

BUSINESS PLAN

UKHOZI ISLAND

Safari Lodge



UKHOZI ISLAND SAFARI LODGE (PTY) COMPANY LIMITED

Prepared by: _____

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1. EXECUTIVE SUMMARY

Ukhozi Island safari Lodge Business Plan covers the Five-year period of 2021/2025. The plan describes our Mission, Vision, Core Values, Mandate, Objectives, Targets and Key Performance Indicators. The Business Plan begins with a situation analysis which is meant to provide a review of the reality of tourism sector in Tanzania and its operating environment, which will impact on the plan and provide business alternatives. The Business Plan has taken into account the Tanzania Development Vision 2025, Tanzania Five year Development Plan (2016/2021), Sustainable Development Goals (SDGs), and Sectoral policies. The Vision, Mission, Objectives and Core Values of Ukhozi Island Safari lodge were derived from a detailed review process including Stakeholders Analysis, Strength, Weakness, Opportunities & Challenge (SWOC/T), and Performance Review

Southern Tanzania has a vast endowment of tourism assets. The principle draw is its national parks and reserves, which primarily offer wildlife safaris, including photographic safaris, walking safaris, night game drives, and boat safaris. Of these, Mikumi National Park, Ruaha National Park, and the Selous Game Reserve are the most popular, accounting for more than 75% of visitors to the region. In addition, the region also boasts beach and marine attractions along the Indian Ocean coastline, mountain ranges such as the Udzungwa Mountains National Park and historical sites such as Kalenga and old stone Site. Together these attractions provide a diverse palette of activities for potential visitors.

UKHOZI ISLAND SAFARI LODGE (PTY) COMPANY LIMITED recently have been permitted by TANAPA to construct a permanent tented camp at kisiwani site in Ruaha National Park located at GPS coordinates 36L 0666207 UTM 9112741. The lodge to be constructed shall have a maximum capacity of 15 rooms and two site camps. The Park is located in the middle of Tanzania about 130 kilometres from Iringa town. The park is part of a more extensive ecosystem, which includes Rungwa Game Reserve, Usangu Game Reserve, and several other protected areas.

The name of the park is derived from the Great Ruaha River, which flows along its South-Eastern margin and is the focus for game-viewing. The camp we intend to build can be reached by car via Iringa and there is an airstrip at Msembe, park headquarters.

Ruaha is believed to have high concentration of elephants than any National Park in East Africa. It is also a place where, magnificent mammals like Kudu, Sable and Roan antelopes can easily be spotted in Miombo woodland. The park is also a habitat for endangered wild dogs. Other animals in the park include lions, leopards, cheetah, giraffes, zebras, elands, impala, bat eared foxes and Jackals. We are supporting and responding to Tanzanian Government initiative to invest on tourism sector on the Southern Circuit after recognizing Iringa Region being the tourism Hub along the southern **tourist circuit** of Selous Game Reserve and Ruaha National Park

1.1 Strategic Objectives

The objectives of the Ukhozi Island Safari Lodge (Pty) Ltd for the first 5 years of operation include:

- i. Improved leadership and governance
- ii. Improve management and operational capacity
- iii. Improve service delivery capacity
- iv. Promote stakeholder engagement
- v. Develop an organization performance management
- vi. Establish product development, branding and marketing

1.2 Mission

- The mission of Ukhozi Island Safari Lodge (Pty) Ltd is to become the number one lodge of choice with visitors from various part of the world.
- Become the premier supplier of sustainable hospitality and tourist services in the Southern Circuit.
- Provision of high-quality accommodation (self - contained chalets), onsite activities and sustainable eco - tourism activities, e.g. tree planting, hiking tours, cultural excursions

2. COMPANY DESCRIPTION

Ukhozi Island Safari Lodge (Pty) Ltd is a limited company by shares incorporated in Tanzania under company ordinance (cap 212) section 15 with certificate of incorporation number 141044435 issued by the Registrar of Companies. Currently our office premises are situated along Makorongoni Area in Iringa municipality. Ukhozi Island Safari lodge additional activities include the filming of the wildlife for the purpose of education, awareness, conservation and marketing. This will be seen as the marketing arm to create exposure through media in-house and will be known as a joint venture with Africa Cries Film Productions

2.1 Company Ownership

The company's Board of directors is Mr. Roland Vicent, the chairman, Caroline Willmore, Director and Nanette Vicent, both co-owners of the Ukhozi Island Safari Lodge (Pty) Ltd Both from South Africa nationals.

2.2 Start-up Summary

The Directors will both invest \$500,000 as total funding required for the project where by \$ 130,000 will cover be startup expenses and \$370,000 will be spend for startup asset acquisition. Ukhozi Island safari lodge will endeavor to support all local industry and labour requirements locally when it comes to the development of the safari lodge. The following items will be required for the project for camp set up and site preparation and construction of lodge for 15 rooms:

- Land cruiser station wagon 1
- Land cruiser single Cubin pick up 1

- Prado station wagon 1
- Cumper Trailers 3
- Assortment of camping equipment to accommodate 10 Staff
- Assortment of generators and solar panels
- Fridges 4*12 voltage
- Cold room facility
- Sanitary wares which will include basins,baths,toilets,showers,tap mixers throughout the development
- All electrical fittings
- Water pumps, plumbing fittings
- Welding machines
- Compressors
- Industrial washing machine for laundry and drier
- Filming equipment
- Administration equipment
- Pre fabricated staff housing etc

2.3 Opportunities

- Ruaha National Park is one of the largest park in East Africa with 20,226 km² (7,809 sq mi) with unique nature
- Recognizing Iringa Region as the tourism Hub along the southern **tourist circuit** of Selous Game Reserve and Ruaha National park
- The Shift of capital city from Dar es Salaam to Dodoma has encouraged the migration of government officials, development partners and entrepreneurs to Dodoma which is near fro Iringa.
- The expansion of Airline services at Nduli Airport has encouraged inter-trade and intra-trade and thus the growing demand of recreation facilities and services

2.4 Risks

- Conflict of interest with other development actors
- Recognition of the value of our services to the customers
- Corona Virus (Covid 19)

2.5 Threats

- Rise of similar businesses related to our services
- Corona Virus (Covid 19)
- Change of purchasing power of our clients
- Poor infrastructures especially trunk roads to the park
- Floods might destroy the infrastructures

2.6 Strength

- Experience of doing the same business in various Countries like South Africa and Tanzania 2008 we established Mivuno Luxury lodge in Selous Game reserve

- Understanding the Tanzania business Environment
- Political Stability in the country and good working and investment environment
- Good Identity and Good leadership

2.7 Weakness

- Some values are not shared and practiced
- Structure and systems are not properly shared
- Lack of clear guideline for partnership and networking
- Social Stigma and Ignorance

3. MARKET ANALYSIS

Despite its endowment of assets, overall, the tourism industry in southern Tanzania is relatively underdeveloped and attracts a low volume of visitors. Tanzania's nature-based tourism attracts more than a million visitors per year and contributes more than 13% of gross domestic product (GDP).¹ Southern Tanzania, however, accounts for less than 10% of all visitors to Tanzania's national parks and less than 1.5% of park revenue.² Occupancy rates in many southern lodges are below 50%. When compared to northern Tanzania and Zanzibar, southern Tanzania's products, including accommodation options and activities, are fewer in number, limited in variety and have poor market penetration.

3.2 Target Market

	1990	2000	2005	2020
International Tourism Arrivals to Africa (Millions)	15.0	29.0	37.3	77.3
Africa as % of Total	3.3%	4.2%	4.6%	5.0%

Source: UNWTO

In the area of wildlife tourism and safari option it is estimated that Tanzania captures around 15 per cent of the sub-Saharan wildlife safari market with Kenya, South Africa and Botswana as key competing destinations. Demand is expected to continue to grow with development opportunities at the higher end (luxury safaris). Tanzania is however already seen as an expensive destination with high park fees (almost three times higher than South Africa) and high concession fees for the operation of accommodation in parks. Bird-watching is identified as a segment with good potential for growth owing to Tanzania's rich natural environment. Currently, Tanzania is estimated to attract 10 per cent of sub-Saharan inbound bird-watching tourism.

Despite a return to growth in 2020 there is a solid case for caution in looking at global travel expectations in the coming year. This is a time for measured analysis and focused response. The global financial crisis fundamentally changed the economic and consumer landscape because of COVID 19. The post-recession market and consumer are different and smart destinations will have to pro-actively find new offerings for new consumers in new markets, and adopt new ways of communicating with those value-conscious consumers. In doing so, they should take advantage of unique national selling points and a limited number of international collaborative opportunities.

3.3 Total Market Valuation

Travel and tourism in Tanzania are growing at a moderate pace relative to the rest of the economy, yet faster than in most other countries. In 2013, tourism directly accounted for 4.5% of GDP and indirectly for another 8.4%. The World Travel and Tourism Council projects that the industry will grow by about 6.7% per year over the following 10 years, closely in line with the country's overall growth. As a result, tourism is projected to account for 12.6% of total GDP by 2024. The Council projects slow growth for tourism investment, along with a slight fall in tourism's contribution to direct and indirect employment. Nevertheless, Tanzania ranks #11 out of 184 countries on projected tourism growth for 2014–2024.⁹ Tanzania may gain market share from its neighbors whose struggles with terrorism and other challenges have made headlines in international media, damaging their tourism industries. For example, as a historically peaceful and stable country, Tanzania provides an alternative safari option for travelers deterred from travel to Kenya, where recent terrorist attacks have raised security concerns.

3.4 Targeted share

Southern Tanzania has four national parks, two game reserves, and a number of additional tourism destinations. For this assessment, destinations in southern Tanzania are divided into primary attractions, i.e. the main reasons visitors travel to an area and the anchors of a tourism circuit, and secondary attractions, which are added to a trip because they are near a primary attraction, to add variety or as special-interest options.

To differentiate primary from secondary attractions, the following factors are considered:

- uniqueness
- demand
- fit with potential customer segments
- ease of access and links to major transportation hubs
- fit with a logical tourism circuit
- amount of development needed
- catalytic impact of investment

The nature lover is a high-value customer who is willing to pay for a unique safari experience. Nature lovers typically travel in couples or families; they often come from Europe and America; and for most, their southern circuit safari is not their first safari or their first trip to Tanzania. Nature lovers may visit a number of secondary attractions, but the Selous and Ruaha are typically the draw to the region. Often nature lovers fly between different attractions in order to reach far corners of the south, such as Katavi National Park or Mafia Island. Figure 7 illustrates depicts the typical circuits that a nature lover may follow in southern Tanzania, organized around Ruaha National Park and the Selous Game Reserve.

3.5 Product/service description

LODGE CAPACITY

Ukhozi Island safari lodge will be providing the following services:

Duplex lodge with 15 Rooms for guest accommodation, our rooms are bigger and better designed with split level floors for better ventilation and have a lounge attached to the bed room with a veranda with a window looking out from the bath tub in the bathrooms.

Air Conditioning in the rooms is thermostatically controlled. The central air-conditioning control is located on the wall in the rooms and can be adjusted manually. Power sockets in walls and the grounds will be sufficient for a small office to be set up in the lounge; internet and other equipment can be run at convenience with adaptors available from housekeeping/reception.

Flat Screen TV- Each room will have a flat screen TV broadcasting international cable and satellite programs.

Baby Cot / Baby Sitting will be available from housekeeping, babysitting is charged on an hourly rate.

Baggage Service- For Porter Service and baggage storage, please contact the reception.

Electric Current- Electricity supply in all rooms is 220volts / 50 Hertz

Mini Bar- A complimentary bottle of mineral water will be provided daily and will be replaced in mini bars fridge. A mini bar charge voucher will be available at the reception desk and for convenience one will be placed on top of the mini bar.

Room Service- is available.

Safe Deposit Box- Each room will have its own safe located in the closet. Instructions for use are located on the panel.

Restaurants, open air serving European and local Swahili dishes, fast food and 5 course diner packages, and other specialties such as crepes and doner kebab will be offered which our competitors are not offering, restaurants could already be up and running within 12 months with fast food open 24 Hours a day which no one else is offering, by 2230HRS it is hard to find a decent place to eat on the whole Park.

Safaris- We shall offer various itineraries from budget camping joining others starting at affordable rate per person per day to private camping or a lodge safari including luxury tented camp style of accommodation whilst on safari

A **special last minute package** can be developed know as "**Breakfast in the Bush**" offering clients to fly into Selous/mikumi very early in the morning and driving into the park to find breakfast with butler set up in the middle of the national park for them. 1 night or more would be offered starting at a modest \$1200.- USD per person for 1 night / 2 days \$1350.- USD per person 2 nights / 3 days, includes flights from either Zanzibar or Ruaha and clients sitting on the beach can just spontaneously opt for such a safari.

Camp sites, Chalet and filming services will be provided in Ukhozi Island Safari lodge

SOURCE OF INPUTS SUPPLY

During the construction of the lodge the material to used will be

- 80% local supplies (*see the attached appendix*)
- 20% imports at the running stage of the safari tours like motor vehicles and other items not available in local market

3.6 Market Trend

In spite of Ruaha's rich wildlife and landscape, the park has struggled to attract visitors. Approximately 22,000 visitors came to Ruaha in 2012/2013, 13,000 of whom were non residents of Tanzania, primarily from Germany, Italy, the United Kingdom, and the United States.²¹ Visitors stay an average of two to three nights, and tend to visit from June through March, with numbers peaking in July–September and December. Of all the parks in southern Tanzania, Ruaha has had the slowest growth rate since 2007, including a 17% dip in visitors following the global recession (2008–2010). With its low demand and slow growth, the occupancy rate in Ruaha's accommodations is approximately 30–40%. Few tourists visit southern Tanzania, in spite of the diverse wealth of attractions in the region. As noted earlier, southern Tanzania accounts for less than 10% of all visitors to Tanzania's national parks and less than 1.5% of park revenue. Among those who visit the south, most seek a wildlife safari experience, and many have been on safaris previously. Different types of customers exist within the approximately 120,000 annual visitors to southern Tanzania, seeking different experiences from southern Tanzania and offering different value propositions as customers. We are entering the age of the so-called 'digital natives' with technology increasingly replacing the traditional travel agent as the channel between consumers and travel offerings. In future, technology and e-marketing will increasingly drive the choice of destinations, the tailoring of holidays rather than the packaging of holidays, and new ways of booking and paying for travel. Consumers will also expect technologies to "take the hassle out of travel", inter alia through online visa applications (e-visas), mobile maps, meta-search engines, blogs and podcasts

3.7 Competitive Advantage

Southern Tanzania is accessible by road, air, and rail, though the sheer size of the region, coupled with poor infrastructure and infrequent use, drives up the cost and inconvenience of travel.

- Paved roads link southern Tanzania's cities and attractions, and no traffic delays.
- The main road connecting southern Tanzania's tourism circuit is the A7 from Dar es Salaam to Iringa. This road connects Dar to Mikumi and is part of the route to the Selous, Udzungwa, and Ruaha. It is paved, no traffic congestion
- The B104, which runs south from Dodoma, connects Iringa directly to the southern attractions, and travel time between Iringa and Ruaha National Park, a distance of 130 km, is two to three hours

Tourism in southern Tanzania offers a very different experience than tourism in northern Tanzania. Northern parks are savannah landscapes with large open spaces and easily viewable wildlife. Parks in southern Tanzania, with the exception of Mikumi National Park, have mixed habitat with more dense vegetation that makes wildlife harder to find but provides a more diverse mix of wildlife. However, the main distinguishing factor between tourism in the two regions is visitor density. Ngorongoro Conservation Area has an annual visitor density of 78 visitors/km² (if just the crater is considered it is 2,491 visitors/km²), Serengeti has an annual visitor density of 31 visitors/km², while Ruaha in southern Tanzania has a density of one (1) visitor per km². This

is the primary reason travelers seek out the south for a wilder, more remote and personal travel experience. In order to achieve all the goals related to building up a cutting-edge hospitality business, Ukhozi Island lodge needs to focus on the following key areas

- appropriate communication through personal interaction, media, and regional marketing
- focus on loyal customers who give repeat - business and work closely with travel agents and tour operators in order to generate adequate sales
- maintain a high level of service quality and offer cutting - edge facilities
- competitive price and price policy
- strong management handling costs, cash flow and other operations
- encourage local authorities to support the project
- developing a range of special interest products to a high standard
- To undertake an inventory of tourism resources. this would involve not just an enumeration of the various resources, amenities and facilities - but also include a qualitative description
- developing a cultural - historical product
- Image creation as Ukhozi Island lodge is a soft eco - tourism lodge, emphasizing the abundance of flora and fauna of the Ruaha National Park.

3.8 Profile of competitors

Following competitors in the Southern tourism circuit and Ruaha national park we have to take into reflective consideration with similar amenities like free Wifi, breakfast, Free parking , Bar /Lounge and Restaurant

- Kwihala Camp, Asilia Africa
- Kigelia Ruaha
- Jongomero
- Tandala tended camp
- Mufindi highland fishing lodge
- Mabata makali Luxury tented camp
- Ruaha hilltop Lodge

4. MARKETNG/SALES STRATEGY

According to the analyses, all of those lodges, hotels and guest houses, they are lacking in unique services, offers of activities, maintenance and upkeep services. Some are inadequate and not sufficient for the targeted traveler, some services does not exist and some services are offered but with no customer demand. Commonly those services which are eminent to satisfy the customer are poor or not existent. There is also lack or limited knowledge of the customer market, travel trade awareness, access difficulties etc. close at hand, there is no lodge or hotel in the Ruaha which will provide a similar standard of quality at a competitive price as Ukhozi Island lodge is setting up. Most of the hospitality facilities in the region provide various kinds of services, but usually one or more of their products lack behind requirements, tourists' expectations and standards as seen on the above competitive analyses.

We shall begin by marketing locally by promoting internal tourism, at grass roots level is the best to get a loyal local customer base and achieving market penetration onto the mainland and

neighboring countries before venturing further into international markets, obviously through online distribution channels we shall be entering international markets immediately.

The target market segments we wish to penetrate is the local domestic market at first, and we plan to achieve this through, multi-level marketing, the Internet and the period for capturing a reasonable percentage of the market share is one year. We shall be using beach boys and others around the island to spread the word, flyers and posters, local radio and press, brochures to governmental departments and Tanzanian foreign consulates / embassies and big private companies as we follow up with sponsorships with some of them for future events.

All tour operators and travel agents on the island and on the mainland shall be informed and contracts offered to them including marketing materials including neighboring countries such as Kenya where a large number of tourists pass through on their way to Tanzania.

We shall also target cruise ships and airlines operating in and out , local and international, their crew and stationed managers would be targeted.

Our entertainment package shall be hang in even our competitors receptions and foyers as they are not offering entertainment or a golf range and public relations will be getting off onto a very good start as many of the owners of hotels and resorts being our competition would still find it a pleasure to see us provide services they do not cater for to themselves and their guests

4.2 Income Sources

We are proposing to implement the project to completion and operational stages by using a total of \$500,000.- USD from our own share capital and savings from FNB in South Africa

4.3 Marketing Strategy

We shall be using a combination of strategies:

We shall be segmenting customers based on geographic area, Zanzibar will be targeted, including major cities on the mainland of Dar es Salaam, Arusha and Mwanza, the rest of Africa, (Zanzibar is actually the number 1 travel destination for tourism coming out of Africa) Europe including emerging markets in the East and the America's, Asia, places like China and Indian and as far as Australia.

We can segment customers based on product usage, targeting groups and clubs such as cycling, motorbikes clubs, scouts, schools and higher learning centers and institutions, holiday package with entertainment live or otherwise of your favorite group.

We shall also be segmenting customers based on lifestyle which includes: values, beliefs, perceptions, leisure activities, preference for social events, sports interest, media usage, political views, etc a good example would be simply targeting social media users and even having instagram Night Party packed with transportation, accommodation tours and excursions on the Ukhozi Island lodge from any destination you request.

Our targeting strategy to be implemented is mixed with Mass Marketing: going after the market as a whole with one offer that answers common needs incorporating Differentiated Marketing: going after several market segments with offers tailored to each with Target (Niche) Marketing: going after a small segment or sub-segment with a tailored offer. Encouraging public participation programs in the cultural awareness, including public institutions, private individuals, non-governmental organizations and

businesses. Our positioning strategies include: Positioning in relation to a product class or attribute (e.g. low energy consumption, environmentally friendly, efficient, time saver), relation to target market, price and quality (low-price leader with luxury) **Corporate Message and Image** The message we shall portray through all our marketing efforts will be clear, consistent, and reflect our corporate image. Image can be portrayed directly (through a description of products, pricing, services, etc.) or indirectly (through suggestive design elements, logos, or uniforms, etc.) Our strategies on culture and tradition include encourage tourism with a strong authentic character with its roots in and true to Tanzania cultural and tradition concepts

4.4 Pricing

Wholesale: seasonal pricing

Profit: 50% our pricing will be very competitive; Tanzania have become very touristic with rates in most places overpriced. For example on beverages we can offer rates at 40% less than our competitors. An average double spirit/liquor with a soft drink, let's say a cocktail costs \$6. - USD in most bars and restaurants, we could easily offer this same drink at \$3.- USD with a 60% profit margin. Most bars and restaurants charge \$2.50. - USD upwards for a local beer which we can easily sell at \$2.- USD or under with a 60% profit margin. Restaurants are charging an average of \$14.- USD for a single meal on their menus, we can offer similar meals at an average cost of \$8.- USD We could even offer promotional days with eat as much as you can offers starting at \$15.- USD per head and some others are charging 2 or 3 times that much. Sports and Entertainment shall have sponsorship meaning we can offer competitive rates to our customers

4.5 Advertising and promotion

We shall aggressively market the project and have commission agents locally and in every corner of the planet. Contacts to travel agents are readily available through our already operational centers in Selous Game reserve and South Africa. We shall use personal communication to meet market players and customers to market Ukhozi Island Safari and lodge. As bookings and reservation agents and tour operators we provide travel related services through **Tours and Safaris agents side by side with other Resort. Public Relations- Trade Shows Chamber of Commerce and Tourism Exhibitions-** We shall attend In Tanzania, South Africa, Germany, United Kingdom, Austria, Switzerland and Italy to start off with, We shall look at emerging markets such as North America, China, India, Russia and the old Eastern European block Countries. Probably have some tie & dye element in them. The South African Market has started to open up and is presently the fastest growing section of the market. Recently North American numbers of visitors have been on the rise and new markets in Asia are of interest a very lucrative emerging market is China. Marketing materials we foresee using about 10% of or sales towards promotion budget. And will include but not limited to:

- **Print Ads** - Keeping the **Ukhozi island safari lodge** name in front of the customer while getting established will be necessary. We plan on running limited space ads in the local newspapers to keep our name and phone number in front of the consumer. We may attempt to showcase a single product in an effort to return revenue from the advert. Our past experience has been that showing measurable

revenue from these types of adverts is difficult. In the future we plan on utilizing vacation magazines and affluent Africa Travel magazines as a method of increasing our sales revenue.

- Posters to be distributed in other public places, hotels, resorts, restaurants, bars, shops, offices and business premises on the Island including on boats and in aircraft
- Wheel Covers with our Logo for private cars, taxis and buses for Distribution mainly on Tanzania and Zanzibar
- **Apparel** - We know several people in the area who produce embroidered apparel such as will be on our robes. A line of premium Botanic apparel could be designed and produced in very small runs to reduce inventory costs. These can be sold or given away with qualifying purchases to further expose Ukhozi name. 1000pcs x T- Shirts- Mainly for Local Distribution Would also be for sale and 1000pcs x Caps Mainly for Local Distribution and 2000pcs of Key rings Mainly for Local Distribution.
- 2000pcs Pens and Pencils with our logos, 30pcs of Road Banners, 1000pcs Balloons with Logo and contacts
- Recording the project and films about Tanzania attractions and events of interest which shall be edited and uploaded to websites and further distribution to the general public through working partners and the internet in general.
- Optional idea: Khanga / Kikoi / material with our logo and contacts on it to be given to overnight guests as a gift on arrival. This was originally the Revolutionary Government of Zanzibar Policy to gift all female international arrivals a pair of khangas at the airport on arrival as a gift and to sensitize the visitor to the modest tradition of having you decently covered.

4.6 Sales Strategy

Mass Communication:

Advertising- Radio, Television, Magazines, Newspapers, World Wide Web, Mobile VAS Radio advertisement and we have personal contacts to the owners; we shall also use 1 or 2 of the mainland radio stations such as Clouds FM to reach a broader market.

Local Television advertisement shall be used to a maximum. Telemarketing through distribution channels in Europe are part of our plans. We shall use artists to promote our products including local cable channels and possibly with DsTV which has a large African coverage and following, local cable TV and private cable broadcasters in pubs and hotels shall be approached.

Press Releases - The local papers and magazines have offered to run releases and/or stories concerning the opening of the Ukhozi Island safari lodge.

Travel related publications and magazines are widely circulated throughout the whole country with some of the major players having their own publications, we would immediately establish our advertisement presence in Tanzania through local magazines and publications which have a very wide circulation throughout the country. These include: Swahili Coast, Karibu Dar, Advertising Dar, and numerous online free classifieds Dar es Salaam Guide, Precision Air In flight Magazine, Coastal Aviation Inflight Magazine, Twende – ZanaAirs Inflight Magazine, Air Tanzanias Inflight Magazine, Karibu Travel and Tourism Fair and others

5. . RESEARCH AND DEVELOPMENT

Steps that we need to accomplish to get the business up and running are to secure relevant permits like certificate of incentive followed by quick implementation of the project by completing buildings and the facility equipped and staffed up and ready to run as soon as possible. After the takeover proposed project, we expect to have in another 12 months the main entertainment area operational before the end of the 2021, which would include restaurants, bars and tented camps. Structures such as water towers and swimming pool and infrastructure shall also be mainly completed. These developments shall be followed by room developments to be completed by late 2021.

Seasonal Ranges: Low Season

01. April - 15. June

01. October – 22nd December

High Season

07. Jan - 31. March

16. June – 01. October

Peak Season 23. Dec - 06. Jan

Development costs are as follows:

	Use of Funds	
Building & Construction		150,000.00 USD
Repair & Renovation		50,000.00 USD
Infrastructure & Landscaping		30,000.00 USD
Inventory		45,000.00 USD
Equipment & Machinery		60,000.00 USD
Furniture & Fixtures		25,000.00 USD
Marketing Materials		30,000.00 USD
Working Capital		50,000.00 USD
Operational Start Up Costs		40,000.00 USD
Packaging, Freight and Clearing fees:		20,000.00 USD
Total		500,000.00 USD

- Ukhozi island safari lodge will be build-up, managed and get along according to sustainable and ecological standards, as the lodge is located in one of the most important biodiversity hotspots worldwide. The lodge and the services rendered will take into account this unique feature. Buildings, structures and other constructions of Ukhozi lodge will for the most part be made out of locally grown wood, nearby produced wall bricks, natural stone blocks from the close by quarry and other building material produced and sold in the region and Tanzania
- personal service and an intimate, friendly atmosphere aimed at the individual travelers will be one of the unique selling points of Ukhozi lodge

- Clean, cozy and well furnished rooms with hot water access. Relaxation zone with fire place and dining area. this is especially vital for those customers (Tanzania residences) who escaped the hectic of the cities as well as for safari traveler groups and families
- restaurant with recreation areas, fireplace
- the space of the premises of Ukhozi lodge allows building of small stand aside recreation hideaways (“pergolas”), it should be there for those customer who want to break away from all the other guest’s
- fine and tasty cooked food with outstanding choice (for everybody there is something to enjoy) is to a great extent important and very simple to make it happen, seeing as all the fresh vegetables and other products are grown and as well made locally, moreover fresh and easy available.
- excellent services from arrival until to departure of the guest’s (we call it “customer run - flow”) including an after service and after care with helpful information and contacts to make travelling trouble
- maps and excellent information material as brochures, flyers etc. which helps to keep the customer interested in the area and make him to stay longer, come again and enlighten the place to other potential customers. some customer who are mobile (own vehicle, motor bike etc.) like rather to make trips on their own, so they need accurate maps (gps data’s) of the area including market spots of attractions, view points and other essential and helpful information

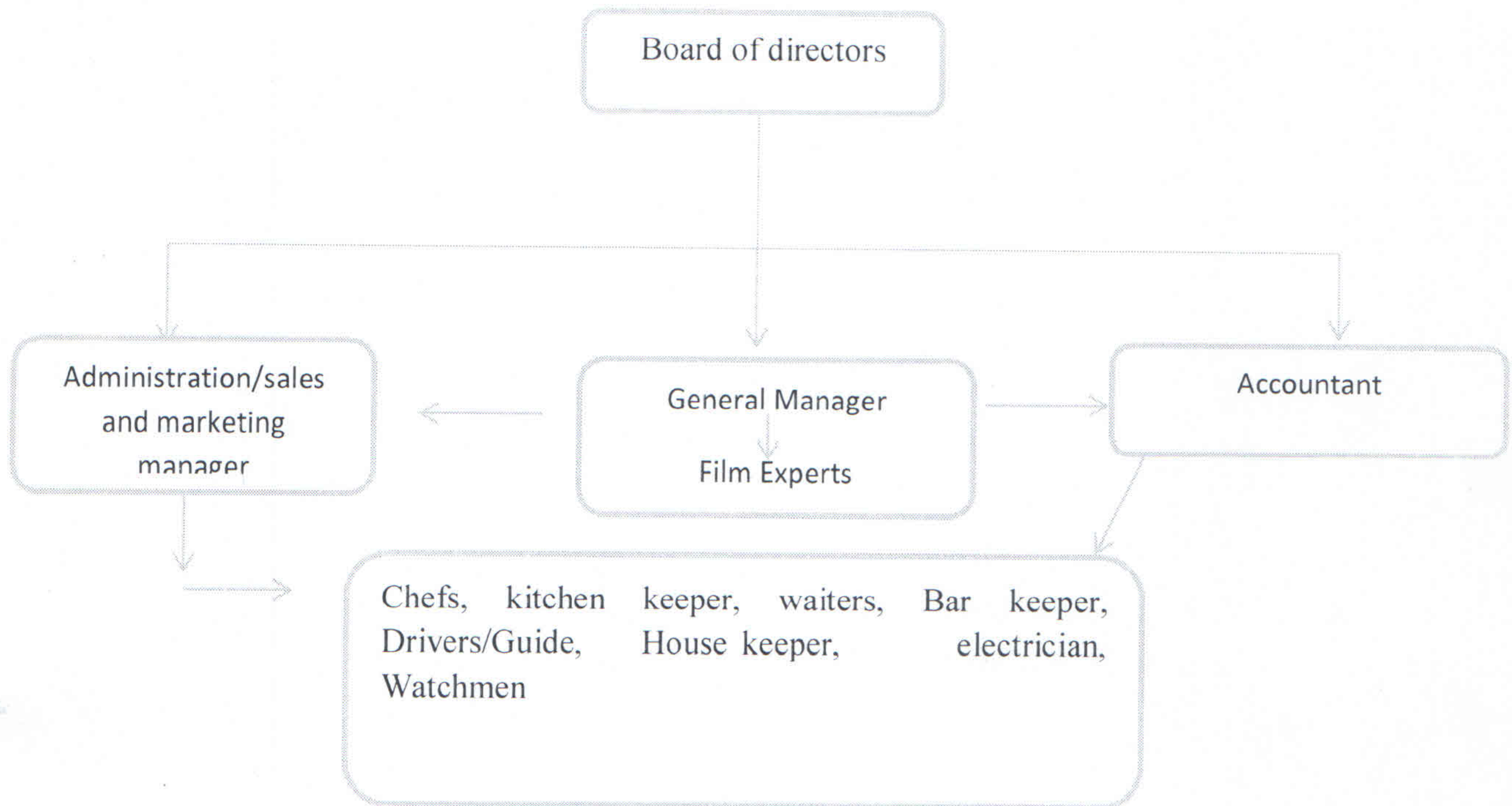
6. STAFFING AND OPERATIONS

6.2 Management Organization Chart

The company will be run by me possibly assisting by a foreign investor with experience in the travel and hospitality business, assisted by a foreign or local general manager, other key positions being food and beverages, sales, marketing and promotion, administration, accounts and house keeping all to be filled by highly experienced and qualified employees supported by a head cook, kitchen help, barkeepers, waitresses and waiters, watchmen and gardeners, housekeepers, Electrician, driver and guide.

- **Managing Director-** Mr. Roland Vicent chairman of board of Directors of Ukhozi island safari lodge Company Limited, responsible for all operations. Sales and Marketing and employment of Managers and staff. Has more than 20 years experience in construction and building, catering and film productions at Africa cries.
- **General Manager** Local or foreign, qualified, with minimum 10 years experience responsible for the day to day running of the business, duties include, overseeing all departments and staff of the Resort and providing daily reports to the Director. Knowledge of minimum 2 languages compulsory. Supervising a successful training scheme to the staff.

Organization structure



Management Style

Our Management style will be based on a democratic style of management putting trust in employees and encourage them to make decisions. We will delegate to them the authority to do this (empowerment) and listen to their advice. This requires good two-way communication and often involves democratic discussion groups, which can offer useful suggestions and ideas. Managers must be willing to encourage leadership skills in subordinates.

The ultimate democratic system occurs when decisions are made based on the majority view of all workers. However, this is not feasible for the majority of decisions taken by a business- indeed one of the criticisms of this style is that it can take longer to reach a decision.

6.3 Operations

Year 1 - construction phase

a) Obtaining TIC certificate of Incentive (1 month December 2020)

TIC (Tanzania investment centre) is a Tanzania government agency, established to encourage, promote and facilitate investments in Tanzania. TIC is an efficient and well run agency, responsible for:

- assist in setting up of enterprises
- obtain necessary licenses, work permits, visas and approvals
- sort out any other administrative barriers that investments might encounter

- promote investment activities
- Grant certificates of incentives and investment guaranties for all foreign investments above usd 500`000.-
- Land survey and get hold of the title deed. This will be done during the construction phase. According to TIC, it is not a must to have the title deed for applying the certificate of incentives. The sales documents of the land with a confirmation letter of the authority have concerned (TANAPA) area adequate to invest at the plot area. the title deed can be obtained afterwards which can take some months to go.

b) Building permit application and construction (January 2021 - December 2021)

- application for building permit (will not hinder to start construction while waiting for the certificate)
- setting up vital infrastructure at project site Ruaha national park sufficient water supply and storage, improvement of access path from main road to the site area
- construction of a plant for handling wastewater and sewage
- construction of main building with restaurant, reception, office, sanitary rooms
- Manager house, and staff quarters with stores and laundry etc.
- installing of water supply infrastructure and water storage facilities
- purchase of motor vehicles, preferable one pick - up double Cabin
- after 12 months of construction and building, Ukhozi lodge will start operating while some construction and landscaping work will still go on

C) Transitional period (end of year 2021 and beginning of year 2022)

- hiring and training of staff
- "Soft opening" after 2 weeks training of staff. This means Ukhozi lodge invites friends and people who were somehow involved in the project such as officials, authorities, suppliers and other individuals who are related to the hospitality industry to stay at Ukhozi lodge for a cost covering price. this gives the entire team a chance to get organized, notice mistakes and correct them
- at the same time Ukhozi lodge will arrange with journalists and the Tanzanian broadcasting companies as well as other enterprises related to advertising to visit Ukhozi lodge and stay on a complimentary basis to get sufficient media coverage

Year 2 - first year of operation

- Sales of over \$ 100`000
- 20% occupancy rate
- additional further developing of special interest products to a high - level standard (historical special excursions archaeological expeditions, ornithological route, anthropological course and cultural awareness)
- Improve and expand the existing activity and soft adventure products (additional Ruaha hot - spots to visit.)

- developing a cultural - historical product as tailor made trips to individual cultural occasions and historical locations etc. this is depending on the priority demands of the customers, which has to be closely observed and put in action
- intensifying and expanding of the marketing activities as mentioned on market analysis
-

Year 3 - second year of operation

- sales of over \$ 200,000
- 30% occupancy rate
- Achieving of no deficit.
- intensifying of strategic market alliances to tourism stakeholders as tour operators and other important partners in the tourism sector
- Physically and powerful appearance at the "karibu fair" travel trade fair exhibition in Arusha by having our own designed stall. Tie up new contacts with tour operators and agents along with other important tourism stakeholders and suppliers (nationally and internationally). deepen of existing contacts to all sorts of tourism stakeholders and suppliers
- image creation as Ukhozi lodge is a soft eco - tourism lodge, emphasizing the abundance of flora and fauna of the Ruaha National Park
- collecting and assessing of vital figures, indication facts, and tendencies in the tourism market for future marketing strategic use as for market trends and growths, visitor survey figures etc. to put the information into action for short term and pave the way for middle and long term decision if needed

Year 4 - third year of operation

- sales of over \$ 300`000
- increasing the occupancy rate to 40% and 50% m
- realizing of breakeven point
- The first profit forecast is budgeted with \$ 25`000 for the third year of operation. The profit made in year three of operation should be re - invested back into the project to improve belated recognized inadequate issues and obstacles wherever is needed.
- Intensifying of all means regarding marketing measures as described and mentioned above.

Year 5 - fourth year of operation

- sales of over \$ 400,000
- the occupancy rate will come up to 60% and more by year nights per month
- the projected profit forecast of year four is considered to be between \$ 70,000. and \$80,000.-
- by year four of operation Ukhozi lodge will be by now well established and recognized in the market as from the tour operator side, the customer sector and supplier part
- Ukhozi will undertake an inventory of tourism resources. this would involve not just an enumeration of the various resources, amenities and facilities - but also include a qualitative description for further action

- Ukhozi lodge will put its focus once more on sustainable development by using all potential resources and methods, to illustrate and display that Ukhozi lodge is the leading hospitality provider in the Ruaha National Park

Year 5 +

- sales forecast of over \$ 500`000.- will be the order of the day
- Occupancy rate find its own level within 60% and 75% of the room capacity.
- profit forecast by year five will be above \$ 80`000.- per annum
- by year five of operation, Ukhozi lodge will be by then established as the Ruaha national park flagship of sustainable and local eco - tourism with additional services and products as mentioned earlier.
- By consideration and reflection after 4 years successful operation of Ukhozi lodge, the idea and concept of Ukhozi lodge could now be transferred into other similar settings in Tanzania like Mikumi national park (or other similar spots comparable to the Ruaha. As well it should be taken into account, whether there is a need to have two Ukhozi lodges in the Southern tourism circuit.
- Ukhozi lodge concept may well be sold to other prospective investors in a licensed franchising structure. This is one way like Ukhozi may grow for the future. Ukhozi lodge concept is made for small eco - tourism lodges. the size of another Ukhozi lodge should not be oversized to keep the exceptional feeling.
- It is strongly to consider, that with the profit earnings Ukhozi lodge, the local community should get the share out of it in one and the other way. There are a lot of things to do to them; it starts with infrastructure for fresh water, sewage system, waste disposal system, access facilities to the small farms, schooling facilities. Ukhozi lodge could be as well a flagship in community work in the Southern circuit.

6.4 Training Plans

- Develop tourism with dignity, respect and nurture local cultures (including religion), so that they enrich the tourism experience and build pride and confidence among local communities
- ensure communities surrounding the park are involved in and benefit from tourism and that exploitation and over commercialization of local cultures is avoided
- use tourism as a catalyst for human development, focusing on gender equality and career development
- coordinating training programmes to develop skills within the framework of the skills
- develop relationships with local communities based on trust, empowerment, co - operation and partnerships and respect indigenous intellectual property
- recruit and employ staff in an equitable and transparent manner and maximize the proportion of staff employed from the local community
- as the project develops and becomes viable it will provide structures for the local community to improve their skills in order to participate in the management and rewards of Ukhozi lodge.

- provide appropriate ongoing skills training programmes for staff
- involve the community in the planning, decision - making and the development of tourism
- support the development of sustainable local crafts by assisting with improvement of design, marketing, production and packaging skills whilst ensuring that they maintain the authenticity and cultural values of their products
- provide information to guests about the host culture and traditions, local services and attractions, and encourage them to use them
- educate guests to respect local customs and traditions and make them aware of how they should behave in this regard
- create opportunities for visitors to interact with locals in an unstructured, spontaneous manner protect the community against negative social and cultural impacts associated with tourism, such as increased crime, drug and alcohol abuse, prostitution, and crimes

7. FINANCIAL PROJECTIONS

7.2 Key Assumptions

In the Development of Ukhozi Island lodge Business Plan we generated some key assumptions to be used in the financial projections. The following table indicates the diversity of assumption variables that may need to be considered in order to produce projected P&Ls, cashflows and balance sheets for a business.

Sales volumes	Intangible assets
Selling prices	Material costs
Selling & distribution costs	Accumulated depreciation
Tax rates for inputs	Prepayments/accruals
Research & development	Material/WIP inventories
Interest rates	Capital expenditure
Tax rates for sales	Share issues
Management/administration	Direct head count levels
Changes in loans/debt	Capital & revenue grants
Bad debt provisions	Dividends
General overheads	Wage rates
Operating leases & HP	Fixed asset disposals
Target finished stocks	Corporation tax
Depreciation rates	Other direct costs
Current year debtors/creditors	Finance leases
Opening balance sheet	Phasing of opening balances
Fixed asset values	Operational overheads

**APPLICABLE RATES FOR DEPRECIATION ALLOWANCES OF
DEPRECIABLE ASSETS**

S/n	Class Depreciable assets	Rates
1*	Computers and data handling equipment together with peripheral devices, automobiles, vehicles with seating capacity less than 7 tones, Construction and earth moving equipment	37.5%
2*	heavy general purpose or specialized trucks, Trailers and Trailer mounted containers, Railroad Cars, locomotives and equipment, vessels, barges, tags, and similar water transportation equipment, aircraft, other self-propelling vehicles, plants and machinery	25%
3*	Office furniture, fixtures and equipment, any asset not included in another class.	12.5%
4**	Buildings, structures, dams, water reservoirs, fences, and similar works of a Permanent nature	20%
5**	Buildings, Structures, and Similar Works of Permanent Nature other than those mentioned in class 5	5%
6**	Intangible assets other than those in class 4.	Over useful life of the asset
	Year of Income	Depreciation Allowance
	1 st Year	20% of expenditure
	2 nd Year	20% of expenditure
	3 rd Year	20% of expenditure
	4 th Year	20% of expenditure
	5 th Year	20% of expenditure

*Note 1: * Pools of depreciable assets calculated basing on diminishing value Method*

*Note 2: ** Pools of assets calculated basing on straight line method*

7.3 Profit and loss accounts (see enclosure)

7.4 Balance sheet (see enclosure)

7.5 Cashflow projection (see enclosure)

Recap of our income statement:

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	520,409	680,117	735,988	795,179	865,783
Cost of Goods Sold	66,000	100,000	150,000	150,000	152,000
Gross Profit	586,409	780,117	885,988	945,179	1,017,783
Operating Costs	\$159,400	\$244,911	\$338,591	\$347,091	\$363,591
Finance & Adm	\$106,637	\$161,683	\$163,566	\$178,066	\$236,566
Sales & marketing	27,000	52,000	75,000	80,000	85,000
Total Expenses	293,037	458,594	577,157	605,157	685,157
Net income before tax	293,372	321,523	308,832	340,022	332,626
Less: Income tax	0	0	0	57,267	67,552
Net income	293,372	321,523	308,832	340,022	265,074

Summary of balance sheet:

	Year 1	Year 2	Year 3	Year 4	Year 5
Assets	\$2,051,076	\$2,623,539	\$2,392,396	\$2,564,925	\$2,775,641
Liabilities	\$759,674	\$844,086	\$870,842	\$865,591	\$870,786
Equity	\$1,426,860	\$1,692,931	\$1,895,810	\$2,129,749	\$2,344,370

FINANCIAL ANALYSIS AND INTERPRETATIONS OF THE PROPOSED INVESTMENT IN USD (\$)

RETURN ON INVESTMENT (ROI)	FORMULA		YEAR 1	YEAR 2	YEAR 3	YEAR 4	AVERAGE
	NPBT	Net Assets	150%	185%	221%	254%	162%

Interpretation of ROI: Return on Investment (ROI) is a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment relative to the investment's cost. In this case, the average ROI is 162%.

NET PRESENT VALUE (NPV)

Cash Flows	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4
Cash Flows	500,000	100,000	200,000	300,000	400,000
WACC	12.55%				
Formula Used					
Present Values		88,853	157,898	210,447	249,319
Sum of PV		706,518			
Initial Investment	500,000				
NPV		1,206,518			

Amount to be invested in order to generate the desired revenue today's value of tomorrow's/future cash generated following an investment e.g the value of TZS 1,000,000, in the next five years, if invested today.

ALTERNATIVES	Rate of Return
Dhahabu Deposit	10.00%
Fixed Deposit	13.00%
Lending/Borrowing	20.00%
Treasury Bills	7.18%
WACC	12.55%

WACC = the weighted average cost of capital or interest rate/return on investment that you can earn by putting your money in a passive investment such as Fixed Deposit or Treasury Bills etc

Interpretation: Since the NPV > Initial Investment, then, the project is worthwhile investing in rather than putting your money in a Fixed Deposit or any other passive investment at a WACC of 12.55% p.a

MODIFIED INTERNAL RATE OF RETURN (MIRR)

	FY 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4
Initial Outlay	500,000	100,000	200,000	300,000	400,000
Future Values at 12.55%		160,437	285,107	379,991	450,180
Terminal Cash Flows		1,275,716			

Initial Outlay = Total Cash Flows = 1,275,716

$$(1+MIRR)^5 = \frac{1,275,715.90}{(500,000)} \quad \text{or} \quad (1+MIRR)^5 = \frac{2.5514318}{1}$$

1+MIRR = (1.21) or MIRR = (2.21)

Interpretation: The MIRR or the rate at which the cashflows generated as result of the investments made shall be re-invested at the rate of 32% p.a i.e. every TZS 1,000,000 generated during the investment shall yield a 32% extra, that is, TZS 320,000 per annum.

Please Note that: MIRR provides a more realistic measure of the project performance than the ROI and IRR

Risk Assessment Spreadsheet
 UKHOZI ISLAND SAFARI LODGE
 COMPANY LIMITED

Risk Assessment Criteria	Strong 1	Good 2	Average 3	Weak 4	Poor 5
Activity	1	1	2	2	3
History	< 5 years	3 - 5 years	2 - 3 years	1-2 years	< 1 year
Growth	< 10% annual growth over the past 3 years	5 - 10% annual growth over the past 3 years	1 - 5% annual growth over the past 3 years	No growth	Declining
Cyclical	Not cyclical	Not cyclical	Some cyclical	Cyclical	Quite cyclical
Supplier dependency	Diversified and no dominant suppliers (10% rule)	Diversified but some dominant suppliers (10% rule)	Dominant suppliers (10% rule)	1-5 major suppliers	1-2 major suppliers
Buyer dependency	Diversified and no dominant buyers (10% rule)	Diversified but some dominant buyers (10% rule)	Dominant buyers (10% rule)	1-5 major customers	1-2 major customers
Management	Clear and well established	Well established	Some succession but not formal	No obvious succession	No obvious succession
Succession plan	Strong and roles/responsibilities defined	Roles/responsibilities defined	No formal management structure	No management structure (partnership/sole proprietor)	No management structure (partnership/sole proprietor)
Experience	Good levels of management experience	Fair levels of management experience	Some management experience	Weak management experience	No management experience apart from owner
Strategy/Plans	Coherent, appropriate & reviewed	Appropriate	No formal strategy or plans	No strategy/plans	No strategy/plans
Cost controls & productivity	Good	Fair	No policy	No capacity	No capacity
Financial Evaluation	Accurate and independent Audit	Accurate and reliable	Reasonably accurate	Not accurate - prepared for tax purposes	Records are informal
Financial Statements	Daily sales, weekly stock, debtors, creditors	Weekly sales, Monthly stock, debtors, creditors	Monthly sales, Monthly stock, debtors, creditors	Some records kept	< 1 year
Record keeping	3-5 years	3-5 years	1-3 years	1 year	Poor - late payments seen but fully repaid on time
Bank History	Exceptional. No late payments	Exceptional. No late payments	Good. No late payments	Fair. 1-3 late payments	Non-traditional, poor guarantee used
Borrowing record	Traditional, Title deeds held	Traditional, Title deeds held	Non-Traditional, fully covered	Non-traditional, poor guarantee used	Guarantee used
Collateral	1	1	7	7	0
TOTALS	1	7	7	7	0