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# Abercrombie and Kent (Tanzania) Limited

*Corporate Registration #: 10908*

## FEASIBILITY STUDY

ON ESTABLISHMENT

OF

SANCTUARY RETREAT LUXURY CAMPS

AT

**SOUTH SERENGETI, MEATU SIMUYU REGION**

November 2022

## **1.0 The Executive Summary**

### **1.1 The company**

ABERCROMBIE AND KENT TANZANIA LIMITED was incorporated in Tanzania on 11<sup>th</sup>.May.1985, as a limited liability company, Registration No 10908 with the authorized share capital of Tshs. 800,000,000/-. Its principal activities involve expedition safaris for game viewing and accommodation for the tourists visiting Tanzania National Parks that involve the following activities: -

- (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 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. The Company provides accommodation for its clients and other operators around the East Africa and Abroad operators. From 2013 and part of 2015, the Company started to look the option of expansion in Tarangire and as well Serengeti more on central and south of Serengeti and in Ngorongoro Conservation Area and as well on South of Tanzania National Parks if opportunity arrive. Over the same period the shareholders have been able to make significant and recognized investments in new Luxury tented Lodge and better facilities such as 4WD tourist safari vehicles, commercial and new safari equipment, as well as in people and marketing and plans to continue with additional investments in tourism and hospitality

industry as the Tanzania Government continues to pursue policies that have liberalized the Tanzanian markets, disciplined inflation and encourages businesses to go into new global relationship.

## **1.2 THE COMPANY OWNERSHIP**

The project sponsors are Abercrombie and Kent (T) 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 ABERCROMBIE AND KENT (T) LIMITED is the Board of Directors, who are also the shareholders. The present shareholders of the company comprise of the following: -

Name	Nationality	Percentage
Abercrombie and Kent Inc	Owner	2 %
Abercrombie and Kent Group of Company	Owner	98 %

The shareholders of ABERCROMBIE AND KENT (T) 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 **1,613,000** which will finance its capital expenditure purchases of operating equipment's, building a new lodge rooms and training.

#### **1.4 PROJECT OBJECTIVES**

The project main objective is to involve itself in expedition safaris for game viewing and accommodation for the tourists visiting Tanzania National Parks which will involve 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 plans to boost its investment, update and expand its facilities to other remote part of Tanzania hence increasing per-customer sales customers to existing customers and to attract more upscale customers as well as diversifying into new businesses.

Through creating a nucleus for the development of a tourist industry in Tanzania as a luxury tented camp lodge, it will contribute an increase of foreign exchange as it will be receiving tourist throughout the world. It intends to comprehend the nations effort of becoming a significant player in the East African and SADC countries by maximizing opportunities for local people to find productive and profitable employment in the hospitality industry and other downstream efforts of the project in relations to other sector of economy and hence stimulate economic development.

#### **1.5 THE INVESTMENT COST**

The cost of implementing the proposed project is estimated to be **USD 1,613,000** of which **USD 1,538,000** is required for capital investment and the remaining balance of **USD 75,000** for working capital. A summary of these costs is summarized hereunder.

Summary for the Investment cost for ABERCROMBIE AND KENT (T) LIMITED:

<b>Capital Cost</b>	<b>US \$</b>
Lodge Rooms	408,000
Plant & Machinery	100,000
Furniture & Fittings	160,000
Motor Vehicles	795,000
Crockery, Cutlery & Music items	30,000
Office Equipment	20,000
Working Capital	75,000
Contingencies	25,000
<b>Total Capital Cost</b>	<b>1,613,000</b>

### **1.6 PROPOSED FINANCING PLAN**

The cost for implementing the project is planned to be financed as indicated here below. M/S ABERCROMBIE AND KENT (T) LIMITED proposes to invest **USD 1,613,000** 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:

	<b>USD</b>
Equity	403,250
Loan	<u>1,209,750</u>
<b>Total</b>	<b><u>1,613,000</u></b>

### **1.7 Location**

The luxury tented lodge will be located at ***South Serengeti, Meatu Simuyu Region.***

### **1.8 Environmental impact:**

The operations of ABERCROMBIE AND KENT (T) 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. The company subscribes to promotion of ecotourism and sustainable form of tourism. In all the places it operated it contributes to conservation of our precious environment. The company commits part of its resources in contributing to local nature conservation, supporting conservation bodies and being actively involved to preservation and conservation of Africa's unique environment

### **1.9 PROJECT IMPLEMENTATION PERIOD**

The proposed project implementation is estimated to cover a period of 5 years beginning January 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 project will employ 120 -people which will include expatriates. It is the most important long-term human resource investment. 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 it is 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 and enhance the network of project sponsors. On basis of assumptions contained in attachments 1 through to 12, a summary, given below, of projected financial result of ABERCROMBIE AND KENT (T) LIMITED operations, as detailed in attachments 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 ABERCROMBIE AND KENT (T) LIMITED is expected to grow from **US Dollars 1,270,000** in year 1 to **US Dollars 1,197,400** from year 10. The Lodge's cash flow shows the operations will generate sufficient profit to meet all its financial obligations. Profit after tax is also expected to grow from **US Dollars 451,348** in year 1 to **832,438** from year 6

**b) Cash flow statements**

The cash flow of M/S ABERCROMBIE AND KENT (T) LIMITED shows that it will generate sufficient cash to meet all its financial obligations. The company's closing cash balance is expected to grow from USD 635,170 at the end of the first year of the company's operations to USD 892,838 from year 5.

**1.12 ECONOMIC IMPACT**

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

- a) The company Establishment project at Simuyu is expected to employ 120 people including 8 expatriates.
- 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 ABERCROMBIE AND KENT (T) 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.

**1.10 CONCLUSION AND RECOMMENDATION**

The project if implemented will be in a position to Create 120 direct employment Opportunities and revenue to government through VAT and other taxes. In view of the above of attracting yield/return of the project, it is recommended that the project be implemented as is technically feasible, financially viable and economically sound.

## **2.0 THE PROJECT**

### **2.1 Introduction**

Tourism is a growth sector and is growing at a fast pace 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 probability for ABERCROMBIE AND KENT (T) LIMITED to grow in this most popular and the most beautiful game viewing area is very high, with an opportunity of an adventure looking over outstanding quintessentially African landscapes. This opportunity which prompted the investors to expand its facilities is enhanced mainly by the fact that; 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.

## **2.0 Project Concept**

### **2.1 The Luxury Tented Lodge to**

The company has embarked on a project envisaging on the establishment 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 South Serengeti, Meatu Simuyu 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 the lodge together with 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 shall provide/opt for good, wholesome home-style cooking at elegantly set dining tables (sometimes under the stars, sometimes under thatch or canvas) where guests can discuss and debate the day's events with the guides and managers. The cooks to be employed shall be cooks with the good experience in outdoor food preparation and provide delicious meals mostly European cuisine. The mealtimes shall be geared around the best game viewing times and the activities. In

this camp, the company shall abandon the traditional three meals a day routine. The day starts off at first light with very quick continental breakfast – of juices, tea or return at approximately 10 or 11am for a huge brunch.... literally, a combination of breakfast and lunch. Guest can enjoy their traditional breakfast eggs as well as quiches, salads, etc. light savories and tea/coffee/juice shall be provided before the start of the afternoon game drive, which would be followed by a return to camp for a heart/big dinner. The company also can cater for vegetarians.

## **2.2 Private Guided Safaris**

**2.2.1** Privately guided safaris can also be promoted by the company. 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.

**2.2.2** The guides know their areas intimately. With superb guides, they can turn a good safari into a great safari through their exceptional all-round skills. Top quality guides are rare breeds who are committed and dedicated professionals. The enthusiasm they generate is a natural spin- off of their way of life, which rubs off onto their guest experiences in Tanzania. The company shall make effort to hire them. 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.

**2.2.3** The Company will use its fleet of vehicles in its tour operation activities, project sites and connection between towns and remote locations. This have been

necessitated with the existence of few vehicles hire and tour operating companies operating in the country of which are enjoying a lucrative business in view of the high demand against limited supply of vehicles to the extent that most of them are fielding second hand and reconditioned vehicles while charging rates above those charged in developed countries.

**2.2.4** 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.

**2.2.5** For this programme, Abercrombie and Kent (T) Limited shall invest US Dollars **USD 1,613,000** to finance its capital expenditure purchases of operating equipment's, building a new lodge room and training,

### **2.2.6 THE PROJECT DESCRIPTION**

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.

### **2.3 The COMPANY**

The project sponsors are Abercrombie and Kent (T) 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 ABERCROMBIE AND KENT (T) LIMITED is the Board of Directors. The present shareholders of the company comprise of the following: -

<b>Name</b>	<b>Nationality</b>	<b>Percentage</b>
Abercrombie and Kent Inc	Owner	2 %
Abercrombie and Kent Group of Company	Owner	98 %

The shareholders of ABERCROMBIE AND KENT (T) LIMITED own the largest Tourist project in Tanzania having its head office located at Arusha Region. 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 more than 31 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.

## **2.4 Implementation Programme**

The proposed project implementation is estimated to cover a period of 5 years beginning January 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; Since the major tasks mentioned in the executive summary will start in 2023, and the activities to be accomplished as indicated below in the table next. The above implementation timetable is considered reasonable and achievable because the management of the company had requisite experience to implement the programme.

## **2.5 SITE AND LOCATION**

ABERCROMBIE AND KENT (T) LIMITED is a private limited company with Registered offices in Arusha. The operating Centre is located at on Plot no: **11/, 11/2 and 11/3** area **Njiro Hill** in Arusha region. The luxury tented lodge will be located at ***South Serengeti, Meatu Simuyu Region.***

## **2.6 Management and Organization Structure**

Being a private company, M/S ABERCROMBIE AND KENT (T) 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 ABERCROMBIE AND KENT (T) LIMITED is the Board of Directors. The board is made up 4 Directors. The present shareholders of the company comprise of the following: -

<b>Abercrombie and Kent Inc</b>	<b>Owner</b>	<b>2 %</b>
<b>Abercrombie and Kent Group of Company</b>	<b>Owner</b>	<b>98 %</b>

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 is being led by the principal shareholder who is also the managing director responsible for all major decisions, overall running of business, corporate planning, setting up business strategies, monitoring implementation and achievements against set goals, policy making, financial planning and administration.

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 ABERCROMBIE AND KENT (T) LIMITED. They comprise:

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

- Public Relations Manager

It is expected that a total of 120 people will be employed. Once the project is finalized and in full operation Abercrombie and Kent (T) Limited is committed to employee's development with increasing emphasis on internal career development. The company 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. The Shareholders believe that good working conditions benefit both its workers and the company. Thus, the company's remuneration packages are 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 Abercrombie and Kent (T) 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 Abercrombie and Kent (T) Limited to grow in this most popular and the most beautiful game viewing area is very high, with an opportunity of an adventure looking over outstanding quintessentially African landscapes. This

opportunity which prompted the investors to expand its facilities to Simiyu region is enhanced mainly by the fact that.

- 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. The sector offers opportunities for investors to invest in the infrastructure and the development of tourism related services.
- 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.
- Abercrombie And Kent (T) 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.

#### **Tourist arrivals:**

Period between 2015 and July -2022

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

Tourists’ arrivals 2015 to July 2022.

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. Existing roads and tracks within the parks have been repaired and new one's have been constructed in order to increase accessibility of the area and therefore make it even more interesting to visitors. An "all weather road" connecting Makuyuni and Karatu to the National parks is complete, giving visitors the possibility to visiting Ngorongoro Crater without necessarily staying within the crater where the general public has the same access as the guest would have.

### **3.4 Competition**

Abercrombie and Kent (T) Limited is an investor in Serengeti and 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. Its popularity has grown so much that its limited capacity makes demand outstrips/surpasses the potential capacity utilization which necessitates advance bookings and additional investment.

Abercrombie And Kent (T) Limited has established an international sales team in various places consists of 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. Below is the list showing a number of local tour operators in competition.

<b>TOUR OPERATOR</b>
1. Tanzania Serengeti Adventure- Arusha
2. Serengeti Balloon Safaris - Arusha
3. Leopard Tours Ltd- Arusha
4. Multichoice -Arusha
5. Serengeti Select Safaris -Arusha
6. Ranger Safaris Ltd-Arusha
7. Roy Safaris Ltd -Arusha
8. Safari Makers-Arusha
9. Simba Safaris-Arusha
10. Thomson Safaris Ltd- Arusha
11. Kudu Safari-Arusha
12. Tanzania Photographic Tours-Arusha
13. Unique Safaris-Arusha
14. Wilderson Trails-Arusha
15. Japan Tanzania Tours-Arusha
16. Wilderness Trails-Arusha
17. Micato Tours
18. Nomad Guides
19. Predator Safari Club-Arusha
20. Savannah Tours-Arusha
21. Sokwe Camps-Arusha

Competition on the other hand is for all intents and purposes a healthy economic exercise and should be promoted. Abercrombie And Kent (T) Limited has some in-built advantages against any new competitor who may decide to enter into this lucrative market. By being first 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. It is well positioned to counter for any competition and for a long period to come. Also, as mentioned and as exemplified earlier that there is an increase flow of tourist visiting the country to see the prodigious variety of wildlife in its natural habitat and other historical monuments reflects that this dynamic is already in action. Abercrombie and Kent (T) 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 Abercrombie and Kent (T) Limited in its luxury-tented camps will comprises mainly three types of guests. There are:

- |   |     |
|---|-----|
| i. Tourists booked directly with our agent        | 80% |
| ii. Tourists booked by foreign/Local tour agents. | 15% |
| iii. Tourist with direct bookings                 | 05% |

Currently the composition of tourist guests served by company is from Europe and States of America and Japan. The company is planning to extend its reach to target the Asia countries and South America countries.

### **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**

Abercrombie and Kent (T) Limited principal objectives are to make Abercrombie and Kent (T) Limited quality tourist companies provide enjoyable and memorable game drive safaris and accommodation as well as provide a new experience on new sly diving activity. It will also ensure that the existing Abercrombie and Kent (T) Limited reputation is maintained in order to increase market share for tourist visiting our National Parks and furthermore will Continue to maintain the same level of efficiency and improve on the quality to attract more up-market clientele.

In order to attain these objectives, Abercrombie and Kent (T) Limited Management has developed various market strategies that will ensure our 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 targets the up-market tourist with different tastes. 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 its website where it has been advertised and can be logged at anyplace in the World. The use of brochures and Journals will be applied to market.

#### **b) Door to Door Market**

ABERCROMBIE AND KENT (T) 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**

ABERCROMBIE AND KENT (T) LIMITED will continuously develop and review tariffs systems incorporating international hotel discount rates taking into account the type of customer and frequencies. The current tariffs charged are considered to be more competitive compared to those of other competitors. The current rates applied by ABERCROMBIE AND KENT (T) LIMITED -USD1400 per person, per day.

### **3.9 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 to push the demand for the above-mentioned facilities as Tanzania has been considered as a major tourist destination include: -

- 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 capita GDP over 5.49 % from 2020 and the overall demand for 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\$. 1,613,000**. The breakdown of the capital investments is presented in table below: -

<b>Capital Cost</b>	<b>US \$</b>
Lodge Rooms	408,000
Plant & Machinery	100,000
Furniture & Fittings	160,000
Motor Vehicles	795,000
Crockery, Cutlery & Music items	30,000
Office Equipment	20,000
Working Capital	75,000
Contingencies	25,000
<b>Total Capital Cost</b>	<b>1,613,000</b>

#### **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	403,250
Loan	<u>1,209,750</u>
Total	<u>1,613,000</u>

#### **4.4 The Luxury Tented Lodge**

The company plans to construct a Luxury tented lodge in ***South Serengeti, Meatu Simuyu 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. Though, there are a number of key common ingredients, which shall be found in all its tented camps: The design of the tents shall assure that the guests feel comfortable. Besides, the camp shall be sprayed on a regular basis with an enviro-friendly pyretic that is effective against mosquitoes and malaria.

#### **4.5 THE POWER UTILIZATION**

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-and it will run for only three or four hours in the morning and the same again the afternoon when guests are out on activities.

The electricity created is used to power ice machines, deep freezers and fridges (with special "hold-over plates" which are able to keep food and drinks cold all day). The generator also has to charge up the batteries that store the power for the

bedroom lights and for the fans above the beds. There shall be ample electricity for charging batteries for video cameras direct from the generator (which they are out on game drives). The Top 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! Dead wood shall be left out in the field so that it can recycle naturally to ensure that nutrients are returned to the soil

#### **4.6 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.

#### **4.7 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 shall be provided

#### **4.8 PRE –OPERATIONAL EXPENSES**

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

#### **4.9 OPERATING COST STRUCTURE**

The major operating costs include the cost of raw materials, packaging materials, 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. On basis of assumptions contained in attachments 1 through to 12, a summary, given below, of projected financial result of ABERCROMBIE AND KENT (T) LIMITED operations, as detailed in attachments the attached tables.

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##### **5.1 Profit and Loss accounts**

Over the projected period from the beginning of year 1 to year 10, the turnover of M/S ABERCROMBIE AND KENT (T) LIMITED is expected to grow from **US Dollars 1,270,000** in year 1 to **US Dollars 1,197,400** from year 10. The Lodge's cash flow shows the operations will generate sufficient profit to meet all its financial obligations. Profit after tax is also expected to grow from US Dollars **451,348** in year 1 to **832,438** from year 6

## **5.2 Cash flow statements**

The cash flow of M/S ABERCROMBIE AND KENT (T) LIMITED shows that it will generate sufficient cash to meet all its financial obligations. The company's closing cash balance is expected to grow from USD 635,170 at the end of the first year of the company's operations to USD 892,838 from year 5.

## **6.0 ECONOMIC CONSIDERATION**

### **6.1 Economic Impact**

The economic impact of ABERCROMBIE AND KENT (T) LIMITED to the country is as stated hereunder

#### **6.1.2 Employment:**

First of all, the tour is expected to provide direct employment to 120 people. Its operations also contribute to generating indirect employment in other sectors of the country's economy.

#### **6.1.3 Government revenue**

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

#### **6.1.4 Environmental Impact**

The operations of ABERCROMBIE AND KENT (T) 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 shareholders of the company have confirmed the ability to raise the equity funds as their contribution towards meeting costs of putting up the project. The economic impact from implementing and operating it is also positive.

In view of the above it is recommended that the proposed project be implemented at the earliest possible opportunity in the manner detailed herein above. Under the circumstances, it would be prudent for the sponsors of the proposed project be carried soon so to reap its fruits before any of the risk stated herein occur in the target market.

## **ABERCROMBIE AND KENTS (TZ) LIMITED**

<b>Capital Cost</b>	<b>US \$</b>
Land & Buildings (Lodge Rooms)	408,000
Plant & Machinery	100,000
Furniture & Fittings	180,000
Motor Vehicles	795,000
Others (Crockery, Cutlery & Music items)	30,000
Contingencies	25,000
Working Capital	75,000
<b>Total Capital Cost</b>	<b>1,613,000</b>

# ABERCROMBIE AND KENTS (TZ) LIMITED

## DEPRECIATION SCHEDULE

USD

	Amount	Rates	1	2	3	4	5	6	7	8	9	10
Land & buildings (Lodges)	<b>408,000</b>	<b>5.00%</b>	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400
Plant & Machinery	<b>100,000</b>	<b>12.50%</b>	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	-	-
Motor Vehicles	<b>795,000</b>	<b>25.00%</b>	198,750	198,750	198,750	198,750	-	-	-	-	-	-
Furniture & Fittings	<b>180,000</b>	<b>12.50%</b>	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	-	-
<b>Pre-operational expenses</b>	<b>25,000</b>	<b>20%</b>	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-
<b>TOTAL</b>			259,150	259,150	259,150	259,150	60,400	60,400	60,400	60,400	20,400	20,400





## ABERCROMBIE AND KENT TANZANIA LIMITED

### WORKING CAPITAL REQUIREMENT

**USD**

		1	2	3	4	5	6	7	8	9	10
Sundry Debtors Considered at 1 month sales revenue	1 MONTHS	105,850	119,086	132,313	145,556	163,117	163,117	163,117	163,117	163,117	163,117
Total sundry debtors		105,850	119,086	132,313	145,556	163,117	163,117	163,117	163,117	163,117	163,117
Sundry Creditors Considered 1-month operating expenses	1 MONTHS	30,522	37,625	43,825	51,566	58,984	58,984	58,984	58,984	58,984	58,984
Total sundry creditors		30,522	37,625	43,825	51,566	58,984	58,984	58,984	58,984	58,984	58,984
<b>Working Capital Limit Required</b>		<b>75,328</b>	<b>81,461</b>	<b>88,488</b>	<b>93,990</b>	<b>104,133</b>	<b>104,133</b>	<b>104,133</b>	<b>104,133</b>	<b>104,133</b>	<b>104,133</b>
<b>Change in working capital</b>		<b>75,328</b>	<b>6,133</b>	<b>7,027</b>	<b>5,502</b>	<b>10,147</b>	-	-	-	-	-

# ABERCROMBIE AND KENT TANZANIA LIMITED

## PROJECTED PROFIT & LOSS ACCOUNTS

Year	1	2	3	4	5	6	7	8	9	10
Sales - Accommodation	<b>744,600</b>	<b>837,675</b>	<b>930,750</b>	<b>1,023,910</b>	<b>1,116,900</b>	<b>1,116,900</b>	<b>1,116,900</b>	<b>1,116,900</b>	<b>1,116,900</b>	<b>1,116,900</b>
Sales - Game Drives	<b>525,600</b>	<b>591,360</b>	<b>657,000</b>	<b>722,760</b>	<b>788,400</b>	<b>788,400</b>	<b>788,400</b>	<b>788,400</b>	<b>788,400</b>	<b>788,400</b>
<b>Total Sales</b>	<b>1,270,200</b>	<b>1,429,035</b>	<b>1,587,750</b>	<b>1,746,670</b>	<b>1,957,400</b>	<b>1,957,400</b>	<b>1,957,400</b>	<b>1,957,400</b>	<b>1,957,400</b>	<b>1,957,400</b>
Cost Of Sales	<i>366,267.60</i>	<i>451,503.56</i>	<i>525,904.05</i>	<i>618,791.38</i>	<i>707,802.59</i>	<i>707,802.59</i>	<i>707,802.59</i>	<i>707,802.59</i>	<i>707,802.59</i>	<i>707,802.59</i>
Operating Profit	903,933	977,531	1,061,846	1,127,879	1,249,597	1,249,597	1,249,597	1,249,597	1,249,597	1,249,597
Depreciation	259,150	259,150	259,150	259,150	60,400	60,400	60,400	60,400	20,400	20,400
<b>PROFIT BEFORE TAX</b>	<b>644,783</b>	<b>718,381</b>	<b>802,696</b>	<b>868,729</b>	<b>1,189,197</b>	<b>1,189,197</b>	<b>1,189,197</b>	<b>1,189,197</b>	<b>1,229,197</b>	<b>1,229,197</b>
LESS : INCOME TAX @ 30%	193,435	215,514	240,809	260,619	356,759	356,759	356,759	356,759	368,759	368,759
<b>PROFIT AFTER TAX</b>	<b>451,348</b>	<b>502,867</b>	<b>561,887</b>	<b>608,110</b>	<b>832,438</b>	<b>832,438</b>	<b>832,438</b>	<b>832,438</b>	<b>860,438</b>	<b>860,438</b>
<b>Reserves</b>	<b>451348</b>	<b>954,215</b>	<b>1,516,102</b>	<b>2,124,212</b>	<b>2,956,650</b>	<b>3,789,088</b>	<b>4,621,526</b>	<b>5,053,964</b>	<b>5,914,402</b>	<b>6,774,840</b>

**ABERCROMBIE AND KENT TANZANIA LIMITED**  
**PROJECTED CASH FLOWS**

	0	1	2	3	4	5	6	7	8	9	10
<b><i>Inflows</i></b>											
Equity	<i>1,613,000</i>										
Depreciation		259,150	259,150	259,150	259,150	60,400	60,400	60,400	60,400	20,400	20,400
Net Profit		451,348	502,867	561,887	608,110	832,438	832,438	832,438	832,438	832,438	832,438
<b>Total Inflows</b>	<b><i>1,613,000</i></b>	<b>710,498</b>	<b>762,017</b>	<b>821,037</b>	<b>867,260</b>	<b>892,838</b>	<b>892,838</b>	<b>892,838</b>	<b>892,838</b>	<b>852,838</b>	<b>852,838</b>
<b><i>Outflows</i></b>											
Investment	<i>1,613,000</i>										
Change in Working Capital		75,328	6,133	7,027	5,502	10,147	-	-	-	-	-
Total Outflows	<b><i>1,613,000</i></b>	<b>75,328</b>	<b>6,133</b>	<b>7,027</b>	<b>5,502</b>	<b>10,147</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cash Flows</b>	<b>-</b>	<b>635,170</b>	<b>755,884</b>	<b>814,010</b>	<b>861,758</b>	<b>882,691</b>	<b>892,838</b>	<b>892,838</b>	<b>892,838</b>	<b>852,838</b>	<b>852,838</b>

