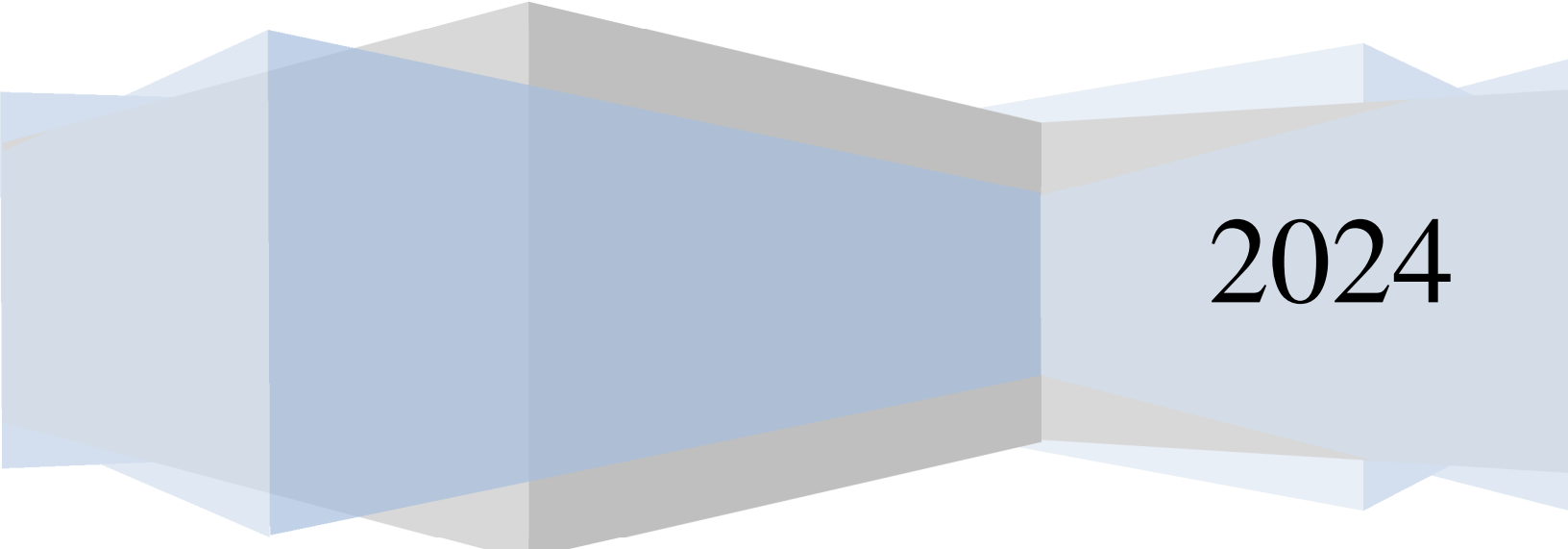


AFRICAN SCENIC SAFARIS LIMITED

PROJECT PROFILE

FOR
STANDARD HOTEL.



2024

Drawn by

Msechu Business Consult

Corporate advisory and Tax Practices

Tel: 0789800054

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African Scenic Safaris Limited
HOTEL PROJECT PROFILE

[Issued on.....]

Contact: AFRICAN SCENIC SAFARIS LIMITED

**P.O Box 1518,
Moshi, Tanzania.**

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CEO Signature.....

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It is hereby acknowledged by the undersigned that the information to be furnished in this Project Profile is in all respects confidential in nature (other than such information which is already in the public domain through other means) and that any disclosure or use of same by the undersigned may cause serious harm or damage to African Scenic Safaris Limited. Upon request, this document is to be immediately returned to African Scenic Safaris Limited.

Signature

Date25 April 2025.....

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1.0 EXECUTIVE SUMMARY

Project overview

African Scenic Safaris Limited is private limited company Incorporated in Tanzania under Company Act 2002 with Certificate of Incorporation No. 70717 dated 17th March 2009 and TIN No. 109-600-423 and VRN No. 40-023030-D. The company is dealing with the business of Tours and safaris activities. The head quarter is located in Kilimanjaro Region. The promoters of the new proposed project are Tanzanians, who have the vision to make its business the preferred choice in the targeted market. With this vision, the company is proposing increasing safari Vehicles. The promoter expects to continually reinvest its profits in several such businesses thereafter.

The idea proposed will be structured according to the needs of a well classified market niche and hence will be charged reasonable price, which is affordable to as many customers as possible.

1.1. Business Concept

The business concept of tourism in Tanzania revolves around leveraging the country's rich natural and cultural heritage to attract both domestic and international visitors, thereby generating economic growth, creating employment opportunities, and contributing to the overall socio-economic development of the nation.

Key elements of the tourism business concept in Tanzania:

- ❖ **Highlighting Natural Attractions:** Tanzania boasts iconic natural wonders such as Mount Kilimanjaro, the Serengeti National Park (famous for the Great Migration), the Ngorongoro Crater, and the spice islands of Zanzibar. The business concept emphasizes showcasing these unique assets to attract wildlife enthusiasts, adventure seekers, and beach lovers.
- ❖ **Promoting Cultural Tourism:** Beyond wildlife, Tanzania is rich in cultural diversity with numerous ethnic groups, historical sites like the Stone Town of Zanzibar (a UNESCO World Heritage site), and archaeological sites such as Olduvai Gorge.

Developing cultural tourism experiences offers a different dimension and attracts visitors interested in history, traditions, and local interactions.

- ❖ **Developing Diverse Tourism Products:** The concept extends beyond traditional safaris and beach holidays to include eco-tourism, adventure tourism (trekking, diving), cultural tours, and potentially business tourism and MICE (Meetings, Incentives, Conferences, and Exhibitions). Diversification helps attract a wider range of tourists and reduces over-reliance on specific segments.
- ❖ **Focusing on Sustainability and Conservation:** Recognizing the importance of preserving its natural heritage, a key aspect of Tanzania's tourism concept involves promoting sustainable tourism practices that minimize environmental impact and benefit local communities. This includes responsible wildlife viewing, supporting conservation efforts, and investing in eco-friendly accommodations.
- ❖ **Community Involvement:** Engaging local communities in tourism activities is crucial for ensuring that the benefits of tourism are shared and that local cultures and traditions are respected. Community-based tourism initiatives empower local populations, create economic opportunities, and offer tourists authentic cultural experiences.
- ❖ **Strategic Partnerships:** Collaboration between the government, private sector (hotels, tour operators, airlines), and local communities is essential for developing and promoting tourism effectively. Public-private partnerships can lead to better infrastructure, improved services, and more effective marketing campaigns.
- ❖ **Investment in Infrastructure:** A successful tourism industry relies on adequate infrastructure, including well-maintained roads, airports, accommodation facilities, and communication networks.⁷ Attracting investment in these areas is a vital part of the business concept.
- ❖ **Marketing and Branding:** Effective marketing strategies are needed to position Tanzania as a premier tourist destination in the global market.⁸ This includes highlighting its unique selling points, targeting specific market segments, and utilizing digital platforms to reach potential visitors.
- ❖ **Enhancing the Tourist Experience:** Ensuring visitor safety, providing high-quality services, and creating memorable experiences are critical for attracting repeat visitors and positive word-of-mouth referrals. This involves training guides, improving

customer service standards, and ensuring the quality of accommodations and other tourism-related services.

- ❖ **Addressing Challenges:** The business concept also involves identifying and addressing challenges such as multiple taxes and levies, infrastructure gaps, the need for more affordable financing for tourism businesses, and ensuring that the benefits of tourism reach local communities effectively.

Overall, the business concept of tourism in Tanzania aims to create a vibrant, sustainable, and inclusive industry that contributes significantly to the national economy while preserving the country's unique natural and cultural assets for future generations. The goal is to move towards a higher-value tourism model that not only increases revenue but also creates more high-quality jobs and strengthens local value chains.

The business concept of tourism in Tanzania revolves around leveraging the country's rich natural and cultural heritage to attract both domestic and international visitors, thereby generating economic growth, creating employment opportunities, and contributing to the overall socio-economic development of the nation.

1.2. The Market

The tourism market in Tanzania is experiencing significant growth and plays a vital role in the national economy. Here's an overview:

Current Status and Trends:

- ❖ **Impressive Growth:** Tanzania's tourism sector is booming. In 2024, tourist arrivals reached 1,748,500, a 12.4% increase from 2023.
- ❖ **Record-Breaking Numbers:** 2023 saw a record high of 1,806,359 visitors, a 24.2% increase from the previous year. Some sources even report higher figures, with over 2 million international tourists recorded by August 2024 and 5.36 million total tourists (including domestic) by the end of 2024.

- ❖ **Economic Contribution:** Tourism contributed 17.2% to Tanzania's GDP in 2024, up from 16.4% in 2023. The sector generated USD 3,259 in 2023, tourism receipts reached a record high of USD 3.37 billion.
- ❖ **Employment:** The tourism sector directly supported over 1.5 million jobs in 2024, encompassing roles in hotels, transportation, and cultural tourism.
- ❖ **Top Attractions:** Serengeti National Park remains the top attraction, followed by Zanzibar and Mount Kilimanjaro, which is experiencing the fastest growth in visitor numbers.
- ❖ **Key Source Markets:** Traditionally, Europe accounts for the largest share of arrivals, followed by Africa and Asia and the Pacific. Emerging markets like North America and Asia are growing, reducing reliance on European visitors.⁵ East African countries, particularly Kenya and Burundi, also represent a significant portion of arrivals.
- ❖ **Hotel Occupancy:** Hotel occupancy rates increased to 74.5% in 2024, up from 69.8% in 2023, indicating higher demand for accommodation.
- ❖ **Government Initiatives:** The Tanzanian government is actively promoting tourism through campaigns like Utalii Tena and investing in tourism infrastructure. The "Royal Tour" documentary also significantly boosted the country's global appeal.
- ❖ **Ambitious Targets:** Tanzania aims to attract 5 million tourists and generate USD 6 billion in revenue by 2025. While the target for tourist numbers was already exceeded in 2024, increasing revenue remains a focus.

Challenges:

- ❖ **Revenue Growth Lag:** While tourist arrivals are increasing significantly, revenue growth is slightly slower, suggesting tourists might be spending less per visit.
- ❖ **Infrastructure Needs:** Sustaining growth requires further investment in infrastructure and transport networks within and around tourist destinations.
- ❖ **Local Value Chain Integration:** The tourism sector needs to create more high-value jobs for locals and increase the use of locally sourced products to ensure broader economic benefits. Currently, wages for local workers in tourism are lower compared to neighboring countries like Kenya, and there's a reliance on imported materials.

- ❖ **Taxation and Governance:** Multiple taxes and levies can discourage investment and create opportunities for corruption. A fairer, business-friendly taxation system and transparent revenue redistribution mechanisms are needed to benefit local communities.
- ❖ **Diversification beyond Wildlife:** While wildlife safaris are a major draw, there's a need to further diversify tourism offerings to include beach activities, cultural tourism, and business tourism to attract a wider range of tourists and reduce over-reliance on specific attractions.
- ❖ **Marketing and Promotion:** Continuous and strong marketing campaigns are crucial to sustain the growth and reach the set targets.
- ❖ **Connectivity:** Improving flight connectivity and potentially introducing more direct flights from key markets can further boost tourist arrivals.

Opportunities:

- ❖ **Untapped Potential:** Tanzania possesses vast untapped tourism potential in its diverse natural and cultural attractions.
- ❖ **Growing Global Interest:** Increased global awareness of Tanzania's unique offerings positions it as a premier African destination.
- ❖ **Diversification of Markets:** Emerging markets in North America and Asia offer new avenues for growth and reduce dependence on traditional European markets.
- ❖ **Growth in Specific Segments:** Adventure tourism, particularly around Mount Kilimanjaro, and beach tourism in Zanzibar are showing strong growth.
- ❖ **Domestic Tourism:** A growing culture of domestic tourism provides additional resilience to the sector.
- ❖ **Strategic Location:** Tanzania's geographical location makes it a gateway to regional markets.
- ❖ **Stable Investment Environment:** The government's pro-investment attitude and ongoing reforms create a conducive climate for tourism investments.

In conclusion, the tourism market in Tanzania is dynamic and experiencing robust growth, exceeding pre-pandemic levels and contributing significantly to the national economy. While challenges remain in maximizing revenue, integrating local value chains, and diversifying

offerings, the country's rich natural and cultural heritage, coupled with government efforts and increasing global interest, present substantial opportunities for sustainable growth and development in the tourism sector. Achieving the ambitious targets for revenue will require a focused effort on addressing the existing challenges and strategically leveraging the abundant opportunities.

Capital Requirements for the new proposed budget

Currently the company is financed by equity finance, of which there is an authorized share capital of Tshs. 600,000,000. However, the project is estimated to cost around 2,000,000USD of which all of this will be debt finance from monetary institutions.

The capital generated will be critical to keep the company afloat at least in the first few months until when the business is stable enough to generate enough cash flows to sustain its ongoing concern and growth.

2.0 VISION, MISSION AND OBJECTIVES

2.1 VISION

African Scenic Safaris envisions being the leading provider of sustainable and transformative safari adventures in Tanzania and East Africa, inspiring travelers to forge deep connections with the region's unique landscapes, abundant wildlife, and vibrant cultures, while actively contributing to the long-term conservation of its natural treasures and the empowerment of its local communities.

Here's a breakdown of the key components of this synthesized vision:

- ❖ **Leading Provider:** They aim to be at the forefront of the safari industry in the region.
- ❖ **Sustainable and Transformative:** Their focus goes beyond just offering tours; they want to create experiences that are environmentally responsible and have a lasting positive impact on travelers.
- ❖ **Deep Connections:** They strive to help visitors truly engage with Tanzania's nature, wildlife, and people on a profound level.
- ❖ **Conservation Focus:** A core element is their commitment to protecting Tanzania's natural heritage for future generations.
- ❖ **Community Empowerment:** They aim to ensure that local communities benefit directly from tourism.
- ❖ **Expansion (Implicit):** While currently focused on Tanzania, the mention of "East Africa" in some contexts suggests a potential for broader regional reach in the future.

In essence, African Scenic Safaris doesn't just want to show tourists the beauty of Tanzania; they want to do so in a way that is ethical, sustainable, and creates meaningful experiences for both the travelers and the local communities and environment.

2.2 Mission

The mission of African Scenic Safaris, based on the information available, centers around providing unforgettable and authentic Tanzania safari experiences while emphasizing responsible tourism, conservation, and community engagement.

Here's a breakdown of key elements that appear consistently in their messaging:

- ❖ **Creating Unforgettable Journeys:** They aim to craft experiences that deeply immerse travelers in the beauty of Tanzania's nature, wildlife, and landscapes, leaving lasting memories.
- ❖ **Connecting People with Nature and Culture:** A core goal is to foster a profound connection between travelers, the African wildlife, and the local cultures and communities.
- ❖ **Commitment to Sustainability:** They are dedicated to eco-friendly and responsible tourism practices to minimize environmental impact and maximize positive contributions to conservation efforts.
- ❖ **Empowering Local Communities:** Supporting and collaborating with local communities to create shared economic and social benefits is a significant part of their mission. This includes promoting fair trade and ethical partnerships.
- ❖ **Delivering Authentic Experiences:** They strive to offer genuine safari experiences that honor Africa's natural beauty and cultural heritage, ensuring travelers experience the true essence of Tanzania.
- ❖ **Striving for Excellence:** Maintaining high standards of service, professionalism, and customer satisfaction is crucial to their operations.
- ❖ **Education and Awareness:** They aim to inspire travelers to learn about Tanzania's biodiversity, culture, and conservation challenges, raising awareness about sustainable tourism.
- ❖ **Operating with Integrity:** Conducting business with honesty, transparency, and respect for all stakeholders is a fundamental principle.

In simpler terms, the mission of African Scenic Safaris is likely something along the lines of: "To provide exceptional and sustainable Tanzania safari experiences that connect travelers with the wonders of African wildlife and culture, while actively contributing to the conservation of its natural heritage and the well-being of local communities."

This mission underscores their commitment not only to providing memorable safaris but also to ensuring that their operations have a positive impact on Tanzania's environment and people.

They aim to be more than just a tour operator; they strive to be a responsible partner in Tanzania's sustainable development.

2.3 OBJECTIVES

While a specific Project Profile for African Scenic Safaris' USD 2 million New the proposed new hotel project in Moshi isn't publicly available, the following is the potential objectives based on general Project Profile principles, the company's existing operations, and the tourism landscape in Moshi:

Potential Objectives for African Scenic Safaris' USD 2 Million for the proposed new hotel project in Moshi:

Financial Objectives:

- ❖ Achieve a specific occupancy rate within a defined timeframe (e.g., 65-75% within the first two years of operation). This is crucial for revenue generation and loan repayment.
- ❖ Generate a targeted revenue within the first three to five years. This should be aligned with covering operating costs, debt servicing, and providing a return on investment.
- ❖ Achieve profitability within a specific period (e.g., break-even within one year, net profit within three years). This demonstrates the financial viability of the hotel.
- ❖ Maintain competitive pricing while maximizing revenue per available room (RevPAR). Balancing attracting guests with achieving optimal pricing.
- ❖ Secure a strong return on investment (ROI) for stakeholders within a reasonable timeframe. This justifies the capital expenditure.

Customer-Related Objectives:

- ❖ Establish the hotel as a preferred accommodation choice for tourists visiting Moshi and the Kilimanjaro region. This involves building a strong reputation and brand loyalty.

- ❖ Achieve high levels of guest satisfaction, measured through reviews and feedback. Positive reviews are critical for attracting future guests.
- ❖ Attract a diverse range of guests, including climbers, safari tourists, leisure travelers, and potentially business travelers. Diversifying the target market can improve occupancy rates throughout the year.
- ❖ Provide exceptional and personalized service that reflects Tanzanian hospitality. Creating memorable experiences for guests.
- ❖ Build a strong online presence and utilize digital marketing effectively to attract bookings. In today's market, online visibility is essential.

Operational Objectives:

- ❖ Develop and maintain high-quality facilities and amenities that meet the needs of the target market. This includes comfortable rooms, dining options, and potentially other facilities like a tour desk or gear storage.
- ❖ Implement efficient and cost-effective operational processes. Managing resources effectively to maximize profitability.
- ❖ Recruit, train, and retain a skilled and motivated local workforce. Providing quality service relies on competent staff.
- ❖ Establish strong relationships with local suppliers for goods and services. Supporting the local economy and ensuring reliable supplies.
- ❖ Adhere to high standards of hygiene, safety, and security for guests and staff. Ensuring a safe and comfortable environment.

Strategic and Sustainability Objectives:

- Align the hotel's operations with African Scenic Safaris' existing focus on sustainable tourism practices. This could involve eco-friendly initiatives, support for local communities, and responsible resource management.
- Integrate the hotel with the company's safari and climbing tour offerings, creating package deals and cross-promotion opportunities. Leveraging existing business strengths.

- Contribute to the economic development of the Moshi region through job creation and local sourcing. Having a positive impact on the community.
- Explore opportunities for future expansion or additional services based on market demand and profitability. Planning for long-term growth.
- Establish partnerships with local tourism stakeholders, such as tour operators and Kilimanjaro National Park authorities. Collaborating to enhance the overall tourism experience in the region.

Considering the Moshi Context:

Moshi is a key hub for Mount Kilimanjaro climbs and a gateway to various safaris in northern Tanzania. Therefore, the hotel's objectives will likely focus on catering to this specific tourist market. This could include offering services and facilities tailored to climbers (e.g., gear storage, pre- and post-climb relaxation areas) and safari-goers (e.g., tour booking assistance, early breakfast options).

Achieving these objectives will be crucial for the success and sustainability of African Scenic Safaris' new hotel venture in Moshi. The USD 2 million investment will need to be strategically deployed and managed to meet these goals.

2.4 Goals

The primary goals of African Scenic Safaris' Project Profile for building a USD 2 million New hotel project in Moshi, Tanzania, are likely multifaceted and center around establishing a successful and sustainable hospitality business that contributes to the company's overall growth and profitability. Here's a breakdown of potential key goals:

Core Business and Financial Goals:

- ❖ **Establish a Profitable Hotel Operation:** The fundamental goal is to create a hotel that generates consistent revenue exceeding its operating costs and debt service obligations. This involves achieving a certain occupancy rate, average daily rate (ADR), and efficient cost management.

- ❖ **Achieve a Return on Investment (ROI):** While the initial financing is entirely debt-based, the underlying goal is to generate returns for African Scenic Safaris as the parent company. This will likely be achieved through profit repatriation after the hotel stabilizes and starts generating positive cash flows.
- ❖ **Ensure Long-Term Financial Sustainability:** The Project Profile will aim to create a hotel that can sustain its operations in the long run, generate sufficient cash flow for maintenance, renovations, and potential future expansion, and remain competitive in the Moshi hospitality market.
- ❖ **Service the USD 2 Million Debt:** A critical immediate goal is to generate enough revenue to meet the repayment obligations of the USD 2 million debt financing. The Project Profile will outline how projected cash flows will cover principal and interest payments according to the loan terms.
- ❖ **Increase Asset Value:** The hotel itself will be an asset. The Project Profile likely aims to increase the value of this asset over time through successful operations, strategic upgrades, and maintaining a strong reputation.

Market and Customer-Related Goals:

- ❖ **Capture a Significant Share of the Moshi Tourism Market:** Moshi is a key gateway for Mount Kilimanjaro expeditions and attracts various types of tourists. The Project Profile will likely target a specific segment (e.g., budget travelers, adventure tourists, leisure travelers) and aim to capture a substantial portion of that market.
- ❖ **Attract and Retain Guests:** Achieving high occupancy rates requires attracting guests through effective marketing, competitive pricing, and providing a positive guest experience that encourages repeat business and positive word-of-mouth referrals.
- ❖ **Establish a Strong Brand Reputation:** Building a reputable hotel brand in Moshi will be crucial for long-term success. This involves providing quality accommodation, excellent service, and potentially differentiating itself through unique offerings or a specific brand identity.

- ❖ **Meet the Needs and Expectations of Target Customers:** The Project Profile will likely outline a deep understanding of the needs and preferences of its target market and ensure that the hotel's facilities, services, and pricing align with these expectations.

Operational and Management Goals:

- ❖ **Develop Efficient and Effective Hotel Operations:** The Project Profile will aim to establish smooth and efficient operational processes, including front office management, housekeeping, food and beverage services (if applicable), and maintenance.
- ❖ **Recruit and Retain a Skilled Workforce:** The success of a hotel heavily relies on its staff. The plan will likely include strategies for recruiting, training, and retaining a competent and motivated team that can deliver excellent service.
- ❖ **Ensure High Standards of Quality and Service:** Maintaining consistent quality in accommodation, facilities, and service delivery will be paramount for guest satisfaction and building a positive reputation.
- ❖ **Comply with Local Regulations and Standards:** The Project Profile will need to ensure that the hotel's construction and operations comply with all relevant Tanzanian laws, regulations, and hospitality industry standards.

Strategic and Growth-Oriented Goals:

- ❖ **Complement African Scenic Safaris' Existing Business:** The hotel likely aims to synergize with African Scenic Safaris' core safari business, potentially offering accommodation packages to safari clients and creating a more integrated tourism experience.
- ❖ **Contribute to the Local Economy and Community:** The Project Profile might include goals related to local job creation, sourcing local goods and services, and potentially engaging in community development initiatives.
- ❖ **Potential for Future Expansion:** While the initial focus is on the USD 2 million hotel, the Project Profile might allude to potential future expansion of the hotel or development of additional hospitality offerings in the region if the initial venture proves successful.

In summary, African Scenic Safaris' Project Profile for the Proposed New Hotel will likely outline a comprehensive set of goals spanning financial performance, market penetration, operational efficiency, and strategic alignment with their existing business, all geared towards creating a successful and sustainable hospitality establishment in a key Tanzanian tourism hub. The immediate critical goal will be to manage the debt financing effectively and generate sufficient cash flow for operations and repayments.

2.5 Purpose of Project Profile

The African Scenic Safari is looking to expand its incentive offerings from (Tanzania Investment Centre) to include a hotel project.

The core purpose of a Project Profile in this context is to act as a **compelling and comprehensive roadmap** that demonstrates the viability, potential, and strategic direction of this hotel project, specifically aimed at securing the necessary resources and approvals for its implementation.

Here's a more detailed breakdown of why a Project Profile is crucial for The African Scenic Safari's the proposed new hotel project expansion:

1. Securing Funding and Investment:

- **Attracting Investors:** A well-structured Project Profile serves as a powerful tool to attract potential investors, whether they are financial institutions (banks), private equity firms, or individual investors. It provides them with the critical information they need to assess the risk and potential return on investment.
- **Loan Applications:** When seeking loans from banks or other financial institutions, a Project Profile is a fundamental requirement. It demonstrates the company's understanding of the market, its financial projections, and its ability to repay the loan.
- **Justifying the Investment:** The plan clearly articulates the financial projections, including revenue forecasts, cost analysis, and profitability timelines, justifying the capital expenditure required for the hotel project.

2. Strategic Planning and Decision Making:

- **Defining the Project Scope:** The Project Profile forces The African Scenic Safari to clearly define the scope of the hotel project, including its size, target market, amenities, and unique selling propositions.
- **Market Analysis:** It necessitates a thorough analysis of the local hotel market in Moshi (considering the current location), including demand, competition, pricing strategies, and potential growth opportunities. This ensures the project is based on realistic market conditions.
- **Operational Planning:** The plan outlines the operational aspects of the hotel, including staffing, management structure, service delivery, and day-to-day processes.
- **Risk Assessment and Mitigation:** A good Project Profile identifies potential risks and challenges associated with the proposed new hotel project and proposes strategies to mitigate them, demonstrating a proactive and responsible approach.

3. Obtaining Internal and External Approvals:

- **Internal Alignment:** The Project Profile helps to align the internal stakeholders within The African Scenic Safari on the vision, goals, and strategies for the hotel project. It ensures everyone is on the same page and working towards a common objective.
- **Government Permits and Licenses:** Depending on the scale and location of the hotel project, various government permits and licenses will be required. The Project Profile can be a crucial document in the application process, demonstrating the project's viability and potential contribution to the local economy.
- **Land Use and Zoning Approvals:** If new land acquisition or changes in zoning are required, the Project Profile can provide the necessary justification and demonstrate the responsible use of resources.

4. Communication and Stakeholder Management:

- **Clear Communication:** The Project Profile serves as a clear and concise communication tool for all stakeholders, including investors, lenders, employees, and

potential partners. It effectively conveys the project's objectives, strategies, and expected outcomes.

- **Building Confidence:** A well-researched and professionally presented Project Profile instills confidence in stakeholders regarding The African Scenic Safari's capabilities and the potential success of the hotel project.

In essence, the Project Profile for The African Scenic Safari's the proposed new hotel project acts as a blueprint for success. It will be not just a document to secure funding; It will be a strategic tool that guides decision-making, manages risks, and ensures a well-thought-out and sustainable expansion of their incentive offerings. It demonstrates to potential partners and investors that The African Scenic Safari has a clear vision, a solid understanding of the market, and a credible plan to execute this ambitious project in Moshi.

3. THE COMPANY

3.1 History & Background

African Scenic Safaris Limited is an incorporated company in Tanzania; specific and general information can be requested by the use of the following contacts:

AFRICAN SCENIC SAFARIS LIMITED

P.O Box 1518,

Moshi, Kilimanjaro.

Phone number: +255784 413 801.

Currently African Scenic Safaris Limited's offices are located at, Plot no. 147 II Block B, 13 Lamarck Kaaya Avenue, Shaint Town Road, Kilimanjaro ward, Moshi CBD. The reasons for the chosen location are:

The principal business activity provision of tours and safari services. The following table sets out the current shareholders and the number of shares owned by each:

Name of Shareholder Address Number of shares & Class of Shares

FULL NAME	NUMBER OF SHARES	% HOLDINGS
ELISIMBO SHADRACK NATAI	3917	95
NEEMA SHADRACK NATAI	200	5
TOTAL	4117	100

3.2 Directors

The Company's Board of Directors, which is made up of highly qualified business professionals/experts, will be a valuable asset to the Company and instrumental to its development by assisting our management team in making appropriate decisions and taking the most effective action; these directors will be responsible for management decisions. The following persons will make up the current Board of Directors of the Company:

❖ **ELISIMBO SHADRACK NATAI**

An experienced entrepreneur in the field of Tourism, MR. Elisimbo Shadrack Natai is a competent trader in the aforementioned areas. He is a very experienced worker and a maker of solid financial decisions. He is also a very sociable person which is a very important trait for people in the Tourism and Tourism business. Apart from that, he is

a native of the region and has lived there for a long time, hence he knows all the tourist hot spots that visitors will be delighted to visit and see.

❖ **NEEMA SHADRACK NATAI**

Having lived in the region a long time and well experienced in the fields of management and Tourism, Neema Shadrach Natai is the best pick there is for director. With the amazing ability to make everyone feel welcome and at home at every setting, she is a valuable asset in a business that needs people to feel welcome and comfortable such as this one. She is also very financially responsible and well versed in fields of management.

We hope her expertise will make our company achieve its stated objectives.

3.3 Strategic Alliances

Strategic alliances could play a significant role in the success of African Scenic Safaris' new proposed hotel project in Moshi. Given the competitive nature of the tourism industry and the need to attract a steady stream of guests, forming the right partnerships can provide numerous benefits. Here are some potential strategic alliances that African Scenic Safaris might consider for their Moshi hotel:

Tourism and Travel Related:

- ❖ **Tour Operators (Local and International):** Partnering with tour operators who bring groups to the Kilimanjaro region and Moshi is crucial. This could involve offering preferential rates or packages for their clients, ensuring a consistent flow of bookings.
- ❖ **Safari Companies (Including African Scenic Safaris' Own):** Integrating the hotel with their safari packages can create a seamless experience for tourists. Offering combined accommodation and safari deals can be very attractive.
- ❖ **Airlines and Transportation Providers:** Collaborating with airlines or local transportation companies (e.g., airport shuttles, taxi services) can provide convenient travel options for guests and potentially lead to referral agreements.

- ❖ **Tourism Boards and Associations:** Working with local and national tourism boards can increase visibility and access to marketing opportunities and industry events.
- ❖ **Other Hotels and Lodges (Non-Competitive):** Forming alliances with other establishments, especially those in different price ranges or offering different experiences, can lead to cross-referrals and package deals that cater to a wider range of travelers.
- ❖ **Adventure Activity Providers:** Partnering with companies offering Kilimanjaro climbs, cultural tours, coffee farm visits, or other local attractions can create bundled experiences for hotel guests.

Local Business and Community Related:

- ❖ **Local Restaurants and Cafes:** Collaborating with nearby eateries can offer guests more dining options and potentially lead to reciprocal referral agreements.
- ❖ **Craft Shops and Souvenir Vendors:** Partnering with reputable local artisans can provide guests with authentic shopping experiences and potentially generate commission for the hotel.
- ❖ **Local Guides and Cultural Experts:** Working with knowledgeable local guides can enhance the guest experience by offering insightful tours and cultural interactions.
- ❖ **Training Institutions:** Partnering with local hospitality schools or training centers can provide a pipeline of skilled staff and contribute to community development.
- ❖ **Agricultural Producers:** Sourcing local produce for the hotel's kitchen can support the local economy, ensure fresh ingredients, and potentially offer a unique "farm-to-table" experience.

Online and Technology Related:

- ❖ **Online Travel Agencies (OTAs):** While essential for bookings, strategic partnerships with key OTAs can involve preferred placement or exclusive deals.
- ❖ **Travel Influencers and Bloggers:** Collaborating with travel influencers can generate significant online visibility and reach target audiences.

- ❖ **Technology Providers:** Partnering with companies offering booking systems, guest management software, or other hospitality technology can improve efficiency and the guest experience.

Benefits of Strategic Alliances:

- ❖ **Increased Occupancy Rates:** Access to a wider network of potential guests through partners.
- ❖ **Enhanced Marketing Reach:** Leveraging the marketing channels of alliance partners.
- ❖ **Cost Reduction:** Sharing resources or negotiating better rates through collective bargaining.
- ❖ **Improved Guest Experience:** Offering a wider range of services and activities through collaborations.
- ❖ **Access to New Markets and Customer Segments:** Reaching demographics that might not be directly accessible.
- ❖ **Strengthened Brand Reputation:** Associating with reputable partners can enhance the hotel's credibility.
- ❖ **Competitive Advantage:** Offering unique packages and experiences through alliances.
- ❖ **Support for Local Economy and Community Relations:** Building positive relationships with local businesses and organizations.

Key Considerations for Forming Alliances:

- ❖ **Shared Goals and Values:** Ensuring that potential partners have aligned objectives and a compatible work ethic.
- ❖ **Clear Roles and Responsibilities:** Defining the contributions and benefits for each partner.
- ❖ **Formal Agreements:** Establishing clear contracts that outline the terms of the alliance.
- ❖ **Effective Communication:** Maintaining open and regular communication between partners.

- ❖ **Mutual Trust and Respect:** Building a strong foundation of trust for a successful long-term relationship.

By strategically selecting and nurturing the right alliances, African Scenic Safaris can significantly enhance the success and sustainability of their proposed new hotel project in Moshi. Given the strong tourism potential of the region, these collaborations can be instrumental in attracting guests, providing exceptional experiences, and contributing to the local economy.

3.4 Approach

When it comes to strategic alliances for African Scenic Safaris' new the proposed new hotel project in Moshi, a well-thought-out **approach** is crucial for success. Here's a breakdown of a potential approach they could take:

Phase 1: Identification and Assessment

1. **Define Objectives:** Clearly outline what the hotel aims to achieve through strategic alliances. This could include increasing occupancy, expanding service offerings, enhancing marketing reach, or accessing specific customer segments.
2. **Market Analysis:** Conduct a thorough analysis of the Moshi tourism market and identify potential partners who cater to their target audience and complement their offerings. This includes:
 - ❖ Identifying key tour operators (local and international) specializing in Kilimanjaro treks and safaris.
 - ❖ Mapping out other hotels and lodges in the region, distinguishing between competitors and potential collaborators (e.g., those in different price points or locations offering different experiences).
 - ❖ Researching local activity providers (guides, cultural tours, coffee farms).
 - ❖ Identifying relevant transportation services (airport transfers, local taxis).
 - ❖ Exploring potential partnerships with local businesses (restaurants, craft shops) that could enhance the guest experience.

- ❖ Investigating online travel agencies (OTAs) for potential strategic collaborations beyond basic listing agreements.
3. **Partner Evaluation:** Develop criteria for evaluating potential partners. This could include:
- ❖ **Target Audience Alignment:** Does their customer base match the hotel's target market?
 - ❖ **Reputation and Reliability:** Do they have a positive track record and strong reputation?
 - ❖ **Complementary Offerings:** Do their services or products enhance the hotel's offerings without direct competition?
 - ❖ **Financial Stability:** Are they a financially sound and sustainable organization?
 - ❖ **Shared Values:** Do they have similar business ethics and a commitment to quality?
 - ❖ **Potential for Mutual Benefit:** Is the alliance likely to be beneficial for both parties?

Phase 2: Engagement and Negotiation

1. **Initial Contact:** Reach out to identify potential partners with a clear and concise proposal outlining the potential benefits of a collaboration. This should be tailored to each specific partner, highlighting the value proposition for them.
2. **Meetings and Discussions:** Arrange meetings to discuss potential synergies, explore collaboration opportunities in detail, and build rapport. This is a crucial stage for understanding each other's needs and expectations.
3. **Develop Joint Proposals:** Work collaboratively to develop specific proposals for alliance activities. This could include:
 - ❖ **Package Deals:** Combining hotel stays with tours, safaris, or local activities.
 - ❖ **Referral Agreements:** Formalizing processes for recommending each other's services.

- ❖ **Joint Marketing Campaigns:** Co-hosting events, sharing marketing materials, or cross-promoting services online and offline.
 - ❖ **Preferred Supplier Agreements:** Establishing mutually beneficial arrangements for services like transportation or local sourcing.
4. **Negotiate Terms and Agreements:** Clearly define the roles, responsibilities, financial arrangements (e.g., commissions, revenue sharing), performance metrics, and duration of the alliance in formal agreements. Legal counsel should be involved to ensure clarity and protect the hotel's interests.

Phase 3: Implementation and Management

1. **Communication and Training:** Ensure that hotel staff are well-informed about the strategic alliances and trained on how to effectively implement them (e.g., making referrals, processing package bookings). Establish clear communication channels with partner organizations.
2. **Operational Integration:** Integrate the alliance activities into the hotel's daily operations. This might involve adjusting booking systems, creating new service protocols, or developing joint marketing materials.
3. **Performance Monitoring:** Track the performance of each alliance against the defined objectives and metrics. This will help identify successful partnerships and areas for improvement.
4. **Regular Review and Communication:** Schedule regular meetings with partners to review performance, discuss challenges, explore new opportunities, and ensure the alliance remains mutually beneficial.
5. **Relationship Management:** Invest time and effort in nurturing strong relationships with key partners. This includes regular communication, addressing concerns promptly, and seeking ways to strengthen the collaboration over time.

Phase 4: Evaluation and Adaptation

1. **Assess Overall Impact:** Periodically evaluate the overall impact of the strategic alliance program on the hotel's key performance indicators (e.g., occupancy rates, revenue per available room, guest satisfaction).
2. **Identify Successes and Failures:** Determine which alliances have been most effective and which have not yielded the desired results.
3. **Adapt and Adjust:** Be prepared to adapt the alliance strategy based on performance data and changes in the market. This might involve modifying existing agreements, terminating underperforming partnerships, or pursuing new alliance opportunities.

By adopting a structured and proactive approach to strategic alliances, African Scenic Safaris can maximize the benefits of these collaborations and significantly contribute to the success of the proposed new hotel project in Moshi. The key is to be strategic in identifying partners, clear in defining objectives, and committed to building strong and mutually beneficial relationships.

3.5 The Industry Analysis

In Tanzania the demand for the tour and its related services has been increasing over times and this is due to the rapid economic development of the country.

The Tourism industry is a critical component of the global economy, providing sightseeing guides and reliable recommenders to the various sights and wonders the country has to offer. This means that, as the industry grows, the service providers need to grow in turn to keep up with the ever evolving market.

As a dynamic industry, some of the key changes noted in the industry include; the use of mobile phone services to book for places to stay and make payments, the use of online platforms to advertise tourist hotspots and companies and the use of mobile apps to secure affordable modes of transport for anyone who's not experienced enough to board public transport.

Our company intends to go hand in hand with these improvements and surpass the expectations of our clientele. We guarantee service one will be compelled to write home about, even with the large number of competition in the market and the ever growing trends in the modern world.

4.0 SERVICES & SERVICES DESCRIPTION

The company is expecting to offer a variety of services with the main aim of capturing the market and acquiring high market share.

4.1 Products & Services

African Scenic Safaris Limited engages in provision of tour and safari services and their extended services such as accommodation, provision of food and drinks for clients and transportation of clients. These services will be offered in Tanzania.

4.2 Location

Currently African Scenic Safaris Limited's offices are located at, Plot no. 35, Karanga Drive, Arusha Road, Moshi-Kilimanjaro region. The reasons for the chosen location are:

- ❖ The place is surrounded by different Business establishments and a wide array of markets which proves for easy marketing of our business to customers.
- ❖ The place is easily accessible and reachable.
- ❖ The growth rate of the area is very high in terms of new business startup because there are many people in the area who have need for electrical and household appliances.

4.3 Implementation Plan

The business will begin operations completion of the buildings and its accessories. All the required licenses and permits will be obtained as required by law, following which, office layout will commence. The Company will also apply for all necessary permits and licenses that allow operating this kind of business within the United Republic of Tanzania.

4.4 Target Market

The target market for tourism in Tanzania is diverse and continues to evolve. Here's a breakdown of the key segments:

Demographic & Geographic Segments:

- ❖ **Europe:** Historically the largest source market, particularly from countries like **Germany, France, Italy, and the United Kingdom**. These travelers often seek wildlife safaris and cultural experiences.
- ❖ **North America:** The **United States** is a significant and growing market, with interests spanning wildlife, adventure, and cultural tourism.
- ❖ **Asia & Pacific:** This is a growing market with a focus on **China** as a key emerging source. Travelers from this region are increasingly interested in wildlife and iconic landmarks like Kilimanjaro. **India** also represents a growing segment.
- ❖ **Africa:** Strong regional tourism from neighboring countries like **Kenya, Burundi, Uganda, Rwanda, and South Africa** is significant, often driven by ease of travel and cultural ties.
- ❖ **Domestic Market:** A growing segment driven by campaigns like #UtaliiTena, with Tanzanians exploring their own country for leisure.

Psychographic & Behavioral Segments (Based on Interests & Travel Styles):

- ❖ **Wildlife Enthusiasts:** This remains a core market, attracted to Tanzania's renowned national parks like the Serengeti, Ngorongoro, and Tarangire for game viewing and the Great Migration.
- ❖ **Adventure Seekers:** This includes those interested in **mountain climbing (Kilimanjaro and Mount Meru), trekking, hiking, bird watching, and diving/snorkeling** in coastal areas.
- ❖ **Cultural Tourists:** Individuals interested in experiencing Tanzania's rich cultural heritage, including visits to **Maasai villages, Stone Town in Zanzibar, and historical sites like Bagamoyo and Olduvai Gorge**.
- ❖ **Beach Lovers:** Tourists seeking relaxation and marine activities in destinations like **Zanzibar, Pemba, and Mafia Island**.
- ❖ **Luxury Travelers:** A segment demanding high-end accommodations, personalized experiences, and exclusive services, often focusing on premium safari lodges and beach resorts.

- ❖ **Budget Travelers:** Including backpackers and those seeking more affordable options like camping safaris and guesthouses.
- ❖ **Families:** A market looking for diverse activities that cater to all age groups, including wildlife viewing, cultural experiences, and beach stays.
- ❖ **Honeymooners:** Attracted to Tanzania's romantic landscapes and secluded beach destinations.
- ❖ **Digital Nomads:** An emerging segment attracted by scenic locations and the possibility of remote work.
- ❖ **Voluntourists:** Individuals interested in combining travel with contributing to conservation or community development initiatives.
- ❖ **Business Travelers & MICE (Meetings, Incentives, Conferences, and Exhibitions):** A growing area with the development of facilities like the Arusha International Conference Centre (AICC) in Arusha.

Key Trends Influencing Target Markets:

- ❖ **Increased demand for nature-based and open-air travel post-COVID-19.**
- ❖ **Growing interest in authentic and experiential travel.**
- ❖ **The rise of digital travel services and online booking platforms.**
- ❖ **Increased awareness and demand for sustainable and responsible tourism options.**

For African Scenic Safaris Limited, understanding these diverse target markets is crucial for tailoring the tour packages, accommodation options, and marketing strategies effectively. The current offerings of lodge safaris, camping safaris, mountain climbing, and beach safaris already cater to a broad range of interests. However, further segmenting the potential clients based on their specific needs and preferences will allow for more targeted and successful customer acquisition and retention.

5. COMPETITION ANALYSIS.

Competition in the Tourism industry is dynamic and involves a wide range of players, from large international tour operators to smaller, locally owned companies like African Scenic Safaris. Here's an analysis of the competitive landscape:

Types of Competitors:

- ❖ **Large International Tour Operators:** These companies often have significant marketing budgets and a global reach. They may offer a wide variety of safari packages across multiple African countries. Examples include Discover Africa and Micato Safaris.
- ❖ **Regional and Local Operators:** These companies, like African Scenic Safaris, often possess in-depth local knowledge and can offer more personalized experiences. They may specialize in specific regions or types of safaris.
- ❖ **Specialized Safari Companies:** Some operators focus on niche markets, such as photographic safaris (like The Africa Adventure Company), honeymoon safaris, or adventure-based safaris.
- ❖ **Online Travel Agencies (OTAs):** Platforms like SafariBookings.com allow travelers to compare different safari operators and book directly online, increasing competition and price transparency.

Competitive Factors:

- ❖ **Price:** Safari costs can vary significantly depending on the level of luxury, duration, and destination. Operators compete on offering value for money.
- ❖ **Experience and Reputation:** Companies with a long history and positive reviews often have a competitive edge. Factors like guide expertise, safety records, and customer service are crucial. African Scenic Safaris highlights its local expertise and personalized care.
- ❖ **Sustainability and Responsible Tourism:** Increasingly, travelers are looking for eco-friendly and ethical safari options. Operators with strong sustainability practices, like African Scenic Safaris' Travelife certification and carbon offsetting program, can attract this growing market segment.

- ❖ **Unique Selling Propositions (USPs):** Companies differentiate themselves through unique offerings, such as specific wildlife encounters, cultural immersion experiences, or specialized activities like mountain climbing (Kilimanjaro). African Scenic Safaris emphasizes its local Tanzanian ownership and commitment to environmental responsibility.
- ❖ **Marketing and Distribution:** Effective online presence, strong partnerships with travel agents, and compelling marketing campaigns are essential for attracting customers. African Scenic Safaris has focused on enhancing its online presence and social media engagement.
- ❖ **Customization and Flexibility:** The ability to tailor safari itineraries to individual preferences is a significant competitive advantage. African Scenic Safaris highlights its personalized safari design.

Competitive Advantages of African Scenic Safaris (based on available information):

- ❖ **Local Expertise:** Being a locally owned and managed Tanzanian tour operator provides in-depth knowledge of the region.
- ❖ **Commitment to Sustainability:** Travelife certification and active engagement in carbon offsetting and conservation efforts appeal to environmentally conscious travelers.
- ❖ **Personalized Service:** A focus on tailoring safaris to individual needs and preferences.
- ❖ **Ethical Practices:** Commitment to porter welfare on Kilimanjaro climbs.

Potential Threats:

- ❖ **Intense Competition:** The African safari market is crowded.
- ❖ **Economic Instability:** Fluctuations in the global or regional economy can impact tourism.
- ❖ **Political Instability:** Unrest in certain areas can deter tourists.

To maintain and grow its market share, African Scenic Safaris should continue to leverage its local expertise, sustainability commitment, and personalized service. Investing in online

marketing, building strong relationships with travel agents, and potentially exploring niche markets could further enhance its competitive position.

5.1 Market strategies

Tourism service providers use various strategies to compete in the Tourism market and attract customers. One common strategy is to differentiate our services from those of our competitors by offering unique features, such as online booking in advance, personal guides to visitors that require them when in need tour safari, also use marketing and advertising to raise awareness of their services and attract new customers. Overall, The Tourism market is highly competitive, and companies must use a range of strategies to remain competitive and grow their market share.

5.2 Competitive Advantage

The company expected that the businesses' competitive advantage will be stemmed from the followings:

- ❖ Marketing and advertising costs that will be low due to deployment of a set of simple marketing strategies.
- ❖ Use of competitive pricing policy;
- ❖ Relatively low operating overhead expenses, gives room for the company to exercise competitive pricing policy;
- ❖ Adapting and responding to the changing market needs and trends; and
- ❖ Establishing long term relationship with its customers

5.3 Business Strategy

The company will initially focus its efforts on establishing new Hotel. Because the accommodation business greatly relies on the people employed, the company will also focus on acquiring well qualified personnel needed and other equipment that might be needed (example cars for tours). The company will also build a social media presence to help with advertising the business since most people use social media which makes advertising easier. Building goodwill with the locals will also be vital for the smoothness of company's activities.

5.4 Factors affecting market viability

The macroeconomic variables and the trends of the business will affect the future market viability. The company has the capabilities to operate the business and withstand any challenges that come across; the company is determined to assure that it continually strives to be the best in the industry.

5.5 Market trends

This industry is constantly evolving and leaving many inflexible companies stagnant. One of the major trends is the need to adapt to technological advancements as well as maintaining the overall sustainability of the services offered.

The company is dedicated to following these trends while maintaining the level of service comfort ability that sets it apart from its competitors.

5.6 Competitiveness of the Business

The proposed business' competitiveness could be appraised through the strengths, weaknesses, opportunities and threats (SWOT) analysis as follows:

A SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) is a valuable tool to assess the competitiveness of The African Scenic Safaris Limited. Given their profile as a locally owned, sustainable tour operator based in Moshi, Tanzania, specializing in Tanzania's national parks and Kilimanjaro climbs, here's a potential SWOT analysis as of April 22, 2025:

Strengths (Internal Positive Factors):

- ❖ **Local Ownership and Expertise:** Being locally owned provides deep understanding of the Tanzanian tourism landscape, local culture, and established relationships with local communities and suppliers. This can lead to more authentic and enriching experiences for tourists.
- ❖ **Strong Focus on Sustainability:** Their Travelife certification and partnership with Carbon Tanzania position them favorably in a market increasingly valuing responsible and eco-friendly tourism. This can attract environmentally conscious travelers.

- ❖ **Specialization in Tanzania:** Focusing solely on Tanzania allows for in-depth knowledge and expertise in the country's unique offerings (national parks, Kilimanjaro). This can lead to higher quality and more specialized tours.
- ❖ **Personalized and Tailor-Made Experiences:** Offering customized itineraries caters to individual preferences and can enhance customer satisfaction and loyalty.
- ❖ **Positive Reputation and Reviews:** Consistent Certificate of Excellence awards and positive traveler feedback indicate high service quality and customer satisfaction, building trust and attracting new clients.
- ❖ **Ethical Practices (Porter Welfare):** Commitment to fair treatment and welfare of porters on Kilimanjaro climbs differentiates them ethically and can be a strong selling point.
- ❖ **Effective Online Presence:** Growth in organic traffic and social media engagement suggests a successful digital marketing strategy, increasing visibility and reach.
- ❖ **Multicultural Team:** A diverse team can cater to a wider range of international clients and provide better cross-cultural understanding.

Weaknesses (Internal Negative Factors):

- ❖ **Potential Limited Scale Compared to Larger International Operators:** Being a locally owned company might mean fewer resources for large-scale marketing campaigns or international expansion compared to bigger players.
- ❖ **Dependence on Tanzanian Tourism:** Their exclusive focus on Tanzania makes them vulnerable to fluctuations or negative events impacting the Tanzanian tourism industry specifically.
- ❖ **Potential for Higher Perceived Cost (Sustainability Focus):** While a strength, their commitment to sustainability might translate to slightly higher prices compared to less eco-conscious budget operators.
- ❖ **Geographic Concentration (Moshi Based):** While their operations cover Tanzania, their base in Moshi might limit their immediate reach in other key tourist hubs like Arusha (though they likely operate tours from there).

- ❖ **Brand Recognition Compared to Global Brands:** Their brand recognition might be lower outside of specific traveler segments interested in Tanzania or sustainable tourism.

Opportunities (External Positive Factors):

- ❖ **Growing Demand for Sustainable Tourism:** The global trend towards responsible travel continues to rise, providing a significant market for their eco-friendly offerings.
- ❖ **Increasing Interest in Experiential Travel:** Their ability to offer personalized and culturally immersive experiences aligns with the growing demand for authentic travel.
- ❖ **Expansion of the Digital Tourism Market:** Further leveraging online platforms for marketing and bookings can reach a wider global audience.
- ❖ **Potential Partnerships with International Travel Agencies Focusing on Sustainable Travel:** Collaborating with like-minded international partners can expand their reach and credibility.
- ❖ **Development of Niche Tourism Products:** Creating specialized tours (e.g., wildlife photography safaris, bird watching expeditions, and cultural immersion programs) can attract specific high-value segments.
- ❖ **Growth in the Arusha Tourism Market:** As a gateway to major parks, Arusha's continued growth presents opportunities for partnerships and expansion of services originating from or including Arusha.
- ❖ **Increased Awareness of Ethical Tourism:** Travelers are becoming more conscious of the social impact of their travel choices, making their ethical porter practices a stronger selling point.
- ❖ **Technological Advancements:** Utilizing technology for booking, communication, and enhancing the customer experience can improve efficiency and attract tech-savvy travelers.

Threats (External Negative Factors):

- ❖ **Intense Competition:** The Tanzanian safari market is highly competitive with numerous local and international operators.
- ❖ **Economic Downturns:** Global or regional economic recessions can reduce discretionary spending on tourism.
- ❖ **Political Instability or Security Concerns:** Any instability in Tanzania or neighboring regions could negatively impact tourism.
- ❖ **Environmental Issues and Climate Change:** Threats to wildlife populations or natural habitats could diminish the appeal of safaris.
- ❖ **Infrastructure Challenges:** Inconsistent infrastructure (roads, internet connectivity) in certain areas could impact tour operations and customer experience.
- ❖ **Health Crises and Pandemics:** Global health events can severely disrupt international travel.
- ❖ **Changing Traveler Preferences:** Shifts in travel trends could make their current offerings less appealing if they don't adapt.
- ❖ **Increased Operating Costs:** Rising fuel prices, park fees, or other operational expenses could impact profitability.
- ❖ **Negative Press or Social Media Coverage:** Incidents or negative reviews can quickly damage reputation.

Overall Competitiveness:

The African Scenic Safaris appears to have a strong foundation for competitiveness. Their focus on sustainability, local expertise, personalized experiences, and ethical practices aligns well with current and future trends in the tourism industry. Their established positive reputation is also a significant asset.

However, they need to be mindful of the intense competition and potential external threats. To enhance their competitiveness, they should:

- ❖ **Continue to leverage their sustainability credentials** in their marketing and product development.

- ❖ **Explore strategic partnerships** to expand their reach and resources.
- ❖ **Invest in continuous improvement of their online presence and digital marketing strategies.**
- ❖ **Consider carefully managed expansion** into other key tourist hubs like Arusha to broaden their operational base and market access.
- ❖ **Remain adaptable** to changing traveler preferences and potential market disruptions.

By capitalizing on their strengths and opportunities while mitigating their weaknesses and addressing potential threats, The African Scenic Safaris can maintain and enhance its competitive position in the Tanzanian safari market.

5.7 Factors affecting market viability

Several interconnected factors influence the market viability of African Scenic Safaris. These can be broadly categorized as internal capabilities, external market conditions, and the interplay between them. Here's a breakdown of the key factors:

Internal Factors:

- ❖ **Unique Selling Proposition (USP):**
 - **Sustainability Focus:** Their strong emphasis on eco-friendly practices and certifications (like Travelife) caters to a growing segment of environmentally conscious travelers, enhancing their appeal and market position.
 - **Local Ownership and Expertise:** Being locally owned provides authentic cultural insights and potentially better relationships with local communities, offering a unique experience compared to international operators.
 - **Specialization in Tanzania:** Their deep knowledge of Tanzania's parks and attractions allows for well-curated and specialized tours.
 - **Personalized Service:** Tailor-made itineraries and a focus on individual needs can lead to higher customer satisfaction and repeat business.
 - **Ethical Practices:** Their commitment to porter welfare on Kilimanjaro distinguishes them and appeals to ethically minded travelers.

❖ **Operational Efficiency:**

- **Cost Management:** Efficient management of operational costs (transportation, accommodation, staffing) is crucial for profitability and competitive pricing.
- **Service Quality:** Maintaining high standards of guiding, accommodation arrangements, and overall tour experience is essential for positive reviews and word-of-mouth marketing.
- **Technological Adoption:** Utilizing online booking systems, effective communication channels, and digital marketing tools enhances reach and customer convenience.

❖ **Marketing and Sales Effectiveness:**

- **Online Presence:** A strong website, active social media engagement, and positive online reviews are vital for attracting international clients. Their reported growth in organic traffic and social media engagement is a positive indicator.
- **Partnerships:** Collaborations with international travel agencies, local hotels, and other tourism stakeholders can expand their reach.
- **Branding:** A clear and compelling brand message that highlights their strengths and values is crucial for market recognition.

❖ **External Market Factors:**

❖ **Demand for Safari Tourism in Tanzania:** The overall health and growth of the Tanzanian tourism sector directly impact their viability. Factors influencing this include:

- **Global Economic Conditions:** Economic downturns can reduce discretionary spending on travel.
- **Political Stability and Security:** Safety and security perceptions in Tanzania and the region are critical for attracting tourists.
- **Infrastructure:** The quality of roads, airports, and other infrastructure affects accessibility and the overall tourist experience.

- **Wildlife Conservation Efforts:** The health and abundance of wildlife are the primary draw for safari tourism. Effective conservation is essential for long-term viability.
- ❖ **Competition:** The Tanzanian safari market is competitive. Factors include:
 - **Number and Size of Competitors:** The presence of numerous local and international operators creates pricing pressure and necessitates differentiation.
 - **Pricing Strategies of Competitors:** Understanding and responding to competitor pricing is important for market positioning.
 - **Reputation and Brand Recognition of Competitors:** Established brands may have an advantage in attracting customers.
- ❖ **Seasonality:** Tourism in Tanzania often has peak and off-peak seasons (influenced by weather and wildlife viewing). Managing cash flow and operations during low seasons is crucial.
- ❖ **External Shocks and Crises:** Events like pandemics (e.g., COVID-19), natural disasters, or global health scares can severely disrupt international travel and impact market viability.
- ❖ **Changing Traveler Preferences:** Trends in travel, such as a growing interest in cultural tourism, adventure travel, or specific wildlife experiences, can influence demand for their offerings.
- ❖ **Government Regulations and Policies:** Tourism policies, park fees, licensing requirements, and environmental regulations can impact operating costs and market access.

Interplay of Internal and External Factors:

- ❖ **Adaptability:** Their ability to adapt their offerings and strategies in response to changing market conditions and traveler preferences is crucial. For example, developing new tour packages that cater to emerging trends.
- ❖ **Resilience:** Their capacity to withstand external shocks and economic downturns will determine their long-term viability. This can be influenced by their financial stability and diversified offerings (if any).

- ❖ **Leveraging Strengths to Exploit Opportunities:** Their strong sustainability focus can be a significant advantage in attracting the growing market for responsible tourism.
- ❖ **Addressing Weaknesses to Mitigate Threats:** Recognizing limitations in scale and potentially building strategic alliances can help them compete more effectively against larger operators.

In conclusion, the market viability of African Scenic Safaris depends on a combination of their internal strengths and how effectively they navigate the external market dynamics. Their commitment to sustainability and local expertise provides a strong foundation, but continuous adaptation, effective marketing, and careful management of costs and operations will be key to long-term success in the competitive Tanzanian safari industry.

5.8 Economic feasibility

The economic feasibility of African Scenic Safaris, like any tourism business, hinges on a multitude of factors that determine its profitability and long-term sustainability. Here's an analysis of these factors:

Revenue Generation:

- ❖ **Sales Volume (Number of Tourists):** The number of safari packages and Kilimanjaro climbs they sell is a primary driver of revenue. This is influenced by their marketing efforts, online visibility, and partnerships with travel agents, and overall demand for Tanzanian tourism. Their reported 360% increase in organic traffic and a 304% increase in sales after partnering with a marketing firm indicates successful revenue generation strategies.
- ❖ **Pricing Strategy:** The pricing of their tours and climbs must be competitive yet profitable. This depends on their cost structure, the perceived value of their offerings (including their sustainability focus and personalized service), and the pricing of competitors. Studies show that pricing strategies significantly impact the performance of tour operators in Tanzania.

- ❖ **Average Revenue Per Customer:** This is influenced by the length of tours, the level of luxury offered, and any add-on services (e.g., cultural tours, transfers). Offering diverse packages catering to different budgets can maximize this.
- ❖ **Seasonality:** Tanzania's tourism experiences peak and off-peak seasons. African Scenic Safaris' ability to attract tourists during the low season and manage pricing accordingly will affect revenue stability.
- ❖ **Economic Conditions:** Global and regional economic health impacts tourists' willingness to spend on leisure travel.

Cost Structure:

- ❖ **Direct Costs:** These include park fees, accommodation costs, transportation (safari vehicles, fuel), guide and porter salaries, and food and beverages for clients. Efficient management of these costs is crucial.
- ❖ **Operating Expenses:** These encompass marketing and promotion, administrative costs, salaries for office staff, insurance, utilities, and vehicle maintenance. Controlling these expenses is vital for profitability.
- ❖ **Depreciation:** The cost of their assets (vehicles, equipment) is spread over their useful life as depreciation, impacting the profit and loss account.
- ❖ **Financial Costs:** If the business has loans, interest payments will be a significant cost.

Profitability and Sustainability:

- ❖ **Gross Profit Margin:** The difference between revenue and the cost of sales (direct costs) determines the gross profit margin. A healthy margin is needed to cover operating expenses.
- ❖ **Net Profit Margin:** This is the ultimate measure of profitability after all costs (direct, operating, financial, and taxes) are deducted.
- ❖ **Cash Flow Management:** Ensuring sufficient cash inflow to meet short-term obligations is critical for operational sustainability.
- ❖ **Investment in Assets:** Strategic investments in well-maintained vehicles and quality equipment can enhance service quality and potentially reduce long-term costs.

- ❖ **Adaptability and Innovation:** The ability to adapt to changing market trends, adopt new technologies, and innovate their tour offerings will contribute to long-term economic feasibility. Their inclusion of "more walking safaris, bike tours and local tourism trips" in their itineraries shows an awareness of evolving traveler preferences and sustainability.

External Economic Factors:

- ❖ **Exchange Rates:** Fluctuations in exchange rates (especially between the Tanzanian Shilling and major international currencies like the US Dollar or Euro) can impact revenue and costs. Since safari prices in East Africa are often quoted in USD, a strengthening Shilling could reduce revenue in local currency terms.
- ❖ **Inflation:** Rising inflation in Tanzania can increase operating costs, requiring adjustments in pricing or cost management strategies.
- ❖ **Government Policies:** Tourism policies, taxes, and regulations can significantly impact the profitability of tourism businesses.

Competitive Landscape:

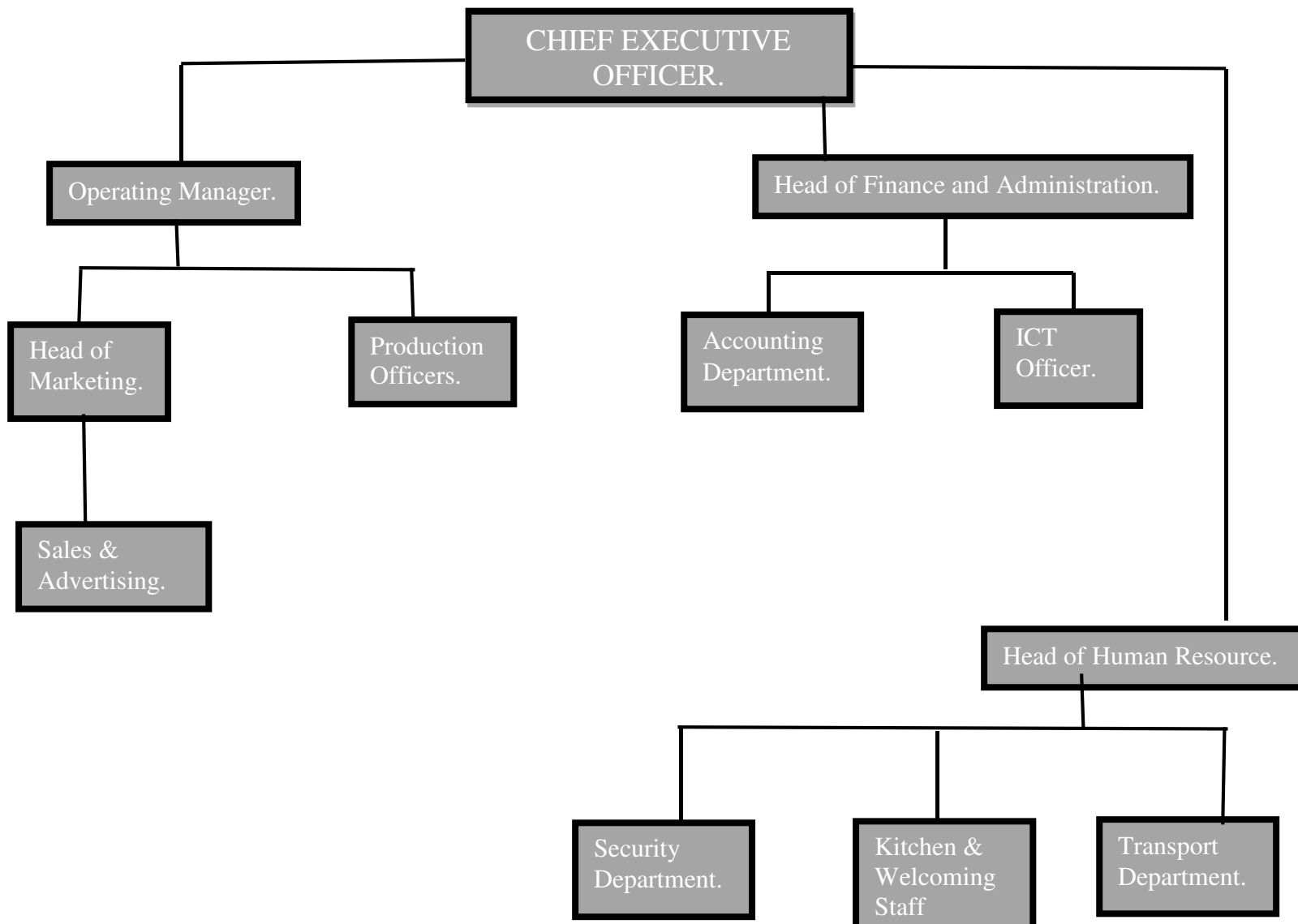
- ❖ The intensity of competition in the Tanzanian safari market will influence pricing power and market share. African Scenic Safaris needs to differentiate itself through its unique selling propositions (sustainability, local expertise, etc.).

In conclusion, the economic feasibility of African Scenic Safaris depends on their ability to:

- ❖ Attract a sufficient volume of tourists at profitable prices.
- ❖ Manage their costs effectively across all operational areas.
- ❖ Maintain high service quality and a positive reputation.
- ❖ Adapt to changing market dynamics and external economic conditions.
- ❖ Leverage their unique strengths, particularly their commitment to sustainability and local expertise, to gain a competitive edge.

Given their positive track record in online marketing and their focus on a growing niche (sustainable tourism), African Scenic Safaris appears to have a solid foundation for economic feasibility. However, continuous monitoring of costs, market trends, and the competitive landscape will be essential for sustained success. The projected growth of the adventure safari tourism market in Tanzania further suggests a positive outlook for businesses in this sector.

5.9 ORGANIZATION/MANAGEMENT PLAN



The company is managed by The Chief Executive Officer.

The Company's senior management is highly qualified and experienced and they plan on utilizing their expertise and experiences to make sure that the Company flourishes, acquires relatively large market share and maintains it.

The Company further intends to employ people who are specialized and others to effectively train to join their team as it has laid down strong and important objectives to meet.

The following table and chart summarizes our personnel plan for the year of operation. We believe this plan is a reasonable compromise between fairness and expedience, and meets the commitment of our mission statement.

MANAGEMENT TEAM.

PERSONNEL PLAN

TITLE	NUMBER	SALARY MONTH PER	SALARY YEAR PER
CEO	1	USD 1,200	USD 14,400
Head of Marketing	1	USD 600	USD 7,200
Head of Finance and Administration	1	USD 600	USD 7,200
Head of Human resource	1	USD 600	USD 7,200
Operations Manager	1	USD 600	USD 7,200
Reservation officers	6	USD 400	USD 28,800
Technicians	2	USD 250	USD 6,000
Food and beverage	15	USD 150	USD 27,000
Sales & Advertisement	3	USD 350	USD 12,600
Accountants	2	USD 400	USD 9,600
Security Guards	6	USD 155	USD 11,160
Drivers	2	USD 160	USD 3,840
TOTAL	41		USD 142,200

6.0 FINANCIAL PLAN.

Investment Model

The total value of investment is estimated to be **2,000,000USD**

INVESTMENT MODEL

PARTICULAR	Amount
Construction Costs	USD1,000,000.00
Furniture, Fixtures, and Equipment	USD600,000.00
Motor vehicle	USD40,000.00
Professional Fees and Permits	USD100,000.00
Contingency fund	USD100,000.00
Working Capital	USD160,000.00
TOTAL	USD2,000,000.00

Project Revenue Model

The revenue model is designed based on the below forecasted revenue per annum. The growth in revenue as a result of the investment and future expansion plan is illustrated as total revenue derived from the project in the analysis below;

Total revenue from year 1 to year 3 is forecasted to grow at the increasing rate.

REVENUE MODEL

Projected one-year revenue for the 15-room accommodation in Moshi, Tanzania, with the updated rates and a 65% average occupancy.

Here's the breakdown of the daily potential revenue at full occupancy:

- **Single Rooms (3):** 3 rooms * 1 person/room * USD 85/person = USD 255
- **Double Rooms (8):** 8 rooms * 2 people/room * USD 100/person = USD 1600
- **Triple Rooms (2):** 2 rooms * 3 people/room * USD 120/person = USD 720
- **Family Rooms (2):** 2 rooms * 4 people/room * USD 130/person = USD 1040

Now, let's calculate the total daily potential revenue:

$$\text{USD } 255 + \text{USD } 1600 + \text{USD } 720 + \text{USD } 1040 = \text{USD } 3615$$

Next, we'll factor in the 75% average occupancy rate to find the average daily revenue from accommodation:

$$\text{USD } 3615 * 0.75 = \text{USD } 2711.25$$

Expected annual revenue from accommodation:

$$\text{USD } 2711.25/\text{day} * 365 \text{ days/year} = \text{USD } 999,603.75$$

Conference hall revenue. It will be hired four times a month at USD 500 per day:

$$4 \text{ times/month} * \text{USD } 500/\text{day} = \text{USD } 2000 \text{ per month}$$

Annual revenue from the conference hall:

$$\text{USD } 2000/\text{month} * 12 \text{ months/year} = \text{USD } 24,000$$

Finally, let's calculate the other income, which is expected to be 10% of the accommodation revenue:

$$10\% \text{ of USD } 999,603.75 = 0.10 * \text{USD } 999,603.75 = \text{USD } 99,960.38$$

Now, to get the total projected one-year revenue, we'll add up the revenue from accommodation, the conference hall, and other income:

$$\text{USD } 999,603.75 + \text{USD } 24,000 + \text{USD } 99,960.38 = \text{USD } \mathbf{1,123,564.13}$$

Therefore, the projected one-year revenue for the 15-room accommodation in Moshi, Tanzania, with the updated rates and a 75% average occupancy, along with the conference hall and other income, is **USD 1,123,564.13**.

Important Considerations

- ❖ **Average Occupancy in Moshi:** The feasibility of a 75% average occupancy will depend on the specific location in Moshi, the attractiveness of the accommodation, and the tourism trends in the area (especially related to Kilimanjaro climbs and other attractions).
- ❖ **Pricing Strategy in Moshi:** Ensure the per-person rates are competitive within the Moshi market while still allowing for profitability. Research the pricing of comparable accommodations in the area.
- ❖ **Room Capacity:** Double-check the actual capacity of the family rooms. If they accommodate more or fewer than 4 people, the calculation for family room revenue will need adjustment.
- ❖ **Other Revenue Streams:** This model only considers accommodation. Factor in potential revenue from other services you might offer in Moshi location (e.g., catering to climbers, local excursions).
- ❖ **Seasonality in Moshi:** Kilimanjaro climbing seasons and other tourist activities will influence the occupancy rates throughout the year. Plan for fluctuations.
- ❖ **Operating Costs in Moshi:** The expenses in Moshi might differ from those in Arusha. A detailed cost analysis is crucial for determining profitability.

The cost of sales will be 50% of the projected sales revenue.

General Pricing Policy:

The projected revenue model above is based on competitive pricing strategies. The investment project intends to target and serve existing clientele as well as attracting new customers. The project proposes to price its services in such a way so as to ensure real value for money meanwhile ensuring quality and reliability.

SOCIO ECONOMIC ASPECT

This Company has positive socio-economic impacts by promoting financial inclusion, and protecting low-income individuals and small business owners from Biased pricing by profit chasing companies. By providing affordable services, the company can help individuals and businesses to stay up to date with emerging trends and technological updates for efficient operations of day to day activities.

It will also create employment opportunities for both skilled and non-skilled labor. This will result in improving standard of living and result in social responsibility and contribution of revenue to the government by paying tax.

Positive Socio-Economic Impacts Highlighted by African Scenic Safaris:

- ❖ **Job Creation and Economic Growth:** As a 100% Tanzanian-owned Company, African Scenic Safaris directly employs over 45 local Tanzanians and their families. This provides crucial livelihoods in a country where tourism is a significant contributor to the GDP and job market. They also emphasize supporting local businesses through their operations.
- ❖ **Community Empowerment:** The company actively engages with and supports local communities through various initiatives:
 - **Path to Africa Charity:** This is their own charity that supports local families and grassroots projects. Examples include the Hope Orphanage, Building a Caring Community, and Jiendeleze Women's Organisation, aiming to empower communities towards self-sustainability.
 - **Support for Local Football Clubs and Orphanages:** They provide educational opportunities for young people through partnerships, such as the Moskiza football club for disadvantaged youth.
 - **Ethical Partnerships:** They promote fair trade and ethical partnerships to uplift the regions they operate in.
- ❖ **Contribution to Conservation:** African Scenic Safaris recognizes the importance of preserving Tanzania's natural heritage:
 - **Anti-Poaching Efforts:** They support vital wildlife protection and fight against poaching.
 - **Sustainable Practices:** Their tours and accommodations are designed to minimize environmental impact. They prioritize eco-friendly lodges and strive to reduce waste.

- **Carbon Neutral Safaris:** They have implemented measures to calculate, reduce, and offset their carbon emissions through partnerships like Carbon Tanzania.
- **Ethical Wildlife Viewing:** They adhere to strict guidelines to ensure minimal disturbance to animals and their habitats.
- **Community-Based Conservation:** They involve local communities in the preservation of their environment through education and sustainable initiatives.
- ❖ **Support for Education and Awareness:** They aim to inspire travelers to learn about Tanzania's biodiversity, culture, and conservation challenges, raising awareness about sustainable tourism.
- ❖ **Fair Labor Practices:** As a certified partner of The Kilimanjaro Porters Assistance Project (KPAP), they advocate for the fair and ethical treatment of their mountain crew, ensuring fair wages and safe working conditions. They also aim to empower women in guiding and porter roles.
- ❖ **Investment in Infrastructure:** Revenue from tourism, facilitated by companies like African Scenic Safaris, contributes to the development of better roads, schools, and hospitals in local areas.
- ❖ **Promotion of Local Culture:** They deliver genuine cultural experiences that honor Africa's heritage and ensure that cultural visits support local people without commercializing them negatively.

Specific Practices and Certifications:

- ❖ **Travelife Certified:** African Scenic Safaris has achieved the highest level of Travelife certification, demonstrating their commitment to responsible and sustainable tourism practices aligned with the Global Sustainable Tourism Council (GSTC) Criteria.
- ❖ **Carbon Offsetting:** They partner with Carbon Tanzania to offset the carbon emissions from their safari vehicles.
- ❖ **Leave No Trace Principles:** Their guides and mountain crew are certified in Leave No Trace environmental awareness.

- ❖ **Support for Sustainable Accommodations:** They prioritize working with eco-friendly accommodations.
- ❖ **Reduction of Single-Use Plastics:** They are actively working to reduce and eliminate the use of single-use plastic bottles.

In summary, The African Scenic Safaris appears to be a tour company that is consciously working to integrate positive socio-economic impacts into its business model. They emphasize local ownership, community support, environmental sustainability, and ethical practices. By choosing this company, tourists are likely contributing to these positive outcomes in Tanzania.

The following are the projected financial statements and all the financials are based on the proposed investment and revenue models, which are based on best judgment and predictions

PROJECTED PROFIT AND LOSS ACCOUNT						
Particulars	<u>Yr0</u>	<u>Yr1</u>	<u>Yr2</u>	<u>Yr3</u>	<u>Yr4</u>	<u>Yr5</u>
	\$	\$	\$	\$	\$	\$
Annual Income						
Sales revenue	0	1,267,200	1,996,800	2,688,000	2,880,000	3,072,000
Cost of sales		633,600	998,400	1,344,000	1,440,000	1,536,000
Gross Profit	0	633,600	998,400	1,344,000	1,440,000	1,536,000
Operating Expenses						
Insurance		5,519	5,519	5,519	5,519	15,053
Salary & Wages		142,200	142,200	142,200	142,200	142,200
Marketing & Promotion costs		15,840	21,120	26,400	26,400	50,000
Administration expenses		6,103	6,103	6,103	6,103	16,646
Utility bills		19,800	19,800	19,800	19,800	19,800
Motor Vehicle running expenses	-	14,300	14,300	14,300	14,300	14,300
Business & Permits License		5,500	5,500	5,500	5,500	9,000
Total Maintenance & Operating Expenses	0	209,263	214,543	219,823	219,823	266,998
Operating Profit	0	424,337	783,857	1,124,177	1,220,177	1,269,002
Depreciation charge		38,913	38,913	38,915	38,913	8,633
Facility fee		4,125	0	0	0	0
Interest on Loan		60,500	56,554	40,769	24,984	25,088
Profit Before Tax		320,800	688,391	1,044,493	1,156,281	1,235,282
Investment Tax (30%)	0	96,240	206,517	313,348	346,884	370,585
EBT	0	224,560	481,874	731,145	809,397	864,697

Analysis of this Projected Profit and Loss Account. Here are some key observations and potential insights:

Initial Phase (Yr0):

- ❖ **Pre-Operational:** As expected for a project in its initial planning or construction phase, all revenue and expense lines are at \$0.

Year 1 (Early Operations):

- ❖ **Solid Initial Revenue:** Sales revenue of \$1,267,200 in the first year suggests a promising start for the hotel in Moshi. This could be driven by pre-opening marketing, capitalizing on Moshi's appeal as a base for Kilimanjaro climbs and other tourism activities.
- ❖ **Healthy Gross Profit Margin:** A Gross Profit of \$633,600, representing 50% of sales, indicates a good handle on the direct costs associated with running the hotel (e.g., room upkeep, basic guest services).
- ❖ **Controlled Initial Operating Expenses:** Total Operating Expenses of \$209,263 appear reasonable for the first year. Key expenses like Salary & Wages (\$142,200) are expected for staffing, and initial Marketing & Promotion costs (\$15,840) are crucial for attracting guests.
- ❖ **Positive Operating Profit:** An Operating Profit of \$424,337 in the first year is a positive indicator of the hotel's core profitability after covering initial operating costs.
- ❖ **Impact of Startup Costs:** Depreciation (\$38,913), the Facility Fee (\$4,125), and Interest on Loan (\$60,500) reduce the Profit before Tax to \$320,800. These are typical expenses associated with setting up a new hotel, including asset depreciation and financing costs.
- ❖ **First Year Net Profit (EBT):** After accounting for Investment Tax (\$96,240), the projected Net Profit (EBT) for the first year is \$224,560. This shows initial profitability after all expenses and taxes.

Growth Trends (Yr1 - Yr5):

- ❖ **Consistent Revenue Growth:** The steady year-on-year increase in Sales Revenue suggests a positive outlook for occupancy rates and potentially room rates as the hotel gains reputation and benefits from Moshi's tourism flow.
- ❖ **Stable Gross Profit Margin:** Maintaining a 50% Gross Profit margin throughout the projection indicates consistent management of direct costs.
- ❖ **Relatively Stable Operating Expenses (Yr1-Yr4):** The consistency in many operating expenses during the initial years suggests good cost control. However, ensure these levels are adequate to maintain service quality as the hotel grows.
- ❖ **Strategic Marketing Push in Yr5:** The significant increase in Marketing & Promotion costs to \$50,000 in Yr5 likely indicates a strategic effort to further boost occupancy, attract new market segments (e.g., adventure tourists, cultural visitors), or increase brand awareness in Moshi.
- ❖ **Increased Administration Costs in Yr5:** The rise in Administration expenses to \$16,646 in Yr5 could be due to the need for more administrative support as the hotel scales its operations.
- ❖ **Reduced Depreciation in Yr5:** The sharp decrease in Depreciation charge in Yr5 could be due to certain assets becoming fully depreciated. Understanding the hotel's asset depreciation schedule would clarify this.
- ❖ **Facility Fee Disappearance:** The Facility Fee ceasing after Yr2 suggests it might have been a one-time setup cost or a fee applicable only during the initial operational phase.
- ❖ **Declining Interest on Loan (Yr1-Yr4) with a Slight Rebound in Yr5:** The initial decrease in interest reflects loan repayment. The slight increase in Yr5 might indicate new borrowing for expansion or renovations to maintain competitiveness in Moshi's hotel market.
- ❖ **Strong Profitability Growth:** The increasing Operating Profit, Profit before Tax, and Net Profit (EBT) over the years demonstrate the growing financial success of the hotel as it matures and potentially captures a larger share of the Moshi tourism market.

Considerations Specific to a Hotel in Moshi:

- **Tourism Focus:** Moshi is heavily reliant on tourism, particularly related to Mount Kilimanjaro. The revenue projections should align with expected tourist arrivals and their spending patterns in the region.
- **Seasonality:** Tourism in Moshi might have peak and off-peak seasons. The projections should ideally account for these fluctuations in occupancy and revenue to provide a more realistic financial forecast.
- **Competition:** The hotel market in Moshi likely has a range of options, from budget guesthouses to more upscale accommodations. The pricing strategy and service offerings need to be competitive within this landscape.
- **Operating Costs in Tanzania:** Factor in the specific costs of utilities, labor, and supplies in Moshi and Tanzania.
- **Local Regulations and Permits:** Ensure all necessary business licenses and permits are accounted for, as reflected in the "Business & Permits License" line item.
- **Potential for Ancillary Revenue:** Consider if the projections include revenue from other potential sources like restaurants, tours, or souvenir shops within the hotel, which are common in tourist destinations like Moshi.

Overall Outlook for the Moshi Hotel:

This projected Income Statement suggests a financially viable and growing hotel venture in Moshi. The strong revenue growth and increasing profitability are encouraging. However, it's crucial to validate the underlying assumptions about occupancy rates, pricing, and cost management within the specific context of the Moshi tourism market and its seasonality. A detailed market analysis and potentially a sensitivity analysis to different tourism scenarios would further strengthen the financial projections.

PROJECTED CASH FLOW STATEMENT						
Particulars	<u>Yr0</u>	<u>Yr1</u>	<u>Yr2</u>	<u>Yr3</u>	<u>Yr4</u>	<u>Yr5</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
RECEIPTS						
Loan	2,000,000.00		-	-	-	-
Equity		-	-	-	-	-
Total Cash Revenue	-	1,267,200	1,996,800	2,688,000	2,880,000	3,072,000
Total Receipts	2,000,000.00	1,267,200.00	1,996,800.00	2,688,000.00	2,880,000.00	3,072,000.00
PAYMENTS						
Investments	2,000,000.00	-	-	-	-	-
Operating expenses	-	209,262.60	214,542.60	219,822.60	219,822.60	266,998.00
Loan repayment	-	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00
Investment Tax	-	120,000.00	120,000.00	120,000.00	120,000.00	120,000.00
Adjustment for Depreciation		- 38,912.50	- 38,912.50	- 38,915.25	- 38,912.50	- 8,632.50
Total Payments	2,000,000.00	690,350.10	695,630.10	700,907.35	700,910.10	778,365.50
Net Cash Inflow/(Outflow)	-	576,849.90	1,301,169.90	1,987,092.65	2,179,089.90	2,293,634.50
Opening cash and bank balance	-	-	576,849.90	1,878,019.80	3,865,112.45	6,044,202.35
Closing cash and bank balance	-	576,849.90	1,878,019.80	3,865,112.45	6,044,202.35	8,337,836.85

Analysis Okay, let's analyze this projected Cash Flow Statement for the proposed the proposed new hotel project in Moshi, keeping in mind the specific dynamics of the hospitality industry and the Tanzanian context.

Initial Phase (Yr0):

- ❖ **Significant Inflow from Financing:** The \$2,000,000 inflow in Yr0 is attributed to a Loan, indicating the primary source of funding for the initial investment in the hotel project. There's no Equity contribution shown in this period.
- ❖ **Major Outflow for Investments:** A matching \$2,000,000 outflow is categorized as "Investments," which likely represents the capital expenditure for acquiring land, constructing the hotel building, and purchasing initial furniture, fixtures, and equipment (FF&E) in Moshi.
- ❖ **Net Cash Flow:** The Net Cash Inflow/Outflow for Yr0 is \$0, as the initial funding is entirely used for investments.
- ❖ **Closing Cash Balance:** The Closing cash and bank balance at the end of Yr0 is \$0, as expected for a project that has just commenced its major investment phase.

Year 1 (Early Operations):

- ❖ **Cash Inflow from Operations:** Total Cash Revenue of \$1,267,200 is generated from the hotel's operations. This aligns with the Sales Revenue projected in the Income Statement, representing cash received from room bookings, food and beverage sales, and other services.
- ❖ **Cash Outflow for Operations:** Operating expenses of \$209,262.60 represent the cash payments made for the day-to-day running of the hotel, such as salaries, utilities, marketing, and supplies.
- ❖ **Loan Repayment Commences:** A significant cash outflow of \$400,000 is allocated to Loan Repayment, indicating that servicing the initial loan starts in the first year of operation.

- ❖ **Investment Tax Payment:** An outflow of \$120,000 for Investment Tax suggests that the hotel is profitable enough in its first year to incur and pay taxes. This corresponds to the Investment Tax shown in the Income Statement.
- ❖ **Adjustment for Depreciation (Non-Cash):** A positive adjustment of \$38,913 is made for Depreciation. Depreciation is a non-cash expense (an accounting allocation of the cost of assets over time), so it's added back to the net income to arrive at the cash flow from operations.
- ❖ **Strong Positive Net Cash Flow:** The Net Cash Inflow of \$576,849.90 in Yr1 indicates that the hotel's operations are generating significant cash after covering operating expenses, loan repayments, and taxes.
- ❖ **Growing Cash Balance:** The Closing cash and bank balance at the end of Yr1 is \$576,849.90, showing a healthy accumulation of cash.

Years 2-5 (Mature Operations):

- ❖ **Increasing Cash Revenue:** Total Cash Revenue continues to grow steadily from \$1,996,800 in Yr2 to \$3,072,000 in Yr5, reflecting the projected increase in sales.
- ❖ **Rising Operating Expenses:** Operating expenses also increase over the years, from \$214,542.60 in Yr2 to \$266,998 in Yr5, likely due to increased activity, potential inflation, and the strategic increase in marketing and administration costs seen in the Income Statement.
- ❖ **Consistent Loan Repayment:** The \$400,000 annual Loan Repayment continues through Yr5, indicating a structured debt servicing plan.
- ❖ **Stable Investment Tax Payments (Years 2-4):** The Investment Tax payment remains constant at \$120,000 for Yr2-Yr4, which is interesting given the increasing profitability shown in the Income Statement. This might suggest a lag in tax payments or a specific tax arrangement.
- ❖ **Lower Depreciation Adjustment in Yr5:** The Adjustment for Depreciation decreases significantly to \$8,633 in Yr5, aligning with the lower depreciation charge in the Income Statement, possibly due to assets becoming fully depreciated.

- ❖ **Strong and Growing Net Cash Flow:** The Net Cash Inflow remains positive and grows substantially each year, reaching \$2,293,634.50 in Yr5. This indicates a highly cash-generative business.
- ❖ **Significant Cash Balance Accumulation:** The Closing cash and bank balance grows dramatically, reaching \$8,337,836.85 by the end of Yr5, demonstrating the financial strength and liquidity of the hotel.

Key Observations and Implications for the Proposed New Hotel Project:

- ❖ **Successful Initial Funding:** Securing a \$2,000,000 loan in Yr0 provides the necessary capital for the initial investment phase in Moshi. It's important to understand the terms and conditions of this loan.
- ❖ **Rapid Cash Generation:** The hotel starts generating significant positive cash flow from its operations in the very first year, indicating a potentially strong market demand in Moshi.
- ❖ **Effective Debt Servicing:** The consistent loan repayment schedule demonstrates a commitment to managing the debt incurred for the project.
- ❖ **Growing Profitability Translates to Strong Cash Flow:** The increasing cash revenue and relatively controlled operating expenses lead to a substantial accumulation of cash reserves over the projected period.
- ❖ **Potential for Reinvestment or Expansion:** The large and growing cash balance could provide opportunities for reinvesting in the hotel (e.g., renovations, upgrades), expanding facilities, or diversifying services to further capitalize on the Moshi tourism market.
- ❖ **Tax Planning Considerations:** The consistent Investment Tax payment in Yr2-Yr4 despite increasing profits might warrant a closer look at the underlying tax calculations and potential tax planning strategies.

Considerations Specific to Moshi:

- ❖ **Tourism Seasonality Impact on Cash Flow:** While the annual figures look strong, it would be beneficial to see a more granular (e.g., quarterly) cash flow projection to

understand how seasonal fluctuations in tourism in Moshi might impact cash inflows and outflows throughout the year.

- ❖ **Working Capital Management:** As the hotel grows, efficient management of working capital (e.g., accounts receivable from tour operators, inventory of supplies) will be crucial for maintaining healthy cash flow.
- ❖ **Contingency Planning:** The strong cash reserves provide a buffer for unexpected expenses or downturns in the tourism market in Moshi.

Overall, this projected Cash Flow Statement paints a very positive financial picture for the proposed hotel in Moshi. It indicates a strong ability to generate cash, service debt, and accumulate significant reserves. This suggests a potentially successful and sustainable hotel venture in the Tanzanian tourism hub of Moshi. **However, a more detailed breakdown considering seasonality and working capital would provide even greater insights.**

PROJECTED FINANCIAL POSITION						
Particulars	0	1	2	3	4	5
	USD	USD	USD	USD	USD	USD
Fixed Assets						
Land and Buildings	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Office Equipments	100,000	100,000	100,000	100,000	100,000	100,000
Furniture and fittings	600,000	600,000	600,000	600,000	600,000	600,000
Motor Vehicle	40,000	40,000	40,000	40,000	40,000	40,000
Total Fixed Assets	1,740,000	1,740,000	1,740,000	1,740,000	1,740,000	1,740,000
Less Accumulated Depreciation	0	38,913	38,913	38,915	38,913	8,633
Net Book Value	1,740,000	1,701,088	1,701,088	1,701,085	1,701,088	1,731,368
CURRENT ASSETS						
Debtors and Repayment	0	464,847	421,980	625,027	974,762	892,164
Cash and Bank	260,000	576,850	1,878,020	3,865,112	6,044,202	8,337,837
Total Current Assets	260,000	1,041,697	2,300,000	4,490,139	7,018,964	9,230,001
CURRENT LIABILITIES						
Creditors and Accruals	0	821,984	2,112,696	4,346,731	7,163,771	9,726,086
Corporate Tax	0	96,240	206,517	313,348	346,884	370,585
NET CURRENT ASSETS	260,000	123,473	-19,214	-169,940	-491,691	-866,670
TOTAL ASSETS	2,000,000	1,824,560	1,681,874	1,531,145	1,209,397	864,698
CAPITAL AND RESERVES						
Loan	2,000,000	1,600,000	1,200,000	800,000	400,000	0
Equity	0	-	-	-	-	-
Retained Earnings	0	224,560	481,874	731,145	809,397	864,697
CAPITAL EMPLOYED	2,000,000	1,824,560	1,681,874	1,531,145	1,209,397	864,697

This Projected Financial Position (Balance Sheet) provides a snapshot of the hotel's assets, liabilities, and equity at the end of each projected year (Yr0 to Yr5) in Moshi. Let's break down the key trends and insights:

Fixed Assets:

- ❖ **Consistent Investment:** The value of Land and Buildings (\$1,000,000), Office Equipment's (\$100,000), Furniture and fittings (\$600,000), and Motor Vehicle (\$40,000) remains constant throughout the projection. This suggests no additional capital expenditures on these fixed assets are planned during this period.
- ❖ **Depreciation:** Accumulated Depreciation starts in Yr1 and increases steadily until Yr4. The significant jump in Yr1 (\$38,913) aligns with the depreciation expense in the Income Statement. The much smaller increase in Yr5 (\$8,633) also corresponds to the reduced depreciation expense in that year.
- ❖ **Net Book Value:** The Net Book Value of Fixed Assets, which is the original cost less accumulated depreciation, gradually decreases over the years as depreciation is recognized, reflecting the wearing out of the assets. The slight increase in Net Book Value in Yr5 is due to the significantly lower depreciation expense in that year.

Current Assets:

- ❖ **Debtors and Repayment:** This line represents money owed to the hotel (e.g., by customers or tour operators) and potentially prepayments. It shows a fluctuating but generally increasing trend over the projection period, suggesting a growing volume of business and potentially some credit terms offered.
- ❖ **Cash and Bank:** This balance grows dramatically over the projection period, mirroring the strong positive Net Cash Flow shown in the Cash Flow Statement. This indicates the hotel is generating significant cash and accumulating substantial reserves.
- ❖ **Total Current Assets:** The overall Current Assets increase significantly, driven primarily by the growth in Cash and Bank and the increasing Debtors and Repayment. This indicates a strong and improving liquidity position.

Current Liabilities:

- ❖ **Creditors and Accruals:** This represents money owed by the hotel to suppliers and for accrued expenses. This balance also shows a significant increasing trend, likely reflecting the higher volume of operations and potentially longer credit terms from suppliers as the business grows.
- ❖ **Corporate Tax:** This represents the estimated tax liability. It increases over the years, generally following the trend of increasing profitability.
- ❖ **Net Current Assets (Working Capital):** This is calculated as Total Current Assets minus Total Current Liabilities. It starts positive but turns negative in Yr2 and remains negative for the rest of the projection. A negative net current asset position can sometimes indicate that a business is relying on short-term financing to fund its operations. However, in this case, the very large Cash and Bank balance might offset the risks associated with negative net current assets. It's worth investigating the reasons for the growing Creditors and Accruals relative to Debtors.

Total Assets:

- ❖ **Fluctuating Total Assets:** Total Assets initially decrease from Yr0 to Yr2 due to the decreasing Net Book Value of Fixed Assets and the initial accumulation of liabilities. However, they start to increase again from Yr3 onwards, driven by the substantial growth in Cash and Bank.

Capital and Reserves:

- ❖ **Loan:** The Loan balance decreases steadily over the projection period, reflecting the loan repayments made as shown in the Cash Flow Statement. The loan is fully repaid by the end of Yr5.
- ❖ **Equity:** Equity remains at \$0 throughout the projection, indicating that the initial funding was entirely through debt (the Loan).
- ❖ **Retained Earnings:** Retained Earnings start at \$0 and grow each year, accumulating the net profits (EBT) from the Income Statement after accounting for any dividends (which are

not explicitly shown here, so we assume no dividends). This growth in retained earnings is the primary driver of the positive change in the capital and reserves section over time.

- ❖ **Capital Employed:** Capital Employed (Total Assets minus Current Liabilities) follows a similar trend to Total Assets, initially decreasing and then increasing. It ultimately equals the sum of Loan and Retained Earnings, as expected.

Key Observations and Implications for the Proposed New Hotel Project:

- ❖ **High Reliance on Debt Financing Initially:** The project starts with significant debt financing (\$2,000,000 loan) and no equity contribution in Yr0.
- ❖ **Strong Profitability Driving Equity Growth (Retained Earnings):** The increasing Retained Earnings demonstrate that the hotel's profits are being reinvested in the business, leading to a growing equity base over time.
- ❖ **Improving Liquidity:** The substantial growth in Cash and Bank indicates a strong and improving ability to meet short-term obligations.
- ❖ **Potential Working Capital Management Considerations:** The negative Net Current Assets, despite the large cash balance, warrant further investigation. Understanding the payment terms with creditors and the collection period for debtors is important. The increasing Creditors and Accruals could be due to favorable payment terms negotiated with suppliers, but it's essential to ensure these liabilities are managed effectively.
- ❖ **Deleveraging:** The steady repayment of the loan significantly reduces the hotel's debt burden over the projection period, leading to a stronger financial position in the long run.
- ❖ **No Additional Capital Injections:** The absence of any increase in Fixed Assets or Equity suggests that the projected growth is expected to be funded entirely through operational cash flow and retained earnings.

Considerations Specific to Moshi:

- ❖ **Impact of Tourism Seasonality on Working Capital:** Fluctuations in tourist arrivals in Moshi could impact the timing of payments from debtors (e.g., tour operators). Efficient management of receivables during off-peak seasons will be crucial.
- ❖ **Potential for Future Investments:** The strong cash reserves could be used for future expansions, renovations, or upgrades to maintain competitiveness in the Proposed New Hotelmarket.

Overall, this Projected Financial Position shows a the proposed new hotel project that starts with significant debt but quickly becomes highly profitable, generating substantial cash reserves and building equity through retained earnings. While the negative Net Current Assets deserve attention, the strong cash position mitigates potential short-term liquidity risks. The deleveraging trend strengthens the long-term financial stability of the hotel in the Moshi context. A deeper dive into the working capital dynamics would provide a more complete picture.