

**Broad Africa (T) Limited**  
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Tanzania, East Africa



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### PROJECT HIGHLIGHTS

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<b>COMPANY BUSINESS</b>	<b>:</b>	<b>PROVIDER OF HOSPITALITY SERVICES &amp; THAI SPA CULTURE THERAPIES</b>
<b>PROJECT AREA</b>	<b>:</b>	<b>PLOT NO 1096 BLOCK 'A'</b>
<b>PROJECT SITE</b>	<b>:</b>	<b>BURKA AREA – ARUSHA CITY</b>
<b>PROJECT NAME</b>	<b>:</b>	<b>BROAD AFRICA (T) LIMITED</b>
<b>LEGAL STATUS</b>	<b>:</b>	<b>PRIVATE LIMITED LIABILITY COMPANY INCORPORATED IN TANZANIA IN 2012 UNDER THE COMPANIES ACT 2002.</b>
<b>PROJECT PROMOTERS</b>	<b>:</b>	<b>SUNDAY JOSEPH JONAS &amp; PAIROH NUTTHAPORN</b>
<b>IMPLEMENTATION SCHEDULE</b>	<b>:</b>	<b>START DATE: MARCH 2024 END DATE: DECEMBER 2032</b>
<b>TOTAL PROJECT COST</b>	<b>:</b>	<b>TSHS 4.818 BILLION</b>

## **1.0 Executive Summary**

### **1.1 Development of a 3 Star Lodge**

This Business Plan for development of a 3 Star Lodge is being submitted by Broad Africa (T) Limited to Tanzania Commercial Bank seeking finance to invest into building a lodge on Plot No 1096, Block 'A' Situated at Burka in Arusha City.

The Plan details why Broad Africa needs the funding, how that funding will be used, how it intends to repay the loan, and why such funding for expansion of their business is beneficial to the Company and Tanzanian economy in general.

At its core, this business plan is not only a roadmap that shows where it is headed as well as how it will get there but also a blue print for creating a new Broad Africa, one that is lean, profitable, self-sustaining and fully competitive. It also demonstrates its implementation programme, but also a selling document of its business to stake holders including Tanzania Commercial Bank, showing that the business is viable and will be successfully be implemented to result in the Company's long-term viability, competitiveness and environmental friendliness.

Through the combination of its Lotus Spa, Thai Cuisines and with the new Lodge, Broad Africa aims to establish a dominant position in Arusha and will attract key tourist clientele as well as local customer through marketing network.

### **1.2 Broad Africa (T) Limited's Concept**

The conceptual design of the lodge shall be made to blend into the environment and location, with tasty designs providing tranquil atmosphere of area, but also offering modern, 3-star comfort and safety to guests.

- Broad Africa seeks to leverage from its Lotus SPA facilities and build a premium lodge with requisite facilities on an availed land that it has for this purpose.
- The proposed lodge buildings will be designed in such a manner that optimizes the views of sunset and sundown as well as seeing the plane taking off from Arusha airport.

### **1.3 Background Information**

- The Broad Africa (T) Limited was registered on 5<sup>th</sup> September 2012 as a private limited liability Company with an authorized share capital of Tshs 500,000,000 made up of 1,000 shares, with a par value of Tshs 500,000 each. Its Certificate of incorporation is number 93636.
- Its principal business is in the provision of Thai Spa culture business which offers alternative therapies with inherited tradition of herbal practice that has been proven to give excellent results for health and well-being, both holistically and scientifically.
- It now wants to diversify into a complimentary hospitality industry business by building up spacious luxurious Lodge that will be located on the existing land parcel situated at Burka, about 5 km from Arusha city, in close proximity to the Arusha Airport
- The Lodge is situated in a pristine location and faces a beautiful sunset and sundown as well as offering access to the close proximity to Arusha Airport for tourist as well as local traveling to various destinations including National Parks
- The Company is owned by Sunday Joseph Jonas and Pairoh Nutthaporn, who have each taken 700 and 300 shares respectively.

- The two partners have more than 12 years of experience in providing a wide range of high-profile clients, the Thai Spa Culture Service which offers alternative therapies with its inherited tradition of herbal practice that has been proven to give excellent results for health and well-being, both holistically and scientifically.
- Their experience extends to offering in Arusha, the only Thai culinary experience with exciting flavors bursting with bold spices, fresh herbs and delightful combination of sweet, sour, salt and spicy tastes like no other.
- Given their experience in Thai Spa Therapy and Thai catering services, the new lodge for Broad Africa (T) Limited will be just an off-shoot of the existing businesses becoming a means of broadening/ expanding the Company and increasing profits to the organization.
- The net effect of the combined operational and financial elements in the plan, shows a Company that is profitable with the annual sales turnover of Tshs 1,179,672,000.00 or US Dollars 453,720.00 in the first year of operation.
- Based on base case scenario projections from 2026 to 2032 using the parameter above and other assumption detailed in this plan, shows that;
  - (i) The Company's Plan shows that its operations will be a profitable undertaking.
  - (ii) It shows that it will achieve positive profits after taking into account all direct and indirect expenses as well as project costs.
  - (iii) It demonstrates viability which could further be enhanced with strategic alliance that more effectively utilizes its market exposure and network capacity and position the company for growth.

The Table below summarizes the projected revenue over a period from 2026 to 2030.

Table1: Broad Africa (T) Limited Projected Operating Results (in Tshs'000')

Item	2026	2027	2028	2029	2030
Revenue	1,179,672	1,446,120	1,742,832	2,111,824	2,558,842
Profit Before Tax	59,852	179,078	311,844	476,952	676,972
<b>Profit After Tax</b>	<b>41,896</b>	<b>125,354</b>	<b>218,290</b>	<b>333,866</b>	<b>473,881</b>

Sources: Own Projected Workings/Compilation

- Encouraged by the good previous financial performance, the expansive and growing back trend of their current market after the Covid-19, as well as the need to diversify and expand business with a complimentary activity.
- The Shareholders, who at the same time act as Directors, are seeking to expand their existing portfolio by constructing a Luxury Lodge, featuring Thirty-Eight (38) executive room's along with new swimming pool.
- By combining their management, marketing and investment skills, the founders are determined to maintain a dominant position in Arusha and attract both international and local clientele.
- The shareholders have hired a team of experienced hoteliers, both local and foreign, to who will run the Lodge.

- Total capital investment excluding land and existing facilities, amounts to Tshs 1,651,164,394 equivalent to US\$ Dollars 635,071.
- The hospitality investment is being driven by encouraging returns on investment, good market demand and the fact that the Lodge market has remained stagnant, offering significant room for development given that Arusha continues to face shortage of quality hotel/lodge rooms, especially in the mid-range to high end market. With the prevailing expansive and prospering trend of the tourist market, the prospect of developing and operating a Luxury Lodge here constitutes an exciting and highly lucrative opportunity.

#### **1.4 Market Size and Growth**

- Following a strong marketing in 2023, international tourism is well on track has return to pre-pandemic levels in 2024. According to the first UNWTO World Tourism Barometer of the year, international tourism ended 2023 at 88% of pre- pandemic levels, with an estimated 1.3 billion international arrivals.
- Africa recovered 96% of pre-pandemic visitors and America reached 90%.
- In 2023, tourist arrivals to Tanzania increased by 24.3% to a record – breaking 1,808,205, from 1,454,920 tourists in 2022; 922,692 in 2021 and 616,491 in 2020. Tanzania’s tourism receipts reached record – high USD 3,368.7 million in 2023; compared to USD 2,527.8 million in 2022. (USD 1,310.3 million in 2021),
- These figures suggest that, stronger than expected demand has created significant operational and workforce challenges which Broad Africa (T) Limited is addressing through timely investment in Arusha.
- Likewise, over the past five years, the number of tourists visiting the Tanzania National Park has risen up from 616,491 in 2020 to 1,808,203 in 2023, an increase of 193.306%. The number of visitors in other National Parks in the Northern Circuit has also been going up.
- The tourist market is predominantly for transit tourist, on their way to the game parks. More than 60% of tourists in Tanzania come through and to Arusha, via either Namanga, the border town with neighboring Kenya or by flying directly to Kilimanjaro International Airport. Tourists spend a night on their way to the National Parks and a night on their way out.
- This justifies Broad Africa (T) Limited investment in Arusha

#### **1.5 Current supply**

- In the premium segment, there are currently few hotel/lodge rooms in and around Arusha excluding the new investment.
- The premium room stock in this area is expected to increase on average by only 5% per annum until 2030 on the basis of current known and proposed projects.
- With the number of foreign arrivals into Arusha rising by 25.70% (900,182 to 1,131,286 a number of guests in 2022 to 2023 respectively – According to Data from The National Bureau of Statistics (NBS)) while the expansion of supply is slowing down, it opens the ways for increased occupancy at the existing supply levels

- Occupancies generally remain high as most markets continue to benefit from consistent revenue growth and limited new supplies.
- A major part of these lodges set up offers a very negligible competition

### 1.6 Pricing

- An average seasonal room rate of Tshs 182,000-234,000 or USD 70 -90 per person per bed night for single and Tshs 260,000-312,000 or USD 100-120 for double has been used in the base case scenario throughout to the eighth year. This compares favorably with the other lodges rates. However, the under-supply situation is likely to cause some price fluctuations.

### 1.7 Capital investment

- The total capital investment is estimated at Tshs 4,818,032,483 based on the Bills of Quantities that includes cost of land, tents buildings, furniture's and fixtures, machinery & equipment's, motor vehicles and boreholes.

A breakdown of the existing facilities is as itemized.

Table 2 Capital Investments & Requirement

Item	Tshs		Total	US\$
	Existing	Additional		Total
Land	559,790,000		559,790,000	222,362
Buildings	685,324,902	614,811,550	1,300,136,452	500,052
Plant & Equipment		139,357,357	139,357,357	53,598
Furnitures and Fittings		448,346,564	448,346,564	172,440
Hard & Soft furnishing		62,213,317	62,213,317	23,928
Motor Vehicles		264,334,606	264,334,606	101,667
Pre-operational expenses		26,520,000	26,520,000	10,200
Total Investment	1,245,114,902	1,555,583,394	2,800,698,296	1,084,247
Add: Initial Working Capital			45,580,980	17,531
<b>TOTAL CAPITAL INVESTMENT</b>	<b>1,245,114,902</b>	<b>1,555,583,394</b>	<b>2,846,279,276</b>	<b>1,101,778</b>

Table 3 Financial Plan

Financing Plan	Tshs			US Dollars Equivalent	
	Existing	Additional	Total	Total	
Equity	1,245,114,902	200,000,000	1,445,114,902	555,813	47.44%
Loan		1,601,164,374	1,601,164,374	615,832	52.56%
<b>Total</b>	<b>1,245,114,902</b>	<b>1,801,164,374</b>	<b>3,046,279,276</b>	<b>1,171,645</b>	<b>100%</b>

### 1.8 Financial Viability

On the strength of the base case scenario projections to 2030, and using the parameters outlined above as well as other assumptions detailed in the report, the following observations are in order:

- The proposed camping operations and business are expected to be commercially and financially viable. This is delivered on average gearing over the explicit term of the projection of 100% equity.
- Company's net worth portraying growth over a 8-year period and subsequently, throughout the period. Growth on the turnover averages to 7% annually. The revenue growth will provide sustainable funds for future investments.

## **2.0 The Industry**

Tanzania's tourism resource is among the most impressive on the continent, comprising 15 National Parks, 33 Game Reserves, 43 Game Controlled Areas, an abundance of cultural heritage attractions and seven World Heritage Sites, including Tarangire National Park, Ngorongoro Conservation Area, Serengeti National Park and Mount Kilimanjaro. While infrastructure is still relatively underdeveloped, recent years have seen great improvements in air access and road networks particularly on safari circuit.

Tourism holds immense opportunities for Tanzania. Abundant wildlife, pristine beaches, areas of great scenic attraction and beauty, diversities of culture, the majesty and splendor of the Great Lakes and the mystique of the Spice Islands combined with an excellent climate invest the country with a tourism portfolio unique in Africa.

Tourism products can roughly be grouped into three regions, namely, the Northern and Southern Circuits, and Zanzibar. The main product lines translate into ecotourism, sun and sand, culture and adventure. Travel for business, conferences and visiting friends and relatives has also grown over the years and become a significant component of the hospitality industry.

The popular Northern Circuit which covers the Arusha region is predominantly ecotourism, comprising well-known attractions such as Mt. Kilimanjaro, the Tarangire National Park, Serengeti National Park as well as the Ngorongoro Conservation Area. On the other hand, the Southern Circuit has a strong combination of bush (ecotourism) and beach (sun and sand). The Circuit however remains largely unexploited and includes Dar- Es-Salaam and environs, Mafia Island, Saadani and Mikumi National Parks, the Selous Game Reserve and Kilwa. Zanzibar is the renowned Spice Island and has, over the years, witnessed increasing growth as a sun, sand and sea destination for visitors. A strong cultural component is a constant in all the "tourism nodes", embracing a fusion of African, European, Arabic and Indian influences.

In the past, ad hoc planning of tourism development and lack of focused, integrated marketing strategies failed to deliver on the enormous potential of the country's Tourism and Hospitality sectors. The Government has identified this as a priority area and is committed to facilitating its growth, leveraging private sector investments therein and ensuring that economic benefits spread to the local communities.

The Government's drive to promote the Hospitality Industry started with the liberalization of the economy in the late 1980's and the results are encouraging. According to the Ministry of Tourism and Natural Resources, visitor arrivals in the period January to July 2022, totaled 742,133 tourists who visited Tanzania. This is an increase of 285,867 tourists, equivalent to + 62.7% compared 456,266 tourists who entered the country during the similar period in 2021.

These statistics reveal that there is still ample room for the establishment of new Hotels/Lodges of internationally acceptable standards to cater for the ever-growing demand.

## **3.0 Supply and Demand Analysis**

### **3.1 Supply**

The main area of focus for this project is the Arusha region. It has a total population of 2,356,255 people, of which 617,631 reside, in Arusha Municipality. The town represents about 25% of the total hotel supply for Tanzania, with 526 establishments and has about 868 available rooms. Arusha region had experienced strong growth in the number of establishments, with a growth rate before the emergency of COVID 19 pandemic.

- The region is also the Headquarters for the re-established East African Community. It also hosts a number of international and regional organizations and institutions including the Eastern and Southern African Management Institute (ESAMI), the Commonwealth Health Secretariat for East and Southern African, Region the Centre for Integrated Rural Development in Africa (CIRDAFRICA), the Pan African Postal Union (PAPU), the UN-International Criminal Tribunal for Rwanda (ICTR) and many other Non-Government Organisation (NGO'S) of international repute. This gives the town a high profile image
- Arusha is a popular meeting place for International Conferences, Government meetings including Head of States from the neighboring countries. The AICC hosts on average, 100 meetings each year with a total average number of 11,000 delegates each year and it expects this to increase to between 15,000 to 18,000 delegates per year in two years' time. At these levels, the resulting hotel occupancy were all 1,663 additional delegates to be accommodated would result in more than 72% for an 86 rooms hotel. Given that certain conferences are for 500 to 1000 delegates at a time. Not all of these can be accommodated at the hotel, thus increasing the resulting occupancy over a period of time.

### 3.2.1 Supply - Lodges Developers

### 3.2.2 Lodge Supply – medium market segment

In order to assess room night demand for the proposed Lodge it was imperative to scan and identify the current supply of lodge room within the same category of the market in the Arusha region. The properties listed below are considered to be primary competitors for the proposed Broad Africa Lodge investment, particularly for the accommodation and Spa market.

Existing competitor hotels in premium market segment		
Property	Number of rooms	SPA facilities
Elewana Arusha Coffee Lodge	30	Yes
Villa Arumeru Lodge	20	
Korona Villa Lodge	12	
OLerai Lodge	10	
Ilboru Safari Lodge	48	

Source: Own Research

### 3.2.3 Elewana Arusha Coffee Lodge

The Lodge is located on the outskirts of town on the gently rolling foothills that cascade down from the ever-present Mount Meru. The Villas are built and hidden amongst one of Tanzania's largest coffee plantations, that could be found in Arusha Coffee Lodge It is a perfect haven for relaxation either before or after any tour safaris.

It comprises of 30 Plantation Houses that radiate out into the evergreen coffee fields. It was designed around the original landowner's home that dates back to the early 1900'

### 3.2.4 Villa Arumeru Lodge

The lodge is located exactly half way between Kilimanjaro airport and Arusha town, roughly one kilometer from the main road, in a unique protected area.

It is established on a property of seven hectares and fenced on its outer perimeters.

In the gorgeous gardens, you can observe dik-diks, monkeys and a large amount of bird species. The lodge benefits of the view on the Kilimanjaro and the Mount Meru.

Arumeru offers 20 spacious Garden Chalets with either twin or double beds. Each room can be converted into a Triple room (Sofa bed) and two rooms are connecting rooms. 6 Junior Suites consisting of 5 rooms with double beds and one room with twin beds. A third bed can be added into all Suites. It The lodge also offers 2 Family Units

The Main area: has the lobby with fireplace, bar, garden terrace and large restaurant with outside seating on a terrace. (Free WIFI at lobby and bar) Swimming Pool and massage room in the garden area.

### **3.2.5 Korona Villa Lodge**

Korona Villa is located in the up-scale quiet Njiro Residential area of Arusha (Tanzania) only 4Km South of the Arusha City, 10Km from Arusha domestic Airport, 30Km from Kilimanjaro International Airport and just 200 metres from the Njiro Round about on the Brand-New BY-PASS ROAD (East Africa Highway) and a 2Km from the Njiro Cinema and Shopping Complex as well as ESAMI Institute

It features a small stylish lodge with pool views and 25 beds accommodation with balcony, boasting mountain views, a garden and a private pool. Its bed and breakfast come with free WiFi with a restaurant serving African cuisine, and free private parking is available.

All units are fitted with air conditioning, a flat-screen TV with satellite channels, a minibar, a kettle, a walk-in shower, slippers and a desk. Units have a private bathroom, a bath and a hair dryer, and some units at the bed and breakfast have a safety deposit box. At the bed and breakfast, every unit is equipped with bed linen and towels.

Buffet and continental breakfast options with warm dishes, local specialities and pancakes are available each morning at the bed and breakfast. There is a coffee shop, and packed lunches are also available.

For guests with children, Korona Villa Lodge features kids pool, an indoor play area and outdoor play equipment. The accommodation has a sun terrace and an outdoor fireplace.

### **3.2.6 Olerai Lodge**

Olerai lodge Arusha is located in Arusha town around Mateves and built in the local farm yield. It is the best place for overnight before and after safaris in Arusha. It is decorated in African style and it is a perfect place to enjoy holiday. It is also suitable for a night stay for visiting Arusha national park which is about 35kms away and less than 4kms drive to Arusha national park.

The lodge has a total of 10 rooms which are all spacious and with en-suite facilities. It has a swimming pool, good parking etc. It has the best view of Mt. Meru from Olerai lodge Arusha. The lodge is set at acacia grove which gives an advantage of experiencing the african wild.

It is surrounded by variety of resident wildlife like monkeys, honey badgers, porcupines etc. All these stunning wild animals are calling the Olerai lodge area home. Apart from wildlife, it is decorated with hundreds different species of birds.

### **3.2.6 Serengeti Villa**

Serengeti Villa has a garden, shared lounge, a terrace and restaurant in Arusha. Offering a bar, the property is located within 2.7 km of Old German Boma. The accommodation offers a 24-hour front desk, airport transfers, a shared kitchen and free WiFi throughout the property.

All guest rooms at the hostel come with a seating area. At Serengeti Villa all rooms include bed linen and towels.

A continental, vegetarian or vegan breakfast is available every morning at the property.

The area is popular for cycling, and bike hire is available at the accommodation. Uhuru monument is 3.2 km from Serengeti Villa, while Njiro Complex is 3.4 km from the property. The nearest airport is Arusha Airport, 9 km from the hostel.

### **3.2.7 Ilboru Safari Lodge**

Ilboru Safari Lodge is ideally located between the Northern Safari Circuit and Mt Kilimanjaro. The legendary Lodge with 48 rooms is nestled on the lower slopes of majestic Mt. Meru has been welcoming mountain climbers and safari travelers to Northern Tanzania for decades. It has been in lodge business for over twenty year's period..

It is beautiful swahili sanctuary is set on a five-acre plot, tucked away beneath ancient trees on the outskirts of Arusha town

### **3.2.8 Outpost Lodge**

In the Arusha region there are a number of smaller boutique hotels and lodges such as the River Trees Lodge, Jacaranda, which occupy different market positions and cater for the quality end to the budget tourist.

It has not been possible to ascertain the exact number of rooms within this category however, our understanding is that considerable proportion of tourists uses these establishments.

### **3.4 Potential changes in Supply**

During the last five to 10 years, a good number of 2-3 Star Lodges have come up in the Arusha but their others that have dropped out gone out of business due the emergence of COVID 19 or Management failures. This means there hasn't been a significant increase of lodges with class of its own compared to the increase number of tourists looking for such facilities. It can safely be concluded that the demand continues out strip the supply of lodge required.

### **3.5 Investment Opportunities**

This area offers unparalleled tourism opportunities for investments in tourism-related services and infrastructure, including, catering and accommodation as the existing services and infrastructure cannot cope with the ever-rising demand, creating considerable growth potential and providing ideal opportunities for investment such as:

New, needed accommodation facilities and sound Lodges with adequate and specific facilities, services of international standards and entertainment.

### **3.6 International Visitors**

With the exception of the year 2000, 2019, 2020 & 2021, since 1995 Tanzania has consistently witnessed a rise in the number of visitors. Likewise, revenues varied and according to the Trend.

### **3.7 Tourist Market**

The Project's target market will comprise middle class to upper end tourists as well as business travelers. In the main, the Project aims to draw its clientele from the following market segments:

- Leisure tourists and holiday makers visiting Arusha or transiting to the various tourist attractions in the Northern Tourist Circuit;
- Business travelers, who seek value for money in a well-developed facility;

- Companies and organizations that need to accommodate their incentive groups for holidays as part of their annual programmes.

According to the *Tourism Master Plan (Strategy and Actions)*, 65% of the visitors enter the country through Arusha as holiday makers, business people, conference delegates and a small proportion as transiting passengers.

The indication is that between 2021 and 2022, the number of visitors has surged. On the other hand, the number of available Lodge/ rooms during the same period increased only marginally. The implication is that, while the National Parks have been attracting a growing number of holiday makers, business people and conference delegates, there has been no corresponding rise in the number of Lodge/s rooms around the areas.

### **3.8.1 Strategy and Implementation**

From the beginning, The Broad Africa shareholders are committed to creating the best facility in Arusha. The Company will invest more time and money into details and finer things. With the right exposure, they believe that an un-tapped market of tourists can be enticed into Tanzania and marvel at the prodigious variety of wildlife in its natural habitats. By joining Membership in the international web catalog for hotels and lodges and introducing a new product, The The Broad Africa will place itself on a daily basis in front of millions of computer screens.

### **3.8.2 Marketing Strategy**

The market strategy apt to ensure the success of the Company's operations will include:

- i) Emphasis on brand name and unique services and environment through advertising;
- ii) Focus on continuous training of staff;
- iii) Building community and corporate relationships through unique and quality services, a friendly caring atmosphere and delivery of World class services;
- iv) Encouraging and facilitating domestic tourism, especially during the low season by providing rebates to local tourists.

In order to achieve goals, an appropriate marketing strategy being employed at their SPA in Arusha will also be applied and developed further while implementing specific marketing programmes for its new Lodge. The programmes will provide planning, publicity, organization and budgeting. Marketing of the Lodge will begin six months before formal opening.

The activities to be undertaken may include the following:

- Production, distribution and placement of promotional materials such as brochures relating to the new Lodge, including materials for the promotion of employee relations;
- Development and implementation of promotional offers or programmes that benefit the Broad Africa Lodge;
- Attendance of international and local travel tourism fares and exhibitions for the purpose of promoting the Lodge locally and internationally; - (at World Market Trade in London, the International Tourist Bureau of Berlin, BIT in Italy and Indaba of South Africa)
- Entering into long term contracts of allocation with local and international tour operators/agents as well as administering and carrying out promotional campaigns internationally;
- Marketing directly through the use of particular officers who shall physically call on various offices of their clients and potential ones. For business solicitation, some of the tour agents abroad will call on other various potential sources of clients for the like purpose.

## 4.0 The Project

### 4.1 Broad Africa Lodge

Broad Africa Lodge will be launched in 2025 after completing 38 luxury guest rooms. The Lodge will be designed to meet the demands of tourists from the USA and the wider region for more personalized care, greater comfort and convenience.

The 38 rooms include the main lodge building, that shall be situated on a flat terrain surface land which thus allows the guests to enjoy the splendid and stunning vistas of the Sunset & Sundown.

The interior design of the rooms is warm, coddling and artistic. The design concept allows guests to have a sense of privacy but within a home-like atmosphere that inspires the ardor to learn more about the beauty, wildlife and history of Tanzania.

While the main lodge is stunning and unique, nothing inside clouds the beauty of the surroundings. It is closely harbored by well-tended landscape interior areas - the dining room, the lounge with an outdoor. The lower and upper rooms shall have separate two outdoor sitting decks, with a large fire bowl and relaxing lounge chairs for reading, meeting guests or spending in other art opportunities. The SPA Tent is also next to the Reception also with massage room, open air shower and changing rooms.

The double rooms feature two-levels with over 66.84 square meter of space and family suite featuring 179.51m<sup>2</sup>. There is a sitting room with couches and comfortable armchairs, along with a writing desk. The rooms will have either twin or king beds, made of wood work. The en suite bathrooms with flush toilets, tubs, two wash basins and unique mirrors and lighting. All provide hairdryers, shampoo, lotion, soaps and comfortable robes.

The Lodge will have the following main components:

- Lodge entrance and reception facilities;
- Main lodge Building;
- Lodge accommodation;
- Electrical installation works;
- Mechanical installations and works;
- Lodge equipments and fittings.

#### (1) Electrical Installation Works

The Lodge will have access to electrical power generated by a standby, silenced generator providing 80kVA electricity as well as water from the boreholes. There is ample electricity for charging batteries, video cameras, direct from the generator. Water will be heated with the sun's rays by means of solar panels. In order to have reliable power, there will be an infrastructure for its smooth distribution. These will include:

- (i) Lighting Points
- (ii) Sockets
- (iii) DP Switches
- (iv) Distribution
- (v) Sub-main Cables
- (vi) Switchboard and Change Over Switch
- (vii) Lighting Fittings
- (viii) A Fire Alarm System
- (ix) Standby Generator – 80kVA
- (x) Provision for Solar Voltaic Batteries
- (xi) Telephone & Data Installations

- (2) Mechanical Installation Works include the following:
  - (i) Water reticulation from spring to high level tanks.
  - (i) Primary Water Storage-Raw Water
  - (ii) Water Filtration and Treatment Plant
  - (iii) Distribution Ring System to utilities
  - (iv) Internal Plumbing
  - (v) Sanitary Ware and Fittings
  - (vi) Solar Heating
  - (vii) Internal Drainage
  - (viii) Irrigation System for Gardening
  - (ix) Water Storage Tanks
  
- (3) Lodge Equipment's and Fittings. The Camp has been elegantly furnished with large, deluxe beds, fresh linen, blankets, towels, face cloths, mosquito-nets, chairs and tables. It has a very modern kitchen and laundry equipment and computers. The equipment's and fittings will consist of,
  - (i) Room and Hotel Furniture
  - (ii) Kitchen and Laundry equipment
  - (iii) Computers

a) Drawings:

As already stated, Management has designated an area for building of a new Lodge facility on its own a parcel of land availed as per the drawings being submitted.

A Building Permit will be sought for approval from respective Government authorities.

In implementing the Project, The Broad Africa (T) Limited has engaged the services of competent professionals to oversee the preparation of the Architectural and Engineering Designs, together with the required Bills of Quantities.

#### **4.2 Site Analysis**

A soil geotechnical survey will be carried out to serve as a guiding principle in drawing up cost efficient foundation structural designs. Care shall be taken to avoid unnecessary cut and fills during the foundation construction and, where necessary, introduce basement beams to sustain of any deep excavations/cuts.

The site and environment appear to be in conformity with the building and development regulations. The location is convenient to the envisaged clients.

The Company operations will have no negative impact on the environment, health, social or safety guidelines. In fact, construction complies fully with the aforesaid guidelines, regulations and-or policies.

Liquid waste is to be disposed of through the Sewerage System. Other wastes will be collected and periodically picked up by refuse collection service and dumped at the approved refuse dump pits.

## **5.0 Organization and Management**

### **5.1 Board of Directors**

The Broad Africa is being managed through a Board of Directors, under the Chairmanship of Sunday Joseph Jonas, the major shareholder who is also the Chief Executive Officer (CEO) and project promoter. The Board comprises of two Directors and shareholders and are responsible for formulating and determining the policy and strategic direction of the Company. The Directors are assisted by a Management Team.

The Board has hired the Management team that will take full charge of all facilities on the Camp premises, guiding and supervising individual management and being responsible for implementation of the Broad Africa Lodge's professional operating principles in addition to implementing and executing the Business Plan.

The current Directors of the Company are:

- |     |                       |                |
|-----|-----------------------|----------------|
| (1) | Sunday Joseph Jonas - | Chairman & CEO |
| (2) | Pairoh Nutthaporn     | Director       |

### **5.2 Management Team**

The Company has established a lean management structure, filled with a Team of professional hoteliers having a clean record and experience in Lodge operational management. The CEO with the requisite qualifications, sufficient exposure in marketing and experience, heads the Team. He is responsible for the implementation and execution of the Business Plan, assisting, guiding and supervising the Management Team. The Plan consists of the following elements:

- Marketing      Finance and Quality

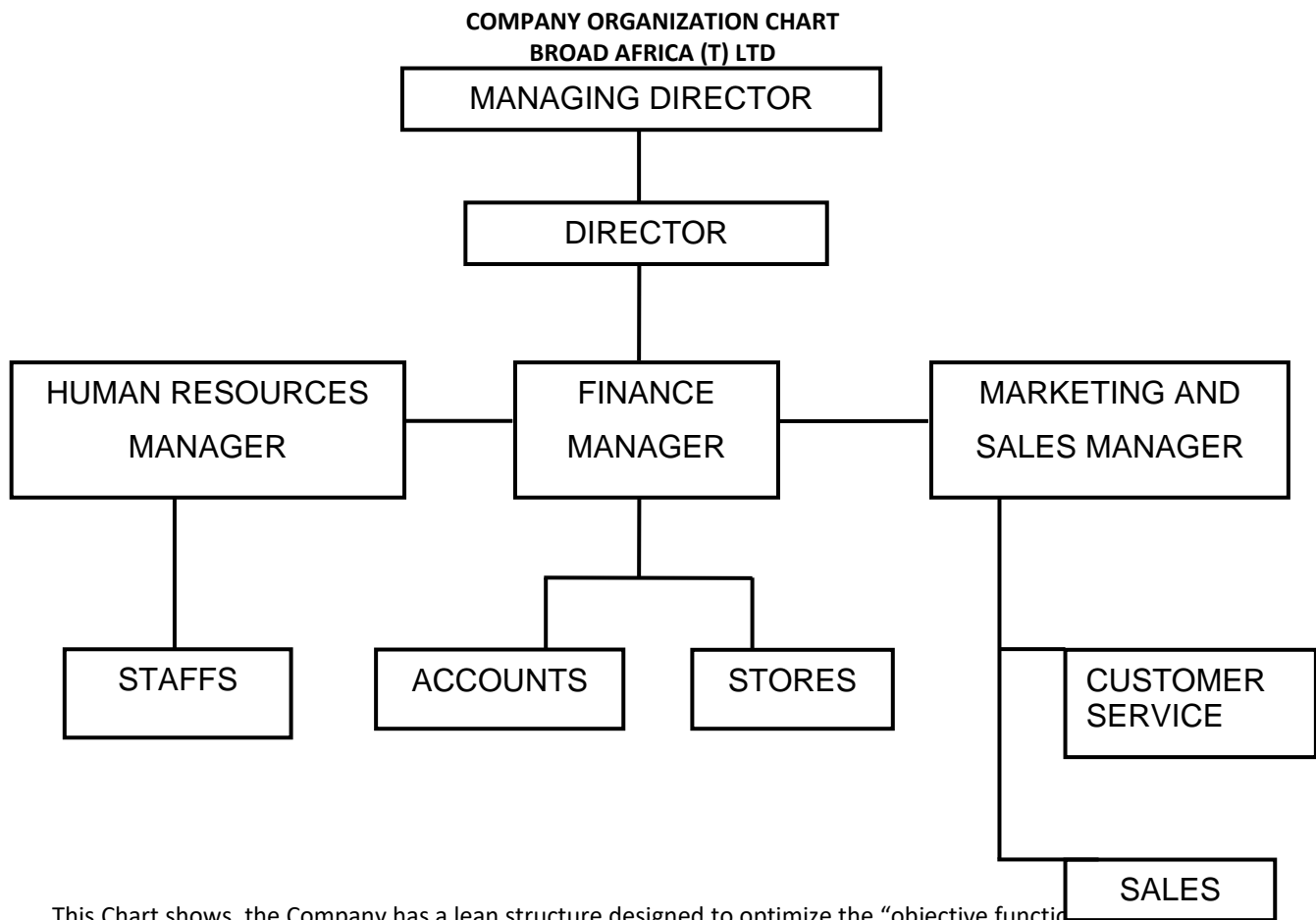
The CEO & Managing Director is responsible for all major decisions, overall running of business, corporate planning, setting up business strategies, monitoring implementation and achievement against set goals, policy implementation, financial planning and administration. They are being assisted by other experts in their respective areas of expertise such as the Operations Manager. Senior officers in the line of house keeping and food and beverage form part of the Management staff.

The Management Team comprises the following members: -

1. The CEO
2. Managing Director
3. Operations Manager

### 5.3 Organizational Structure

It is important that this item be such that a clear line of command, duties and responsibilities is eminently spelled out. All this expressed in the following Chart:



This Chart shows, the Company has a lean structure designed to optimize the “objective function of the company”. Everything the Management Team does is thus linked to the objective function.

### 5.4 Manpower

To ensure that adequate and quality services are provided, there should be satisfactory manpower deployment. The following Table below shows the current manning levels as they are:

**Table 7: Manpower**

		Required	Addition	Total
1	Managing Director	1	0	1
2	Director of Marketing	1	0	1
3	Hotel Managers	2	0	2
4	Executive Chef	1	0	1
5	Food & Beverage	2	0	2
6	House keeper	1	0	1
7	Maintanance	2	0	2
8	Front DeskOffice	2	0	2
9	Receptionists	2	0	2
10	Housekeeping	2	0	2
11	Accountant/Sales	2	0	2
12	Waiters	4	0	4
13	Security Staffs	5	0	5
14	Drivers	2	0	2
	<b>TOTAL</b>	<b>29</b>	<b>0</b>	<b>29</b>

The Camp offers employment for 29 people.

#### 5.5 Manpower Training

The The Broad Africa will continuously seek to create an environment in which employees are allowed to develop their full potential for their own benefit and that of the Company.

#### 5.6 Remuneration Policy

The The Broad Africa remunerates its employees fairly and attractively, according to skills and performance and with the reference to the hospitality industries' practice, competitiveness and country conditions, appropriate rewards being the touchstone and within a rewarding work environment.

The Company is committed to continuous investment into its employees at all levels. It starts with fair pay, related to market conditions and usually arrived at through collective bargaining with trade union representatives. Future results will determine the extent of investment in skills and related benefits.

#### 6.0 Implementation

The project has already started to be implemented. The commencement of preparing this application and details provided in the Table below.

#### 6.1 Work Plan

The total Project implementation is expected to take 10 Months i.e., from Feb 2025 to Dec 2025. However, this is indicative at the time being as success will depend on a carefully planned sequence of activities as well as the availability of the required approval. The resulting work plan, with the approximate timing of activities is shown on the Table below. This is flexible enough to be adjusted in the course of implementation.

The project implementation plan is shown below:

Table 8 Implementation Schedule

Activity	Due dates
----------	-----------

i	Submission of loan application to Bank	1day
ii	Layout of bore & piping system same time building foundation and other operational buildings	9 weeks
iii.	Pouring foundation, collection of stones, start erecting Lodge building And other buildings	12weeks
iv.	Commerce construction of Guest Rooms drainage system	8 weeks
v.	Installation of generator sets, fabrication of pathways, laying electrical cables, water system from Mains. Installation of septic tank system and solar system	3 to 5 weeks
vi	Finishes and final decking of roof of Guest Room Furnishing	3 to 7 weeks
vii	Final finishes and staff training & orientation	2 week
	Total Estimated construction Time	40 Weeks

The implementation timetable is considered reasonable and achievable, given that it will be undertaken by an experienced contractor and supervised by seasoned and experienced Architect and Civil Engineers.

## 7.0 Investment Programme

The cost of implementing the construction of the proposed investment is estimated at 1,601,164,374, equivalent to US Dollars 615,832.

The Project costs, with all facilities are as itemized below:

Table 9 Capital Investments & Requirement

Table 9 Capital Investments & Requirement

Item	Tshs			US\$
	Existing	Additional	Total	Total
Land	559,790,000		559,790,000	222,362
Buildings	685,324,902	614,811,550	1,300,136,452	500,052
Plant & Equipment		139,357,357	139,357,357	53,598
Furnitures and Fittings		448,346,564	448,346,564	172,440
Hard & Soft furnishing		62,213,317	62,213,317	23,928
Motor Vehicles		264,334,606	264,334,606	101,667
Pre-operational expenses		26,520,000	26,520,000	10,200
Total Investment	1,245,114,902	1,555,583,394	2,800,698,296	1,084,247
Add: Initial Working Capital			45,580,980	17,531
<b>TOTAL CAPITAL INVESTMENT</b>	<b>1,245,114,902</b>	<b>1,555,583,394</b>	<b>2,846,279,276</b>	<b>1,101,778</b>

Key detailed costs are shown in Attachments 1-a to 1-b.

These figures are based on estimates made by Architects & Quantity Surveyors

## 7.1 Proposed Financial Plan

In the projections, financial structure is initially set at 47.44% equity (Tshs 3.046 bln) and 52.56% long term loan (Tshs 1.601 bln) at a rate of 10 repayable over 5 years

Table 10 below shows the projected Financial Plan

Table 10 Financial Plan

Financing Plan	Tshs			US Dollars Equivalent	
	Source	Existing	Additional		
Equity	1,245,114,902	200,000,000	1,445,114,902	555,813	47.44%
Loan		1,601,164,374	1,601,164,374	615,832	52.56%
Total	1,245,114,902	1,801,164,374	3,046,279,276	1,171,645	100%

## 7.2 Projected Financial Results

Financial projections for an eight-year operations period of the Lodge have been prepared. Future earnings, cashflow and balance sheet appear in Attachments 1 to 3. These are based on operating assumptions in Annex 1.1, 2.1 to 3.2 (e), two of which are shown below.

## 7.3 Operating Assumptions

The key assumptions underlying the forecast of future earnings, balance sheet and cashflow for the base case scenario are detailed below. The revenue projections are based on assumptions regarding room rates and occupancy levels. A more detailed list of assumptions is provided in the annexure and appendices

### (1) Inflation

The inflation index, on an annual rate of 5% on income and 5% on operating costs, has been taken into account to reflect the income, operating and assets replacement costs for the period of these financial projections. Although the current inflation is 5%, an assumption of a constant inflation rate of 5% has been applied throughout the projected period, as it is the Government's intention to keep it at either this level or lower. Thus all costs and revenues are increased by the prevailing rate of inflation.

#### Inflation index

Year	1	2	3	4	5	6	7	8
Income	1	1.05	1.10	1.16	1.22	1.28	1.34	1.41
Operating cost	1	1.05	1.10	1.16	1.22	1.28	1.34	1.41

### (2) Occupancy rates

As per projections and analysis in Attachment 2, an occupancy rate of 40% in year 1; 46% in year 2; 53% in year 3; 65% in year 4; 70% in year 5 and 80% in year 6-8 have been used in the base case scenario.

### (3) Room rates

Fixed room rates in Tshs have been applied for year 1-4 and may vary from year 4 to 8

Composition of Guests	Peak Season	High Season	Low Season
Seasons	Jan/Jul/Aug/	Feb/Mar/Oct	Apr/May/ Jun

	Sep/Dec	Nov	
Standard Bed-nights in Tshs	226,573	201,398	176,223
Double Rooms in Tshsh	302,097	276,922	252,000
Seasons	Jan/Jul/Aug/ Sep/Dec	Feb/Mar/Oct Nov	Apri/May /Jun
Standard Bed-nights in USD	\$ 150	\$ 100	\$ 120
Double Rooms in USD	\$180	\$120	\$ 150

#### (4) Taxation

Corporation tax at the rate of 30% has been provided throughout the projected period despite the fact that The Company will apply for a Certificate of Incentives from the Tanzania Investment Centre (TIC).

#### (5) Revenue

The revenue projections are based on assumptions regarding room rates and occupancy levels. The key points to note are:

- The projections assume that they will be able to implement price increases at the prevailing rate of inflation;
- Food and beverage revenue is a direct function of occupancy levels. It is assumed that, on average, the items will bring in about 30% of revenues in relation to room revenues;
- Other costs, such as administration, utility costs, marketing and maintenance, are assumed to move directly in line with the changes in total revenue.

#### (6) Depreciation and amortization of fixed assets are based on the following:

Land	0.00%
Buildings & civil works/infrastructure	2.50% straight line
Lodge	4.00% straight line
Plant and equipment	12.50% straight line
Computers & software/peripherals	33.33% straight line
Furniture and Fittings	12.50% straight line
Hard and soft furnishings	20.00% straight line
Motor vehicles	25% straight line
Pre-operating expenses	20% stright line

#### (7) A discount period of 8 years has been considered in calculating the Internal Rate of Return.

#### 7.4 Financial Projections

Tshs'000'

Year	1	2	3	4	5
Turnover	1,179,672	1,446,120	1,742,832	2,111,824	2,558,842
P/before tax	59,852	178,298	311,844	476,951	676,972
Year	1	2	3	4	5
Tax payments	17,956	56,724	93,553	143,085	203,091
Net cashflow	41,896	125,353	194,368	333,866	473,881

A summary of the expected financial results is given below.

**a) Profit and Loss accounts – Attachment 7**

Projected profit and loss accounts of the proposed venture show that the operations of the Lodge will be profitable right from year one. Over the projected period, from the beginning of year 1 to the end of year 5, the turnover is expected to grow from Tshs 1,179,672, in year one to Tshs 2,558,842 in year 5. After tax profit is also expected to be Tshs 41,896 in year 1 to Tshs 473,881 million in year 5.

**8.0 Impact of the Proposed Investment Plan on the Economy**

**8.1 Revenue to Government**

The Government will benefit from various taxes from the operations of the Lodge including Income Tax, Corporate Tax on profits and withholding taxes.

**8.2 Job Creation & Corporate Social Responsibility**

Direct employment for about 29 people will be provided on a permanent basis from among those people who are living within the project Area. This means that the income and social well-being of employees will improve.

Employment raises the living standard of the people who are being employed;

- i) Workers benefit from employment conditions, social and health security and access to credit and saving schemes;
- ii) The Lodge investment will generate commercial spin-offs for a large number of participants such as food suppliers, makers of packaging materials, equipment spare parts etc;

**8.3 Transfer of Technology (Use of Technology & Transfer, Investment in People, Human Development, Capacity Building and Knowledge Transfer)**

The Company is committed to promoting employees' development, with increasing emphasis being on internal career development. It will make sure that all management staff receive regular briefings and are encouraged to present the briefs to their subordinates, so that all employees are kept informed of performance and the strategy of the Company.

The training programmed will start immediately after recruitment. Employees will receive internal training, covering both the professional and practical aspects of the Company's ideals and ways of operations.

The Hospitality Industry enjoins employers to offer training opportunities to local employees, in marketing, internal & external customer care, new operational techniques and tactics in handling customers, behavior and attitudes and service excellence. In the long term, continuous and intensive training will develop a competent labour force and suitably equip the employees, for possible further use and employment elsewhere.

**8.4 Foreign Exchange Earnings**

Earnings from selling Lodge service products like accommodation and SPA are likely to add to Government coffers and improve the Country's Balance of Payments position.

## **8.5 Environmental Impact**

The Project will be implemented to meet the highest environmental standards for the Lodge. The site and environment are in harmony with the built-up area and conform with the building and development regulations of 1960 as amended in 1993 and applicable in town and country planning activities.

The Lodge operations will have no negative impact on the environment, health, social or safety guidelines.

All liquid waste will be disposed of through the Sewage System. Other wastes will be collected for disposal at approved refuse dumps.

**9.0 Key and Mitigation Measures Risk Factors**

Like any other business undertaking, during the implementation of its eight-year business plan, Broad Africa (T) Limited expects to face various risks that may/will impact on its successful performance. As expected, the management of the Company will have to take various mitigation measures to counter the negative impact arising from the occurrence of any of the risks it will face during its operations.

The risks and respective mitigation measures are discussed here below.

**9.1 Risks to be faced by the project**

There are five main types of risks that Broad Africa (T) Limited is likely going to face. These are (a) economic, (b) strategic, (c) political, social and religious disturbances, (d) financial and (e) industry risks.

A brief description, in a matrix form, of each type of risk and its mitigation measures is as shown in table xx below.

**Risk that is likely to face and attendant measures to mitigate their adverse impact on its operations.**

RISKS	MEASURES TO MITIGATION ADVERSE IMPACT
<p><b>1. Economic</b></p> <p><b>1. A recession – locally or source countries of its customers</b>                      A recession reduces economic activities within a country’s economy thus reducing the purchasing power of the people. This lowers demand for goods and services, which in turn leads to a slump in business profitability, including Broad Africa (T) Limited lodges.</p> <p><b>(b) Hyper inflation</b>                      Severe inflation also stifles the people’s purchasing power thus reducing their demand for various products and services. The economic impact of hyperinflation if it sets in would be the same as those of an economic recession.</p>	<p>(a) Build internal capacity to control operating costs so that the project’s operations are not too badly affected by low demand for its products/services.</p> <p>(b) Diversify the source countries of its clientele as a hedge against a recession since the impact of a recession is not the same for all countries.</p> <p>(c) Carry out a review of its tariffs with a view of lowering them to a level that results in continuing with its operations profitably by way of getting more customers.</p>

<p><b>2. Strategic</b> Strategic risks are those arising from changes in government measures/policies that lead to negative impact on the business prospects of commercial enterprises such as Broad Africa (T) Limited. For example, the government may introduce fiscal measures that impinge on the capacity of a commercial enterprise to sustain its profitability— e.g., categorizing expenses that were previously tax allowable as no longer tax allowable.</p>	<p>(a) If an anti-business measure is introduced, with the support of industry/trade associations — e.g. the Hotels Association of Tanzania (HAT) — the affected enterprise, say Broad Africa (T) Limited Lodge, would have to engage the Government with a view of retracting such measure(s).</p> <p>(b) Business entities such as Broad Africa (T) Limited have the obligation to behave as good corporate citizens and fulfill their responsibilities to government — e.g. paying their due taxes - and within their communities, thus dissuading the government from changing its pro-business measures/policies to anti-business ones.</p>
<p><b>3. Industry</b> The major industry risk is that of competition from other industry operators/enterprises particularly in areas like that of tariffs for and quality of services provided both of which affect occupancy levels. In the hospitality industry, especially that involving tourist and conference markets, price and quality of services are sensitive issues. If there is an oversupply of hotels, there is usually a downward pressure on benight tariffs so as to get more customers. A reduction in room rates could result in an adverse impact on revenues and profitability if not followed by an increase in customers.</p>	<p>(a) Undertaking effective marketing in line with the marketing strategies mentioned in the marketing chapter;</p> <p>(b) Management to be resourceful in how to motivate its human resources for them to raise their productivity and satisfaction of their clients at minimum cost.</p>
<p><b>4. Financial</b> The major financial risk for Broad Africa (T) Limited is that of currency exchange rate risk. Though the company will be a foreign currency earner, some of its operating costs — especially loan service costs - might escalate due depreciation of the Tanzania shilling against the USD, causing the undertaking to suffer exchange losses.</p>	<p>(a) Management devising a pricing policy of cost plus or something similar to this which enables the company to have capacity at all times operate profitably.</p> <p>(b) Instituting a practice that allows very little credit to its patrons/customers so that its liquidity is high to the extent of enabling it to reinvest part of it spare cash in short term monetary instruments to cover any exchange losses that may occur.</p>
<p><b>5. Political, social, and religious disturbances</b></p>	<p>To fend off disturbances of a political, social or religious nature and so maintain</p>

## **10.0 Conclusion and Recommendations**

### **10.1 Conclusion**

It will be apparent from the evaluation and analysis that the construction of the proposed Broad Africa (T) Limited Lodge will be a profitable undertaking. If implemented, the Project shows it will be able to generate high revenue, cover its operating costs and pay taxes and returns on all its obligations. Consequently, the project investment is recommended for the following reasons:

- Demand for quality accommodation around Arusha will continue to grow as a result of an expansive and growing trend of quality tourism market that surpasses the available accommodation;
- The Project promises strong financial returns;
- A qualified and experienced team of hoteliers will manage the Lodge Project;
- The Lodge location, with its easy access, is an added advantage;
- The Project promoters are successful businessmen, with the acumen and ability to inspire and motivate the Management Team to perform efficiently;
- Lastly and most important, the operations of the Project are friendly to the environment.

### **10.2 Recommendations**

The foregoing analysis shows that the proposed Project is technically sound, economically viable and environmentally friendly. The demand position is strong and growing; a situation that ensures adequately those operations will be able to generate high revenue cover its operating costs. The indicator shows the projected future cash flows would be adequate to compensate for initial and subsequent investments.

In view of the findings and conclusion of this report, this Project Proposal is being submitted by the Promoters to the Tanzania Commercial Bank (TCB) for their consideration for approval to realize the anticipated benefits.