

DEVELOPMENT PROSPECTUS & BUSINESS PLAN

SAADANI NATIONAL PARK
SAADANI BEACH SITE



Mount Kilimanjaro Safari Club

In 2020, MKSC received an award for its support for TANAPA throughout the Covid-19 crisis.

*In 2019, MKSC received two awards from TANAPA :
1st prize for Innovation and Creativity
2nd prize for Park, Rules and Regulations*



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2. THE ARUSHA MANIFESTO

Over fifty years ago the first president of Tanzania, the late Mwalimu Julius K. Nyerere recognized the integral part wildlife plays in this country. In September 1961, at a Symposium on the Conservation of Nature and Natural Resources, he gave a speech that laid a foundation for conservation in post-independence Tanzania. The extract of that speech has become known as the Arusha Manifesto.

“The survival of our wildlife is a matter of grave concern to all of us in Africa. These wild creatures amid places they inhabit are not only important as a source of wonder and inspiration but are an integral part of our natural resources and our future livelihood and well being.

In accepting the trusteeship of our wildlife we solemnly declare that we will do everything in our power to make sure that our children’s grandchildren will be able to enjoy this rich and precious inheritance.

The conservation of wildlife and wild places calls for specialist knowledge, trained manpower, and money, and we look to other nations to cooperate with us in this important task - the success or failure of which not only affects the continent of Africa but the rest of the world as well”



3. INTRODUCTION

After the Tanzania National Park Authority invited investors for the construction of permanent tented camps in a different part of the Saadani National Park, Mount Kilimanjaro Safari Club did not hesitate for long to apply for a site within the boundaries of the national park.

Mount Kilimanjaro Safari Club fully agrees with the TANAPA Authority policy of high quality tourism and has been developing high standard services. In the context of the country's tourism, this camp could be an additional asset to the TANAPA already existing equipments and a well sought after destination.

The project will be carefully thought so its design complies with the latest ecological requirements and the highest standards of comfort, and perfectly fits as well in the immediate and large environment of the park.

Mount Kilimanjaro Safari Club is convinced that an upper class camp reserved for selected guests would wonderfully match up with the outstanding setting provided with the unique attractions of the Saadani National Park.



5. ARCHITECTURE CHARACTER

5.1 General overview

The guestrooms will be bandas with grass or wood roof, set on slightly elevated treated wooden platforms supported by treated poles in concrete footings. The bar and dining area will be a Banda with the same characteristics.



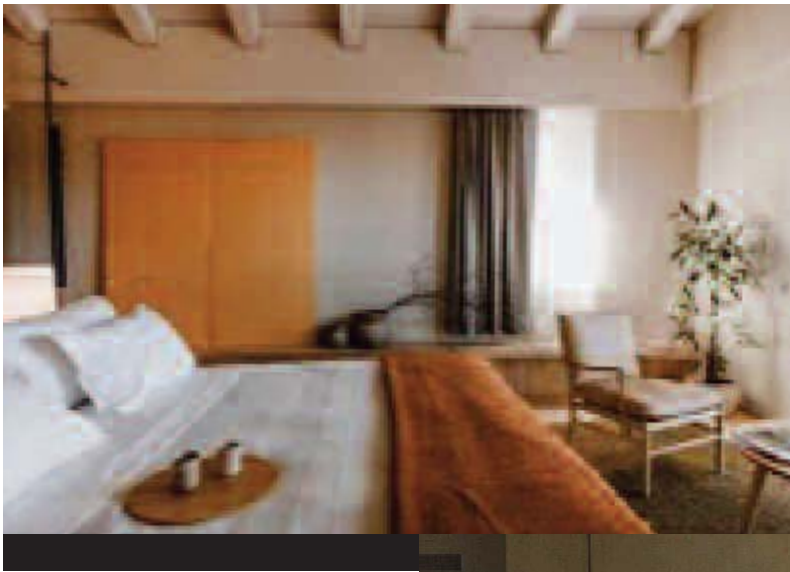
Inspiration style board



The nearby kitchen, staff compound, drivers quarters, stores and workshop will be Banda-type permanent buildings. Walls of the staff compound, kitchen and stores will be in treated timber or ferro-cement with grass or canvas roofs on concrete foundations to blend in the environment. The construction should last approximately from nine to twelve months.

The bar and dining area will be a Banda including the same characteristics. The nearby kitchen, staff compound, drivers quarters, stores and workshop will be Banda-type permanent buildings. Walls of the staff compound, kitchen and stores will be in treated timber or ferro-cement with grass or canvas roofs on concrete foundations to discreetly blend in the environment.

Inspiration style board



5.2 Public areas

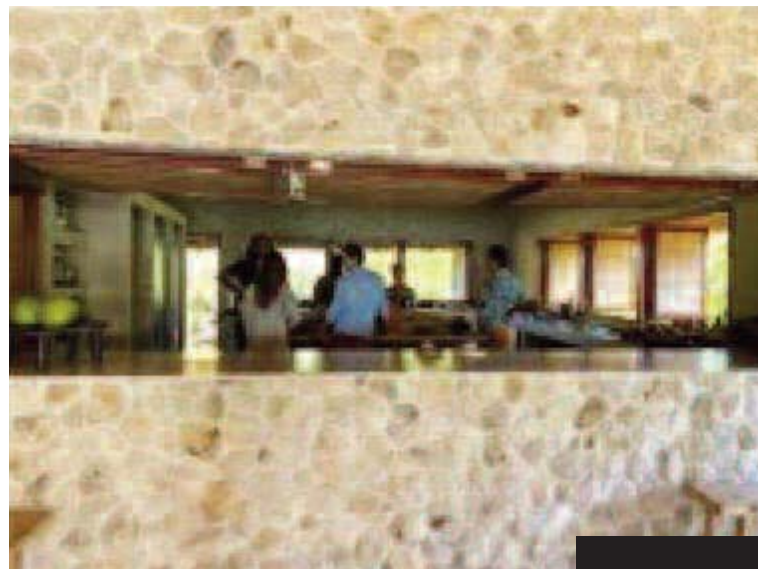
At the center of a breath-taking scenery, bathed in a warm atmosphere, the main central equipment open to the guests will include a glowing restaurant and a separate bar and lounge.

The bar will be divided in two large spaces so if it happens to rain, guests can come and take shelter. To ensure the style vividness, local materials, mainly wood, will be extensively used for the building and the decoration of most of the whole set. Stone will be used as well but to a smaller extent. It will notably be reserved to benches and low walls bordering paths and circling reserved areas for example.

At this stage of the overall study the three main collective areas under consideration are the following :

- The wide and comfortable restaurant which should cover a surface of around 70m²
- The cozily furnished bar and lounge which should be of around 40m²
- The public toilets which should show a reserved room of 6m² or so.

The roof will be made of a traditional framework covered with Makuti.



Inspiration style board

5.3 Guests bandas

The property infrastructure intends to settle 10 bandas. They will look the same from the outside but furnishing may vary from one tent to another, with a special care given to details, equipments and decoration. All of these tents will be spacious in order to meet the request of today's most demanding customers.

The bandas will be made of coral stone and wood bands manufactured in Tanzania according to an original and typical Tanzanian design. Their superstructures will be built on undressed tree trunks used as poles. Roofs will have wooden framework covered with makuti or chelewa.

Each fully-equipped banda will include a double-bed (2x2m) or twin beds, or even three (1x2m). Bedside tables, armchairs and chairs, even sofas sometimes, as well as a coffee table will make up the set of furniture. Whenever necessary mosquito nets will be hung up over beds and add a touch of atmosphere.



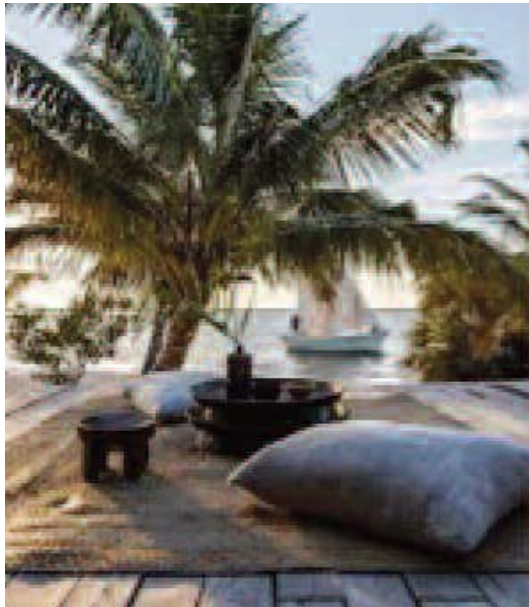
Inspiration style board



There will also be a hammock on each private terrace to allow guests to rest a few moments at mid-day in between two game drives or in the evening.

At this stage of the overall study the private accommodations under consideration are the following :

- The fully-furnished and equipped guest banda that should occupy around 25 m² each.
- The large private terrace adjoining each guest tent which should cover a total extent of around 15 m²
- The facilities including a hall, a bathroom and toilets which should make around 12 m²



In each banda, there will a large fitted out hall allowing guests to change their clothes and put their things away. This hall will lead to a wide shower room equipped with a washbasin, a large mirror and shelves for storage. In a corner of the room, a space will be reserved for toilets and its accessories.

Inspiration style board

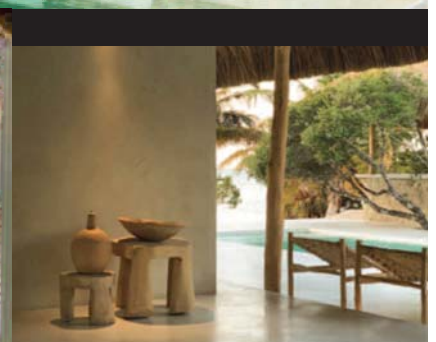


6. TYPE OF SERVICES

6.1 Activities for guests

The property will provide guests with many facilities for their comfort and the success of they stay : interpretative library including local publications, restaurant with special african cuisine, bar, deck to watch the sunset, etc.

Besides the early morning and mid-afternoon game drives, the guest will be proposed a selection of activities such as bird watching, bush breakfast and lunch, awareness lectures, sunset walks (if allowed by Tanapa), special events, etc.



Inspiration style board

6.2 Staff quarters and technical premises

When the camp will be full, 20 camp employees and 8 drivers-guides, plus one ranger from Tanapa will be needed. Accommodation for 30 people maximum must be considered.

In high season, the staff rooms can accommodate two persons. In low season the staff will be more comfortable, each of its members having a room on its own.

Consequently, around 15 rooms should be built for the camp team.

There will also be a restaurant for the staff only, including a lounge and a TV room. Facilities will include four showers and as many toilets plus storage spaces and facilities.

6.3 Staff benefits

All staff members, regardless whether managerial or normal, will be on contracts according to the Labour laws of Tanzania.

All staff members, regardless whether managerial or normal, will be granted annual leave at a minimum of the stipulated requirements of the Labour laws of Tanzania.

Staff will be transported to and from their duties in company vehicles if possible to their villages, if not to the nearest settlement with access to public transportation.

A company compassionate leave policy will be formulated with the input of the staff to incorporate traditional, financial and time aspects of the employees.

A company grievance policy will be implemented, giving all staff members the necessary access to grievance procedures according to the Labour Laws of Tanzania.

Salaries and wages will be paid on every end of the month and handed to the employee by transfer to their bank account as they may choose. Advances for compassionate situations or family tragedies will be considered on a case to case basis.

Staff rations for those not dining with the guests will be supplied and special care will be taken to ensure a healthy and nutritious supply will be available to all staff members.

All staff will be given the opportunity to participate in the company health program plan, where the company pays half of a medical aid scheme. All staff will be members of NHIF (National Health Insurance Fund).

All staff members will be housed in secure staff houses, built with material ensuring the well-being and comfort under severe climatic conditions. Staff houses will be equipped with basin, showers and toilets arranged in basic but hygienic and privacy allowing way. There will also be hot and cold water. Staff houses will also be furnished with beds, lockable cupboards, tables, chairs, bedside table, electric lights, electric fans and curtains.

A staff canteen will be available for employees to spend their free time out of their sleeping quarters. Adjoining the canteen, the staff kitchen will be equipped with fridge/freezing facilities, stove and oven, cupboard with all necessary cooking equipment, crockery and cutlery, dishwashing facility so people can prepare their meal to their taste and tradition.

7. UTILITY AND SUPPORT FACILITIES

At this stage of the study the areas under consideration are the following:

- Staff accommodation: around 150m²
- Staff mess area
(+TV room and lounge): around 30m²
- Facilities: around 30m²
- Storage facilities: around 30m²



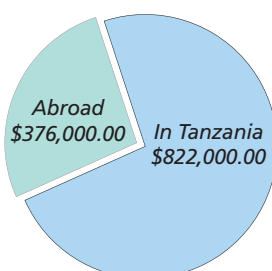
8. COST OF THE PROJECT

MKSC has been building lodges and camps in Tanzania for the last 25 years. Those experiences brought us a large expertise and a quite reliable estimation of the costs for this type of project.

This estimated quotation will be detailed later on, with the full study of the project.

<i>Chapters</i>	<i>In Tanzania</i>	<i>Abroad</i>
<i>Studies and controls</i>		
<i>Pre-project</i>	\$7,000.00	
<i>Missions and studies</i>	\$7,000.00	
<i>Architectural studies</i>		\$30,000.00
<i>Other studies (IAE...)</i>	\$14,000.00	
<i>Quantity surveyor (8%)</i>	\$50,000.00	
<i>Contractor (10%)</i>	\$64,000.00	
Total (1)	\$142,000.00	\$30,000.00
<i>Investment</i>		
<i>Material</i>	\$175,000.00	\$96,000.00
<i>(incl. construction, transportation)</i>		\$55,000.00
<i>Manpower</i>	\$140,000.00	
<i>(incl. transportation, accomodation, food)</i>		
<i>Access</i>	\$75,000.00	
Total (2)	\$390,000.00	\$151,000.00
<i>Furnitures and equipments</i>		
<i>Guest tents</i>	\$123,000.00	\$45,000.00
<i>Main building and bar</i>	\$35,000.00	\$15,000.00
<i>Staff quarter and technical premises</i>	\$55,000.00	\$110,000.00
<i>Other equipments</i>	\$77,000.00	\$25,000.00
Total (3)	\$290,000.00	\$195,000.00
Grand total (1+2+3)	\$822,000.00	\$376,000.00

*Breakdown
of the investment*



9. INCOMES

9.1 Accommodation (rates)

The prices must remain reasonable, as customers will have to bear park and concession fees in addition to accommodation prices.

This is important if we want to position ourselves as a competitive operator.

MKSC's policy has always been to offer an excellent price-quality ratio.

It is wise to plan a rate of \$200 to \$270 PP and PD (including fees), which means an average rate of \$125 (VAT not included) over the year.

9.2 Other incomes

Our experience in managing lodges teaches us that we can benefit around \$10 (VAT not included) from extras such as drinks, excursions, etc.

10. OCCUPANCY

10.1 Number of bed nights

These last years, before the Covid-19 crisis, MKSC welcomed around 9,000 tourists per year. But with the crisis, the figures have been brought down by –80% in 2020 and probably –50% in 2021. We hope to get back to 2019 figures as early as 2022.

Among these visitors, about 60% extend their stay by a seaside stay (mainly on Zanzibar), and the average length of their stay is 3.7 nights. Therefore, from 2022, we should produce around 20,000 bed nights in seaside resorts.

10.2 An alternative solution in Zanzibar

We all know the weak points of Zanzibar. The main reproach is the excessive growing number of hotels on the coast, as well as the presence of "beach boys", high attendance, etc. It is a fact that the island no longer offers the much sought after feeling of an island of wilderness and virgin beaches as it did twenty years ago.

With a new special offer in Saadani, we are offering a rare product. Thanks to our sales force abroad, we hope to divert at least 20% of Zanzibar traffic to Saadani, which would result in 4,000 bed nights a year.

10.3 A new offer

The safari and beach mixed offer is unique. It should meet new customers, who would find many benefits, such as:

- less fatigue because of shorter distances,
- a more ecological friendly trip,
- varied experiences: boat safari, walking safari, 4x4 safari, beach sports and leisures, snorkeling ...)

This can let us hope to attract customers for stays of 6 or 7 nights long. And again, thanks to our overseas sales force, we can estimate this "new" clientele to be 4,000 bed nights a year.

10.4 A good occupancy rate expected

If we add up our two "sources" of clients, we get a total of 8,000 bed nights a year. Which is an extremely promising prospect. Obviously, we will not reach these figures within the first years and need several to consolidate the hoped-for occupancy of 8,000 bed nights.

11. RUNNING COSTS OF THE CAMP

11.1 Structure costs

At Mara river post, MKSC employs a permanent staff of 25 (for 16 tents). Here we get a very similar situation, even if the standard of the new camp could be a step higher.

<i>Structure costs</i>	<i>Figures on 1 month</i>
<i>Salaries (all taxes included)</i>	<i>\$13,431</i>
<i>Staff food</i>	<i>\$3,424</i>
<i>Cars repairs</i>	<i>\$2,426</i>
<i>Diesel</i>	<i>\$3,652</i>
<i>Maintenance</i>	<i>\$900</i>
<i>Small equipment</i>	<i>\$2,088</i>
<i>Other supplies</i>	<i>\$1,400</i>
<i>Total expenses</i>	<i>\$27,321</i>

(Source of figures: MRP)

Saadani wil be comparable (with game package and activities, etc.

11.2 Other costs

If we take into consideration the ratio of MKSC's camps, we get the following figures, average per month (\$16,536 for 550 clients).

Costs	Figures on 1 month
Clients food	\$4,980
Logistics (cars)	\$4,032
Cleaning and laundry	\$1,762
Water	\$2,012
Other expenses	\$4,220
Total expenses	\$17,006

So the "other costs" per client per day was around \$30-35 (VAT excl.) in 2018. It's reasonable to consider an amount of \$40 for the study. Then expenses should increase by 3% per annum.

11.3 Depreciation costs

The total investment is estimated to reach around \$1,200,000.

This investment is to be shared in two classes (class 3 and class 6) according to the rules of depreciation prescribed in the Tax Act of Tanzania.

- Building: Class 6 (\$650,000) with a 20-year based depreciation
- Equipments: Class 3 (\$548,000) with an 8-year based depreciation

Depreciation

	Building	Equipment	Total
Investment	\$32,500.00	\$68,750.00	\$101,250.00
2023	\$32,500.00	\$68,750.00	\$101,250.00
2024	\$32,500.00	\$68,750.00	\$101,250.00
2025	\$32,500.00	\$68,750.00	\$101,250.00
2026	\$32,500.00	\$68,750.00	\$101,250.00
2027	\$32,500.00	\$68,750.00	\$101,250.00
2028	\$32,500.00	\$68,750.00	\$101,250.00
2029	\$32,500.00	\$68,750.00	\$101,250.00
2030	\$32,500.00	\$68,750.00	\$101,250.00

12. RETURN ON INVESTMENT

The following table (in US\$) results from the previous figures.
In term of cash flow, a simulation shows:

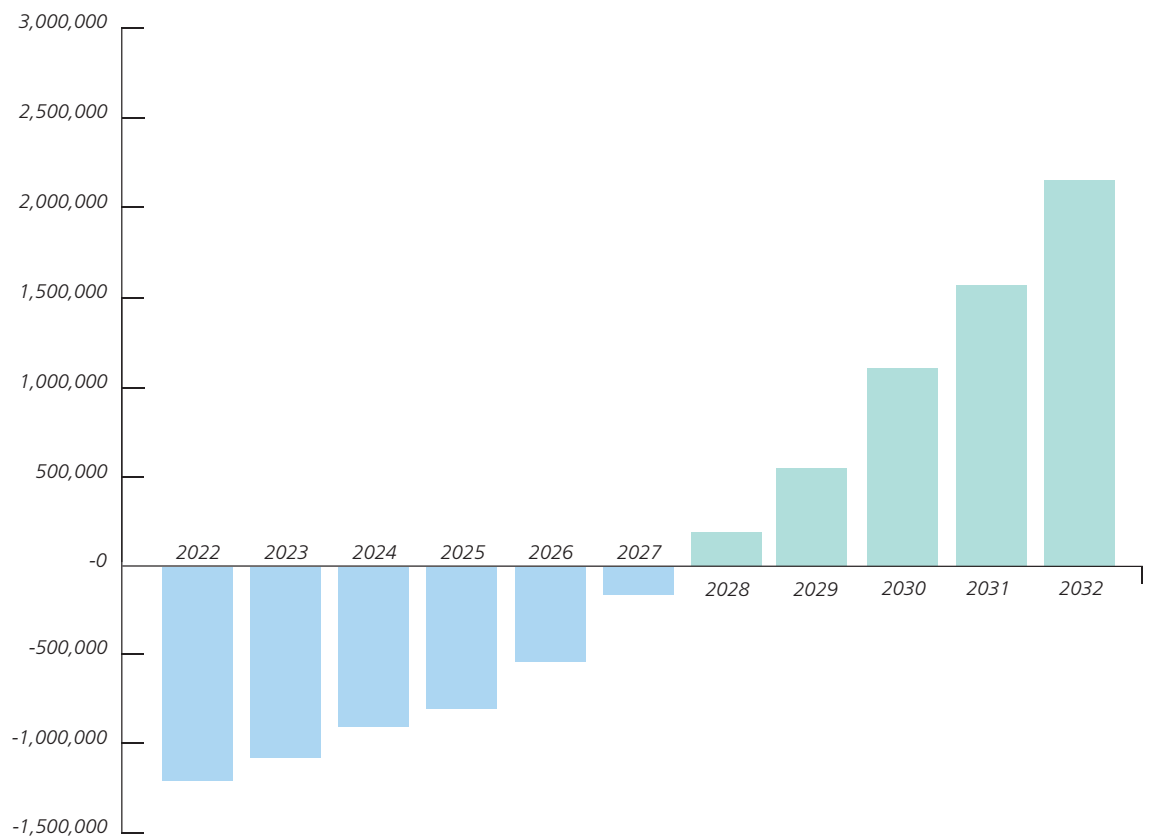
Year	Total bed night	Average selling price (VAT excl.)	Turn over	Fixed costs	Other costs	Depreciation	Total	Result
2023	4,000	145,000.00	580,000.00	300,000.00	160,000.00	101,250.00	561,250.00	18,750.00
2024	4,400	147,900.00	650,760.00	315,000.00	176,000.00	101,250.00	592,250.00	58,510.00
2025	4,800	150,860.00	724,118.40	330,000.00	192,000.00	101,250.00	623,250.00	100,868.40
2026	5,400	153,880.00	830,925.86	347,000.00	216,000.00	109,700.00	672,700.00	158,225.86
2027	6,000	156,950.00	941,715.98	382,000.00	240,000.00	109,700.00	731,700.00	210,015.98
2028	6,600	160,090.00	1,056,605.33	402,000.00	264,000.00	109,700.00	775,700.00	280,905.33
2029	7,500	163,290.00	1,224,701.63	422,000.00	300,000.00	118,100.00	840,100.00	384,601.63
2030	8,000	166,560.00	1,332,475.37	443,000.00	320,000.00	118,100.00	881,100.00	451,375.37
2031	8,000	169,890.00	1,359,124.88	465,000.00	320,000.00	118,100.00	903,100.00	456,024.88
2032	8,000	173,290.00	1,386,307.38	488,000.00	320,000.00	126,000.00	934,000.00	452,307.38



In term of cash flow, a simulation shows:

Year	Investment	Profit / loss	Depreciation	Cash flow
2022	\$1,198,000.00			\$-1,198,000.00
2023		\$18,750.00	\$101,250.00	\$-1,080,000.00
2024		\$58,510.00	\$101,250.00	\$-920,240.00
2025	\$100,000.00	\$100,868.40	\$101,250.00	\$-818,121.60
2026		\$158,225.86	\$109,700.00	\$-550,195.74
2027		\$210,015.98	\$109,700.00	\$-230,479.76
2028	\$100,000.00	\$280,905.33	\$109,700.00	\$60,125.57
2029		\$384,601.63	\$118,100.00	\$562,827.20
2030		\$451,375.37	\$118,100.00	\$1,132,302.58
2031	\$100,000.00	\$456,024.88	\$118,100.00	\$1,606,427.46
2032		\$452,307.38	\$126,000.00	\$2,184,734.84

Cash flow



13. CONCLUSION

In order to get a positive return on investment, MKSC needs 10 years, provided that the international and national situation remains stable. We all keep in mind the past major crisis (war in Irak, September 11, credit crunch, ebola, terrorism, elections, Covid-19...).

For MKSC, the overall interest in such an investment is not only economical. MKSC needs to offer its agents and clients a range of safaris in Tanzania where the eco-friendly activities are more and more important.

Whatever the investment may be, it is a balance of different aspects described hereafter:

- Technical aspect: its functional study, its choices in matter of architecture, and its cost.
- Ecological aspect: taking into account the increasing requirements regarding the environment.
- Social aspect: an investment is justified only if the social assets are taken into account: temporary employment during the construction and permanent employment once the camp is open.
- Economical aspect: as an investment can only be made in respect for the business logic.

A successful project is based on a fair balance of these four aspects which can sometimes gives the impression of being torn between opposing directions. But when these forces are well balanced, they make the investment stronger.