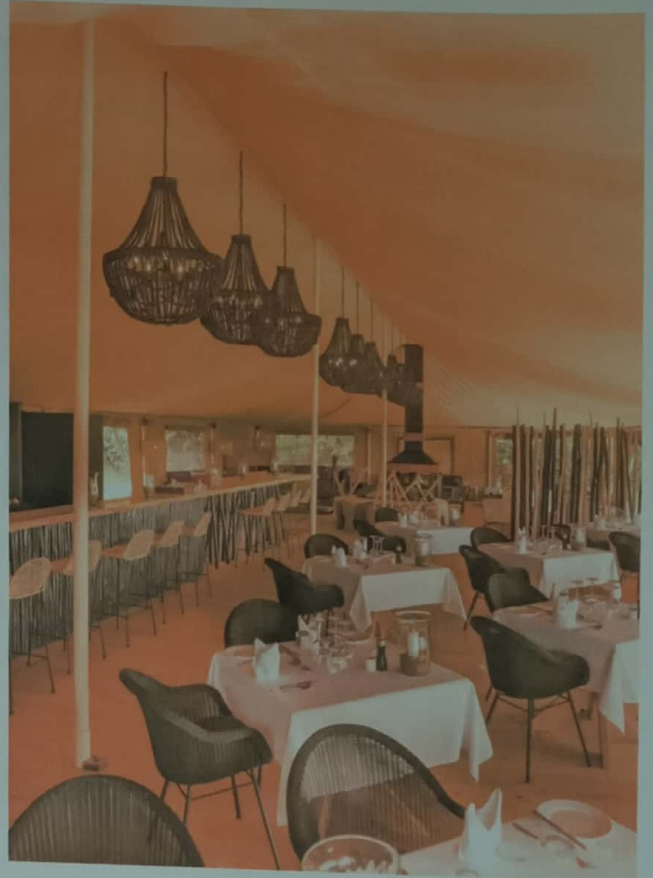


PROGRESSIVE REPORT TODATE

Prepared By: Orion Hotel Tanzania Limited
P.O Box 14708 - Arusha



ORION HOTEL TANZANIA LIMITED

August 2021



1.0 INTRODUCTION:

ORION HOTEL LIMITED is the beneficiaries of the TIC Certificate of Incentives no 031465 registered on 8th February 2009. The Project main activity was to establish luxury tented camps at Tabora B in Serengeti National Park, Mara Region. The project intended to invest as per their certificate of incentives estimated amount of USD 1.5 million. To date, the luxury tented camps project is 100% completed. So far, the project has been completed and has become operational. In order to increase the performance of luxury tented camps activities and as a result of the existing COVID 19 Pandemic the Company has decided to re-structure its shareholding structure by issuing some shares. Therefore, the Management of ORION HOTEL TANZANIA LIMITED has decided to add a new shareholder and is now requesting the center to amend their certificate of incentives in order to effect changes on the shareholding pattern of the company.

2.0 PLANNED ACTIVITY

- I. Planning to Improve its Market strategy due to the existence of COVID 19
- II. To introduce new methods of Marketing, which shall be able to improve employment environment and add more staff on project.

- III. Use new and advanced technology to train our staff and local community.

3.0 PRESENT STATUS OF PROJECT IMPLEMENTATION

The project has been implemented as planned and as of now it has been renting to various people.

3.0 PROJECT UPDATED INFORMATION

S. No.	Description	Details									
1.	Shareholder's Information	<table border="1"> <thead> <tr> <th>Name</th> <th>Nationality</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Andrew Stuart</td> <td></td> <td>1</td> </tr> <tr> <td>Orion Hotels Kenya limited</td> <td></td> <td>99</td> </tr> </tbody> </table>	Name	Nationality	%	Andrew Stuart		1	Orion Hotels Kenya limited		99
Name	Nationality	%									
Andrew Stuart		1									
Orion Hotels Kenya limited		99									
2.	Company Communication Information	Email – accounts.tanzania@bushtopscamps.com Mob. – 255- 0732979812 Address - plot no 4/2/1 Njiro road industrial Area, Arusha									
3.	Contact Person	Name – Mohamed Osman Ibrahim Position - Facilitator Officer Email - mohammed@bushtops.com Mobile -255 764 388 399									
4.	Incorporation	Certificate of Incorporation No 64958									
5.	TIN Information	No. 108-844-817									
6.	Project Objective	To establish Luxury Tented Camps at Tabora B, Serengeti National Park									
7.	Capacity	7200 tourists per year									
8.	Direct Employment	Foreign – Men - 4 Foreign – Women - 1 Local - Men - 52 Local - Women - 4									



5.0 Project Financial Expenditure to date: in US\$

So far, the project has been able to invest USD 1,565,583 for the development of the intended project.

	Foreign (USD)	Total (USD)
Land and Buildings (tented)	918,683	918,683
Various machineries machinery	253,951	253,951
Vehicles/Aircrafts	194,021	194,021
Furniture	192,497	192,497
Office equipment	6,431	6,431
GRAND TOTAL	1,565,583	1,565,583

6.0 Project Financing

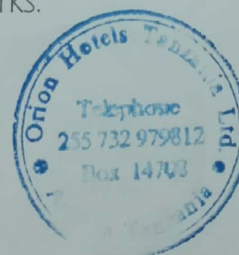
To date the project has been financed by individuals both in the form of loans and equity.

7.0 Problems and Solution

The company has been able to make substantial development by investing up to 100% of the total value of the project. The biggest challenge that the company is facing now is the COVID 19, which was not anticipated, and it has disrupted the marketing of the project as now it is facing the problem of tourists as they don't travel as was usual the case.

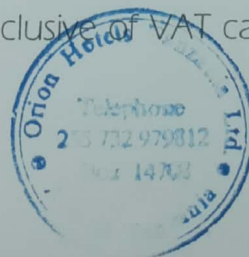
Other problems which are affecting the Tourist sector and especially Orion Hotel is that, Tanzanian National Parks and Government have introduced new levy policies that have affected the return on investment and ability to further invest in Tanzania.

The once standardized License agreement between Tanzanian national Parks and the Investor was designed to protect not only the Investor into the Parks but also the Tanzanian National Parks.



But now There have been significant changes to the agreements done in particular over the last three or so years.

- 1) The Concession fees were raised from 30 USD per person to 50 USD per person per overnight.
- 2) Concession fees and Park fees started to attract VAT of 18%
- 3) The license agreement was changed with an addendum to allow Tanapa to allocate Tourist facilities and competitors within a 15 Kms radius contrary to the original agreement which is diluting occupancy due to higher competition and with no discussion with the investor.
- 4) A newly introduced Fixed Rent for the allocation of the property was also introduced of 20,000 USD per annum payable in July of each year at a time when the industry is on its knees due to Covid 19 Endemic.
- 5) A force Majeure notification as per the License agreement by the investor was rejected for the annual rent even though the clause specifies an endemic allows for such a notification.
- 6) A newly introduced sourcing fee of 2000 USD per contract for Seasonal camps and minimum Guest night performance contracts of 9000 USD over a three-month period by Tanapa also has had a direct impact on Orion Hotels Tanzania Ltd. Compounding the problems of Covid 19
- 7) VAT was introduced to all Tours and safaris causing an increase of end price of 18% to all Tourists as they have no chance to offset any VAT as a result of their visit.
- 8) The bed night levy was adjusted for per person per night rate to hotels and lodges to a 1 % of Rack rate inclusive of VAT causing a double



taxation / Levy contrary to standard taxes internationally practiced. Furthermore, this was levied on Rack rates which are advertised rates and not revenue received and a tax on money which has not been earned by the properties.

- 9) The introduction of Withholding tax on Imported services of 15% for marketing services done by promotion companies abroad advertising Tanzania and creating revenue for the country.

All of the above issues have made it more and more difficult to keep up with the increased International Competition for Tourist visitors to Tanzania and affected directly on the performance of Orion Hotels Tanzania Ltd.

7.0 Future Plans

For now, there is no plan to carry any investment program unless the market improved. Thereafter based on demand, the company may think to carry new investments.

8.0 Recommendation

In view of the preceding analysis the TIC is requested the following;

- i) To consider their request to amend the project shareholding pattern as requested above
- ii) To look into possibility of making the tourism sector to be more attractive by removing impediments of which most of the investors in the tourist sector are facing and hence resulting them to think twice before they decide to invest in Tanzania















