
Year 17 – 20	6%

Variables	Inputs
Year 21 – 38	11%
Year 39 – 42	6%

Table 13: Financial and Economic Viability Summary

1 . General information

	Project title	TOPWIDE APEAS_FINANC
	Model version	161215
	Date and time last saved	16/12/2015 04:38
	Date and time last printed	
	Date and time file created	03/11/2015 08:00

2 . Model timeline

FINANCIAL CLOSE PERIOD	Start date	01-Jan-16
	Number of months per period	18
	Close Date	01-Jun-17
CONSTRUCTION PERIOD	Model start date	01-Jan-18
	Number of months per period	12
	Start of forecast periods	01-Jan-18

3 . Other controls

3.1 Yes / No options for drop down lists

Yes	
No	

3.2 On / off options for sensitivity options

On	
Off	

3.3 Sensitivity cases

Best	
Expected	
Worst	

Project Timeline Assumptions	Unit of measurement	
Project starts	Date	01-Jan-21
Project ends	Date	31-Dec-50
Project time horizon	Years	30
Construction starts	Date	1-Jan-18
Construction ends	Date	31-Dec-20
Construction time horizon	Years	3
Business operations start	Date	1-Jan-19
Business operation time horizon	Years	32
Months in year	Months	12
Quarters in a Year	Quarters	4
Weeks in year	Weeks	52
Days in year	Days	365
Number of working days in a month	Days	25
Number of months in a quarter	Months	3
Number of days in a quarter	Days	90
Commercial Days for Interest Calculation	Days	360
Period per Year	Period	1
Hours in a Day	Hours	24
Hours In a Year	Hours	8,760
Operating Hours in a Year	Hours	8,760
Operating Hours in a Quarter	Hours	2,190
Corporate tax rate	%	32%

Economic Indicators	**Unit of measurement**										
USD Inflation	%	3%		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
NGN Inflation	%	18.70%		18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%
Population	millions	177	3M annual growth	177	180	183	186	189	192	195	198
Exchange Rate	N/$	430		430	430	430	430	430	430	430	430
GDP growth rate	%	7%		7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Cost of capital assumptions	**Unit of measurement**										
Risk free rate	%	12%									
Beta	%	1.21									
Market risk premium	%	6.8%									
Ke	%	20.1%									
Cost of debt (Interest rate)	%	17.0%									
After tax Kd	%	12%									
WACC		**14%**									
General project assumptions	**Unit of measurement**										
Annual base fee for the project promoter	%	Graduated rates					1.70%	2%	2%	2.50%	2.50%
Total estimated gross built area	hectare	6.95									
Estimated cosntruction cost	billion	12.985	1,000,000,000								
Bid Security fees	%			2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expected debt to equity :	**Unit of measurement**										
Debt	%	70%									
Equity	%	30%									
Debt/Equity disbursement											
Year 1	%	40%									
Year 2	%	30%									
Year 3	%	30%									
Percentage of project completion											
Year 1	%	40%									
Year 2	%	70%									
Year 3	%	100%									
Maintenance capex	% of revenue	5%									
Concession fee	%	See above									
Dividend pay out ratio	%	10%									
Hotel	**Unit of measurement**										
Gross built area	sqm	40.43									
Project cost	**Unit of measurement**										
Civil Works	N'm										
Amount		3,314									
Finishing Works	N'm										
Amount		820									
Services	N'm										
Amount		2,000									
Infrastructure Cost	N'm										
Amount		2,985									
Contigencies	N'm										
Amount		500									
Preliminary	N'm										
Amount		750									
Other Facility	N'm										
Amount		2,116									
VAT	N'm										
Lower		500									

Expected debt to equity :	Unit of measurement	
Debt	%	70%
Equity	%	30%
Debt/Equity disbursement		
Year 1	%	40%
Year 2	%	30%
Year 3	%	30%
Percentage of project completion		
Year 1	%	40%
Year 2	%	70%
Year 3	%	100%
Maintenance capex	% of revenue	5%
Concession fee	%	See above
Dividend pay out ratio	%	10%
Hotel	**Unit of measurement**	
Gross built area	sqm	40.43

Finance cost assumptions	Unit of measurement	
Principal	Naira	9,090
Tranches	Drwawdown	3
Tenor(year)	Years	15
Moratorium only on principal	Years	4
Interest on loan	Annual	17%

Working capital	Unit of measurement
Account receivables	% of total revenue
Account payables	% of cost of food and beverage

Topwide Apeas_Financial Model_Consolidated_161215

Consolidated -P&L

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CONSTRUCTION PHASE	3	2	1																														
OPERATING PHASE				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Period reference	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33
Period type	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Start of period	01-Jan-18	01-Jan-19	01-Jan-20	01-Jan-21	01-Jan-22	01-Jan-23	01-Jan-24	01-Jan-25	01-Jan-26	01-Jan-27	01-Jan-28	01-Jan-29	01-Jan-30	01-Jan-31	01-Jan-32	01-Jan-33	01-Jan-34	01-Jan-35	01-Jan-36	01-Jan-37	01-Jan-38	01-Jan-39	01-Jan-40	01-Jan-41	01-Jan-42	01-Jan-43	01-Jan-44	01-Jan-45	01-Jan-46	01-Jan-47	01-Jan-48	01-Jan-49	01-Jan-50
End of period	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30	31-Dec-31	31-Dec-32	31-Dec-33	31-Dec-34	31-Dec-35	31-Dec-36	31-Dec-37	31-Dec-38	31-Dec-39	31-Dec-40	31-Dec-41	31-Dec-42	31-Dec-43	31-Dec-44	31-Dec-45	31-Dec-46	31-Dec-47	31-Dec-48	31-Dec-49	31-Dec-50
Statement of Comprehensive Income (N'm)																																	
Revenue																																	
Muti-Level	-	-	-	7,651	7,651	7,651	7,651	7,651	7,651	7,651	7,651	7,651	7,651	8,501	8,501	8,501	8,462	8,462	8,462	8,462	8,462	8,462	8,462	9,308	9,308	9,308	9,437	9,437	9,437	9,437	9,437	9,437	9,437
Facility Management	-	-	-	5,516	5,516	5,516	5,516	5,516	6,068	6,068	6,068	6,068	6,068	6,675	6,675	6,675	6,675	6,675	7,342	7,747	7,747	7,747	7,747	8,448	8,448	8,448	8,448	8,448	9,219	9,219	9,219	9,219	9,219
Hotel	-	-	-	2,849	2,849	3,769	3,769	4,146	4,146	5,059	5,059	5,564	5,564	5,564	5,564	6,121	6,121	6,121	6,121	7,268	7,268	7,268	7,268	7,995	7,995	7,995	7,995	8,794	8,794	8,794	8,794	9,674	9,674
Land and Water Park	-	-	-	4,158	4,158	4,532	4,532	4,532	5,385	5,305	5,305	5,783	5,783	6,274	6,808	6,808	6,808	7,386	8,014	8,014	8,695	8,695	8,695	10,521	10,521	10,521	11,574	11,574	12,731	14,004	14,004	14,004	15,404
Office building	-	-	-	11,616	11,616	11,616	11,616	11,616	11,616	11,616	12,662	12,662	12,662	12,662	12,662	12,662	12,662	12,662	12,662	12,662	13,738	13,738	13,738	13,738	13,738	13,738	13,738	13,738	13,738	13,738	13,738	13,738	13,738
Shopping mall	-	-	-	14,250	14,250	14,250	14,250	15,105	15,105	15,105	15,105	15,105	16,011	15,169	15,169	15,169	15,169	16,079	16,079	16,079	16,079	16,079	17,043	17,990	17,990	17,990	17,990	19,070	19,070	19,070	19,070	19,070	20,214
Cultural Avenue/Entertainment Arcade	-	-	-	3,072	3,072	3,360	3,360	3,360	4,066	4,066	4,066	4,450	4,450	4,920	5,008	5,008	5,008	5,105	5,646	5,646	5,444	5,444	5,444	6,025	6,025	6,025	6,025	6,025	6,672	6,672	6,672	6,672	6,672
Consolidated Revenue	-	-	-	49,113	49,113	50,695	50,695	51,927	54,037	54,870	55,915	57,282	58,189	59,764	60,386	60,942	60,903	62,489	64,325	65,876	67,432	67,432	68,397	74,024	74,024	74,024	75,205	77,084	79,669	80,932	80,932	81,812	84,356
Direct cost																																	
Muti-Level	-	-	-	(1,913)	(1,913)	(1,913)	(1,913)	(1,913)	(1,913)	(1,913)	(1,913)	(1,913)	(1,913)	(2,125)	(2,125)	(2,125)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,327)	(2,327)	(2,327)	(2,359)	(2,359)	(2,359)	(2,359)	(2,359)	(2,359)	(2,359)
Facility Management	-	-	-	(1,820)	(1,820)	(1,820)	(1,820)	(1,820)	(2,002)	(2,002)	(2,002)	(2,002)	(2,002)	(2,203)	(2,203)	(2,203)	(2,203)	(2,203)	(2,423)	(2,556)	(2,556)	(2,556)	(2,556)	(2,788)	(2,788)	(2,788)	(2,788)	(2,788)	(3,042)	(3,042)	(3,042)	(3,042)	(3,042)
Hotel	-	-	-	(930)	(930)	(1,230)	(1,230)	(1,353)	(1,353)	(1,651)	(1,651)	(1,816)	(1,816)	(1,816)	(1,816)	(1,998)	(1,998)	(1,998)	(1,998)	(2,372)	(2,372)	(2,372)	(2,372)	(2,610)	(2,610)	(2,610)	(2,610)	(2,871)	(2,871)	(2,871)	(2,871)	(3,158)	(3,158)
Land and Water Park	-	-	-	(666)	(666)	(726)	(726)	(726)	(940)	(927)	(927)	(1,010)	(1,010)	(1,189)	(1,290)	(1,290)	(1,290)	(1,400)	(1,648)	(1,648)	(1,788)	(1,788)	(1,788)	(2,379)	(2,379)	(2,379)	(2,617)	(2,617)	(3,167)	(3,484)	(3,484)	(3,484)	(3,832)
Office building	-	-	-	(4,298)	(4,298)	(4,298)	(4,298)	(4,298)	(4,298)	(4,298)	(4,685)	(4,685)	(4,685)	(4,685)	(4,685)	(4,685)	(4,685)	(4,685)	(4,685)	(4,685)	(5,083)	(5,083)	(5,083)	(5,083)	(5,083)	(5,083)	(5,083)	(5,083)	(5,083)	(5,083)	(5,083)	(5,083)	(5,083)
Shopping mall	-	-	-	(4,275)	(4,275)	(4,275)	(4,275)	(4,532)	(4,532)	(4,532)	(4,532)	(4,532)	(4,803)	(4,551)	(4,551)	(4,551)	(4,551)	(4,824)	(4,824)	(4,824)	(4,824)	(4,824)	(5,113)	(5,397)	(5,397)	(5,397)	(5,397)	(5,721)	(5,721)	(5,721)	(5,721)	(5,721)	(6,064)
Cultural Avenue/Entertainment Arcade	-	-	-	(499)	(499)	(546)	(546)	(546)	(727)	(727)	(727)	(796)	(796)	(967)	(985)	(985)	(985)	(1,004)	(1,221)	(1,221)	(1,177)	(1,177)	(1,177)	(1,433)	(1,433)	(1,433)	(1,433)	(1,433)	(1,746)	(1,746)	(1,746)	(1,746)	(1,746)
Consolidated Direct Cost	-	-	-	(14,402)	(14,402)	(14,809)	(14,809)	(15,188)	(15,765)	(16,049)	(16,436)	(16,753)	(17,025)	(17,536)	(17,654)	(17,836)	(17,826)	(18,228)	(18,914)	(19,421)	(19,916)	(19,916)	(20,205)	(22,017)	(22,017)	(22,017)	(22,287)	(22,872)	(23,998)	(24,306)	(24,306)	(24,593)	(25,284)
Consolidated Gross profit	-	-	-	34,711	34,711	35,886	35,886	36,739	38,272	38,820	39,479	40,529	41,164	42,228	42,731	43,106	43,077	44,261	45,412	46,455	47,516	47,516	48,191	52,007	52,007	52,007	52,918	54,212	55,671	56,627	56,627	57,219	59,072
Operating expenses																																	
Muti-Level	-	-	-	(249)	(249)	(249)	(249)	(249)	(249)	(249)	(249)	(249)	(249)	(276)	(276)	(276)	(275)	(275)	(275)	(275)	(275)	(275)	(275)	(303)	(303)	(303)	(307)	(307)	(307)	(307)	(307)	(307)	(307)
Facility Management	-	-	-	(980)	(977)	(974)	(971)	(968)	(1,053)	(1,050)	(1,047)	(1,044)	(1,044)	(1,135)	(1,131)	(1,128)	(1,125)	(1,122)	(1,226)	(1,287)	(1,284)	(1,281)	(1,281)	(1,386)	(1,383)	(1,380)	(1,377)	(1,373)	(1,493)	(1,490)	(1,487)	(1,483)	(1,483)
Hotel	-	-	-	(599)	(599)	(792)	(792)	(872)	(872)	(1,063)	(1,063)	(1,169)	(1,169)	(1,169)	(1,169)	(1,286)	(1,286)	(1,286)	(1,286)	(1,527)	(1,527)	(1,527)	(1,527)	(1,680)	(1,680)	(1,680)	(1,680)	(1,848)	(1,848)	(1,848)	(1,848)	(2,033)	(2,033)
Land and Water Park	-	-	-	(1,123)	(1,123)	(1,224)	(1,224)	(1,224)	(1,585)	(1,561)	(1,561)	(1,702)	(1,702)	(2,004)	(2,174)	(2,174)	(2,174)	(2,359)	(2,777)	(2,777)	(3,013)	(3,013)	(3,013)	(4,010)	(4,010)	(4,010)	(4,411)	(4,411)	(5,337)	(5,871)	(5,871)	(5,871)	(6,458)
Office building	-	-	-	(923)	(923)	(923)	(923)	(923)	(923)	(923)	(992)	(992)	(992)	(992)	(992)	(992)	(992)	(992)	(992)	(992)	(1,062)	(1,062)	(1,062)	(1,062)	(1,062)	(1,062)	(1,062)	(1,062)	(1,062)	(1,062)	(1,062)	(1,062)	(1,062)
Shopping mall	-	-	-	(2,408)	(2,408)	(2,408)	(2,408)	(2,536)	(2,563)	(2,563)	(2,563)	(2,563)	(2,699)	(2,602)	(2,602)	(2,602)	(2,602)	(2,739)	(2,771)	(2,771)	(2,771)	(2,771)	(2,916)	(3,094)	(3,133)	(3,177)	(3,225)	(3,439)	(3,497)	(3,561)	(3,631)	(3,708)	(3,964)
Cultural Avenue/Entertainment Arcade	-	-	-	(1,599)	(1,599)	(1,740)	(1,740)	(1,740)	(2,041)	(2,041)	(2,109)	(2,223)	(2,223)	(2,509)	(2,538)	(2,611)	(2,611)	(2,643)	(3,004)	(3,004)	(3,012)	(3,012)	(3,012)	(3,437)	(3,437)	(3,523)	(3,523)	(3,523)	(4,043)	(4,043)	(4,043)	(4,043)	(4,043)
	-	-	-	(7,880)	(7,877)	(8,309)	(8,306)	(8,511)	(9,284)	(9,450)	(9,583)	(9,941)	(10,077)	(10,686)	(10,882)	(11,070)	(11,065)	(11,415)	(12,331)	(12,633)	(12,944)	(12,941)	(13,085)	(14,972)	(15,008)	(15,135)	(15,584)	(15,963)	(17,587)	(18,181)	(18,248)	(18,506)	(19,350)
Other income																																	
Muti-Level	-	-	-	153	153	153	153	153	153	153	153	153	153	170	170	170	169	169	169	169	169	169	169	186	186	186	189	189	189	189	189	189	189
Facility Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hotel	-	-	-	28	28	38	38	41	41	51	51	56	56	56	56	61	61	61	61	73	73	73	73	80	80	80	80	88	88	88	88	97	97
Land and Water Park	-	-	-	30	30	33	33	33	39	39	39	42	42	46	50	50	50	54	58	58	63	63	63	77	77	77	84	84	93	102	102	102	112
Office building	-	-	-	116	116	116	116	116	116	116	127	127	127	127	127	127	127	127	127	127	137	137	137	137	137	137	137	137	137	137	137	137	137
Shopping mall	-	-	-	143	143	143	143	151	151	151	151	151	160	152	152	152	152	161	161	161	161	161	170	180	180	180	180	191	1,355	1,355	1,355	1,355	1,436
Cultural Avenue/Entertainment Arcade	-	-	-	19	19	21	21	21	25	25	25	28	28	31	31	31	31	32	35	35	34	34	34	38	38	38	38	38	42	42	42	42	42
Consolidated Other Income	0	0	0	490	490	503	503	516	526	535	545	556	565	581	585	591	590	604	612	623	638	638	647	698	698	698	708	727	1,904	1,913	1,913	1,922	2,013
EBITDA	0	0	0	27,321	27,324	28,081	28,084	28,744	29,514	29,906	30,441	31,144	31,652	32,123	32,434	32,627	32,601	33,450	33,692	34,445	35,210	35,213	35,753	37,733	37,697	37,570	38,042	38,975	39,987	40,359	40,292	40,635	41,736
Depreciation																																	
Muti-Level	-	-	-	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)
Facility Management	-	-	-	(504)	(504)	(504)	(504)	(504)	(504)	(504)	(504)	(504)	(529)	(529)	(529)	(529)	(529)	(529)	(529)	(529)	(529)	(529)	(554)	(554)	(554)	(554)	(554)	(554)	(554)	(554)	(554)	(554)	(568)
Hotel	-	-	-	(698)	(698)	(698)	(698)	(617)	(698)	(698)	(698)	(698)	(617)	(714)	(714)	(714)	(714)	(633)	(714)	(714)	(714)	(714)	(633)	(714)	(714)	(714)	(714)	(633)	(714)	(714)	(714)	(714)	(633)
Land and Water Park	-	-	-	(453)	(453)	(453)	(453)	(453)	(453)	(453)	(453)	(453)	(453)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)
Office building	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shopping mall	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cultural Avenue/Entertainment Arcade	-	-	-	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)	(76)
Consolidated Depreciation	0	0	0	(1,955)	(1,955)	(1,955)	(1,955)	(1,873)	(1,955)	(1,955)	(1,955)	(1,955)	(1,899)	(1,650)	(1,650)	(1,650)	(1,650)	(1,569)	(1,650)	(1,650)	(1,650)	(1,650)	(1,594)	(1,675)	(1,675)	(1,675)	(1,675)	(1,594)	(1,675)	(1,675)	(1,675)	(1,675)	(1,608)
EBIT	0	0	0	25,366	25,369	26,126	26,129	26,870	27,559	27,951	28,486	29,190	29,753	30,473	30,784	30,977	30,951	31,881	32,042	32,795	33,560	33,563	34,159	36,058	36,022	35,895	36,367	37,381	38,312	38,684	38,617	38,960	40,128
Finance Cost																																	
Muti-Level	-	-	-	(618)	(618)	(562)	(506)	(450)	(393)	(337)	(281)	(225)	(169)	(112)	(56)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Facility Management	-	-	-	(1,601)	(1,601)	(1,455)	(1,310)	(1,164)	(1,019)	(873)	(728)	(582)	(437)	(291)	(146)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hotel	-	-	-	(1,545)	(1,545)	(1,405)	(1,264)	(1,124)	(983)	(843)	(702)	(562)	(421)	(281)	(140)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land and Water Park	-	-	-	(1,339)	(1,339)	(1,227)	(1,115)	(1,004)	(892)	(781)	(669)	(558)	(446)	(335)	(223)	(112)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office building	-	-	-	(1,352)	(1,352)	(1,234)	(1,115)	(997)	(878)	(759)	(641)	(522)	(404)	(285)	(167)	(48)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shopping mall	-	-	-	(2,028)	(2,028)	(1,899)	(1,715)	(1,530)	(1,346)	(1,162)	(977)	(793)	(608)	(424)	(240)	(55)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cultural Avenue/Entertainment Arcade	-	-	-	(254)	(254)	(230)	(207)	(184)	(161)	(138)	(115)	(92)	(69)	(46)	(23)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated Finance Cost	-	-	-	(8,736)	(8,736)	(8,012)	(7,232)	(6,453)	(5,673)	(4,893)	(4,114)	(3,334)	(2,554)	(1,775)	(995)	(215)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit/(Loss) before tax	0	0	0	16,630	16,633	18,114	18,897	20,418	21,886	23,058	24,373	25,856	27,199	28,698	29,790	30,762	30,951	31,881	32,042	32,795	33,560	33,563	34,159	36,058	36,022	35,895	36,367	37,381	38,312	38,684	38,617	38,960	40,128
Tax expense																																	
Muti-Level	-	-	-	(1,566)	(1,566)	(1,584)	(1,602)	(1,620)	(1,638)	(1,656)	(1,674)	(1,692)	(1,710)	(1,929)	(1,947)	(1,965)	(1,955)	(1,955)	(1,955)	(1,955)	(1,955)	(1,955)	(1,955)	(2,155)	(2,155)	(2,155)	(2,186)	(2,186)	(2,186)	(2,186)	(2,186)	(2,186)	(2,186)
Facility Management	-	-	-	(196)	(197)	(244)	(292)	(339)	(477)	(524)	(572)	(619)	(658)	(806)	(853)	(901)	(902)	(903)	(1,013)	(1,080)	(1,081)	(1,082)	(1,074)	(1,190)	(1,191)	(1,192)	(1,193)	(1,194)	(1,321)	(1,322)	(1,323)	(1,324)	(1,320)
Hotel	-	-	-	-	-	-	-	(71)	(90)	(273)	(318)	(440)	(511)	(525)	(569)	(699)	(699)	(725)	(699)	(873)	(873)	(873)	(899)	(983)	(983)	(983)	(983)	(1,130)	(1,104)	(1,104)	(1,104)	(1,237)	(1,263)
Land and Water Park	-	-	-	(195)	(195)	(299)	(335)	(371)	(497)	(519)	(555)	(673)	(709)	(829)	(950)	(986)	(1,022)	(1,114)	(1,103)	(1,103)	(1,202)	(1,202)	(1,202)	(1,283)	(1,283)	(1,283)	(1,417)	(1,417)	(1,318)	(1,456)	(1,456)	(1,456)	(1,608)
Office building	-	-	-	(2,242)	(2,242)	(2,280)	(2,318)	(2,356)	(2,393)	(2,431)	(2,705)	(2,743)	(2,781)	(2,819)	(2,857)	(2,895)	(2,910)	(2,910)	(2,910)	(2,910)	(3,153)	(3,153)	(3,153)	(3,153)	(3,153)	(3,153)	(3,153)	(3,153)	(3,153)	(3,153)	(3,153)	(3,153)	(3,153)
Shopping mall	-	-	-	(1,818)	(1,818)	(1,859)	(1,918)	(2,131)	(2,181)	(2,240)	(2,299)	(2,358)	(2,579)	(2,478)	(2,537)	(2,596)	(2,614)	(2,777)	(2,766)	(2,766)	(2,766)	(2,766)	(2,939)	(3,097)	(3,085)	(3,071)	(3,055)	(3,232)	(3,586)	(3,566)	(3,543)	(3,519)	(3,719)
Cultural Avenue/Entertainment Arcade	-	-	-	(182)	(182)	(222)	(230)	(237)	(318)	(325)	(310)	(383)	(390)	(433)	(454)	(438)	(438)	(453)	(442)	(442)	(388)	(388)	(388)	(357)	(357)	(330)	(330)	(330)	(272)	(272)	(272)	(272)	(272)
	-	-	-	(6,199)	(6,200)	(6,489)	(6,695)	(7,124)	(7,594)	(7,969)	(8,434)	(8,909)	(9,338)	(9,818)	(10,167)	(10,478)	(10,539)	(10,836)	(10,888)	(11,129)	(11,419)	(11,420)	(11,611)	(12,218)	(12,207)	(12,166)	(12,317)	(12,642)	(12,940)	(13,059)	(13,037)	(13,147)	(13,521)
Profit/(Loss) after tax	0	0	0	10,431	10,433	11,625	12,202	13,293	14,292	15,089	15,939	16,947	17,861	18,880	19,622	20,283	20,412	21,044	21,154	21,666	22,141	22,143	22,548	23,840	23,815	23,729	24,049	24,740	25,372	25,625	25,580	25,813	26,607
Annual Base Fee to Project Promoter																																	
Muti-Level	0	0	0	(130)	(153)	(153)	(191)	(191)	(191)	(191)	(191)	(191)	(191)	(255)	(340)	(340)	(338)	(338)	(338)	(508)	(508)	(508)	(508)	(1,024)	(1,024)	(1,024)	(1,038)	(1,038)	(1,038)	(566)	(566)	(566)	(566)
Facility Management	0	0	0	(94)	(110)	(110)	(138)	(138)	(152)	(152)	(152)	(152)	(152)	(133)	(200)	(267)	(267)	(267)	(294)	(310)	(465)	(465)	(465)	(507)	(929)	(929)	(929)	(929)	(1,014)	(1,014)	(553)	(553)	(553)
Hotel	0	0	0	0	0	0	0	(103)	(103)	(125)	(125)	(137)	(137)	(164)	(219)	(237)	(237)	(237)	(237)	(417)	(417)	(417)	(417)	(840)	(840)	(840)	(840)	(924)	(924)	(504)	(504)	(554)	(554)
Land and Water Park	0	0	0	(71)	(83)	(91)	(113)	(113)	(135)	(133)	(133)	(145)	(145)	(125)	(204)	(272)	(272)	(295)	(321)	(321)	(522)	(522)	(522)	(631)	(1,157)	(1,157)	(1,273)	(1,273)	(1,400)	(1,540)	(840)	(840)	(924)
Office building	0	0	0	(197)	(232)	(232)	(290)	(290)	(290)	(290)	(317)	(317)	(317)	(380)	(506)	(506)	(506)	(506)	(506)	(760)	(824)	(824)	(824)	(1,511)	(1,511)	(1,511)	(1,511)	(1,511)	(1,511)	(824)	(824)	(824)	(824)
Shopping mall	0	0	0	(242)	(285)	(285)	(356)	(378)	(378)	(378)	(378)	(378)	(400)	(303)	(455)	(607)	(607)	(643)	(643)	(643)	(965)	(965)	(1,023)	(1,079)	(1,979)	(1,979)	(1,979)	(2,098)	(2,098)	(2,098)	(1,144)	(1,144)	(1,213)
Cultural Avenue/Entertainment Arcade	0	0	0	(52)	(61)	(67)	(84)	(84)	(102)	(102)	(102)	(111)	(111)	(98)	(150)	(200)	(200)	(204)	(226)	(226)	(327)	(327)	(327)	(361)	(663)	(663)	(663)	(663)	(734)	(734)	(400)	(400)	(400)
Consolidated Annual Base Fee	0	0	0	(786)	(925)	(939)	(1,173)	(1,297)	(1,350)	(1,371)	(1,397)	(1,430)	(1,452)	(1,460)	(2,075)	(2,430)	(2,428)	(2,492)	(2,565)	(3,183)	(4,026)	(4,026)	(4,084)	(5,954)	(8,103)	(8,103)	(8,233)	(8,436)	(8,719)	(7,281)	(4,832)	(4,883)	(5,035)
Entry/Signature Bonus Fee																																	
Muti-Level	(104)	0	0	(104)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Facility Management	(269)	0	0	(269)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hotel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Land and Water Park	(225)	0	0	(225)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office building	(325)	0	0	(325)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shopping mall	(341)	0	0	(341)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cultural Avenue/Entertainment Arcade	(43)	0	0	(43)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consolidated Entry/Signature Bonus	(1,306)	0	0	(1,306)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retained Earning	(1,306)	0	0	8,339	9,508	10,686	11,029	11,996	12,942	13,718	14,542	15,518	16,408	17,421	17,547	17,853	17,984	18,552	18,589	18,483	18,114	18,116	18,464	17,886	15,712	15,626	15,816	16,304	16,653	18,345	20,747	20,930	21,572
Retained earnings b/d		(1,306)	0	0	8,339	9,508	10,686	11,029	11,996	12,942	13,718	14,542	15,518	16,409	17,421	17,548	17,854	17,984	18,553	18,589	18,483	18,115	18,117	18,464	17,886	15,712	15,626	15,817	16,304	16,654	18,345	20,748	20,931
Muti-Level	-	-	-	-	3,148	6,400	9,690	12,941	16,231	19,559	22,925	26,330	29,772	33,253	37,182	41,021	44,898	48,757	52,617	56,476	60,335	64,194	68,053	71,870	76,077	80,285	84,492	88,759	92,931	97,103	101,276	105,448	109,621
Facility Management	-	-	-	-	92	455	919	1,484	2,094	2,986	3,979	5,073	6,268	7,545	9,123	10,803	12,483	14,166	15,850	17,745	19,768	21,794	23,821	25,831	28,022	30,216	32,411	34,609	36,809	39,156	41,505	43,856	46,209
Hotel	-	-	-	-	(923)	(1,846)	(2,202)	(2,456)	(2,388)	(2,279)	(1,800)	(1,225)	(401)	573	1,576	2,591	3,862	5,133	6,458	7,729	9,329	10,928	12,528	14,147	15,915	17,684	19,452	21,220	23,181	25,087	26,993	28,899	31,044
Land and Water Park	-	-	-	-	147	519	1,110	1,777	2,474	3,423	4,420	5,493	6,808	8,198	9,835	11,718	13,574	15,507	17,615	19,679	21,743	23,993	26,244	28,495	30,799	33,103	35,408	37,956	40,505	42,669	45,063	47,458	49,852
Office building	-	-	-	-	4,764	9,527	14,372	19,296	24,302	29,388	34,555	40,303	46,133	52,043	58,033	64,105	70,256	76,441	82,626	88,810	94,995	101,696	108,397	115,098	121,799	128,500	135,200	141,901	148,602	155,303	162,004	168,705	175,406
Shopping mall	-	-	-	-	3,721	7,442	11,251	15,186	19,411	23,744	28,202	32,785	37,494	42,655	47,618	52,705	57,691	62,714	68,052	73,368	78,683	83,999	89,314	94,964	100,826	106,661	112,467	118,241	124,346	131,013	137,637	144,213	150,737
Cultural Avenue/Entertainment Arcade																																	
Consolidated Earnings b/d	-	-	-	-	10,948	22,497	35,139	48,228	62,125	76,821	92,282	108,760	126,074	144,267	163,367	182,942	202,765	222,717	243,218	263,807	284,852	306,604	328,357	350,404	373,438	396,448	419,431	442,686	466,375	490,332	514,478	538,578	562,868
Retained earnings c/d	(1,306)	0	0	8,339	9,508	10,686	11,029	11,996	12,942	13,718	14,542	15,518	16,409	17,421	17,548	17,854	17,984	18,553	18,589	18,483	18,115	18,117	18,464	17,886	15,712	15,626	15,817	16,304	16,654	18,345	20,748	20,931	21,572
Key Performance Indicators																																	
Growth in Turnover	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.1%	0.0%	0.0%	-0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	0.0%	0.0%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Operating Margin	-	-	-	453.7%	453.7%	469.1%	469.1%	480.2%	500.2%	507.4%	516.0%	529.7%	538.0%	496.8%	502.7%	507.1%	509.1%	523.1%	536.7%	549.0%	561.5%	561.5%	569.5%	558.7%	558.7%	558.7%	560.8%	574.5%	589.9%	600.1%	600.1%	606.3%	626.0%
EBITDA margin	-	-	-	6.4%	6.4%	6.6%	6.6%	6.7%	6.9%	7.0%	7.1%	7.3%	7.4%	6.8%	6.9%	6.9%	7.0%	7.1%	7.2%	7.4%	7.5%	7.5%	7.6%	7.5%	7.5%	7.5%	7.5%	7.7%	20.2%	20.3%	20.3%	20.4%	21.3%
Net margin	-	-	-	217.4%	217.4%	236.8%	247.0%	266.9%	286.1%	301.4%	318.6%	338.0%	355.5%	337.6%	350.4%	361.9%	365.8%	376.8%	378.7%	387.6%	396.6%	396.6%	403.7%	387.4%	387.0%	385.6%	385.4%	396.1%	406.0%	409.9%	409.2%	412.9%	425.2%
Opex/Income Ratio	-	-	-	31.1%	31.1%	31.8%	31.8%	31.7%	33.7%	33.8%	33.6%	34.1%	33.9%	35.1%	35.3%	35.7%	35.8%	35.8%	38.5%	38.5%	38.6%	38.6%	38.3%	41.5%	41.7%	42.2%	42.9%	42.7%	45.9%	47.0%	47.3%	47.5%	48.2%

Consolidated Financial Model - Profit & Loss Projections

Consolidated Cash flow Statement

Topwide Apeas_Financial Model_Consolidated_161215
Consolidated-Cashflow

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CONSTRUCTION PHASE	3	2	1		
OPERATING PHASE				1	2
Period reference	1	2	3	4	5
Period type	Forecast	Forecast	Forecast	Forecast	Forecast
Start of period	01-Jan-18	01-Jan-19	01-Jan-20	01-Jan-21	01-Jan-22
End of period	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22
Statement of Cashflow (N'm)					
CASHFLOW FROM OPERATING ACTIVITIES					
Profit/Loss	-	-	-	16,629.66	16,632.66
Adjustment for:					
Depreciation	-	-	-	1,954.61	1,954.61
Finance cost	-	-	-	8,736.45	8,736.45
Tax Paid	-	-	-	6,198.58	6,199.53
Cash Flow from operating activities	0	0	0	33,519	33,523
Changes in working capital:					
Inventories					
Muti-Level	-	-	-	-	-
Facility Management	-	-	-	226.70	-
Hotel	-	-	-	22.80	-
Land and Water Park	-	-	-	-	-
Office building	-	-	-	-	-
Shopping mall	-	-	-	-	-
Cultural Avenue/Entertainment Arcade	-	-	-	-	-
	-	-	-	249.50	-
Trade & other receivables					
Muti-Level	-	-	-	(306)	-
Facility Management	0.00	0.00	0.00	-453.40	0.00
Hotel	0.00	0.00	0.00	-113.98	0.00
Land and Water Park	0.00	0.00	0.00	-341.77	0.00
Office building	0.00	0.00	0.00	-954.75	0.00
Shopping mall	0.00	0.00	0.00	-2,850.00	0.00
Cultural Avenue/Entertainment Arcade	0.00	0.00	0.00	-252.48	0.00
	0.00	0.00	0.00	-5,272.41	0.00
Trade payable					
Muti-Level	0	0	0	38	38
Facility Management				149.62	0.00
Hotel	0	0	0	18.60	0.00
Land and Water Park	0	0	0	341.77	0.00
Office building	0	0	0	0.00	0.00
Shopping mall	0	0	0	-4,259.11	0.00
Cultural Avenue/Entertainment Arcade	0	0	0	252.48	0.00
	0	0	0	(3,458)	38
Interest payable					
Muti-Level	247	185	185	(618)	-
Facility Management	640.30	1,115.19	1,590.09	-3,345.58	0.00
Hotel	618.10	1,081.68	1,545.25	-649.01	-649.01
Land and Water Park	0.00	0	0	-1,338.57	0.00
Office building	772.63	1,352.10	1,352.10	-3,476.82	0.00
Shopping mall	0.00	0.00	0.00	0.00	0.00
Cultural Avenue/Entertainment Arcade	101.41	76.06	76.06	-253.52	0.00
	2,380	3,810	4,749	(9,682)	(649)
Net cash flow from operating activities	2,380	3,810	4,749	20,379	32,912
CASHFLOW FROM INVESTING ACTIVITIES					
Capital Working in progres					
Muti-Level	(2,325)	(1,991)	(2,176)	0	0
Facility Management	(6,021)	(5,151)	(5,626)	0	0
Hotel	(5,812)	(4,977)	(5,441)	0	0
Land and Water Park	(4,499)	(3,375)	(3,375)	0	0
Office building	(7,265)	(1,352)	(1,352)	0	0
Shopping mall	0	0	0	(11,076)	0
Cultural Avenue/Entertainment Arcade	0	0	0	0	0
	(25,923)	(16,846)	(17,969)	(11,076)	0
Building					
Muti-Level	0	0	0	0	0
Facility Management	0	0	0	0	0
Hotel	0	0	0	0	0
Land and Water Park	0	0	0	0	0
Office building	-	-	-	-	-
Shopping mall	-	-	-	(11,076)	-
Cultural Avenue/Entertainment Arcade	0	0	0	0	0
	-	-	-	(11,076)	-
Motor vehicle					
Muti-Level	-	-	-	-	-
Facility Management	0.00	-5,150.72	-5,625.61	503.92	0.00
Hotel	-	-	-	-	-
Land and Water Park	-	-	-	-	-
Office building	-	-	-	-	-
Shopping mall	-	-	-	-	-
Cultural Avenue/Entertainment Arcade	-	-	-	-	-
	0.00	-5,150.72	-5,625.61	503.92	0.00
Furniture & fittings]					
Muti-Level	0	0	0	0	0
Facility Management	0	0	0	0	0
Hotel	0	0	0	0	0
Land and Water Park	0	0	0	0	0
Office building	0	0	0	0	0
Shopping mall	0	0	0	0	0
Cultural Avenue/Entertainment Arcade	0	0	0	0	0
	0	0	0	0	0
Plant and equipment/power					
Muti-Level	-	-	-	-	-
Facility Management	-	-	-	-	-
Hotel	-	-	-	-	-
Land and Water Park	-	-	-	-	-
Office building	-	-	-	-	-
Shopping mall	-	-	-	-	-
Cultural Avenue/Entertainment Arcade	-	-	-	-	-
	-	-	-	-	-
Office equipment					
Muti-Level	-	-	-	-	-
Facility Management	0.00	0.00	0.00	-226.70	0.00
Hotel					
Land and Water Park	-	-	-	-	-
Office building	-	-	-	-	-
Shopping mall	-	-	-	-	-
Cultural Avenue/Entertainment Arcade	-	-	-	-	-
	0.00	0.00	0.00	-226.70	0.00
Net Cash Flow from Investing Activities	-25,922.83	-16,845.56	-17,969.46	-11,076.41	0.00
CASHFLOW FROM FINANCING ACTIVITIES					
Equity					
Muti-Level	0	0	0	0	0
Facility Management	1,614	1,211	1,211	0	0
Hotel	0	0	0	0	0
Land and Water Park	1,350	1,012	1,012	0	0
Office building	1,948	1,461	1,461	0	0
Shopping mall	2,045	1,534	1,534	0	0
Cultural Avenue/Entertainment Arcade	256	192	192	0	0
	7,213	5,410	5,410	0	0
Loan Disbursement					
Muti-Level	1,454	1,091	1,091	0	0
Facility Management	3,766	2,825	2,825	0	0
Hotel	3,636	2,727	2,727	0	0
Land and Water Park	3,150	2,362	2,362	0	0
Office building	4,545	3,409	3,409	0	0
Shopping mall	4,772	3,579	3,579	0	0
Cultural Avenue/Entertainment Arcade	597	447	447	0	0
	21,920	16,440	16,440	0	0
Loan Principal Repayment					
Muti-Level	0	0	0	0	(331)
Facility Management	0	0	0	0	(856)
Hotel	0	0	0	0	(826)
Land and Water Park	0	0	0	0	(656)
Office building	0	0	0	0	(981)
Shopping mall	0	0	0	0	(1,085)
Cultural Avenue/Entertainment Arcade	0	0	0	0	(136)
	-	-	-	-	(4,870)
Loan Interest Repayment					
Muti-Level	0	0	0	(618)	(618)
Facility Management	0	0	0	(1,601)	(1,601)
Hotel	0	0	0	(1,545)	(1,545)
Land and Water Park	0	0	0	(1,339)	(1,339)
Office building	0	0	0	(1,352)	(1,352)
Shopping mall	0	0	0	(2,028)	(2,028)
Cultural Avenue/Entertainment Arcade	0	0	0	(254)	(254)
	0.00	0.00	0.00	-8,736.45	-8,736.45
Annual Base Fee to Project Promoter					
Muti-Level	-	-	-	(130)	(153)
Facility Management	-	-	-	(94)	(110)
Hotel	-	-	-	-	-
Land and Water Park	-	-	-	(71)	(83)
Office building	-	-	-	(197)	(232)
Shopping mall	-	-	-	(242)	(285)
Cultural Avenue/Entertainment Arcade	-	-	-	(52)	(61)
	-	-	-	(786)	(925)
Ref Entry/Signature Bonus Fee					
Muti-Level	(104)	0	0	(104)	0
Facility Management	(269)	0	0	(269)	0
Hotel	0	0	0	0	0
Land and Water Park	(225)	0	0	(225)	0
Office building	(325)	0	0	(325)	0
Shopping mall	(341)	0	0	(341)	0
Cultural Avenue/Entertainment Arcade	(43)	0	0	(43)	0
	(1,306)	0	0	(1,306)	0
Net cashflow from financing activities	27,826	21,849	21,849	(1,306)	(0)
Net cashflow	30,206	25,660	26,598	19,073	32,912
Cash & cash equivalents @ 1st January					
Muti-Level	0	(623)	(1,338)	(2,238)	334
Facility Management	0	(269)	(5,420)	(11,045)	3,324
Hotel	0	(1,558)	(2,727)	(3,896)	(4,859)
Land and Water Park	0	0	0	0	(319)
Office building	0	0	4,869	9,739	12,313
Shopping mall	0	7,629	14,161	21,302	(2,278)
Cultural Avenue/Entertainment Arcade	0	911	1,626	2,341	2,753
	0	6,089	11,172	16,204	11,268
Cash & cash equivalents @ 31st December	30,206	31,749	37,770	35,277	44,181
Keperformance Indicators					
EBITDA	0	-	-	490	490
Debt	0	0	0	0	4,870
DSCR	-	-	-	-	0.10
DISCOUNT FACTOR	0.9209	0.7809	0.6622	0.5569	0.4656
	27,815,679,326	24,791,909,264	25,010,624,242	19,646,323,710	20,569,423,602

December, 2017

Renovation of the National Theatre Complex

Renovation Cost

National Theatre

Cinema Halls

Total Cost 4,123,276,156

1,000,000

RENOVATION COST RECOVERABILITY

SCHEDULE 10 - FINANCIAL MODEL - CONSOLIDATED

Year		Annual Repayment		Annual Base Fee	Excess Annual Bade Fee	Recommended Rate
Year 1		917,489,315		(834,916,632)	82,572,683	1.7%
Year 2		917,489,315		(982,254,861)	(64,765,546)	2.0%
Year 3		917,489,315		(1,013,901,509)	(96,412,194)	2.0%
Year 4		917,489,315		(1,267,376,886)	(349,887,571)	2.5%
Year 5		917,489,315		(1,298,174,977)	(380,685,662)	2.5%
Year 6		917,489,315		(1,350,920,717)	(433,431,402)	2.5%
Year 7		917,489,315		(1,371,740,873)	(454,251,558)	2.5%
Year 8		917,489,315		(1,397,877,098)	(480,387,783)	2.5%
Year 9		917,489,315		(1,432,055,467)	(514,566,152)	2.5%
Year 10		917,489,315	**183,497,863**	(1,454,712,967)	(353,725,789)	2.5%
		9,174,893,149				
Premium/ Margin	**2%**	**183,497,863**				
		9,358,391,012		**(12,403,931,987)**		

Loan Repayment Schedule

SCHEDULE 10 - FINANCIAL MODEL - CONSOLIDATED

Enter Values	
Loan Amount	4,123,276,156.00
Annual Interest Rate	18.00 %
Loan Period in Years	10
Number of Payments Per Year	1
Start Date of Loan	31/12/2018
Optional Extra Payments	0.00

Loan Summary	
Scheduled Payment	917,489,314.94
Scheduled Number of Payments	10
Actual Number of Payments	10
Total Early Payments	0.00
Total Interest	5,051,616,993.37

Lender Name:

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	31/12/2019	4,123,276,156.00	917,489,314.94	0.00	917,489,314.94	175,299,606.86	742,189,708.08	3,947,976,549.14	742,189,708.08
2	31/12/2020	3,947,976,549.14	917,489,314.94	-	917,489,314.94	206,853,536.09	710,635,778.85	3,741,123,013.05	1,452,825,486.93
3	31/12/2021	3,741,123,013.05	917,489,314.94	-	917,489,314.94	244,087,172.59	673,402,142.35	3,497,035,840.46	2,126,227,629.27
4	31/12/2022	3,497,035,840.46	917,489,314.94	-	917,489,314.94	288,022,863.65	629,466,451.28	3,209,012,976.81	2,755,694,080.56
5	31/12/2023	3,209,012,976.81	917,489,314.94	-	917,489,314.94	339,866,979.11	577,622,335.83	2,869,145,997.70	3,333,316,416.38
6	31/12/2024	2,869,145,997.70	917,489,314.94	-	917,489,314.94	401,043,035.35	516,446,279.59	2,468,102,962.34	3,849,762,695.97
7	31/12/2025	2,468,102,962.34	917,489,314.94	-	917,489,314.94	473,230,781.72	444,258,533.22	1,994,872,180.63	4,294,021,229.19
8	31/12/2026	1,994,872,180.63	917,489,314.94	-	917,489,314.94	558,412,322.42	359,076,992.51	1,436,459,858.20	4,653,098,221.70
9	31/12/2027	1,436,459,858.20	917,489,314.94	-	917,489,314.94	658,926,540.46	258,562,774.48	777,533,317.74	4,911,660,996.18
10	31/12/2028	777,533,317.74	917,489,314.94	-	777,533,317.74	637,577,320.55	139,955,997.19	0.00	5,051,616,993.37

Project Value Proposition
The project value propositions include:

- The project is situated in a good business location; the centre of Lagos commercial city;
- The project recognizes and would adhere to the local building regulations and agencies. So, the occupants don't have to worry about illegal development;
- The investors and/or occupants of the facilities will scale through the hurdle of sourcing and acquiring land;
- The need to access Public Private Partnerships (PPP) which addresses inherent gaps created as a result of the inadequacies of mortgage institutions to provide building infrastructure for all the people;
- Inadequate land use and site development plan has always been a problem in Lagos. This project has taken cognizance of this to serve as an encouragement to prospective investors and/or occupants;
- The project will give due consideration to the environmental and socio-economic factors within and around the site;
- The project comprises of complementary facilities conceived to facilitate interactions between all levels of social economic and cultural groups thereby diminishing social gaps;
- The building will fulfil all functional and aesthetic requirements expected of its magnitude.

In order to effectively deliver the mandate for the National Theatre complex, the procurement costs anticipated to be incurred by the Concessionaire during construction and upgrade phases will include:

- Civil Costs;
- Mechanical Costs;
- Electrical Costs;
- Structural Costs;
- Ancillary Structures (landscaping and horticulture, fence, security posts etc)
- Cost of engaging contractors and consultants;
- Contract escalation costs
- Government Costs or regulatory costs;
- Cost of Capital/ Financing;

Overview of Architectural, Structural, Mechanical and Electrical Design Considerations

Architectural

Floors shall be of high quality granite, vitrified stone floor tiles in some areas.

- Combination of glass curtain wall, sand crete block wall in some restricted areas.
- Mineral fibre acoustic ceiling materials, texcote paints in some areas.
- Reinforced concrete roof slab, roof garden on roof slab.

Structural

Pile foundation system

Reinforced concrete shear walls, reinforced concrete columns, beams and floors.

Mechanical

Facility will be serviced from the public mains.

- Individual sewage system for each facility will be provided to cater for shortages.
- Air-conditioning and other ancillary infrastructure
- Variable Refrigerant Flow system (VRF) units to be provided for air conditioning. Provisions shall be made for fire prevention, fighting and protection in the building. Also, provisions shall be made for CCTV, PABX, and so on.

The capital expenditure investment for the proposed project is presented in the table below in line with the revalidated FBC:

Facilities	Cost Mix	Construction Cost (N'000)
Five Star Hotel	15.42%	12,500,000,000
Shopping Mall	20.24%	16,406,250,000
Water Park	13.36%	10,828,110,000
Multi-Level Car Park	6.17%	5,000,000,000
Office Building	19.28%	15,625,000,000
Cultural Arcade	2.53%	2,050,781,244

Facilities	Cost Mix	Construction Cost (N'000)
Facility Management and Infrastructure	22.99%	18,631,464,681
Total	100%	**81,041,605,926**

Table 14: Construction Costs Mix

Please note that the facilities costs as presented above have taken into consideration the following factors:

- Preliminaries
- Escalation Costs
- Contingencies
- Value Added Tax

Renovation of Theatre Complex

The total estimated costs for renovating the main bow is presented below:

Main Bowl Renovation and Upgrade	
Cost Elements	N'000
Theatre Complex and Cinema Halls	4,123,276,156
Total	**4,123,276,156**

Table 15: Cost of Renovation of National Theatre Complex

OPTIMISM BIAS AND SENSITIVITY ANALYSIS

Optimism Bias

Optimism bias reflects the tendency for National Theatre to be overly optimistic in its assumptions about future benefits and to understate the capital and operating costs associated with the project. In order to redress this tendency, we have made explicit adjustments for this bias based on empirical evidence and adjusted for specifics risks criteria of the project. We have followed the assumptions supporting the earlier optimism bias Optimism bias will reduce as the project specifics are worked-up and properly defined in more detail.

The optimism biases computed during the first FBC have been review and necessary adjusted made accordingly. The table below present Optimism Bias for the purpose of this revalidated Final Business Case (FBC):

Facility	Optimism Bias
Five Star Hotel	10.50%
Shopping Mall	8.00%
Water and Recreation Park	08.00%
Cultural Arcade	20.00%
Multi-level Car Park	10.00%
Office Building	07.00%

Table 16: Optimism Bias of Facilities

This assessment reflects a considerable reduction in the level of risks attributable to the project. A major portion of these risks have more tendencies during the construction. Necessary risk management and mitigation plan are being put in place to address the overly optimistic tendencies. The detailed computations of optimism bias have been presented in the appendix.

Sensitivity Analysis

Key factors that could affect the development of the complementary facilities include; development cost, operating cost and most importantly cost of finance. Following the creation of key scenarios for cost consideration sensitivity, there is significant savings coming back to the Government for the deployment of PPP arrangement (see value for money analysis below). Some of the sensitivity factors adopted for this revalidated FBC are as follows:

- Adjusting the average occupancy rate from 85% to 60% to reflect realistic assumption for revenue
- Reviewing the cost upwards to reflect increase in inflation to 18.79% and increase in consumer price index to 230
- Adjusting the impact of exchange rate increase to an average rage induce by both the CBN official rate and parallel market rate to an average rate of N430 per US dollar

Following the reduction in the certainty leads to the need to create sensitisation to the future revenues carried under a moderate based scenario, we have established a huge increase return on investment (ROI) for the concession towards the development of the National Theatre complex. Total present value of future revenues for each facility is presented in the table below:

Facilities	Total Present Value of Future Revenue Over the 42 years Concession Period (N'million)
Five Star Hotel	18,305
Shopping Mall	99,455
Land and Water Recreation Park	16,793
Multi-Level Car Park	19,762
Cultural Arcade	18,046
Office Building	24,264
Facility Management	22,285
Total	**234,651**

Table 17: Total Present Value of Future Revenue

Following the profitability analysis carried out, we have established positive Net Present Value for the facilities under the concession arrangement. The table below presents the NPV and IRR of each facility at 20.0% Weighted Average Cost of Capital (WACC):

Facilities	IRR (%)	NPV (N' million)
Five Star Hotel	32%	**546,352**
Shopping Mall	24.7%	**55,082**
Water Recreation Park	24%	**6,771**

Facilities	IRR (%)	NPV (N' million)
Multi-Level Car Park	27%	**1,997**
Cultural Arcade	35.1%	**3,407**
Office Building	33.3%	**5,333**
Facility Management	20.3%	**105,064**

Table 18: NPVs and IRRs of Proposed Development

Post Construction Plan

The National Theatre together with its adviser will carry-out a post-project evaluation with regard to the facilities under consideration. The evaluation will examine the following:

- Were the strategic objectives set-out in the Final Business Case met?
- Were the project objectives identified in the Final Business Case met?
- Were the project outputs set in the Final Business Case delivered?
- What lessons were learned and how have they been recorded and disseminated?
- What major learning and development opportunities did the project provide, and how has this learning been disseminated?
- Has the benefit realisation plan been monitored and updated on a regular basis and have all benefits been realised or are some outcomes still to be achieved and how will this be done?
- In assessing the project delivery team and the project execution monitoring team, how have they contributed or not contributed to the overall project outcomes?
- Has detailed analysis of specific issues arisen during and after the construction phase been conducted and the key lessons adopted?

VALUE FOR MONEY ASSESSMENT AND AFFORDABILITY ANALYSIS

Introduction

The affordability of this project relates to the capacity to pay for the execution of the DBFOT contract, whether on the ability of users to pay for the services, the prospective concessionaires to repay the loans obtained or the National Theatre agency to provide necessary commitments for seamless execution. We have reappraised the expected operating and maintenance costs, together with the levels of cash flow required in delivering adequate returns for investors.

The public sector comparator assesses whether this concession arrangement offers value for money to the Government in the continuous existence of the facilities. It compares the proposed concession with the cost of undertaking the project directly on a like-for-like basis. The PSC provides an estimate of the net present cost to National Theatre if the complementary facilities were to be delivered under a traditional procurement method.

Based on the revalidated FBC, The key considerations for the PSC include:

- Costs to the Federal Government in delivering the infrastructure and services for the facilities directly;
- Cost to the Federal Government in delivering the infrastructure through borrowed funds or outsourced arrangement;
- The whole of life cost of providing services and maintaining the infrastructure to the standard prescribed under a PPP arrangement; expressed in net present cost (NPC) and risk-adjusted terms.

In accordance with the National Policy on PPP and in line with the National Theatre's commitment to transparency and accountability, we will ensure that the transfer of responsibility to the private sector is concluded following international best practices (open competitive bidding process etc). We are also committed to ensuring that guidelines, policies, and procurement of ICRC are strictly followed to ensure transaction's objective is achieved.

Using the Public Sector Comparator model, the Value for Money and Affordability Analysis reflects the following positions; all the costs below represent different percentages of total project costs.

	Public Funds	Concessionaire	Borrowed Funds
Economic & Social costs of delay	12.5%	0.00%	25%
Cost of abandonment	100.00%	10.00%	80%
Administration & Inspection	2.00%	2.00%	2.00%
Insurance	10.00%	10.00%	10%
Operating Costs	6.00%	6.00%	6.00%
Periodic Maintenance/Rehabilitation	5.00%	5.00%	5.00%
Taxes VAT/other Government Incidental Cost	5.00%	5.00%	5.00%
Cost of Finance		18%	18%

Table 19: Value For Money: Cost Consideration

Value For Money - Five Star Hotel

Cost Consideration (N'000)	Public Funds	Concessionaire	Borrowed Funds
Project Capital Cost	12,500,000	12,500,000	12,500,000
Economic & Social costs of delay	1,562,500	-	3,125,000
Development costs/ Cost of Abandonment	12,500,000	1,250,000	10,000,000
Administration & Inspection	250,000	250,000	250,000
Insurance	1,250,000	1,250,000	1,250,000
Operating Costs	750,000	750,000	750,000
Periodic Maintenance/ Rehabilitation	625,000	625,000	625,000
VAT/other Government Incidental Cost	625,000	625,000	625,000
Cost of Finance	-	2,250,000	2,250,000

Cost Consideration (N'000)	Public Funds	Concessionaire	Borrowed Funds
TOTAL	17,562,500	7,000,000	18,875,000
Value-For-Money	**-**	**10,562,500**	**(1,312,500)**

Table 20: Value For Money: Five Star Hotel

The above analysis shows that the Government stands to save over N10.5 billion in the development of five (5) star hotel if it goes with the PPP model using the DBFOT structure; compared with if it executes this project on its own or with borrowed funds.

Value-For-Money - Shopping Mall

Cost Consideration (N'000)	Public Funds	Concessionaire	Borrowed Funds
Project Capital Cost	16,406,250	16,406,250	16,406,250
Economic & Social costs of delay	2,050,781	-	4,101,563
Development costs	16,406,250	1,640,625	13,125,000
Administration & Inspection	328,125	328,125	328,125
Insurance	1,640,625	1,640,625	1,640,625
Operating Costs	984,375	984,375	984,375
Periodic Maintenance/Rehabilitation	820,313	820,313	820,313
VAT/other Government Incidental Cost	820,313	820,313	820,313
Cost of Finance	-	2,953,125	2,953,125
TOTAL	23,050,781	9,187,500	24,773,438
Value-For-Money	**-**	**13,863,281**	**(1,722,656)**

Table 21: Value For Money: Shopping Mall

The above analysis shows that the Government stands to save over N13.8 billion if it goes with the PPP model for the development of international shopping mall using the DBFOT structure; compared with if it executes this project on its own or with borrowed funds.

Value-For-Money - Water and Land Recreation Park

Cost Consideration (N'000)	Public Funds	Concessionaire	Borrowed Funds
Project Capital Cost	**10,828,110**	**10,828,110**	**10,828,110**
Economic & Social costs of delay	1,353,514	-	2,707,028
Development costs	10,828,110	1,082,811	8,662,488
Administration & Inspection	216,562	216,562	216,562
Insurance	1,082,811	1,082,811	1,082,811
Operating Costs	649,687	649,687	649,687
Periodic Maintenance/ Rehabilitation	541,406	541,406	541,406
VAT/other Government Incidental Cost	541,406	541,406	541,406
Cost of Finance	-	1,949,060	1,949,060
TOTAL	**15,213,495**	**6,063,742**	**16,350,446**
Value-For-Money	**-**	**9,149,753**	**(1,136,952)**

Table 22: Value For Money: Water and Land Recreation Park

The above analysis shows that the Government stands to save over N9.1 billion if it goes with the PPP model for the development of Water Park using the DBFOT structure; compared with if it executes this project on its own or with borrowed funds.

Value-For-Money - Multi-Level Car Park

Cost Consideration (N'000)	Public Funds	Concessionaire	Borrowed Funds
Project Capital Cost	**5,000,000**	**5,000,000**	**5,000,000**
Economic & Social costs of delay	625,000	-	1,250,000
Development costs	5,000,000	500,000	4,000,000
Administration & Inspection	100,000	100,000	100,000
Insurance	500,000	500,000	500,000
Operating Costs	300,000	300,000	300,000
Periodic Maintenance/Rehabilitation	250,000	250,000	250,000

Cost Consideration (N'000)	Public Funds	Concessionaire	Borrowed Funds
VAT/other Government Incidental Cost	250,000	250,000	250,000
Cost of Finance	-	900,000	900,000
TOTAL	7,025,000	2,800,000	7,550,000
Value-For-Money	**-**	**4,225,000**	**(525,000)**

Table 23: Value For Money: Multi-level Car Park

The above analysis shows that the Government stands to save over N4.2 billion if it goes with the PPP model for the development of multi-level car park using the DBFOT structure; compared with if it executes this project on its own or with borrowed funds.

Value-For-Money - Cultural Arcade

Cost Consideration (N'000)	Public Funds	Concessionaire	Borrowed Funds
Project Capital Cost	**2,050,781**	**2,050,781**	**2,050,781**
Economic & Social costs of delay	256,348	-	512,695
Development costs	2,050,781	205,078	1,640,625
Administration & Inspection	41,016	41,016	41,016
Insurance	205,078	205,078	205,078
Operating Costs	123,047	123,047	123,047
Periodic Maintenance/Rehabilitation	102,539	102,539	102,539
VAT/other Government Incidental Cost	102,539	102,539	102,539
Cost of Finance	-	369,141	369,141
TOTAL	**2,881,347**	**1,148,437**	**3,096,679**
Value-For-Money	**-**	**1,732,910**	**(215,332)**

Table 24: Value For Money: Cultural Arcade

The above analysis shows that the Government stands to save over N1.7 billion if it goes with the PPP model for the development of the Cultural Arcade using the DBFOT structure; compared with if it executes this project on its own or with borrowed funds.

Value-For-Money - Office Building

Cost Consideration (N'000)	Public Funds	Concessionaire	Borrowed Funds
Project Capital Cost	**15,625,000**	**15,625,000**	**15,625,000**
Economic & Social costs of delay	1,953,125	-	3,906,250
Development costs	15,625,000	1,562,500	12,500,000
Administration & Inspection	312,500	312,500	312,500
Insurance	1,562,500	1,562,500	1,562,500
Operating Costs	937,500	937,500	937,500
Periodic Maintenance/Rehabilitation	781,250	781,250	781,250
VAT/other Government Incidental Cost	781,250	781,250	781,250
Cost of Finance	-	2,812,500	2,812,500
TOTAL	**21,953,125**	**8,750,000**	**23,593,750**
Value-For-Money	**-**	**13,203,125**	**(1,640,625)**

Table 25: Value For Money: Office Building

The above analysis shows that the Government stands to save over N13.2 billion if it goes with the PPP model for the development of office building using the DBFOT structure; compared with if it executes this project on its own or with borrowed funds.

Value-For-Money – Facility Management Service

Cost Consideration (N'000)	Public Funds	Concessionaire	Borrowed Funds
Project Capital Cost	**18,631,464**	**18,631,464**	**18,631,464**
Economic & Social costs of delay	2,328,933	-	4,657,866
Development costs	18,631,464	1,863,146	14,905,171
Administration & Inspection	372,629	372,629	372,629
Insurance	1,863,146	1,863,146	1,863,146
Operating Costs	1,117,888	1,117,888	1,117,888
Periodic Maintenance/Rehabilitation	931,573	931,573	931,573

Cost Consideration (N'000)	Public Funds	Concessionaire	Borrowed Funds
VAT/other Government Incidental Cost	931,573	931,573	931,573
Cost of Finance	-	3,353,664	3,353,664
TOTAL	26,177,207	10,433,620	28,133,511
Value-For-Money	**-**	**15,743,587**	**(1,956,304)**

Table 26: Value For Money: Facility Management Services

The above analysis shows that the Government stands to save over N15.7 billion if it goes with the PPP model for the development of Facility Management Services using the DBFOT structure; compared with if it executes this project on its own or with borrowed funds.

Government Commitments in the transaction

Addressing infrastructure deficit and improving the quality of public services has been an important aspiration of the current administration and in line with change agenda. Consequently, the ICRC, as the regulatory and monitoring institution is responsible to coordinate the PPP arrangement while the Theatre management as project promoters under the supervision of the Federal Ministry of Information will focus on project preparation, structuring and execution.

The whole objective of this revalidated FBC is to re-affirm this transaction and finalise the procurement and present the transaction justification in order to obtain the Certificate of Compliance of the ICRC in readiness for FEC's presentation. It is therefore the responsibility of the project promoter to facilitate the right platform, framework, environment and atmosphere to support private sector decisions and investments. The expectation for this project is to ensure that private sector participation enhances efficiency, broaden access, and improves quality of life of the people ultimately.

STAKEHOLDER COMMUNICATION AND CHANGE MANAGEMENT

Communication and change management procedure is crucial for an efficient dispute management and stakeholder interaction during the pre-construction phase, construction phase as well as the operation phase. As regards this revalidated FBC, communication and change management procedure have not changed. Instead, it calls for more proactivity and effort to painstakingly ensure that these are carefully monitored during the pre-construction, construction, and operational phases of the transaction. A combination of electronic, media, consultations, meetings, events and publications would continue be adopted in achieving communication and change management objectives.

The preferred bidder must be to deploy effective communication programme to serve the public interest. A structured communication and consultation approach achieving risk mitigation, issue resolution, timeliness of deliverables, quality assurance and consistent results during the exercise would all be put in place on the project.

Strategy

Communication activities will involve a number of micro plans. However, the overall objectives will be targeted at:

- Raising awareness of the public on the facilities; presenting values that meet local, National and international standards;
- Projecting economic and social benefits of each facility while removing possible obstacles that can inhibit success.

Public Engagement and Enlightenment

Following the inauguration of the execution monitoring committee, series of public enlightenment and engagement sessions have been held. We have identified the urgency for this committee to commence public enlightenment in order to address probable misconceptions from the public or other pressure groups.

A number of press conferences will be organised to address misconception around the transaction. Considering the sensitivity of this communication, the honourable Minister of Information will be required to personally preside over strategic public enlightenment events and press conferences.

Management of Change

Raising the standard of culture, tourism and entertainment industry in Nigeria is a key priority for the National Theatre and this is enshrined within the sector's vision and core values. Considering the complexity and sensitivity of this PPP process and the level of communication required, a key element for consideration is the ability of National Theatre management to lead and implement a seamless change management process.

We believe that a robust change management process is critical to achieving financial close and commence construction. Accordingly, we have resolved to deploy this on the project.

The key principles identified for an effective change management process include:

- A clear vision;
- A change process which is clearly understood and well communicated;
- Open and honest consultation with all stakeholders, including the opportunity for people to voice their fears and anxieties concerning the Concession idea;
- Clear and frequent communication with key stakeholders and public interest;
- Mature trusting relationship which is flexible and responsive to changing circumstances.

Benefits Assessment and Benefits Realisation Plan

We have resolved to deploy a robust Benefits Assessment and Benefits Realisation Plan throughout the construction phase and operation phase in order to facilitate efficient project evaluation and progress re-assessment. An extract of our Benefits Assessment and Benefits Realisation Plan stated below will be monitored on a regular basis and reviewed as part of the post evaluation plan:

Benefit	Measurement	Timescale of Measurement
Retaining the use of National Theatre complex and its freehold within the period of the Concession	Continued usage of the National Theatre main bowl	Monthly
Creating a fit-for-purpose and one-stop shop entertainment City	Continued existence of all the facilities within the National Theatre complex	Quarterly

Benefit	Measurement	Timescale of Measurement
Providing a platform for car traffic management around Lagos metropolis	Car traffic within the complex	Daily
Fostering socio-cultural development within and outside Lagos metropolis	Number of entertainment and social events within the complex	Monthly
Maximising income revenue stream for National Theatre agency	Accrued monthly revenue to the National Theatre agency	Monthly
Maximising overall occupation and usage of space of the National Theatre complex	Traffic ratio – land usage and human traffic	Monthly
Promoting workflows within the National Theatre complex	Timeliness of work execution	Monthly
Promoting cost efficiency in the management of National Theatre complex	Cost of the shared facilities within the National Theatre complex	Monthly

Table 27: Benefit Assessment and Realisation Plan

CONCLUSION

Given the findings, outcomes and considerations from this revalidated FBC, the following represent key recommendations are necessary to be noted:

- Making the delivery of the designated facilities profitable and a win-win venture, a PPP procurement structure should be adopted to facilitate private sector investment in the development of the iconic master plan;
- DBFOT PPP arrangement is more profitable and convenient for the development of the complementary facilities considering the importance of deploying a holistic benefit package from concept selection to execution;
- The upgrade of the National Theatre complex would be carried out by preferred bidder while the cost of the upgrade be defrayed from the annual concession fee due to the Federal Government in line with the agreed terms and recovery cost of funds
- The construction process for the complementary facilities and the upgrade of the Theatre complex when completed will provide synergistic effects, achieve cost efficiency and reduce project delivery timelines. Factors to be taken into account prior to construction include existing legal interests on the land Operating all the facilities concurrently will provide assurance of business sustainability, business traffic opportunities, reduction in payback period, mutual co-existence, maximum socio-cultural satisfaction etc
- The Concession Agreement which represent a complementary document to this FBC will guide the terms and operation of the concession at all terms

It has been a rigorous journey to get to this milestone; transaction was initially suffered setback and delay in presentation to FEC after the receipt of the first COC. It is therefore necessary to secure the re-issuance of the COC in a good time to ensure that FEC can approve transaction before the current economic realities change and impact the transaction significantly again. We are of the highest optimistic view that this transaction when completed will deliver the best social, economic and financial returns to the Government, private sector and Nigerians at large.

APPENDIX

Minutes of Meetings during the Revalidation Exercise

Consolidated Financial Model

Five (5) Star Hotel Financial Model

International Shopping Mall Financial Model

Multi-level Car Park Financial Model

Cultural Arcade and Entertainment Centre Financial Model

Water Amusement Park Financial Model

Office Development Financial Model

Facility Management Services Financial Model

Bill of Quantities for the Renovation of the Theatre Complex

Bill of Quantities for the Renovation of the Cinema Halls

NOTES FROM THE MEETING OF THE NATIONAL THEATRE'S FALLOW LAND CONCESSION CONTRACTING AUTHORITY'S NEGOTIATION TEAM which held 9am at Nanet Suites, Abuja on February 13, 2017

ATTENDANCE

S/N	NAME	DESIGNATION
1	Michael Ohiani	Director, ICRC
2	Olusa Busari	Head, Energy and Urban infrastructure, ICRC
3	Okolo Akwu	CIO ICRC
4	Aishatu Abdullahi	POI ICRC
5	MB Baiyekusi	LA, FMIC
6	Ekwekwuo Chibuzo	Legal Transaction Legal Adviser /Lead Negotiator for FGN
7	Onwodi Emmanuel	DD (Head Transporting)
8	Tochukwu Isiwu	I.O. ICRC
9	Abiodun Alibaloye	Asst. Director PPP
10	Olateru Akinnawo	Project Dev. Specialist
11.	Chienye Obiajulu	Asst. Legal Transaction Adviser
12	Odegbaro Gladys	Deputy Director FWOT
13	Amadi Amaca	Legal Officer FMOJ
14	Kehinde Odunlami	Consultant
17	Nkanta George Ufot	Ag GM/CEO National Theatre
18	Oyegbola Olusegun	PA to GM National Theatre

The meeting was chaired by Mr. Nkanta George Ufot, the acting General Manager/ Chief Executive of the National Theatre. The Chairman welcomed participants and explained that the meeting was convened following the directive of the Honourable Minister of Information and Culture to National Theatre to liaise with the ICRC to revalidate the Certificate of Compliance earlier issued on the project. Subsequent to the liaison, ICRC requested National Theatre to officially write the preferred bidder (PB) to confirm that the Final

Business Case (FBC) earlier issued was still valid or if a revision was required to meet with the current economic realities.

Upon contacting the preferred bidder, the preferred bidder submitted a written proposal containing key assumptions and covenants to be reviewed.

Considering that the acting GM of the National theatre has just assumed office, he thought it best to assemble all the stakeholders who negotiated the initial concession agreement to review the proposals of the preferred bidder. He informed everyone that the Preferred Bidder's request letter would be subject matter of our discussions to enable us determine our minimum negotiating position before meeting with the preferred bidder later in the day. He called upon Mr. Chibuzo Ekwekwuo; the Government lead Negotiator in the transaction to lead the session.

The meeting reviewed the preferred bidder's proposal and agreed as follows;

a. **General economic indicators**: it was agreed that certain economic indicators had changed; creating the need for revalidation. For example, the 78% increase in the project's capital expenditure was considered too aggressive. The meeting suggested a number of economic indicators as replacement to those contained in the preferred bidder's proposal:

   i. An acceptable exchange rate to be used must consider the impact of both the official and parallel market

   ii. Inflation rate and consumer price index which must reflect the current market prices as well as a level of sensitivities

   iii. The occupancy rate for some of the proposed facilities must reflect current occupancy rates within the location of the National Theatre.

The above drivers and assumptions were to be applied by the Financial Adviser to assess the new cost and total investment value put forward by Top Wide Appeas and to arrive at acceptable variations.

The meeting reviewed a number of key proposals made by the PB and resolved as follows:

b. General concession term: the preferred bidder requested for an extension of total concession period from 30 years to 60 years. While the meeting agreed that this request was aggressive and unrealistic, the financial adviser (transaction adviser) was requested to test the Financial Model along the suggested revenue, cost exchange rate, consumer index and other investment assumptions and confirm a realistic extension period to the team in its next meeting.

c. Moratorium: the preferred bidder requested for a 3 year moratorium period before the commencement of annual concession fee payment. It was agreed that a 3 years Moratorium request could not be granted. The team requested the TA to determine a realistic moratorium in the next meeting.

d. Financial close: the preferred bidder requested for an extension in the financial close from 18 months to 36 months. It was agreed that financial close period can be extended up to only 24 months.

e. Main Bowl renovation: the GM informed the meeting that the Lagos State Government had made a verbal commitment to renovate the Main bowl. The team advised the Ag GM to ascertain the actual scope of Lagos State's assistance as well as the interest thereon to see how if any it may affect the Concession Property.

ACTION POINT	PERSON RESPONSIBLE	TIMELINE
Feedback on meeting with the Lagos state Government on repairs on the Main Bowl	Acting GM	
Presentation of revised	Financial Transaction	

financial model with adviser required assumptions and drivers

Signed Chairman of Negotiating Team

General Manager National Theatre

NOTES FROM THE NEGOATIATION MEETING OF THE NATIONAL THEATRE FALLOW LAND CONCESSION TEAM which held 11.30 am at Nanet Suites, Abuja on February 13, 2017

This meeting which commenced at 12:25 pm had in attendance the representatives of the Contracting authority and preferred bidder. The meeting was chaired by GM national Theatre.

S/N	NAME	DESIGNATION
1	Michael Ohiani	Director, ICRC
2	Olusa Busari	Head, Energy and Urban infrastructure, ICRC
3	Okolo Akwu	CIO ICRC
4	Aishatu Abdullahi	POI ICRC
5	MB Baiyekusi	LA, FMIC
6	Ekwekwuo Chibuzo	Legal Transaction Legal Adviser /Lead Negotiator for FGN
7	Onwodi Emmanuel	DD (Head Transporting)
8	Tochukwu Isiwu	I.O. ICRC
9	Abiodun Alibaloye	Asst. Director PPP
10	Olateru Akinnawo	Project Dev. Specialist
11	Chienye Obiajulu	Asst. Legal Transaction Adviser
12	Odegbaro Gladys	Deputy Director FWOT
13	Amadi Amaco	Legal Officer FMOJ
14	Kehinde Oduniami	Consultant
15	F Rantenbach	CMS- Nigeria
16	Chris Ogan	TWA Consortium
17	Nkanta George Ufot	Ag GM/CEO National Theatre
18	Oyegbola Olusegun	PA to GM National Theatre

The negotiations were moderated by the Government Lead negotiator.

The preferred bidder presented his proposals for review of the deal that had previously been reached. He took questions from government negotiation team members and also was given a perspective of the government team's current thinking that PB's proposals are too aggressive by the lead Negotiator. The Preferred bidder after a robust debate agreed to a Financial closure period of 24 months, and conceded that negotiations for adjustment in the PPP arrangement focus on the following;:

- Extension request for the concession period
- Moratorium prior to commencement of payment of annual concession fee

PB made the point that he will abandon his request for reductions in annual concession payments if he receives reasonable extension in concession years to ensure return on investments. He said that without reasonable extension on concession period the transaction will not be viable for investors. He reminded the parties that during the previous negotiations and before the current economic climate this issue. He noted that the challenges current economic climate poses to the transaction are dire.

ACTION POINT	PERSON RESPONSIBLE	TIMELINE
Develop a response to the issues considered above	Proposed investor	
Circulate the proposed investor's response via email	Acting GM	

The next meeting was rescheduled to hold February 23, 2017 by 9am at the same venue. PB was advised to write to confirm his positions before that date.

Signed Chairman of Negotiating Team

General Manager National Theatre

This minutes reflect what was agreed

MEETING NOTES (CONTRACTINGAUTHOURITIES/GOVERNMENT NEGOTIATING TEAM) of February 23, 2017

S/N	NAME	DESIGNATION	PHONE	EMAIL
1	Nkanta George Ufot	Ag.GM/CEO National Theatre	08036218085	~~ukanaiaufot@gmail.com~~ nkantaufot@gmail.com
2	Ekwekwuo Chibuzo	Legal Adviser	08033240704	chibuzo@aandelaw.com
3	Aishatu Abdullahi	IOI	08034516214	a.abdullahi@icrc.gov.ng
4	Okolo Akwu	COI	08023379091	a.okolo@icrc.gov.ng
5	MB Baiyekusi	LA [FMIC]	08065842640	baiyekusimb@yahoo.com
6	Chienye Obiajulu	Ass. Legal Adviser	08037890093	chienye@aandelaw.com
7	Odunlami Kehinde	Financial TA	08023331512	odunlamikehinde@gmail.com
8	Abiodun Alibaloye	Asst.Director, FMF	08033155421	biodunloyee@gmail.com
9	Olateru Akinnawo	Project development specialist	08033284324	oakinnawo@hotmail.com
10	Odegbaro Gladys	Deputy Director	08033454095	gladysodegbaro@yahoo.com
11.	Michael Ohiani	Director, ICRC	08172020889	l.ohiani@icrc.gov.ng
12	Olusa Busari	Head, Energy and Urban Infrastructure	08033116410	b.olusa@icrc.gov.ng
13	Onwodi Emmanuel	DD T	08160594068	e.onwodi@icrc.gov.ng
14	Tochukwu Isiwu	I O	07062579326	t.isiwu@icrc.gov.ng
15	A Akeem A	SAO PPP	08035793432	biolaadeyemi@yahoo.com
16	Oyebola Olusegun	PA to AG GM NT	08098030681	emma3june@gmail.com

 December, 2017

Meeting commenced 9.45 am

Opening remarks was made by the acting GM wherein he informed the team of the preferred bidder's written feedback following the last meeting of February 13, 2017. The PB had written confirming that he accepts to retain agreed rates of annual concession fees but seeking;

1. To extend the concession term from 30 years to 55 years
2. A 24 months moratorium period before the commencement of annual concession fee payments

Mr. Chibuzo Ekwekwuo, Lead Negotiator, made a recap of the last meeting, the discussions and action points. He noted that since the preferred bidder had agreed to maintain the annual concession fee rates earlier agreed by parties last year and to achieve financial closure within 24 months of contract sign off, with the expectation of increase in Concession years. The only issues left to be determined were;

a. **Extension of Concession Term**
b. **24 months Moratorium period before commencement of annual concession fee payments**

The TA made a presentation testing the financial model;

i. *Pricing structure* – he reviewed the based inflation rate (10%) earlier adopted in the financial model. He highlighted the current inflation rate hovering at about 18%; confirming that Inflation was now almost double. Using the consumer market index of about 230 CPI, the TA recommended a 30% general increase in prices on costs and initial capital investment
ii. *Foreign exchange regime* – the official rate of 305/$1 and the parallel market rate was applied, which placed it at about 420/$1. This is because the investor would source his money from different places. A 50:50 weighted assumption was applied with a 2.5% sensitization. The recommended foreign exchange rate was N430/$1
iii. *Revenue trend*- for lease rentals; test used was a moderate vs. an aggressive case scenario; therefore, occupancy rate provided by the proposed investor should be reduced. A recommendation of N210, 000/sq.m was made due to location of the project site. For some facilities such as the office space, shopping mall and hotel; an occupancy rate of between 50% and 55% was applied.

iv. Annual concession fees- applying a reduction of the concession fees and an elongation of the concession period as requested by the proposed bidder could create a double loss for the government.

Based on the updated financial model, three of the proposed facilities may at the commencement of operation witness a negative cash position of two to five years (shopping mall, office block and hotel). The summary of the updated financial model is as follows:

- weighted average cost (WAC) of fund of 20%.
- total internal rate of return (IRR) of 26% and
- a positive Net present value (NPV).
- Total investment

After the TA's presentation, comments from the house were sought:

Mr. Onwodi (ICRC) advised that the model should be reflective enough to match loan repayment with justifiable concession period

Mr. Chibuzo (transaction counsel) and others on the team spoke on the issues and the following observations were gathered.:

- Initial Investment/Costs would be incurred and fully expended in the first 3 years
- An improving economy may not impact on the expenditure in terms of actual cost except improvements occur before end of construction period; investor may spend at current actual inflation rate.
- Current economic realities will not last the length of concession period and therefore will not affect all aspects of it.

- Financial model was based largely on naira. A lot of the components would be procured outside Nigeria, the investments also are expected from outside
- The risk rate in Nigeria is very high.
- The current deal structure achieved in the previous negotiations enabling government to be paid annual concession fees based on revenue rather than profits as proposed in the RFP favours the government and has been retained by agreement of parties.
- We should seek a win- win deal for both government and private investor that will meet the test of financiers or risk the deal falling through.

Mr. Odunlami reminded the team that the financial model was based on the same earlier agreed facilities notwithstanding discussions with the Lagos state government on the Main bowl.

The team agreed on the following positions;

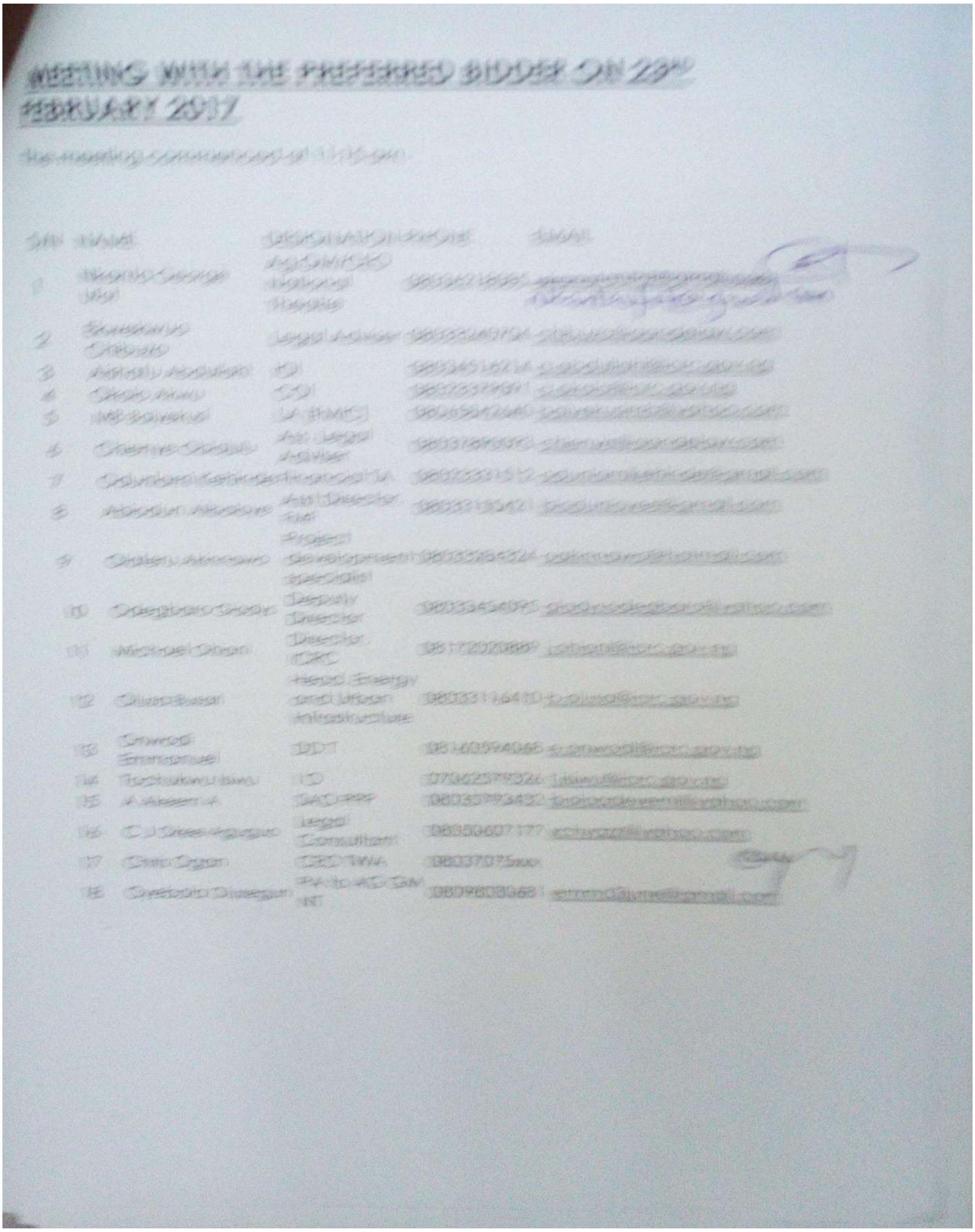
a. That financial closure be reached within 24 months from contract sign of date
b. That the 3 year preparatory/development/construction period be maintained
c. That team adopts a negotiation position for extension from 30 to - between 40 or - 45 years based on the financial analysis.
d. A moratorium period of 24 months
e. A signature bonus of 2% be maintained
f. That GM should try to conclude discussion with Lagos State government so that it can be determined if there involvement affects the current facilities in the Concession.

Mr. Kehinde Odunlami reminded that the Commercial operations date should be defined and inserted in the Concession agreement

The GM thanked the team for their contributions and thereafter invited the preferred bidder to join in for a discussion.

Signed Chairman of Negotiating Team

General Manager National Theatre



The GM welcomed the preferred bidder's team.

Mr Chibuzo Ekwekwuo informed the preferred bidder that the contracting team had carried out a detailed analysis of financial model and have come up with the following positions:

a. A moratorium period of 24 months. Agreed by both parties. Settled issue.
b. For the concession period, the 55 years requested by the preferred bidder cannot be justified in the financial model. Also, looking at the official foreign exchange rate vs. the rate at the parallel market, and general economic indices; the team is unwilling to grant the number of years sought.

The preferred bidder, Mr. Chris Ogan in his response, stated that there should always be a meeting point between parties in a negotiation such as this. He informed that investors are scared of Nigeria because certain structures have not been put in place to overcome THE recession. He said feedback from various investors and financiers they were in talks with indicated they needed 55 years to make the transaction financeable. There were several exchanges between both sides, the preferred bidder after a long while pleaded for a concession term of 45 years excluding the construction period, but parties finally settled for a 45years period including construction period. In effect an increase from 30-42 years.

c. The preferred bidder agreed that the signature bonus remain 2% of deal size ie current investment sum.
d. Parties agreed that the cost profile would also change and the financial model will be revised in line with analyses made above.

Following this, the preferred bidder thanked all the parties.

Mr Chibuzo Ekwekwuo requested that the preferred bidder confirm if all the parties (sub concessionaires) to his bid are still interested in the transaction. He did but was requested to send in a written confirmation in this regard.

The GM thanked all the parties and stated that he would update the Minister on decisions reached.

Signed Chairman of Negotiating Team

General Manager National Theatre

These minutes reflect
what was agreed

PROPOSED LAGOS MIXED - USE PROJECT

PRELIMINARY COST ESTIMATE

	FACILITY	GFA (M2)	PRELIMINARIES (=N)	CIVIL WORKS (=N=)	SERVICES (=N=)	FINISHING WORKS (=N=)	OTHER FACILITIES (=N=)	CONTINGENCY (=N=)	VAT (=N=)	TOTAL COST (=N=)
1.00	BUIDING BLOCKS									
1.10	200 KEYS HOTEL	17,300	937,500,000.00	4,142,500,000.00	2,500,000,000.00	1,025,000,000.00	2,645,000,000.00	625,000,000.00	625,000,000.00	12,500,000,000.00
1.20	OFFICE BLOCKS AND CAR PARKS	25,000	1,115,625,000.00	7,017,187,500.00	3,564,062,500.00	2,440,625,000.00		743,750,000.00	743,750,000.00	15,625,000,000.00
1.30	SHOPPING MALL	25,000	1,171,874,999.85	6,328,124,999.92	4,218,749,999.95	3,124,999,999.98		781,250,000.15	781,250,000.15	16,406,250,000.00
1.40	CULTURAL AND ENTERTAINMENT ARCADE	5,000	146,484,375.01	791,015,625.12	527,343,750.03	390,624,993.78		97,656,250.03	97,656,250.03	2,050,781,244.00
1.50	RENOVATION OF MAIN BOWL		178,496,803.29	1,070,980,819.96	713,987,213.16	1,249,477,622.98	356,993,606.49	356,993,606.49	196,346,483.63	4,123,276,156.00
1.60	CAR PARK BY THE MONO RAIL STATION	40,000	357,000,000.00	2,724,000,000.00	709,500,000.00	733,500,000.00		238,000,000.00	238,000,000.00	5,000,000,000.00
1.70	WATER PARK	33,000	773,437,499.92	2,578,124,999.95	4,125,000,000.54	1,546,874,999.94	773,437,499.73	515,617,499.96	515,617,499.96	10,828,110,000.00
										66,533,417,400.00

2.00	INFRASTRUCTURE									
2.10	POWER GENERATION / ELECTRICAL INFRATRUCTURE				4,166,901,525.71				208,345,076.29	4,375,246,602.00
2.20	WATER AND SEWAGE SYSTEM				4,998,960,673.33				249,948,033.67	5,248,908,707.00
2.30	CIVIL INFRASTRUCTURE / LANDSCAPING				7,440,476,189.52				372,023,809.48	7,812,499,999.00
2.40	RIVER AND RIVER FRONT INFRASTRUCTURE				1,137,913,688.76				56,895,684.24	1,194,809,373.00
	INFRASTRUCTURE TOTAL									18,631,464,681.00
	SUMMARY									
	BUILDING BLOCKS									66,533,417,400.00
	INFRASTRUCTURE									18,631,464,681.00
	GRAND TOTAL (BUILDING & INFRASTRUCTURE COST)								=N=	85,164,882,081.00
	NOTE:		1USD = NGN460							

