



# Business Plan for 3 Star Hotel, located in Arusha, Tanzania

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An aerial photograph of a mangrove forest. The water is a vibrant turquoise color, and the mangrove trees are lush green. A small boat is visible on the right side of the image. The text "ABBREVIATIONS AND ACROYNMS" is centered in the image.

# **ABBREVIATIONS AND ACROYNMS**

## ABBREVIATIONS AND ACROYNMS

<b>BoT</b>	Bank of Tanzania
<b>CAGR</b>	Compound Annual Growth Rate
<b>CEO</b>	Chief Executive Officer
<b>COO</b>	Chief Operating Officer
<b>COVID 19</b>	Novel Coronavirus
<b>CSR</b>	Corporate Social Responsibility
<b>EAC</b>	East African Community
<b>EHS</b>	Environmental, Health, and Safety (World Bank Guidelines)
<b>ESMP</b>	Environmental and Social Management Plan
<b>EU</b>	European Union
<b>FDI</b>	Foreign Direct Investment
<b>Forex</b>	Foreign Exchange
<b>GDP</b>	Gross Domestic Product
<b>GSTC</b>	Global Sustainable Tourism Council
<b>HVAC</b>	Smart Heating, Ventilation, and Air Conditioning
<b>ICT</b>	Information and Communications Technology
<b>IMF</b>	International Monetary Fund
<b>IRR</b>	Internal Rate of Return
<b>LEED</b>	Leadership in Energy and Environmental Design
<b>MoF</b>	Ministry of Finance

<b>MNT</b>	Ministry of Natural Resources and Tourism.
<b>NEMC</b>	National Environment Management Council
<b>NPV</b>	Net Present Value
<b>ODA</b>	Official Development Assistance
<b>OSHA</b>	Occupational Safety and Health Authority (Tanzania)
<b>PPE</b>	Personal Protective Equipment
<b>SME</b>	Small and Medium Enterprises
<b>SOP</b>	Standard Operating Procedures
<b>TRA</b>	Tanzania Revenue Authority
<b>TIC</b>	Tanzania Investment Center
<b>TIN</b>	Taxpayer's Identification Number
<b>TZS</b>	Tanzania shilling
<b>UNESCO</b>	United Nations Educational, Scientific, and Cultural Organization
<b>USA</b>	United States of America
<b>USD</b>	United States Dollars
<b>VAT</b>	Value Added Tax
<b>WTTC</b>	World Travel and Tourism Council



# **EXECUTIVE SUMMARY**

## EXECUTIVE SUMMARY

### Background

This business plan presents the proposed acquisition, rehabilitation, and relaunch of a strategically located 3-star hotel in Arusha, Tanzania. The property previously operated as a mid-tier hospitality facility but ceased operations during the COVID-19 pandemic due to severe market disruption and unserviced bank obligations. Consequently, the hotel was placed under liquidation, and its assets offered for sale. The project promoters have submitted a purchase bid valued at **TZS 6,000 million** to acquire the entire portfolio of assets, including the land lease, hotel structure, fixtures and equipment, conference facilities, wellness amenities, and all associated infrastructure.

The hotel comprises **68 guest rooms**, several conference halls, a full-service restaurant and bar, a swimming pool, a gym, sauna, and ample parking spaces. The relaunch will target both business and leisure travellers, with a specific focus on Arusha's vibrant tourism and MICE (Meetings, Incentives, Conferences, and Exhibitions) segments.

### Project Promoters

The project is sponsored by a consortium of private investors with a strong track record in real estate development, tourism ventures, and asset turnaround strategies. The promoters are committed to delivering long-term value and aligning with Tanzania's Vision 2025 for a sustainable and inclusive economy. They will provide equity capital, strategic oversight, and institutional governance to ensure the hotel's success.

### Management Team

The business will be managed by an experienced hospitality team led by a General Manager. The management approach will emphasize operational efficiency, high service standards, modern technology, and eco-conscious practices. Seamless digital guest experiences will be implemented, including mobile check-in, integrated CRM systems, and payment platforms. Green initiatives such as solar water heating, rainwater harvesting, and waste recycling will support sustainability goals, to obtain **green certification** (e.g., **LEED** or **GSTC**) within three years.

## Financing Plan.

The total project requires a total investment of TZS 8,000 million, of which TZS 6,000 million will be debt capital with a 6-year tenor that includes a 1-year grace period. The interest rate is 16%. The remaining capital of TZS 2,000 million will be in the form of equity, resulting in a debt-to-equity ratio of 75%/25%.

## Investment Plan

The funds raised will be applied towards the following activities/ assets.

### Capex Capital Budget

The existing hotel assets will be acquired for TZS 6,000 million using the bank term loan. Of the equity of TZS 2,000 million, TZS 1,050 million will go towards renovations, and the remaining TZS 950 million applied towards working capital.

### Working Capital Budget

The working capital is estimated at TZS 950 million and will be funded through equity.

## Financial Outcomes

The detailed financial projection models indicate the following project viability indicators.

**Internal Rate of Return (IRR)**- The IRR of 24.7% underscores the project's strong return potential and provides investors with confidence in the hotel's profitability.

**Net Present Value (NPV)**- With an NPV of TZS 14,228 million, the project demonstrates significant value creation over its lifecycle, indicating high profitability and financial viability.

**Payback Period**- The hotel achieves a payback period of just **6 years**, showcasing its ability to generate returns quickly, mitigating investment risks.

The base case Income Statement projections is summarised in the following Figure A.

**Figure A – Income Statement (10 Years)**

(TZS millions)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues	-	4,512.9	6,475.9	6,637.8	6,803.8	6,973.9	7,148.2	7,326.9	7,510.1	7,697.9
Cost of Sales	-	1,250.6	1,601.5	1,638.2	1,675.8	1,714.2	1,753.6	1,793.9	1,835.2	1,877.5
Gross Profit	-	3,262.3	4,874.5	4,999.7	5,128.0	5,259.7	5,394.6	5,533.0	5,674.9	5,820.4
<b>Gross Profit %</b>		<b>72.3%</b>	<b>75.3%</b>	<b>75.3%</b>	<b>75.4%</b>	<b>75.4%</b>	<b>75.5%</b>	<b>75.5%</b>	<b>75.6%</b>	<b>75.6%</b>
Admin and General Expenses	-	404.2	397.9	405.9	414.0	422.3	430.7	439.3	448.1	457.1
EBITDA	-	2,858.1	4,476.6	4,593.8	4,714.1	4,837.4	4,963.9	5,093.7	5,226.8	5,363.3
<b>EBITDA %</b>		<b>63.3%</b>	<b>69.1%</b>	<b>69.2%</b>	<b>69.3%</b>	<b>69.4%</b>	<b>69.4%</b>	<b>69.5%</b>	<b>69.6%</b>	<b>69.7%</b>
Depreciation	-	311.4	311.4	311.4	311.4	311.4	311.4	311.4	311.4	217.4
EBIT	-	2,546.7	4,165.2	4,282.4	4,402.7	4,526.0	4,652.5	4,782.3	4,915.4	5,145.9
<b>EBIT Margins %</b>		<b>56.4%</b>	<b>64.3%</b>	<b>64.5%</b>	<b>64.7%</b>	<b>64.9%</b>	<b>65.1%</b>	<b>65.3%</b>	<b>65.5%</b>	<b>66.8%</b>
Interest Expenses	960.0	1,043.2	873.1	673.6	439.7	165.6	-	-	-	-
PBT	- 960.0	1,503.5	3,292.1	3,608.8	3,962.9	4,360.4	4,652.5	4,782.3	4,915.4	5,145.9
<b>PBT Margin %</b>		<b>33.3%</b>	<b>50.8%</b>	<b>54.4%</b>	<b>58.2%</b>	<b>62.5%</b>	<b>65.1%</b>	<b>65.3%</b>	<b>65.5%</b>	<b>66.8%</b>
Taxation	-	451.0	987.6	1,082.7	1,188.9	1,308.1	1,395.8	1,434.7	1,474.6	1,543.8
PAT	- 960.0	1,052.4	2,304.5	2,526.2	2,774.1	3,052.3	3,256.8	3,347.6	3,440.8	3,602.1
<b>PAT Margin %</b>		<b>23%</b>	<b>36%</b>	<b>38%</b>	<b>41%</b>	<b>44%</b>	<b>46%</b>	<b>46%</b>	<b>46%</b>	<b>47%</b>
Dividends	-	526.2	1,152.2	1,263.1	1,387.0	1,526.2	1,628.4	1,673.8	1,720.4	1,801.1
Retained Profits	- 960.0	526.2	1,152.2	1,263.1	1,387.0	1,526.2	1,628.4	1,673.8	1,720.4	1,801.1

## Gross Revenues and Gross Profit Margins

Revenues are projected to grow from TZS 4,513 million to 7,698 million in Year 10. Standard room rates start at the equivalent of USD 100, and Suites go for USD 150 . Occupancy rate starts at 50% in Year 2 and grows to 70% thereafter.

The gross profit margin averages 76% over the 10 years, reflecting effective cost management and efficient production processes.

## EBITDA and EBITDA Margins

The EBITDA margin averages at 70%, indicating strong operational performance. EBITDA grows steadily from TZS 2,858 million in Year 2 to TZS 5,363 Year 10, reflecting effective cost management and operational efficiency.

## Depreciation

Operating assets have been depreciated at between 5 and 40 years, depending on the useful life of specific group of assets.

## Loan Interest

The term loan is of 6 -years tenor, including a 1-year grace period. The interest rate is at 16% per annum.

## Taxation

Taxation is estimated at 30% of annual profits.

### **Profit After Tax and PAT Margin %.**

The PAT margin averages 46 % across the forecast period, reflecting consistent net profitability after accounting for taxes and loan interest

### **Socio-Economic Impact**

In addition to its commercial potential, the project is expected to deliver significant socio-economic benefits:

**Direct employment:** Over 39 full-time jobs created

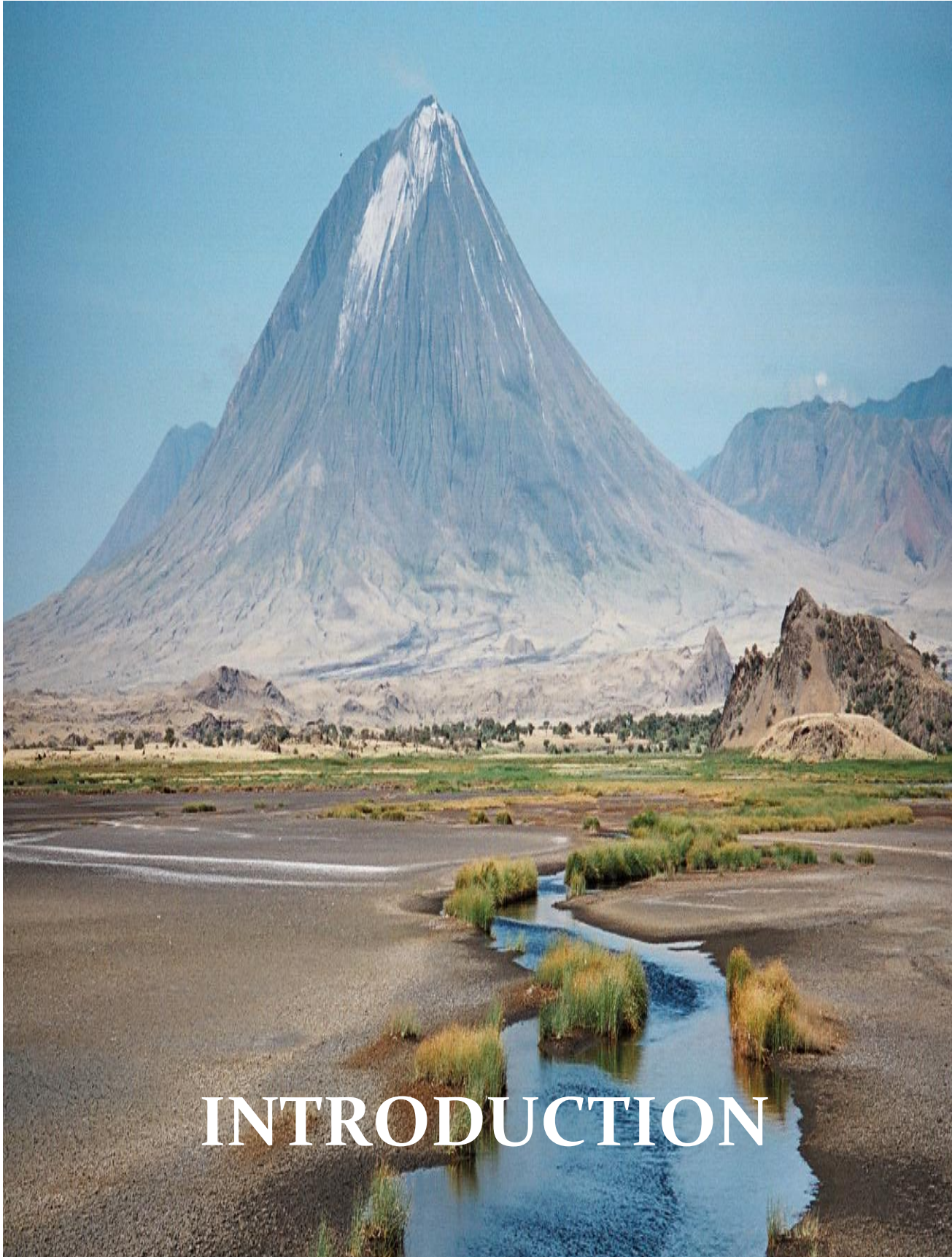
**Indirect livelihoods:** Support for local suppliers, transport operators, farmers, artisans, and tourism service providers

**Skills development:** Capacity-building in hospitality, customer service, maintenance, and administration

**Tax contribution:** 10 years average corporate income tax amounts to over TZS 1.0 billion

**Environmental compliance:** Implementation of energy-efficient systems and sustainable practices; pursuit of green certification

**Foreign Exchange Earnings:** An estimated **USD 940,000 per annum** in foreign currency revenue from international tourists, contributing positively to Tanzania's current account balance



# INTRODUCTION

## 1. INTRODUCTION

### Background

Tanzania has experienced steady growth in its tourism and hospitality industry, supported by its rich natural attractions, including world-renowned national parks, Mount Kilimanjaro, and the islands of Zanzibar. The city of Arusha stands as the tourism capital of Tanzania, serving as the primary gateway to the Northern Safari Circuit. Arusha also hosts numerous regional and international conferences, attracting business and NGO travellers throughout the year.

Despite its strategic importance and influx of visitors, Arusha continues to face a shortage of modern, well-managed mid-scale hotel facilities that offer international-standard services at competitive prices. The investment in the 3-star hotel seeks to fill this gap by offering quality accommodation and conference amenities tailored to both leisure and business travellers.

### Project Rationale

The acquisition of this hotel in Arusha is driven by the strong and growing demand for affordable yet comfortable accommodations with supporting amenities such as conference halls, wellness facilities, and quality dining. Existing mid-tier hotels in Arusha are limited in supply or are outdated in terms of infrastructure and service delivery.

The Investors aim to bridge this gap by delivering a professionally managed 3-star hotel that meets international hospitality standards, thereby contributing to the enhancement of Arusha's tourism capacity and competitiveness. The facility will serve the growing market of domestic and international tourists, NGO staff, diplomatic delegations, and participants of conferences, exhibitions, and events.

### Project Overview

The hotel is a 3-star facility with a total of 68 well-furnished rooms. It will offer a variety of services, including Conference and meeting facilities, a Full-service restaurant and lounge, Gym, sauna, and swimming pool, Ample secure parking, 24/7 reception, and concierge services.

The hotel will be positioned to attract mid-scale leisure and corporate clients by providing consistent service quality, competitive pricing, and convenience.

## Promoters and Ownership

The project is sponsored by a group of experienced investors with a solid background in real estate development, hospitality, and tourism services.

The management team will consist of seasoned professionals with extensive expertise in hotel operations, financial management, and customer service.

## Strategic Fit

This project supports national and local priorities by contributing to economic growth, employment creation, and enhancement of the hospitality infrastructure. It aligns with Tanzania's Vision 2025, which emphasizes tourism as a key sector for development.

In Arusha specifically, the hotel will play a crucial role in supporting the city's positioning as a key MICE (Meetings, Incentives, Conferences, and Exhibitions) destination in East Africa. It will create direct and indirect jobs, support local suppliers, and generate foreign exchange through international guests.

In summary, the hotel is strategically located, will be a professionally managed mid-market hospitality establishment, fulfilling a real need in the region and contributing to both local and national development objectives.



# TANZANIA MACRO-ECONOMIC OVERVIEW

## 2. TANZANIA MACRO-ECONOMIC OVERVIEW

### Introduction

This Chapter discusses the macroeconomic trends of the Tanzanian economy to assess possible implications for the proposed hotel acquisition.

Figure 2.1 Key Macroeconomic Indicators

Indicator	Value (Latest)
Real GDP Growth	5.5% in 2024; projected 6.0% in 2025
GDP (Nominal)	USD 88.9 billion (2025 est.)
GDP per Capita	USD 1,270 (nominal, 2025)
Key Economic Sectors (2023)	Services (47.6%); Agriculture (23–26%); Industry (28%);
Inflation	~3.2–3.3% as of early 2025
Monetary Policy Rate	Central Bank rate held at 6.0% through Q1 2025
Fiscal Deficit	~3% of GDP (FY 2023/24)
Public Debt-to-GDP	~31% (2024), projected to stay <33% by 2031
Current Account Deficit	~2.3% of GDP (2024)
Foreign Reserves	~USD 5.6 billion (≈4.5 months of imports)
Unemployment	~9.3% (2021/22), with informal sector dominant

Source: BoT Economic Reports

### Key Trends

- **Consistent GDP Growth**-Sustained 5–6% growth driven by agriculture, services (including tourism), and mining
- **Inflation Under Control**- Inflation remains low (~3%), attributable to prudent fiscal/monetary policies
- **Fiscal Consolidation**- Deficit aligning to ~3% of GDP; public debt moderate <33%
- **External Balances Stable**- Current deficit narrowed; reserves ~4.5 months of import cover
- **Sectoral Shift**- Gradual shift from agriculture toward services and industry

## Economic Outlook

Tanzania's macroeconomic fundamentals remain solid: resilient growth, low inflation, manageable debt, and strong external buffers. While agriculture and mining continue to anchor the economy, services, spurred by tourism and infrastructure, are gaining momentum. In both the short and medium term, the outlook is favourable, with growth expected to moderately accelerate. The main challenges include structural transformation, fiscal reform, and vulnerability to external disruptions.

A photograph of a bird, likely a Red-breasted Flycatcher, perched on a branch. The bird has a grey head and back with a bright orange breast. The background is a soft, out-of-focus landscape with a light blue sky and brownish ground. The text 'TOURISM SECTOR OVERVIEW' is overlaid on the right side of the image in a bold, black, serif font.

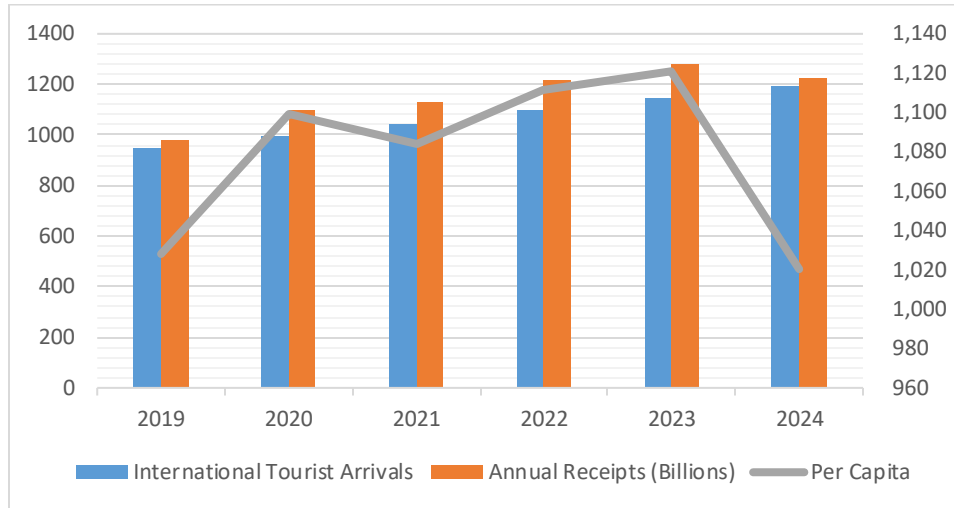
**TOURISM  
SECTOR  
OVERVIEW**

### 3. TOURISM SECTOR OVERVIEW

#### Global Tourism Trends.

The key global tourism indicators are summarized in Figure 3.1 below: -

**Figure 3.1- Global Tourism Trends**



Source: World Travel & Tourism Council (Published 2024)

#### Key Trends and Attributes of Global Tourism Trade

##### Strong Post-Pandemic Recovery

- After the COVID-19 pandemic, international tourism has rebounded rapidly, especially in 2023–2024.
- Popular destinations in Europe, the Middle East, and parts of Asia have seen arrivals nearing or exceeding pre-pandemic levels.

##### Shift Toward Sustainable and Responsible Tourism

- Growing consumer preference for eco-friendly travel, carbon-neutral flights, and low-impact tourism.
- Governments and operators are pushing green certifications and climate-conscious policies.

##### Rise of Digital and Contactless Technology

- Increased use of AI, Apps, virtual reality, and digital booking systems.
- Biometrics and contactless check-ins are becoming standard in airports and hotels.

## **Growth of Experiential and Personalized Travel**

- Tourists are seeking immersive, local, and culturally rich experiences.
- Custom itineraries and niche travel (e.g., wellness, adventure, culinary) are in demand.

## **Changing Demographics**

- Younger travellers (Millennials and Gen Z) are driving trends in digital nomadism and remote work travel.
- Older travellers (Boomers) are fuelling the luxury and cruise travel segments.

## **Increased Intra-Regional Travel**

- Regional tourism (e.g., within ASEAN, EU, GCC) is growing due to ease of access and shorter travel times.
- Visa relaxations and regional connectivity are key enablers.

## **Economic and Geopolitical Sensitivities**

- Inflation, fuel prices, and geopolitical tensions (e.g., Ukraine conflict, Middle East instability) impact traveller confidence and airline costs.
- Currency fluctuations affect destination affordability.

## **Outlook (2025–2030)**

### **Continued Growth in International Arrivals**

- UNWTO projects global tourism to reach or exceed **2019** levels by 2025.
- Asia-Pacific, especially China and India, will be major outbound tourism growth drivers.

### **Sustainable Tourism Becomes Mainstream**

- More regulations and incentives for climate-friendly operations.
- Carbon offsetting and eco-tourism will play a central role in marketing and development.

### **Technology Integration Accelerates**

- AI-driven personalization, virtual travel planning, and real-time translation will enhance travel.
- Blockchain may influence ticketing and identity verification.

### Tourism Investment Focus Shifts

- Greater investment in smart infrastructure, destination management, and resilience to climate change.
- Public-private partnerships (PPPs) and sovereign tourism funds will grow.

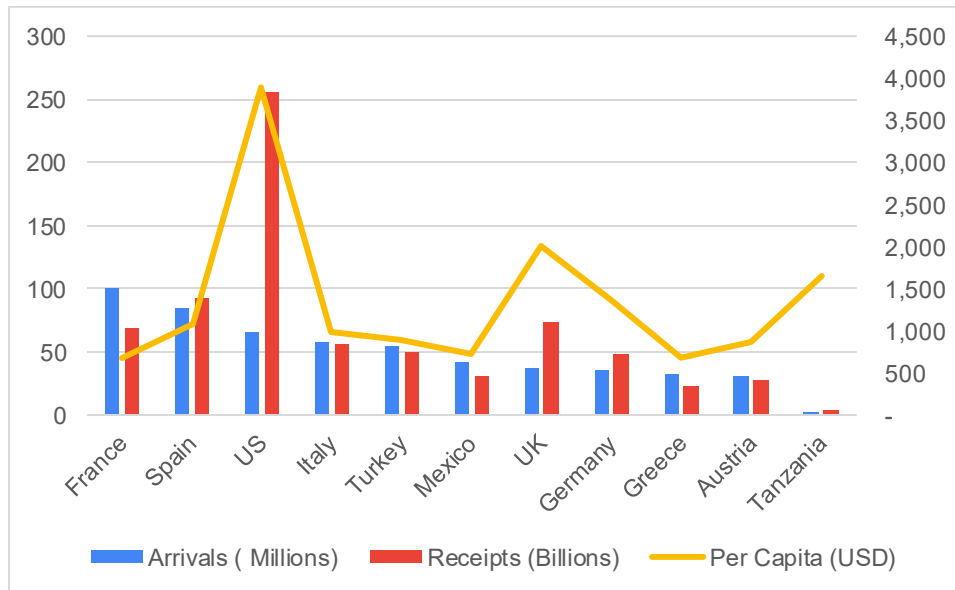
### Resilient, Diversified Tourism Models

- Destinations are diversifying products to avoid overdependence on one market (e.g., China or Europe).
- Crisis and disaster preparedness will be key for tourism resilience.

### Top Ten Tourism Destinations.

Details of the top ten tourist destinations are shown below:

Figure 3.2 World Top 10 Destinations



Source: World Travel & Tourism Council (Published 2024)

- As of 2023, France was the most visited country, attracting 100 million tourists.
- However, it will be noted that the USA has the highest revenue earnings of USD 256 billion and has the highest per capita spend of USD 3,891.

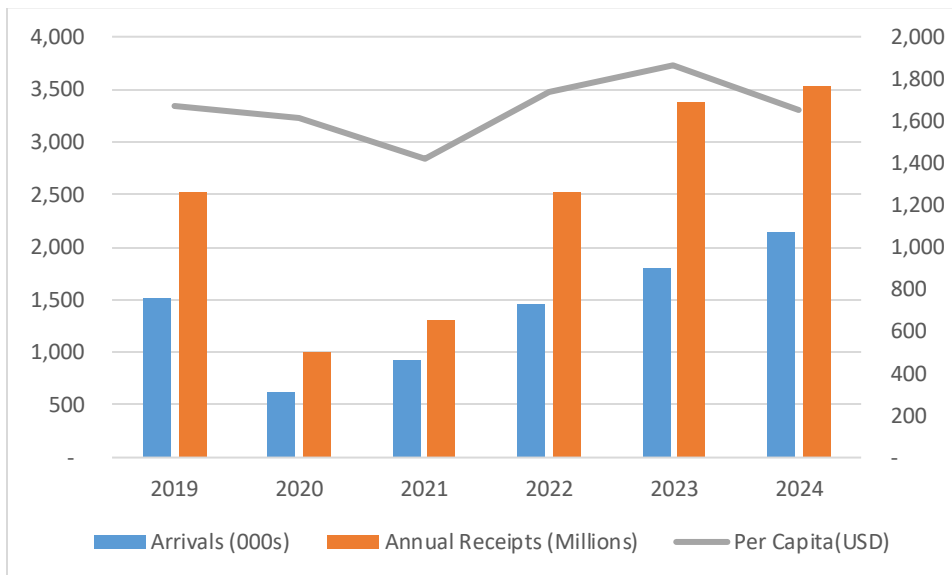
### Tanzania Tourism Trends.

Tanzania has unique and spectacular attractions. These include Serengeti National Park, Ngorongoro Crater Conservation Area, Mt Kilimanjaro (Africa’s highest point) and Zanzibar Islands. Tanzania also boasts 6 UNICEF World Heritage Sites.

The Northern Circuit is the most popular, largely because of better infrastructure. The Government is taking deliberate efforts to encourage the development of the Southern Circuit.

Leisure and holidays continued to be the main purpose of visits to Tanzania and the major tourism activities were the wildlife and the beaches. Tanzania’s key tourism indicators are summarised in Figure 3.3 below:

**Figure 3.3 Tanzania Tourism Trends**



Source: World Travel & Tourism Council (Published 2024)

**Figure 3.4 Number of Hotels and Hotel Beds (2019–2024)**

Year	Estimated Number of Hotels	Estimated Number of Hotel Beds
2019	~1,800	~55,000
2020	~1,600	~50,000
2021	~1,700	~52,000
2022	~1,800	~55,000
2023	~1,900	~58,000
2024	~2,000	~60,000

Source: These figures are estimates based on available data and trends. For detailed statistics, refer to the National Bureau of Statistics (NBS).

Figure 3.5 Average Hotel Pricing by Star Rating

Star Rating	Average Price per Night (USD)
1-Star	\$30-\$60
2-Star	\$61-\$80
3-Star	\$114 - \$124
4-Star	\$158
5-Star	\$369 - \$372

Note: Prices vary based on location, season, and specific hotel amenities.

Figure 3.6 Market Segments and Estimated Room Demand

Segment	Estimated Room Nights/Year	Key Seasonality	Drivers
International Tourists	12,000–14,000	June–Oct; Dec–Feb	Safari tourism, adventure travel
Domestic Travelers	4,000–5,000	Public holidays, weekends	Family travel, events
Business Travelers	3,500–4,500	Year-round (peak: Mar–May, Sep–Nov)	Conferences, trade, and NGO operations
NGO & Aid Workers	2,500–3,500	Year-round	Missions, UN, and nonprofit assignments
Event/Conference Guests	3,000–4,000	Linked to events	Seminars, weddings, corporate functions
Transit Tourists	1,000–2,000	Year-round	Airport layovers, day-before safari stays

**Total Estimated Annual Demand:** 26,000 – 33,000 room nights

### Key Trends and Observations

- **2019 (Pre-Pandemic Peak):** Tanzania welcomed approximately 1.51 million international tourists, generating \$2.53 billion in tourism receipts, with an average spend of \$1,675 per tourist.
- **2020 (Pandemic Impact):** Tourist arrivals plummeted to around 620,867 due to global travel restrictions, leading to a significant drop in tourism receipts to \$1.00 billion.
- **2021 (Initial Recovery):** A modest rebound occurred with 922,692 arrivals and \$1.31 billion in receipts, as international travel began to resume.

- **2022 (Strong Recovery):** Tourist numbers increased to 1.45 million, matching pre-pandemic revenue levels at \$2.53 billion, indicating a robust recovery.
- **2023 (Record Performance):** Tanzania achieved a record 1.81 million tourist arrivals and \$3.37 billion in receipts, surpassing pre-pandemic figures.
- **2024 (Continued Growth):** With 2.14 million arrivals by July, Tanzania is on track to exceed previous records, with tourism receipts reaching \$3.53 billion.

## Outlook

- **Upward Trajectory:** The consistent growth in tourist arrivals and revenues from 2021 to 2024 reflects Tanzania's effective tourism strategies and global travel recovery.
- **Economic Contribution:** Tourism remains a vital sector for Tanzania's economy, contributing 10% of GDP and employing 1.4 million people in direct and indirect employment.
- **Future Projections:** With ongoing investments in infrastructure and marketing, Tanzania aims to attract 5 million tourists and generate \$6 billion in tourism revenue by 2030.



## **MARKET ANALYSIS**

## 4. MARKET ANALYSIS

### Demand Analysis

The demand for a 3-star rated hotel in Arusha is driven by two main attributes.

#### **i) Tourism - National and International**

Tanzania received over 1.8 million international tourist arrivals in 2023, showing a strong recovery from the COVID-19 pandemic. Arusha, as the main entry point to Serengeti, Ngorongoro, Tarangire, and Kilimanjaro, captures a significant share of this traffic.

- Arusha Region is the gateway for approximately 60-70% of all northern circuit safari bookings.
- The average length of stay in Arusha is typically 1-2 nights before or after safaris.
- Growth in domestic tourism, fuelled by government promotion and improved infrastructure, is increasing weekend and holiday travel from Dar es Salaam, Mwanza, and nearby towns.

#### **ii) Business and NGO Travel**

Arusha hosts numerous conferences, NGOs, and international organisations, including the African Court on Human and Peoples' Rights, the East African Community (EAC), and various UN agencies. This creates year-round demand for:

- Hotel rooms
- Conference facilities
- Long-stay and executive accommodation

## Competitive Landscape

Figure 4.1 Key Hotels in Arusha, Tanzania

Hotel Name	Star Tier	Rooms	Conference/Event Facilities	Positioning
<b>Arusha Crown Hotel</b>	3-star mid-range	38	Small meeting rooms (~40 delegates)	Affordable city-centre hotel; value-focused for local and regional travellers
<b>Mount Meru Hotel</b>	4-star full-service	178	Large-scale conference halls	Premium hotel with international appeal; ideal for conferences and safaris
<b>African Tulip Hotel</b>	Boutique luxury	29	Small events or private dining	Luxury boutique hotel; personalised service, favoured by leisure travellers
<b>Forest Hill Hotel</b>	3-star boutique	32	Small event spaces	Nature-focused tranquil setting; suitable for families and couples
<b>Arusha Serena Hotel (Lake Duluti)</b>	4-star luxury	42	Banquet and outdoor event spaces	Heritage lodge near Lake Duluti; upscale and serene, targeting safari groups
<b>Kibo Palace Hotel</b>	4-star upscale	77	Conference rooms, spa & gym	Business-oriented hotel; modern amenities, popular with corporate guests
<b>Four Points by Sheraton Arusha</b>	4-star upscale	~170*	Multiple conference/event spaces	International brand; caters to business, NGOs, and international tour groups
<b>Palace Hotel Arusha</b>	3 star-Boutique mid-range	97	3 mid-size meeting rooms	City-centre with a modern boutique vibe; attracts both business and leisure stays

\*Estimated room count based on typical size and online listings

### Key Observations:

- There is a positioning gap in the well-equipped, mid-range 3-star segment offering full wellness and business amenities (like this 68-room hotel with conference, sauna, pool, and gym).
- Larger hotels (e.g., Mount Meru, Four Points) cater mostly to the 4-star and corporate market—many lack affordability for long-stay or mid-budget travellers.
- Smaller boutique hotels do not offer the scale or facilities to host larger groups or events.

## SWOT Analysis

**Figure 4.2 SWOT Details**

Strengths	Weaknesses
Prime location in Arusha – a gateway to major tourist attractions	• High capital investment requirement for construction and fit-out
Comprehensive offering: 68 rooms, conference, gym, sauna, pool	• Dependence on tourism, which can be seasonal or affected by external shocks
Mid-range positioning fills a market gap between budget and luxury hotels	• Need to recruit and train many staff
Modern amenities that attract both business and leisure travellers	• Limited initial brand recognition
Strong growth potential in domestic and regional travel	• Possible Renovation delays or cost overruns

Opportunities	Threats
• Increasing tourist arrivals post-COVID recovery	• Political or economic instability in Tanzania or East Africa
• Growth in business travel and NGO presence in Arusha	• Currency fluctuations affecting cost structure and international pricing
• Ability to partner with tour operators and conference organizers	• Global tourism disruptions (e.g., pandemics, travel restrictions)
• Potential to expand into a local hotel chain if successful	• New entrants or upgrades from competitors in Arusha
• Government initiatives to support tourism infrastructure and investment	• Inflationary pressures impacting operational costs

## Target Market

Based on the hotel’s facilities and Arusha’s dynamics, the detailed **Market Segmentation** and Target Market is summarized below.

**Figure 4.3 Target Market**

Segment	Description	Key Needs	Estimated Share
1. International Tourists	Safari travellers visiting Serengeti, Ngorongoro, and Kilimanjaro via Arusha	Clean, safe accommodations; good location; amenities like pool, Wi-Fi; tour support	35-40%
2. Domestic Travelers	Tanzanian citizens traveling for business, leisure, or family events	Affordable pricing, family-friendly rooms, local food, secure parking	15-20%
3. Business Travelers	Professionals visiting Arusha for conferences, trade shows, or NGO-related missions	Business center, fast Wi-Fi, conference facilities, quiet rooms, airport transfers	15-20%
4. NGO & Aid Workers	Long-stay guests working with NGOs and international organizations based in Arusha	Long-term rates, laundry, safety, comfort, consistency, and good customer service	10-15%
5. Event and Conference Guests	Attendees of seminars, workshops, weddings, or private events	Flexible meeting space, on-site catering, reliable AV setup, and parking	10-15%
6. Transit Tourists	Guests arriving before or after safaris, needing short stays before airport departures	Easy check-in/out, luggage storage, food service, shuttle to/from Kilimanjaro Airport	5-10%

- **Location Advantage:** Arusha’s role as the safari capital of Tanzania and a major UN/NGO hub creates broad demand.
- **Overlap Exists:** Many travellers may fit more than one segment (e.g., a business traveller also attending a conference).
- **Targeting Strategy:** Focus on international tourists and conference/event traffic as primary drivers, with tailored offers for long-stay NGO staff and domestic visitors during off-peak seasons.



## **ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT**

## 5. ENVIRONMENT and SOCIAL IMPACT ASSESSMENT (ESIA)

### Investors' Commitment

The Investors are extremely committed to the overall preservation of the ecosystems that they will operate in. In this regard, they will ensure full compliance with all legal and regulatory frameworks that include:

- Relevant Tanzanian laws (Environmental Management Act, OSHA, Local Government Act, etc.)
- Sector-specific regulations (e.g., health and safety, fire, wastewater)
- International guidelines (IFC, World Bank EHS Guidelines, especially if donors or investors are involved)

### Environmental Baseline Conditions

On acquisition of this hotel property, the environmental baseline conditions will be undertaken and will cover the following:

- Current state of air quality, noise, water use, and waste generation
- Assessment of energy use and emissions
- Water sourcing and potential impacts on local water bodies
- Landscaping and biodiversity (if any green spaces or nearby habitats)

### Environmental and Social Impact Areas

The environmental impact areas and mitigation measures are shown in Figure 5.1.

Figure 5.1 Environmental and Social Impact Areas

Impact Area	Existing or Potential Impact	Mitigation/Enhancement Measures
Water Use & Wastewater	Overconsumption or pollution	Install low-flow fixtures, treat and recycle water
Solid Waste	Poor disposal of kitchen, guest, or landscape waste	Segregation, recycling, and regular pickup
Energy Use	High electricity/fuel use	Switch to LED lighting, solar heating, and smart HVAC

<b>Noise and Vibration</b>	From generators, music, and events	Noise control, insulation, operational curfews
<b>Occupational Health &amp; Safety</b>	Risks to staff (housekeeping, kitchen, security)	Regular training, PPE, SOP enforcement
<b>Guest Health &amp; Safety</b>	Sanitation, food safety, and fire hazards	Regular audits, staff training, and emergency drills
<b>Community Relations</b>	Traffic, noise complaints, and employment issues	Grievance mechanism, CSR activities

### **Environmental and Social Management Plan (ESMP)**

Management will prepare the ESMP that will cover the following:

- Routine monitoring (waste volumes, water/electricity use)
- Roles and responsibilities for environmental compliance
- Incident reporting and emergency response planning
- Environmental performance KPIs

### **Stakeholder Engagement**

- Engagements with nearby communities, regulators, and workers
- Summary of grievances received (if any) and how they were resolved
- Plans for ongoing communication and community support

### **Compliance and Audits**

- Status with NEMC and other authorities
- Record of environmental audits and inspections
- Permits and licenses (e.g., fire safety, health inspection, business license)

### **Recommendations and Action Plan**

- Priority improvements required (e.g., wastewater treatment, energy audit)
- Suggested timelines and budget estimates
- Opportunities for green certification (e.g., eco-labels, LEED, GSTC)



## **PROJECT DESCRIPTION**

## 6. PROJECTS DESCRIPTION

### Background and Acquisition Context

The subject property is an existing hotel that ceased operations during the COVID-19 pandemic due to prolonged market disruptions and financial distress. As a result of an unserviced bank loan facility, the hotel was placed under liquidation and its assets made available for sale by the lender. The project promoters have submitted a formal bid to acquire the tangible assets of the original operating company for a total consideration of **TZS 6,000 million**.

The assets under acquisition include:

- Land and leasehold interest
- Fully constructed hotel building and 68 guest rooms
- Conference and meeting facilities
- Restaurant and kitchen equipment
- Furniture, fixtures, and fittings (FF&E)
- Swimming pool, gym, and wellness infrastructure
- Office equipment and ICT systems
- Standby generator and water storage systems
- Laundry and housekeeping equipment
- Security installations (CCTV, access control, fencing)

The promoters will inject TZS 2,000 million to (i) undertake refurbishments, rebranding, and repositioning of the hotel in line with modern 3-star standards while retaining the structural integrity and core layout of the facility; ii) support working capital.

### Nature of the Business

The proposed business involves the acquisition and operation of a 3-star hotel located in Arusha, Tanzania. The hotel will provide mid-market accommodation and a comprehensive range of hospitality services, including food and beverage, conferencing and banqueting facilities, wellness amenities, and event hosting. The property comprises 68 en-suite guest rooms, multiple conference halls, a full-service restaurant and bar, a swimming pool, gym, sauna, and secure parking.

## Legal Form and Ownership

The business will be incorporated as a **private limited company** under the laws of the United Republic of Tanzania. The company shall be governed by the Companies Act and will operate under the regulatory supervision of local authorities, including the Tanzania Revenue Authority (TRA), the Business Registrations and Licensing Agency (BRELA), the Tanzania Tourism Licensing Board (TTLB), and the Occupational Safety and Health Authority (OSHA).

Ownership is vested in a consortium of private investors with experience in real estate, construction, and tourism. These promoters have demonstrated a long-term commitment to the Tanzanian hospitality sector and will provide both financial capital and strategic oversight.

## Vision and Mission

- **Vision:** To be Arusha's preferred mid-range hotel for tourists, business travellers, and event organizers by delivering exceptional hospitality experiences with a focus on comfort, service, and value.
- **Mission:** To offer professional, consistent, and guest-focused services in a welcoming environment while maintaining high operational standards and contributing positively to the local economy.

## Business Objectives

- Achieve occupancy rates of over 70% within the first three years of operations.
- Establish the hotel as a leading provider of MICE (Meetings, Incentives, Conferences, and Exhibitions) services in Arusha.
- Deliver sustained profitability with an Internal Rate of Return (IRR) exceeding 25%.
- Maintain service excellence and achieve high customer satisfaction ratings through regular staff training and quality control.
- Pursue environmental sustainability practices and obtain green certification (e.g., LEED or equivalent) within the first 3 years of operations.

## Scope of Services

The hotel will offer the following core services:

- Guest accommodation in well-appointed rooms across different categories (standard, suites)
- Food and beverage services through a restaurant, bar, and room service
- Conference and banqueting facilities
- Wellness services including a gym, sauna, and swimming pool
- Concierge and tourism support services, including airport transfers and tour bookings
- Business support including high-speed internet, printing, and meeting room rentals

### Target Market

The hotel targets a diversified customer base:

- International leisure tourists, particularly safari-goers
- Domestic business travellers and tourists
- NGOs, diplomatic missions, and development agencies
- Event and conference organizers

### Technology Integration and Guest Experience

The hotel will incorporate the latest hospitality technologies to enhance operational efficiency and the guest experience. This includes a **contactless check-in/check-out system**, mobile key access, and real-time housekeeping and room service tracking. High-speed internet will be available throughout the premises, along with integrated booking systems and CRM tools to enhance guest personalization.

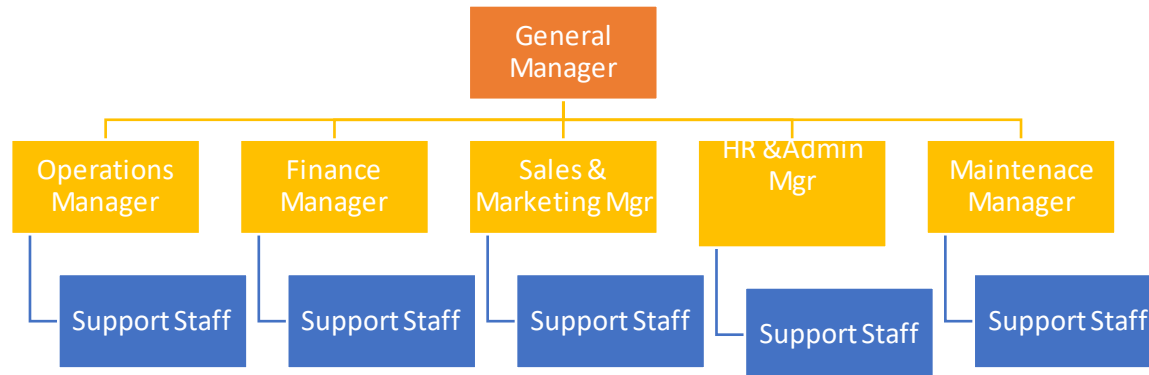
### Environmental Sustainability and Green Initiatives

In line with global trends and sustainable development goals, the hotel will adopt a range of environmentally friendly initiatives. These include **solar water heating, rainwater harvesting, energy-efficient lighting and HVAC systems**, and the use of **eco-certified cleaning products**. Waste segregation, recycling, and the elimination of single-use plastics will be enforced across departments. The hotel aims to qualify for **Green Certification**, such as **LEED** or **GSTC**, within the first three years of operation, reinforcing its commitment to eco-conscious tourism.

## Organization Structure

The organization structure is shown in Figure 6.1

Figure 6.1 Organization Chart



### Key Management Team: Qualifications and Experience

The hotel will be managed by a highly experienced and professionally qualified leadership team reporting directly to the General Manager. Below is a summary of their respective qualifications and professional backgrounds:

**General Manager:** will be a seasoned hospitality professional with extensive experience in hotel operations and leadership. A minimum of a bachelor's degree in Hospitality Management or Business Administration is required, coupled with at least 10 years of progressively responsible roles in hotel management, including proven success in mid-to-upper-tier hospitality establishments.

**Operations Manager:** is expected to hold a bachelor's degree in Hospitality or Business Administration and possess at least 5 years of experience in managing front-of-house and back-of-house hotel operations. This individual must demonstrate deep knowledge in customer service, room management, and coordination of food and beverage services, with a focus on quality assurance and operational efficiency.

**Finance Manager** should be a certified professional accountant (e.g., CPA or equivalent) with a degree in Finance, Accounting, or a related field. A minimum of 5 years of experience in financial management is required, including at least 3 years within the hospitality sector. The ideal candidate must be adept at budgeting, financial reporting, internal controls, and regulatory compliance.

**Sales and Marketing Manager** is required to have a degree in Marketing, Tourism Management, or a related discipline, along with at least 5 years of experience in sales within the hospitality or travel sector. The candidate should have a track record in driving occupancy, managing digital and offline marketing campaigns, and building strong relationships with travel agents, tour operators, and corporate clients.

**HR and Administration Manager** should possess a bachelor's degree in Human Resources, Business Administration, or Industrial Relations, with a minimum of 5 years' experience in human resources management. Experience in recruitment, performance management, staff welfare, and compliance with labour laws—particularly within hospitality—is crucial for this role.

**Maintenance Manager** will typically have a diploma or degree in Mechanical, Electrical, or Civil Engineering, or Facilities Management. At least 5 years of experience in the maintenance of hospitality or commercial facilities is essential, with demonstrated ability to oversee HVAC systems, plumbing, electrical systems, and preventive maintenance programs.



# RISK ANALYSIS

## 7. RISKS ANALYSIS and MITIGATION MEASURES

The detailed **Risk Analysis with Mitigation Measures** is shown in Figure 7.1 below and includes a **risk scoring matrix** (1 = Low, 5 = High) based on **Likelihood** and **Impact**:

### Risk Scoring Key

- **Likelihood:** 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain
- **Impact:** 1 = Negligible; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Severe

Figure 7.1 Risk Assessment & Mitigation

Risk Category	Description	Likelihood (1-5)	Impact (1-5)	Risk Score (L × I)	Mitigation Measures
<b>Political Instability</b>	Regional unrest, policy shifts, or regulatory changes	2	4	8	Monitor policy trends, maintain good local relationships, and diversify customer segments
<b>Tourism Market Shocks</b>	Pandemics, travel bans, or global economic downturns affecting arrivals	3	5	15	Build a strong domestic market presence, flexible pricing, and maintain cash reserves
<b>Currency Fluctuations</b>	TZS volatility affects import costs and international pricing	4	3	12	Price in USD for foreign guests, hedge foreign purchases where feasible
<b>Inflation &amp; Cost Overruns</b>	Rising operational costs (utilities, food, wages)	4	4	16	Annual budget reviews, negotiate fixed-rate contracts, and optimize procurement

<b>Renovation Delays</b>	Delays in renovation completion and opening	2	5	10	Strong contractor oversight, build contingency buffer, staggered procurement
<b>Low Occupancy Rates</b>	Lower-than-expected bookings post-launch	3	4	12	Strong pre-opening marketing, partnerships with travel agencies, and introductory pricing
<b>Staff Turnover &amp; Quality</b>	Difficulty retaining skilled staff or maintaining service standards	3	3	9	Offer competitive pay, invest in training, and staff development programs
<b>Utility Disruptions</b>	Electricity or water supply interruptions impacting guest experience	3	3	9	Backup generator, water tanks, and maintenance contracts
<b>Security Risks</b>	Guest or property security issues	2	4	8	24/7 surveillance, security staff, secure access control
<b>Technology Failures</b>	Booking system, POS, or PMS breakdowns	2	3	6	Cloud-based systems with backups, IT support, and staff training

Top Risks to Monitor Closely includes, Tourism market disruptions, inflation and operating cost escalation and currency fluctuations



# SOCIAL INCLUSION PROGRAM

## 8. SOCIAL INCLUSION PROGRAM

### 8.1 Introduction.

This hotel is located in a tourism hub like Arusha; it therefore has a great opportunity to implement **social inclusion programs** that enhance its community impact while also strengthening its brand, employee satisfaction, and guest experience. Below is a list of practical and impactful **social inclusion programs** that the hotel will initiate:

Key Area	Initiative	Description
Local Employment & Skills Development	Local Hiring Quotas	Prioritize the employment of local youth and women from nearby communities
	Apprenticeship & Internship Programs	Partner with local colleges and VTCs for hands-on training
	On-the-Job Upskilling	Provide regular staff training in languages, customer service, and digital tools
Support for Women & Youth	Women in Leadership Program	Promote women into supervisory and managerial roles
	Safe Working Environment Policies	Implement gender-sensitive HR practices and a zero-tolerance on harassment
	Youth Enterprise Challenge	Fund or mentor youth-led local tourism initiatives
Community Engagement & Empowerment	Local Supplier Integration	Source food, crafts, and amenities from local farmers, cooperatives, and artisans
	Cultural Performance Partnerships	Invite local groups to perform for guests regularly
	Community Clean-up Campaigns	Organize clean-up events with hotel staff and local volunteers
Accessibility & Inclusion	Disability-Friendly Facilities	Ensure ramps, signage, and rooms accommodate all guests
	Inclusive Hiring Practices	Employ people with disabilities or marginalized backgrounds
	Inclusive Customer Service Training	Train staff in sensitivity, diversity, and non-discrimination
Education & Awareness	School Tourism Program	Invite students for guided tours and hotel orientation sessions
	Guest Awareness Campaigns	Educate visitors on local culture and responsible tourism practices

	Hotel-Supported Scholarships	Provide education grants for hospitality students from disadvantaged groups
<b>6. Health and Well-being</b>	Staff Wellness Programs	Offer free health check-ups and mental health support
	Menstrual Health Support	Provide sanitary products and awareness sessions for female staff
	HIV/AIDS & STI Awareness	Run workshops in partnership with local health NGOs

These programs can help:

- Build goodwill with the community
- Enhance the hotel’s brand's corporate social responsibility (CSR)
- Improve staff retention and guest satisfaction
- Fulfill ESG (Environmental, Social, Governance) commitments—especially if seeking investors

# FINANCING and INVESTMENT PLANS



## 9. FINANCING and INVESTMENT PLANS

### Financing Plan.

Figure 9.1 – Capital Structure

Funding Arrangements	Year 1	Year 2	Total Investment (USD)	
Working Capital Required	-	950,000,000	950,000,000	
Capital Expenditure	7,050,000,000	-	7,050,000,000	
<b>Total</b>	<b>7,050,000,000</b>	<b>950,000,000</b>	<b>8,000,000,000</b>	
<b>Debt Equity Requirement</b>				
Debt	6,000,000,000	-	6,000,000,000	75.0%
Equity	1,050,000,000	950,000,000	2,000,000,000	25.0%
<b>Total</b>	<b>7,050,000,000</b>	<b>950,000,000</b>	<b>8,000,000,000</b>	<b>100.0%</b>

The total project requires a total investment of TZS 8,000 million of which TZS 6,000 million will be debt capital with a 6 year tenor that includes 1 1-year grace period. Interest rate is 16%. The remaining capital of TZS 2,000 million will be equity resulting in a debt equity ratio of 75%/25%.

### Investment Plan

The funds raised will be applied towards the following activities/ assets.

Figure 9.2- Investment Plan

Description	Year 1 (TZS Millions)	Year 2 (TZS Millions)	Totals (TZS Millions)
Acquisition of existing assets	6,000	0	6,000
Renovations	1,050	0	1,050
<b>Total Capex</b>	<b>7,050</b>	<b>0</b>	<b>7,050</b>
Working capital	0	950	950
<b>Totals</b>	<b>7,050</b>	<b>950</b>	<b>8,000</b>

### Capex Capital Budget

The existing hotel assets will be acquired for TZS 6,000 million using the bank term loan. Of the equity of TZS 2,000 million, TZS 1,050 million will go towards renovations, and the remaining TZS 950 million applied towards working capital.

### Working Capital Budget

The working capital is estimated at TZS 950 million and will be funded through equity.



# FINANCIAL OUTCOMES

## 10. FINANCIAL OUTCOMES

The detailed financial projection models indicate the following project viability indicators.

**Internal Rate of Return (IRR)**- The IRR of 24.7% underscores the project's strong return potential and provides investors with confidence in the hotel's profitability.

**Net Present Value (NPV)**- With an NPV of TZS 14,228 million, the project demonstrates significant value creation over its lifecycle, indicating high profitability and financial viability.

**Payback Period**- The hotel achieves a payback period of just **6 years**, showcasing its ability to generate returns quickly, mitigating investment risks.

The base case Income Statement projections is summarised in the following Figure 10.1.

**Figure 10.1 – Income Statement (10 Years)**

(TZS millions)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues	-	4,512.9	6,475.9	6,637.8	6,803.8	6,973.9	7,148.2	7,326.9	7,510.1	7,697.9
Cost of Sales	-	1,250.6	1,601.5	1,638.2	1,675.8	1,714.2	1,753.6	1,793.9	1,835.2	1,877.5
Gross Profit	-	3,262.3	4,874.5	4,999.7	5,128.0	5,259.7	5,394.6	5,533.0	5,674.9	5,820.4
<b>Gross Profit %</b>		<b>72.3%</b>	<b>75.3%</b>	<b>75.3%</b>	<b>75.4%</b>	<b>75.4%</b>	<b>75.5%</b>	<b>75.5%</b>	<b>75.6%</b>	<b>75.6%</b>
Admin and General Expenses	-	404.2	397.9	405.9	414.0	422.3	430.7	439.3	448.1	457.1
EBITDA	-	2,858.1	4,476.6	4,593.8	4,714.1	4,837.4	4,963.9	5,093.7	5,226.8	5,363.3
<b>EBITDA %</b>		<b>63.3%</b>	<b>69.1%</b>	<b>69.2%</b>	<b>69.3%</b>	<b>69.4%</b>	<b>69.4%</b>	<b>69.5%</b>	<b>69.6%</b>	<b>69.7%</b>
Depreciation	-	311.4	311.4	311.4	311.4	311.4	311.4	311.4	311.4	217.4
EBIT	-	2,546.7	4,165.2	4,282.4	4,402.7	4,526.0	4,652.5	4,782.3	4,915.4	5,145.9
<b>EBIT Margins %</b>		<b>56.4%</b>	<b>64.3%</b>	<b>64.5%</b>	<b>64.7%</b>	<b>64.9%</b>	<b>65.1%</b>	<b>65.3%</b>	<b>65.5%</b>	<b>66.8%</b>
Interest Expenses	960.0	1,043.2	873.1	673.6	439.7	165.6	-	-	-	-
PBT	- 960.0	1,503.5	3,292.1	3,608.8	3,962.9	4,360.4	4,652.5	4,782.3	4,915.4	5,145.9
<b>PBT Margin %</b>		<b>33.3%</b>	<b>50.8%</b>	<b>54.4%</b>	<b>58.2%</b>	<b>62.5%</b>	<b>65.1%</b>	<b>65.3%</b>	<b>65.5%</b>	<b>66.8%</b>
Taxation	-	451.0	987.6	1,082.7	1,188.9	1,308.1	1,395.8	1,434.7	1,474.6	1,543.8
PAT	- 960.0	1,052.4	2,304.5	2,526.2	2,774.1	3,052.3	3,256.8	3,347.6	3,440.8	3,602.1
<b>PAT Margin %</b>		<b>23%</b>	<b>36%</b>	<b>38%</b>	<b>41%</b>	<b>44%</b>	<b>46%</b>	<b>46%</b>	<b>46%</b>	<b>47%</b>
Dividends	-	526.2	1,152.2	1,263.1	1,387.0	1,526.2	1,628.4	1,673.8	1,720.4	1,801.1
Retained Profits	- 960.0	526.2	1,152.2	1,263.1	1,387.0	1,526.2	1,628.4	1,673.8	1,720.4	1,801.1

### Gross Revenues and Gross Profit Margins

Revenues are projected to grow from TZS 4,513 million to 7,698 million in Year 10. Standard room rates start at the equivalent of USD 100, and Suites go for USD 150. Occupancy rate starts at 50% in Year 2 and grows to 70% thereafter.

The gross profit margin averages **76%** over the 10 years, reflecting effective cost management and efficient production processes.

### **EBITDA and EBITDA Margins**

The EBITDA margin averages at 70%, indicating strong operational performance. EBITDA grows steadily from TZS 2,858 million in Year 2 to TZS 5,363 Year 10, reflecting effective cost management and operational efficiency.

### **Depreciation**

Operating assets have been depreciated at between 5 and 40 years, depending on the useful life of specific groups of assets.

### **Loan Interest**

The term loan is of 6 years' tenor, including a 1-year grace period. The interest rate is at 16% per annum.

### **Taxation**

Taxation is estimated at 30% of annual profits.

### **Profit After Tax and PAT Margin %.**

The PAT margin averages 46 % across the forecast period, reflecting consistent net profitability after accounting for taxes and loan interest.



# SOCIAL-ECONOMIC IMPACT

## 11. SOCIO-ECONOMIC IMPACT

The Hotel's social-economic impact is: -

Figure 11.1 Socio-Economic Impact

Impact Area	Specific Impact	Expected Outcome
<b>Employment Generation</b>	<ul style="list-style-type: none"> <li>• 39-50 direct full-time jobs</li> <li>• 150-200 indirect jobs (suppliers, transport, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Improved livelihoods</li> <li>• Reduced unemployment</li> <li>• Enhanced workforce skills</li> </ul>
<b>Training &amp; Skills</b>	<ul style="list-style-type: none"> <li>• Structured hospitality training</li> <li>• On-the-job learning and mentorship</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity building</li> <li>• Professional growth for youth and unskilled workers</li> </ul>
<b>Gender Inclusion</b>	<ul style="list-style-type: none"> <li>• Target of 40%+ female employment</li> <li>• Equal opportunity policies</li> </ul>	<ul style="list-style-type: none"> <li>• Economic empowerment for women</li> </ul>
<b>Local Procurement</b>	<ul style="list-style-type: none"> <li>• Food, furniture, and supplies sourced from local businesses and farmers</li> </ul>	<ul style="list-style-type: none"> <li>• Growth of local SMEs and farmers</li> </ul>
<b>Tax Revenue</b>	<ul style="list-style-type: none"> <li>• 10 years average annual corporation tax TZS 1.0 billion</li> </ul>	<ul style="list-style-type: none"> <li>• Increased government revenue for public services</li> </ul>
<b>Financial Inclusion</b>	<ul style="list-style-type: none"> <li>• Staff registered with NSSF</li> <li>• Access to banking and pension systems</li> </ul>	<ul style="list-style-type: none"> <li>• Formal financial access for employees</li> </ul>
<b>Tourism Value Chain</b>	<ul style="list-style-type: none"> <li>• Supports tour operators, guides, and travel agents</li> <li>• Mid-range accommodation gap filled</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthened tourism ecosystem</li> </ul>
<b>MICE Tourism Growth</b>	<ul style="list-style-type: none"> <li>• Hosting of meetings, incentives, conferences, and events</li> </ul>	<ul style="list-style-type: none"> <li>• Arusha's positioning as a regional conference hub</li> </ul>
<b>Cultural Promotion</b>	<ul style="list-style-type: none"> <li>• Local cuisine, music, and art integrated into guest experience</li> </ul>	<ul style="list-style-type: none"> <li>• Preservation and celebration of Tanzanian culture</li> </ul>
<b>Community Engagement</b>	<ul style="list-style-type: none"> <li>• CSR in health, education, environment</li> <li>• Local hiring and collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• Strong community relations and shared growth</li> </ul>
<b>Youth Empowerment</b>	<ul style="list-style-type: none"> <li>• Internship programs with colleges and hospitality schools</li> </ul>	<ul style="list-style-type: none"> <li>• Hands-on training and employment pipeline for youth</li> </ul>
<b>Green Tourism</b>	<ul style="list-style-type: none"> <li>• Solar power use</li> <li>• Waste and water management initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Environmentally responsible operations</li> </ul>
<b>Infrastructure Boost</b>	<ul style="list-style-type: none"> <li>• The hotel may trigger upgrades in road, utility, and internet infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Improved access and services for surrounding communities</li> </ul>



# APPENDIX

## FINANCIAL PROJECTIONS

## **APPENDIX - FINANCIAL PROJECTIONS.**

1. CASH FLOW STATEMENTS
2. INCOME STATEMENT
3. BALANCE SHEET

**CASHFLOW PROJECTIONS**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>CASH INFLOWS</b>										
Accommodation	-	4,158,399,375	5,967,303,103	6,116,485,681	6,269,397,823	6,426,132,768	6,586,786,087	6,751,455,740	6,920,242,133	7,093,248,187
Term Loan 1	6,000,000,000	-	-	-	-	-	-	-	-	-
Equity/ Cash	1,050,000,000	950,000,000	-	-	-	-	-	-	-	-
<b>Gross Inflows</b>	<b>7,050,000,000</b>	<b>5,462,850,875</b>	<b>6,475,941,006</b>	<b>6,637,839,531</b>	<b>6,803,785,519</b>	<b>6,973,880,157</b>	<b>7,148,227,161</b>	<b>7,326,932,840</b>	<b>7,510,106,161</b>	<b>7,697,858,815</b>
<b>OUTFLOWS</b>										
Building Costs										
Operating Assets	7,050,000,000	-	-	-	-	-	-	-	-	-
Accommodation Costs	-	347,850,000	353,823,000	359,915,460	366,129,769	372,468,365	378,933,732	385,528,407	392,254,975	399,116,074
Admin.and General	-	404,187,192	397,896,364	405,854,291	413,971,377	422,250,805	430,695,821	439,309,737	448,095,932	457,057,851
Food and Beverages	-	902,726,000	1,247,663,570	1,278,268,374	1,309,626,562	1,341,756,734	1,374,677,951	1,408,409,744	1,442,972,129	1,478,385,616
Term Loan 1 Interest Payments	-	1,043,238,926	873,068,935	673,583,624	439,732,819	165,596,349	-	-	-	-
Term Loan 1 Principal Payments	-	987,805,204	1,157,975,195	1,357,460,507	1,591,311,312	1,865,447,782	-	-	-	-
Overdraft Interest Repayment	-	-	-	-	-	-	-	-	-	-
Overdraft Principal Repayment	-	-	-	-	-	-	-	-	-	-
Taxation	-	451,042,127	987,634,241	1,082,652,835	1,188,884,998	1,308,129,872	1,395,763,397	1,434,692,986	1,474,622,438	1,543,777,282
Dividend	-	-	526,215,815	1,152,239,948	1,263,094,974	1,387,032,497	1,526,151,517	1,628,390,630	1,673,808,483	1,720,392,844
<b>Total Outflows</b>	<b>7,050,000,000</b>	<b>4,136,849,450</b>	<b>5,544,277,120</b>	<b>6,309,975,038</b>	<b>6,572,751,810</b>	<b>6,862,682,403</b>	<b>5,106,222,418</b>	<b>5,296,331,504</b>	<b>5,431,753,956</b>	<b>5,598,729,667</b>
Net monthly in/(out) flows	-	1,326,001,425	931,663,885	327,864,493	231,033,709	111,197,754	2,042,004,743	2,030,601,336	2,078,352,205	2,099,129,148
Brought forward	-	-	1,326,001,425	2,257,665,311	2,585,529,804	2,816,563,513	2,927,761,267	4,969,766,011	7,000,367,347	9,078,719,552
<b>Balance carried forward</b>	<b>-</b>	<b>1,326,001,425</b>	<b>2,257,665,311</b>	<b>2,585,529,804</b>	<b>2,816,563,513</b>	<b>2,927,761,267</b>	<b>4,969,766,011</b>	<b>7,000,367,347</b>	<b>9,078,719,552</b>	<b>11,177,848,699</b>

**COMPREHENSIVE INCOME STATEMENT PROJECTIONS**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>INCOME</b>										
Accommodation	-	4,158,399,375	5,967,303,103	6,116,485,681	6,269,397,823	6,426,132,768	6,586,786,087	6,751,455,740	6,920,242,133	7,093,248,187
	-	-	-	-	-	-	-	-	-	-
<b>Gross Revenues</b>	-	<b>4,512,850,875</b>	<b>6,475,941,006</b>	<b>6,637,839,531</b>	<b>6,803,785,519</b>	<b>6,973,880,157</b>	<b>7,148,227,161</b>	<b>7,326,932,840</b>	<b>7,510,106,161</b>	<b>7,697,858,815</b>
<b>Cost of Sales</b>										
Accommodation	-	659,225,000	665,198,000	671,290,460	677,504,769	683,843,365	690,308,732	696,903,407	703,629,975	616,491,074
Food Beverages	-	902,726,000	1,247,663,570	1,278,268,374	1,309,626,562	1,341,756,734	1,374,677,951	1,408,409,744	1,442,972,129	1,478,385,616
<b>Cost of Sales</b>	-	<b>1,561,951,000</b>	<b>1,912,861,570</b>	<b>1,949,558,834</b>	<b>1,987,131,331</b>	<b>2,025,600,099</b>	<b>2,064,986,683</b>	<b>2,105,313,150</b>	<b>2,146,602,103</b>	<b>2,094,876,690</b>
<b>Gross Profit Margin</b>	-	<b>2,950,899,875</b>	<b>4,563,079,436</b>	<b>4,688,280,697</b>	<b>4,816,654,188</b>	<b>4,948,280,058</b>	<b>5,083,240,478</b>	<b>5,221,619,690</b>	<b>5,363,504,058</b>	<b>5,602,982,125</b>
<b>EXPENDITURE</b>										
Admin.and General	-	404,187,192	397,896,364	405,854,291	413,971,377	422,250,805	430,695,821	439,309,737	448,095,932	457,057,851
Term Loan 1 Interest Payments	960,000,000	1,043,238,926	873,068,935	673,583,624	439,732,819	165,596,349	-	-	-	-
Overdraft Interest Repayment	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>960,000,000</b>	<b>1,447,426,118</b>	<b>1,270,965,299</b>	<b>1,079,437,915</b>	<b>853,704,196</b>	<b>587,847,153</b>	<b>430,695,821</b>	<b>439,309,737</b>	<b>448,095,932</b>	<b>457,057,851</b>
<b>Net Profit Before Tax</b>	-	<b>960,000,000</b>	<b>1,503,473,757</b>	<b>3,292,114,137</b>	<b>3,608,842,782</b>	<b>3,962,949,992</b>	<b>4,360,432,905</b>	<b>4,652,544,657</b>	<b>4,782,309,952</b>	<b>4,915,408,125</b>
Taxation	-	451,042,127	987,634,241	1,082,652,835	1,188,884,998	1,308,129,872	1,395,763,397	1,434,692,986	1,474,622,438	1,543,777,282
<b>Net Profit After tax</b>	-	<b>960,000,000</b>	<b>1,052,431,630</b>	<b>2,304,479,896</b>	<b>2,526,189,947</b>	<b>2,774,064,995</b>	<b>3,052,303,034</b>	<b>3,256,781,260</b>	<b>3,347,616,967</b>	<b>3,440,785,688</b>
Dividend	-	526,215,815	1,152,239,948	1,263,094,974	1,387,032,497	1,526,151,517	1,628,390,630	1,673,808,483	1,720,392,844	1,801,073,496
<b>Net Profit After Dividend</b>	-	<b>960,000,000</b>	<b>526,215,815</b>	<b>1,152,239,948</b>	<b>1,263,094,974</b>	<b>1,387,032,497</b>	<b>1,526,151,517</b>	<b>1,628,390,630</b>	<b>1,673,808,483</b>	<b>1,801,073,496</b>

**FINANCIAL POSITION PROJECTIONS**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Fixed Assets</b>										
Operating Assets	7,050,000,000	6,738,625,000	6,427,250,000	6,115,875,000	5,804,500,000	5,493,125,000	5,181,750,000	4,870,375,000	4,559,000,000	4,341,625,000
<b>Current Assets</b>	-	<b>1,326,001,425</b>	<b>2,257,665,311</b>	<b>2,585,529,804</b>	<b>2,816,563,513</b>	<b>2,927,761,267</b>	<b>4,969,766,011</b>	<b>7,000,367,347</b>	<b>9,078,719,552</b>	<b>11,177,848,699</b>
Trade Receivables										
Cash & Bank	-	1,326,001,425	2,257,665,311	2,585,529,804	2,816,563,513	2,927,761,267	4,969,766,011	7,000,367,347	9,078,719,552	11,177,848,699
<b>Total assets</b>	<b>7,050,000,000</b>	<b>8,064,626,425</b>	<b>8,684,915,311</b>	<b>8,701,404,804</b>	<b>8,621,063,513</b>	<b>8,420,886,267</b>	<b>10,151,516,011</b>	<b>11,870,742,347</b>	<b>13,637,719,552</b>	<b>15,519,473,699</b>
<b>Current Liabilities</b>	-	<b>526,215,815</b>	<b>1,152,239,948</b>	<b>1,263,094,974</b>	<b>1,387,032,497</b>	<b>1,526,151,517</b>	<b>1,628,390,630</b>	<b>1,673,808,483</b>	<b>1,720,392,844</b>	<b>1,801,073,496</b>
Dividend Payable	-	526,215,815	1,152,239,948	1,263,094,974	1,387,032,497	1,526,151,517	1,628,390,630	1,673,808,483	1,720,392,844	1,801,073,496
Overdraft	-	-	-	-	-	-	-	-	-	-
Trade Payables	-	-	-	-	-	-	-	-	-	-
<b>Non Current Liabilities</b>										
Term Loan1	6,960,000,000	5,972,194,796	4,814,219,600	3,456,759,094	1,865,447,782	0	-	-	-	-
<b>Represented By</b>										
Equity	1,050,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Retained Profits	960,000,000	433,784,185	718,455,763	1,981,550,736	3,368,583,234	4,894,734,750	6,523,125,380	8,196,933,864	9,917,326,708	11,718,400,204
	<b>90,000,000</b>	<b>1,566,215,815</b>	<b>2,718,455,763</b>	<b>3,981,550,736</b>	<b>5,368,583,234</b>	<b>6,894,734,750</b>	<b>8,523,125,380</b>	<b>10,196,933,864</b>	<b>11,917,326,708</b>	<b>13,718,400,204</b>
<b>Grand Total</b>	<b>7,050,000,000</b>	<b>8,064,626,425</b>	<b>8,684,915,311</b>	<b>8,701,404,804</b>	<b>8,621,063,513</b>	<b>8,420,886,267</b>	<b>10,151,516,011</b>	<b>11,870,742,347</b>	<b>13,637,719,552</b>	<b>15,519,473,699</b>