

ORION HOTELS TANZANIA LIMITED

FEASIBILITY STUDY ON EXPANSION

OF

LUXURY TENTED CAMPS

AT

NORTH SERENGETI, WOGAKURYA MARA REGION

ORION HOTELS TANZANIA LIMITED

P. O. BOX 14708

Arusha

June 2023

1.0 The Executive Summary

1.1 The company

ORION HOTELS TANZANIA LIMITED was incorporated in Tanzania on 3rd April 2008 as a limited liability company, Registration 64958 with the authorized share capital of 1,315,443,000 Its principal activity is the operation of tourist hotels, lodges and camps. Other activities which the company involves itself are -

- (i) Daily game drives in the National parks and organized leisure trips outside the park.
- (ii) Accommodation in high standard rooms
- (iii) Special meals according to guest's preference
- (iv) Transfers of guests from and to the Lodge

The Company provides accommodation for its clients and other operators around the East Africa and Abroad operators. Due to the increase of tourist activities the company has decided to expand its luxury tented camps and Tour operation activities to purchase more vehicles such as 4WD tourist safari vehicles, commercial and new safari equipment, build more luxury tented camps and also rehabilitate the existing ones to bring them up the standard with better facilities.

1.2 THE COMPANY OWNERSHIP

The project sponsors are ORION HOTELS TANZANIA LIMITED whose shareholder/ directors have vast experience in in Tourism industry especially in the area of administrating, finance, strategic planning and marketing. The overall governing body of ORION HOTELS TANZANIA LIMITED is the Board of Directors, who are also the shareholders. The present shareholders of the company comprise of the following: -

NAME	Nationality	Percentage %
Mr. Andrew Stuart	Kenyan	1
Orion Hotels Kenya limited	Kenyan	99

The shareholders of ORION HOTELS TANZANIA LIMITED own the largest Tourist project in Tanzania having its head office located at Arusha Region.

1.3 THE PROJECT

Due to the urgency to satisfy the ever-increasing tourist demand for international high-class market comprised of special photographic safaris and holiday makers, the company plans to boost its investment, update and expand its facilities to establish a new Luxury tented Lodge with better facilities such as 4WD tourist safari vehicles, commercial and new safari equipment. The investment cost of the project will be of **US Dollars 1,800,000.**

1.4 PROJECT OBJECTIVES

The project main objective is to involve itself in the operation of tourist hotels, lodges and camps. It also involves itself on expedition safaris for

game viewing and accommodation for the tourists visiting Tanzania National Parks which involves daily game drives in the National parks and organized leisure trips outside the park, accommodation in high standard rooms, Special meals according to guest’s preference and Transfers of guests from and to the Lodge. The company intends to boost its investment, update and expand its facilities to other remote part of Tanzania. The expansion project will contribute an increase of foreign exchange as it will be receiving tourist throughout the world. It will comprehend the nations effort of becoming a significant player in the East African and SADC countries by maximizing opportunities for local people by providing profitable employment in the hospitality industry and hence stimulate economic development.

1.5 THE INVESTMENT COST

The cost of implementing the proposed project is estimated to be **USD 1,800,000**. A summary of these costs is summarized hereunder.

Summary for the Investment cost for **Orion Hotels Tanzania Limited:**

	Foreign (USD)	Total (USD)
Land and Buildings TENTS	300,000	300,000
Various Equipment’s/Machines	400,000	400,000
Motor Vehicles	800,000	800,000
Furniture & Office equipment	300,000	300,000
GRAND TOTAL	1,800,000	1,800,000

1.6 PROPOSED FINANCING PLAN

M/S ORION HOTELS TANZANIA LIMITED proposes to invest **USD 1,800,000 for** developing this project. It is planned that some investment cost will be financed by loan which will sought from various Banks. Furthermore, the sister company’s Self-Generated Funds shall be utilized at a later stage for working capital funds. The breakdown of which is a follow:

	USD
Equity	800,000
Loan	<u>1,000,000</u>
Total	<u>1,800,000</u>

1.7 Location

The luxury tented lodge will be located at **NORTH SERENGETI, WOGAKURYA MARA REGION**

Environmental impact:

The operations of ORION HOTELS TANZANIA LIMITED have no negative impact on the environment. In fact, the Company takes its contribution to sustainable conservation seriously. The company understands the need to help, protect parks, reserves and wilderness areas around the camps and the wildlife that draws the company and clients there. In all the places it operated it contributes to conservation of our precious environment.

1.9 PROJECT IMPLEMENTATION PERIOD

The proposed project implementation is estimated to cover a period of 5 years beginning July 2023. The planned completion date is August 2028. The main determining factor for the completion of the project is the availability of funds, granting of TIC certificate for the expansion programme and completion of tax exemption procedures. The main implementation activities include:

- Construction of a tented camps and lodges
- Procurement of motor vehicles and trucks. Since the vehicles are not obtainable in the local dealers bonded warehouses. A six-month period has been provided for the ordering of the vehicles
- Procurement of camping and lodge equipment's

1.10 Manpower Requirements

The plant will employ 185 people. the company will also employ some expatriates to pass state of the Art knowledge to locals. Once the project is finalized and in full operation, The company will provide intensive training to new employees immediately after recruitment. Employees will continuously receive an internal training which covers both the professional and practical aspects of the company ideal and ways of operations and will be done by the management and assisted by senior and experienced employees.

1.11 FINANCIAL ANALYSIS

Assumptions on the financial projections indicate that the project is profitable and will generate profit from the early years. The projected financial result

of ORION HOTELS TANZANIA LIMITED operations is detailed in the attached tables.

a) Profit and Loss accounts

Over the projected period from the beginning of year 1 to year 10, the turnover of M/S ORION HOTELS TANZANIA LIMITED is expected to grow from **US Dollars 2.02 million** in year 1 to **US Dollars USD 2.71million** from year 5. The tented and tour operations cash flow shows the operations will generate sufficient profit to meet all its financial obligations. Profits after tax is also expected to grow from **US Dollars 0.400million** in year 1 to **USD 0.765 million** from year 5.

b) Cash flow statements

The cash flow of M/S ORION HOTELS TANZANIA LIMITED shows that it will generate sufficient cash to meet all its financial obligations.

1.12 ECONOMIC IMPACT

The company's main economic benefits to the country are as follows:

- a) The company Establishment project at Mara Region is expected to employ 185 people.
- b) General raise of living standard for the people living in the project surroundings through generation of job opportunities and improvement of the infrastructure and facilities of the area.
- c) The government is expected to get additional taxes from the operations ORION HOTELS TANZANIA LIMITED when the project takes it up and is implemented.

- d) The project will earn Foreign Exchange Earnings and hence Improve foreign earnings and the external trade balance.

1.13 CONCLUSION AND RECOMMENDATION

The project if implemented will be in a position to Create 185 direct employment Opportunities and revenue to government through VAT and other taxes. In view of the above, it is recommended that the project be implemented as is technically feasible, financially viable and economically sound.

2.0 THE PROJECT

Introduction

Tourism is a growing sector and is growing at a fast pace hence becoming a leading contributor to the Tanzania economy. The sector offers opportunities for investors to invest in the infrastructure and the development of tourism related services. The existing peaceful environment and political stability in Tanzania offers a great opportunity for international tourist to visit the country, which has now become the major tourist destination. The most beautiful game viewing area has prompted investors to expand its facilities and made Tanzania as a tourist destination. The country is blessed with the wildlife resources that are considered among the finest attractions.

The wildlife areas offer spectacular game viewing including the annual wildebeest migration in the Serengeti. With its 12 national parks, 17 game reserves, 50 game-controlled areas, a conservation area and marine park, the area stretches through the vast Serengeti plains to the Mt Kilimanjaro in the north, the Selous Game Reserve to the south and the exotic Island of Zanzibar, Mafia and Pemba.

2.0 PROJECT CONCEPT

2.1 The Luxury Tented Lodge to

The company has embarked on a project envisaging on the expansion of a new **The Luxury Tented Lodge to** boost its investment, update and expand its facilities to establish a new Luxury tented Lodge with better

facilities such as 4WD tourist safari vehicles, commercial and new safari equipment at **North Serengeti, Wogakurya, Mara Region**

This has been necessitated by increased volume of business so as to achieve the targeted level of business and reap its expected benefits and also expanding its market share and increase its profits, by satisfying more efficiently and effectively the needs of its tourist customers,

2.1.1 The project will carry the construction of permanent tented camps. The proposed project expansion will be mainly for the provision of expedition safaris for game viewing and accommodation for the tourists visiting Tanzania National Parks and will involve the following activities: daily game drives in the national parks and organized leisure trips outside the park, accommodation in high standard rooms, special meals according to guest's preference and transfers of guests from and to the lodge.

2.1.2 The company will also carry Privately guided safaris. The privately guided safaris are finest safaris, with each itinerary being tailor-made to suit each group's interest. To enhance their safari, some guest may request that the company include the services of an additional top naturalist/photographer/birder who shall accompany their group for all or part of the safari. The real benefit of this service is that the guide soon gets to know the interests and needs of the visitor and can build on them as they move from area to area to area. There will be top quality guides who will be committed and dedicated professionals. All the safaris run in this programme are private and each itinerary is customized. There are no scheduled departures. The company makes certain that the safari's itinerary

is perfectly suited to each party's interests and time frame. No two safaris are the same.

2.1.3 The Company will use its fleet of vehicles in its tour operation activities, project sites and connection between towns and remote locations. Most of the vehicles will be fitted with radios communication system for direct communication with head offices, they will also introduce a workshop, which will be equipped with special maintenance equipment's. This will introduce maintenance and back service for its fleet of vehicles, which will make the company efficient on its tour operating activities. The company shall invest US Dollars **USD 1,800,000** to finance its capital expenditure purchases of operating equipment's, building Tented camps and training,

2.1.7 To summarize, the company will carry out a variety of activities while on camping safaris. Listed below here are brief activity and facilities that will be made available for the guests.

- Day game drive – The activity is central for the camps and tour safari. It entails park game driving with 4x4 Motor Vehicles targeting the wildlife that may be seen around the national parks included Elephants, Buffalos, Lions, Leopards, Zebra, Impalas, Giraffe, Wildebeest Eland, Cheetahs, Thomson Gazelle, warthog etc.
- Bird Watching. - Bird watching is another activity the company will undertake to show the guests better areas, which offer bird watching activity. The company will employ experts who know and advice on times of bird migration.

- Night Drives. – Is another activity that will be offered to clients, an opportunity to experience some of nocturnal mammals and birds, which are only very rarely encountered during the day it also entails drives in safari vehicles after dark.
- Photo Safaris. – Hot air balloon rides provide excellent photographic opportunities. The company will arrange for professional migration photographic safaris and advice on the best time and opportunity.

2.2 The COMPANY

The project sponsors are ORION HOTELS TANZANIA LIMITED whose shareholder/ directors have vast experience in in Tourism industry especially in the area of administration, finance, strategic planning and marketing. The overall governing body of ORION HOTELS TANZANIA LIMITED is the Board of Directors, who are also the shareholders. The present shareholders of the company comprise of the following: -

NAME	Nationality	Percentage %
Mr. Andrew Stuart	Kenyan	1
Orion Hotels Kenya limited	Kenyan	99

The company has been involved in expedition safaris throughout the main attractions of the Northern Circuit that stretches from the plains of Serengeti, Lake Manyara, Tarangire National Park and the Ngorongoro Conservation Area, beach area such as Pangani Zanzibar and Kilwa. They have many years of world-wide experience in the field of Tourism industry. Being the members of various International and national organizations, they have gained

knowledge in various type of tourist industries, Government procedures and marketing strategies in all over the world. The intended luxury tented camp project under their leadership and guidance will be a grand success.

2.3 Implementation Programme

The proposed project implementation is estimated to cover a period of 5 years beginning July 2023. The planned completion date is 2028. The main determining factor for the completion of the project is the availability of funds, granting of TIC certificate for the expansion programme and completion of tax exemption procedures. The main implementation activities include:

i)Construction of Tented camps and a lodge

ii)Procurement of motor vehicles. Since the vehicles are not obtainable in the local dealers bonded warehouses. A six-month period has been provided for the ordering of the vehicles.

iii) Procurement of camping equipment's; The implementation timetable is considered reasonable and achievable because the management of the company had requisite experience to implement the programme.

2.4 SITE AND LOCATION

ORION HOTELS TANZANIA LIMITED is a private limited company with Registered offices in Arusha. The luxury tented Camp will be located at **NORTH SERENGETI, WOGAKURYA MARA REGION.**

Management and Organization Structure

Being a private company, M/S ORION HOTELS TANZANIA LIMITED is managed through a board of directors. The Board appoints reputable and experienced Managing director and technical personal who will be responsible for the day-to-day operations. The overall governing body of ORION HOTELS TANZANIA LIMITED is the Board of Directors, who are also the shareholders. The board is made up 2 Directors. The board formulates and determines the policy and strategic direction of the company. The chief executive of the company is the Managing Director. He reports to the Board of Directors composed of the shareholders. The company has a well-established management structure filled with qualified personnel for tour industry. A team of four people manages the day-to-day affairs of the ORION HOTELS TANZANIA LIMITED. They comprise:

- The Management Director
- Director of Operations
- Office Manager
- Project Managers
- Public Relations Manager

It is expected that a total of 185 people will be employed. Once the project is finalized and in full operation ORION HOTELS TANZANIA LIMITED will provide intensive training to new employees immediately after recruitment. Employees will continuously receive an internal training which will cover both the professional and practical aspects of the company ideal and ways of operations and it is done by the management and assisted by senior and experienced employees. Thus, the company's remuneration packages will

be designed to attract, motivate and retain employees of the right caliber and to reward them for enhancing value to shareholders.

3.0 THE MARKET

3.1 Market Analysis Summary

Tanzania has plenty of natural tourist resources and attractions. These includes; several game parks and reserves such as Serengeti, Lake Manyara, Tarangire, Arusha National Park (Momella), Mount Kilimanjaro, Ngorongoro Creter, Gombe in the west, Mikumi, Ruaha National Parks and Selous Game Reserved in the South of the Country. The spice Island of Zanzibar, Pemba and Mafia are other attractions. Tanzania's hospitality industry has become exuberant, such that tourism has become the second, after mining, fast growing sector in Tanzania.

The main market segment for ORION HOTELS TANZANIA LIMITED will comprise tourists, tour operators', travel agencies, government departments, diplomatic and foreign mission accredited to Tanzania, companies' individuals as well as project promoters engaged in up country and remote area for operations.

To date not only the tourist standard hotels and support facilities have improved the quality of their services, but also the non – tourist hotels in the vicinity of the Arusha region and beach hotels in Dar-es –salaam and coast, where international travelers can still enjoy excellent accommodation, restaurant services and other leisure activities like touring to tourist sites etc. have mushroomed. Modernization and addition of tourist support projects in

general attract potential demand and in particular, tour operations, hunting and other tourist support services.

3.2 Market Opportunity

The probability for ORION HOTELS TANZANIA LIMITED to grow in this most popular and the most beautiful game viewing area is very high and because of this opportunity it has prompted the investors to expand its facilities to Mara region. The facts that attracted the investor mostly are.

- Tanzania as a tourist destination is among the best in the world. The country is blessed with the wildlife resources that are considered among the finest attractions. The wildlife areas offer spectacular game viewing including the annual wildebeest migration in the Serengeti. With its 12 national parks, 17 game reserves, 50 game-controlled areas, a conservation area and marine park, the area stretches through the vast Serengeti plains to the Mt Kilimanjaro in the north, the Selous Game Reserve to the south and the exotic Island of Zanzibar, Mafia and Pemba.
- Tourism is a growing Sector and at a fast pace hence becoming a leading contributor to the Tanzania economy.
- Worldwide the number of international tourist arrivals is estimated to have grown by 19 per cent compared to the same months of the previous year.
- The existing peaceful environment and political stability in Tanzania offers a great opportunity for international tourist to visit the country, which has now become the major tourist destination. In 2021 the

number of tourist arrival reached 922,692 equivalent to increase of 48.6% from a 620,867 in 2020 when the world was hit by covid -19 and many countries-imposed travel restrictions. The other years before covid 19, in 2019- 1.5ml, 2018 -1.4ml and in 2017-1. 3ml. from January 2022- July 2022 a total of 742,133 tourist visited Tanzania.

- The Company provides excellent photographic opportunities, with a rare excitement of game viewing for tourist who have come a long way to see the prodigious variety of wildlife in its natural habitat.
- ORION HOTELS TANZANIA LIMITED in this business opportunity has to explore and develop the new products and destinations. The project idea comes at the time when new product diversification and new destinations have to be explored as America and European market present compelling opportunity for growth and expansion.

3.3 Tanzania’s Hospitality Industry – Past & Present

The growth of Tanzania’s hospitality industry may be measured by several parameters, two of which are the growth of tourist arrivals and growth of new hotels in the country.

Hotel foreign arrivals from 2015 and July -2022 are as follows:

Year	Number
2015	1,137,000
2016	1,284,000
2017	1,327,000
2018	1,506,000
2019	1,527,000
2020	621,000

2021	923,000
2022-Jan-July	742,133

Source: Internet

The sharp decrease in tourist arrivals since 2020 is largely due to existence of Covid -19. According to figures up to 2019 leisure, recreation and holidays still represent the purpose of visit, accounting for 62%. Business travel accounts for 18% of the total, the remaining 20% being represented by other motives, i.e., visiting relatives, for religious purpose/pilgrimages, for health treatment and other.

With the attention received from the government, as it is viewed as significant industry in terms of job creation, poverty alleviation and foreign exchange earnings, there had been additional investments promotion and improvement in the infrastructure in the Tourism sector by the Government.

3.4 Competition

ORION HOTELS TANZANIA LIMITED as an investor in Tanzania have an advantage in knowledge and experience regarding the local environment, industry and markets. Besides, it provides both Accommodation and Safari in a package. The company's plan for better facilities will provides better services on daily basis hence it will necessitate advance bookings.

ORION HOTELS TANZANIA LIMITED has established itself in the international market in various places such as UK and America. This increases Company recognition leading to be among the best tour operators. With this, the office remains stable against the challenges from other Tour Operators. ORION HOTELS TANZANIA LIMITED has some in-built advantages against any new

competitor who may decide to enter into this lucrative market. By leading in the market, it has established a name, experience, marketing network and strong relationship with the major international and local tour operators which in the short period would require reputable and strong competitors to make an impact. ORION HOTELS TANZANIA LIMITED can continue offering its services that are gaining popularity, offer new destination with new product diversification as the demand continues to surpass the potential supply products for up-market clientele.

3.5 Target Market

The target market for ORION HOTELS TANZANIA LIMITED in its luxury-tented camps will comprises mainly three types of guests. There are:

- | | |
|---|------|
| i. Tourists booked directly with our agent | 60% |
| ii. Tourists booked by foreign/Local tour agents. | 20 % |
| iii. Tourist with direct bookings | 20% |

Currently the composition of tourist guests served by company is from Europe and States of America and far East. The company is planning to extend its reach to other parts of the continent.

3.6 Market Segmentation and Analysis

There are basically two major markets. The tourist market and special photographic tourist market:

- **The Tourist Market**

This comprises of tourists who visit the country on year- to-year basis with prior bookings with their local tour agents. The company operates on exclusive confirmed bookings every year in advance. For the next year the company has already made bookings with the local tour agents as well as with the foreign tour agents for balloon aerial services. As the company diversifies its business its marketing approach has to change. The company will target similar market in China, Russia and South American market. This is a special market that has to be shaped.

- **The Special Photographic Tourist Market**

This comprises of the privately guided hot balloon aerial safari and company's finest safaris, with each itinerary being tailor-made to suit each group's interests. To enhance the safari, guest can request that the company include the services of an additional top naturalist/Photographer who will fly accompany with the group for all or part of the Safari.

3.8 Marketing Strategies

ORION HOTELS TANZANIA LIMITED principal objectives are to make ORION HOTELS TANZANIA LIMITED quality tourist companies provide enjoyable and memorable game drive safaris and accommodation as well as provide a new experience on new diving activity. It will also ensure that the existing ORION HOTELS TANZANIA LIMITED reputation is maintained in order to increase market share for tourist visiting our National Parks. In order to attain these objectives, ORION HOTELS TANZANIA LIMITED Management has developed

various market strategies that will ensure its goals are realized. Among other features that will be applied will include:

3.8.1 Direct marketing

The Company uses the services of overseas tour agencies that book tourists in advance. The company has established marketing relationship with reputable tour safari agents in Europe to cater for market related issues.

a) Use of Marketing Tools and Programmes

The company will use local and overseas marketing programmes to capture market segments envisaged. The company has website where it has advertised and can also be logged at anyplace in the World. The use of brochures and Journals will be applied to market.

b) Door to Door Market

ORION HOTELS TANZANIA LIMITED through its offices and agencies abroad will now and then visit or call on various international offices of potential clients for business solicitation. Such clients shall include:

- i) Sport Organizations to target Executives and Super Stars
- ii) Travel industry executives
- iii) Cooperative executives.
- iv) Senior Governments official
- v) International Organization
- vi) International Trade Fair

c) Pricing

ORION HOTELS TANZANIA LIMITED will continuously develop and review tariffs systems. The current tariffs charged are more competitive compared to those of other competitors.

FUTURE OUTLOOK – BEYOND

According to projections by Tanzania Tourist Board, which is under the Ministry of Natural Resources and Tourism, will surpass the target of **5,000,000** tourist arrivals by 2025. With the surge of tourist arrivals, it is expected to push up the demand for quality lodges, luxury tented camps and quality tour services. Other factors that are likely push the demand for the above-mentioned facilities as Tanzania has been considered as major tourist destination includes: -

- A) Political and Social Stability: The hospitality industry is expected to grow rapidly particularly for upper- and middle-class tourists who have lost interest in neighboring countries due to crowding and political unrests like that of Zimbabwe.
- B) Presence of world-famous tourist attractions in Tanzania.
- C) A growth in per capital GDP over 5.49 % from 2020 and the overall demand of services for the local clients.
- D) Improved infrastructure and transportation network to facilitate movement of travelers from abroad and within the country. For international visitors there is Tanzania can be able to attract higher load factors and there of lower air tariffs, more frequencies, which

catalyze the extension of the average lengths of stay together with other, related gains etc.

4.0 INVESTMENT AND FINANCING

4.1 Assumptions

The financial projections to determine the viability of the project are based on the following key assumptions:

- Feasibility report is submitted for 10 years.
- Depreciation calculated in straight line method.
- Income tax has been provided for at 30%.
- To account for Inflation, we have provided for 10% increase in all expenses.
- All the figures are stated in USD for convenience.
- The stocks have been assumed to be constant.
- The project has adopted the currency exchange rate of United state Dollar
1 = US\$.2300

4.2 Summary of Capital Costs

The total initial investment required for undertaking the project is estimated at **US\$. 1,800,000**. The breakdown of the capital investments is presented in table below: -

	Foreign (USD)	Total (USD)
Land and Buildings TENTS	300,000	300,000
Various Equipment's/Machines	400,000	400,000
Motor Vehicles	800,000	800,000
Furniture & Office equipment	300,000	300,000
GRAND TOTAL	1,800,000	1,800,000

4.3 FINANCING PLAN

The cost for implementing the project is planned to be financed as indicated here below. The company is intending to approach financial institution for term loan finance-

	USD
Equity	800,000
Loan	<u>1,000,000</u>
Total	<u>1,800,000</u>

4.4 The Luxury Tented Lodge

The company plans to construct a Luxury tented camp in **NORTH SERENGETI, WOGAKURYA, MARA REGION** that shall be designed in such a way that each camp blended into its environment and location. The company aims at making each tented camp different. The design of the tents shall assure that the guests feel comfortable. Since the camps shall not have any access to regular electrical power as are in such remote locations, it will provide its own electricity. An option will be to use a generator on site to produce **220V** electricity or use solar panels for the camp. As the company will limit sounds of a generator in camp, the generators will be silenced as much as possible.

roof open Land Cruiser can be used for the purpose. The Company shall not burn firewood to heat the showers or baths. Instead, it will heat the water with the sun's rays or by solar panels. The only firewood that is burnt is the small amount needed for evening's campfire.

4.5 Vehicles

The company will have ordinary or extended 4x4 Land Rover and Land Cruiser with open roof almost exclusively while driving to the launch site and a game drive back to the lodge. The local conditions in Tanzania are much more suited for Land Rover & Land Cruisers with specially designed open roof hatches for photography and unobstructed viewing for all- round visibility. All the company's game viewing safari vehicles will have a similar layout. However, many have a special interest, be it photography or birding, or perhaps they just want to be on their own so that they can dictate the pace with without worrying about someone else's interests.

4.6 FURNITURE AND FITTINGS

The company will procure large deluxe beds, king size and double beds, towels, face cloths, good lighting. Luxury tents always have en suite bathroom with provision for an additional and optional outdoor shower "under the stars" to get the guest feel closer to nature.

4.7 PRE –OPERATIONAL EXPENSES

This item includes, the cost of travel, cost of the feasibility study, personnel recruitment, legal fees, bank charges, registration costs etc.

4.8 OPERATING COST STRUCTURE

The major operating costs include the cost of running the tented camps such as food, refreshments, gas fuel for generators, salaries and wages, repairs and maintenance and electricity. Other costs include the cost of water and administrative overheads. The operation cost has been assumed to be 85% of the total revenue. the capacity utilization has been assumed to grow at a rate of 50% in year 1, 60% in year 2, 70% in year 3 while stabilized production is envisaged from the fourth year at 80% of rated capacity. 80% will be the sustainable production level.

5.0 FINANCIAL ANALYSIS

Assumptions on the financial projections indicate that the project is profitable and will generate profit from the early years and enhance the network of project sponsors. The projected financial result of ORION HOTELS TANZANIA LIMITED operations is detailed in the attached tables.

5.1 Profit and Loss accounts

Over the projected period from the beginning of year 1 to year 10, the turnover of M/S ORION HOTELS TANZANIA LIMITED is expected to grow from **US Dollars 2.02 million** in year 1 to **US Dollars USD 2.71million**. The Tented cash flow cash flow shows the operations will generate sufficient cash to meet all its financial obligations. Profit after tax is also expected to grow from **US Dollars0.400million** in year 1 to **USD 0.765 million** from year 5.

Cash flow statements

The cash flow of M/S ORION HOTELS TANZANIA LIMITED shows that it will generate sufficient cash to meet all its financial obligations.

6.0 ECONOMIC CONSIDERATION

6.1 Economic Impact

The economic impact of ORION HOTELS TANZANIA LIMITED to the country is as stated hereunder.

6.1.2 Employment:

First, the tour is expected to provide direct employment to 200 people. Its operations will also contribute to generating indirect employment in other sectors of the country's economy.

6.1.3 Government revenue

Operations of the tours and tented camps are expected to generate various taxes to the Government.

6.1.4 Environmental Impact

The operations of ORION HOTELS TANZANIA LIMITED have no negative impact on the environment. All liquid waste will be disposed of through the access pits that have been made. Other wastes are collected and periodically picked up by refuse collection service that dumps to their approved refuse dump pits.

7.0 CONCLUSION & RECOMMENDATIONS:

It is apparent from the above that project facilities are expected to be a profitable undertaking. The economic impact from implementing and operating **NORTH SERENGETI, WOGAKURYA MARA REGION** is also positive. In view of the above it is recommended that the proposed project be implemented at the earliest.

ANNEXETURES AND APPENDICES

ORION HOTELS TANZANIA LIMITED

INVESTMENT COST

	Foreign (USD)	Total (USD)
Land and Buildings TENTS	300,000	300,000
Various Equipment's/Machines	400,000	400,000
Motor Vehicles	800,000	800,000
Furniture & Office equipment	300,000	300,000
GRAND TOTAL	1,800,000	1,800,000

ORION HOTELS TANZANIA LIMITED

DEPRECIATION SCHEDULE

USD

	Amount	Rates	1	2	3	4	5	6	7	8	9	10
Land & buildings (Lodges)	300,000	5.00%	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000
Plant & Machinery	400,000	12.50%	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	-	-
Motor Vehicles	800,000	25.00%	200,000	200,000	200,000	200,000	-	-	-	-	-	-
Furniture & Fittings	300,000	12.50%	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	-	-
TOTAL			302,500	302,500	302,500	302,500	102,500	102,500	102,500	102,500	15000	15000

ORION HOTELS TANZANIA LIMITED

SALES SCHEDULE USD

DESCRIPTION	1	2	3	4	5	6	7	8	9	10
Revenue from game package and flight transfers	1,635,645	1,799,210	1,979,131	2,177,044	2,177,044	2,177,044	2,177,044	2,177,044	2,177,044	2,177,044
Revenue from camp shop sales and other sales	110,506	121,557	133,713	147,084	147,084	147,084	147,084	147,084	147,084	147,084
Revenue From Tanapa Park and Camping Fees	211,590	232,749	256,023	281,625	281,625	281,625	281,625	281,625	281,625	281,625
Revenue from service charge	62,011	86,212	93,033	102,336	102,336	102,336	102,336	102,336	102,336	102,336
Total Revenue from various activities	2,019,752	2,239,728	2,461,900	2,708,089	2,708,089	2,708,089	2,708,089	2,708,089	2,708,089	2,708,089
<u>TOTAL SALES REVENUE</u>	2,019,752	2,239,728	2,461,900	2,708,089	2,708,089	2,708,089	2,708,089	2,708,089	2,708,089	2,708,089

ORION HOTELS TANZANIA LIMITED

PROJECTED PROFIT & LOSS ACCOUNTS USD

Year	1	2	3	4	5	6	7	8	9	10
Sales Revenue	2,019,752	2,239,728	2,461,900	2,708,089	2,708,089	2,708,089	2,708,089	2,708,089	2,708,089	2,708,089
Total Sales	2,019,752	2,239,728	2,461,900	2,708,089	2,708,089	2,708,089	2,708,089	2,708,089	2,708,089	2,708,089
Cost Of Goods Sold	1,146,036	1,260,640	1,386,704	1,525,374	1,525,374	1,525,374	1,525,374	1,525,374	1,525,374	1,525,374
Operating Profit	873,714	979,088	1,075,196	1,182,715	1,182,715	1,182,715	1,182,715	1,182,715	1,182,715	1,182,715
Depreciation	302,500	302,500	302,500	302,500	102,500	102,500	102,500	102,500	15,000	15,000
PROFIT BEFORE TAX	-	-	-	-	-	-	-	-	-	-
LESS: INCOME TAX @ 30%	171364	202,976	231,808	264,065	324,065	324,065	324,065	324,065	324,065	324,065
PROFIT AFTER TAX	399,850	473612	540,888	616,150	756,150	756,150	756,150	756,150	756,150	756,150
Reserves	399,000	872,612	1,413,500	2,029,650	2,785,800	3,541,950	4,298,100	5,054,250	5810400	6,566,550

ORION HOTELS TANZANIA LIMITED
PROJECTED CASH FLOWS

	0	1	2	3	4	5	6	7	8	9	10
<i>Inflows</i>											
Equity	1,800,000										
Depreciation		302,500	302,500	302,500	302,500	102,500	102,500	102,500	102,500	15,000	15,000
Net Profit		399,000	473,612	540,888	616,150	756,150	756,000	756,150	756,150	756,150	756,150
Total Inflows	1,800,000	701,500	776,112	843,388	918,650	858,500	858,500	858,500	858,500	771,150	771,150
<i>Outflows</i>											
Investment	1,800,000										
Taxation		171,364	202,976	231,808	264,065	324,065	324,065	324,065	324,065	324,065	324,065
Total Outflows	1,800,000	171,364	202,976	231,808	264,065	324,065	324,065	324,065	324,065	324,065	324,065
Net Cash Flows	-	530,136	573,136	611,580	654,585	534,435	534,435	534,435	534,435	447,085	447,085