



KIPUPWE INVESTMENT CO. LIMITED

**Kitopeni Street, Plot 02, Block D, Bagamoyo,
Tanzania**

+2557684827967 

info@kipupwesafaricamp.com 

www.kipupwesafaricamp.com 

BUSINESS PLAN

FOR

ESTABLISHMENT

OF

SAFARI HOTEL OPERATIONS

Milan – September 9th, 2023

1. Executive Summary

Kipupwe Investment Co. Limited (the “Company”) is lawfully registered in Kitopeni Street, Plot 02, Block D, Bagamoyo, Tanzania. The Company is developing an exclusive safari lodge in the National Park of Ruaha (the “Project”), in compliance with the rules and regulations imposed by the local authorities. The promoters are international entrepreneurs with a strong experience in the hospitality and tourism sector and are currently investing a significant capital (USD 1,500,000.00) for the development of the Project.

The Project is expected to be a profitable enterprise for the promoters and to significantly contribute to the government by means of:

- Taxes
- Natural Park Fees
- Employment of local people
- Train employees providing career growth opportunities
- Generate business for local enterprises (ie. suppliers)
- Contribute to marketing Tanzania as an elite tourism destination around the world
- Encourage investors to deploy capital into the Country

The document has been prepared by the Company to serve as business plan for the Project.

2. The Promoters

The shareholders of this Project are all entrepreneurs with different professional and business backgrounds, however they all possess a solid experience in the tourism and hospitality industry.

The Company is owned by four Shareholders / Entities:

Name	Shares %	Nationality
DOROS BS PROPERTIES LIMITED	51%	United Kingdom
Andrea Ugo Maria Brunetti	25%	Italy
Leonardo Gloor	19%	Switzerland & Italy
Judit Raymond Mushi	5%	Tanzania

3. Location

The Company is headquartered in Kitopeni Street, Plot 02, Block D, Bagamoyo, Tanzania.

The Project is located at 7°37'50”S 35°00'04”E, Ruaha National Park, Tanzania.

4. Market Study

Tanzania Economy

Tanzania's economy is characterized by a diverse mix of sectors, with agriculture, industry, and services playing significant roles. Over the years, the country has experienced consistent economic growth and has taken steps to further develop its infrastructure and attract foreign investment.

Agriculture employs a substantial portion of the population and produces crops ranging from staples like maize and rice to cash crops like coffee and cotton.

The industrial sector is expanding, particularly in manufacturing and mining, with Tanzania being a significant producer of gold and other minerals.

Services, notably tourism, contribute significantly to the economy, thanks to the country's natural beauty and cultural heritage, attracting international tourists.

Infrastructure development is a priority, with investments in transportation and energy to facilitate trade and industrial growth.

The government has initiated several programs to promote economic growth and development. These efforts encompass measures to enhance agricultural productivity, attract foreign direct investment, and streamline administrative processes to encourage business investments.

The country engages in international trade, with key trading partners including China, India, the European Union, and neighbouring East African countries. Exports encompass agricultural products, minerals, and manufactured goods. Tanzania is a member of the East African Community (EAC), a regional organization aimed at promoting economic integration and cooperation among East African nations. This partnership facilitates trade and economic collaboration within the East African region.

The Tanzanian Shilling (TZS) serves as the official currency, managed by the Bank of Tanzania, which oversees monetary policy.

Tourism Overview in Tanzania

Tourism in Tanzania is a thriving and dynamic industry that plays a pivotal role in the country's economy. Tanzania is celebrated for its diverse range of attractions, making it a sought-after destination for travellers from around the world.

At the heart of Tanzania's tourism appeal is its stunning natural beauty. The country boasts an array of breathtaking landscapes, from the iconic Mount Kilimanjaro, Africa's highest peak, to the vast Ruaha National Park, which is home to an incredible variety of wildlife. Visitors are drawn to Tanzania's national parks and conservation areas, where they can embark on unforgettable safari adventures and witness the famous Great Migrations.

Beyond its natural wonders, Tanzania's cultural richness is a significant draw. The nation is characterized by its remarkable ethnic diversity, with over 120 different ethnic groups coexisting harmoniously. Travelers have the opportunity to immerse themselves in the traditions, music, dance, and cuisine of these diverse communities, including the Maasai, Chaga, and Swahili people.

For those seeking a tropical escape, the Zanzibar Archipelago, located off the Tanzanian coast, offers pristine white sandy beaches and the historic city of Stone Town. This paradise is an ideal destination for relaxation, water sports, and exploring the unique cultural heritage of Zanzibar.

Adventure enthusiasts flock to Tanzania for a wide range of thrilling activities, including hiking, mountain biking, and water sports. Climbing Mount Kilimanjaro is a bucket-list adventure for many, offering a challenging yet immensely rewarding experience.

Tanzania is committed to conservation efforts and sustainable tourism practices. Its national parks and reserves are managed with a focus on preserving the environment and protecting wildlife, all while providing visitors with unforgettable experiences.

The country boasts a well-developed tourism infrastructure, with accommodations ranging from luxurious lodges to budget-friendly options. Visitors typically arrive at Julius Nyerere International Airport in Dar es Salaam, with regional airports serving other destinations.

The Tanzanian government actively promotes tourism through marketing campaigns and initiatives aimed at attracting more visitors. The industry continues to grow, making a significant contribution to the country's economy.

In summary, Tanzania's tourism industry offers a diverse array of experiences for travelers, whether they are wildlife enthusiasts, adventure seekers, culture enthusiasts, or beach lovers. With its natural wonders, cultural richness, and commitment to conservation, Tanzania remains a top choice for both African and international tourists.

Safari Tourism in Tanzania

Safari tourism in Tanzania is a captivating and essential component of the country's vibrant tourism industry. Renowned for its remarkable wildlife and stunning natural landscapes, Tanzania beckons travellers from across the globe to embark on exhilarating safari adventures. The country's claim to fame lies in its extraordinary biodiversity, with the celebrated "Big Five" and a host of other species, making it a wildlife enthusiast's paradise.

The iconic Serengeti National Park boasts expansive savannahs and the awe-inspiring Great Migration, where millions of wildebeest and zebras undertake a dramatic journey each year. The Ngorongoro Conservation Area, a UNESCO World Heritage Site, is home to the remarkable Ngorongoro Crater, a natural caldera teeming with wildlife, offering an opportunity to witness an astounding variety of animals up close. Tarangire National Park is celebrated for its large elephant herds, Lake Manyara National Park is known for tree-climbing lions and flamingos, and the Selous Game Reserve provides a more remote and exclusive safari experience. Rugged terrain characterizes Ruaha National Park, the largest in the Country, attracting those seeking encounters with predators, particularly lions and leopards, and birdwatchers with a rich avian population.

Tanzania offers a wide range of safari experiences, including traditional game drives, walking safaris, hot air balloon safaris, and boat safaris, catering to various preferences. The country is committed to wildlife conservation and sustainable tourism practices, meticulously managing its national parks and reserves. Tanzania boasts a well-developed tourism infrastructure, featuring a broad spectrum of accommodation

choices, and the dry season, typically spanning from June to October, is the optimal period for safaris, with the renowned Great Migration in the Serengeti occurring around July and August.

Some safari experiences in Tanzania extend beyond wildlife encounters, offering opportunities to engage with local communities and gain insight into the rich cultural heritage of indigenous groups like the Maasai.

Tanzania's safari tourism sector continues to thrive, attracting nature enthusiasts and adventure seekers alike, making it a premier destination for an unforgettable safari experience in the heart of Africa.

Ruaha National Park

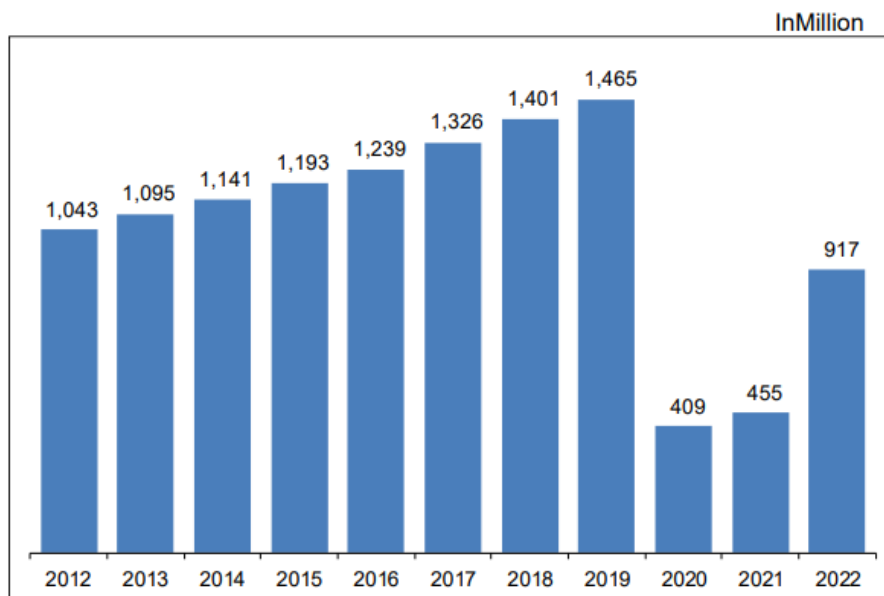
Ruaha National Park, located in southern Tanzania, is the country's largest national park and a hidden treasure for safari enthusiasts. Spanning approximately 20,226 square kilometers, it boasts a diverse and pristine landscape with rolling hills, vast plains, riverine valleys, and ancient baobab trees. The Great Ruaha River courses through its heart, sustaining a remarkable array of wildlife, including abundant elephant herds, buffalo, lions, leopards, cheetahs, African wild dogs, and various antelope species. This wilderness offers a secluded and authentic safari experience, away from the crowds, making it a prime destination for those seeking an immersive and unspoiled wildlife adventure in Africa.

Tanzania Arrivals Statistics

Tourist Arrivals

According to the UNWTO, International tourism saw stronger than expected results in 2022, backed by pent-up demand and the lifting or relaxation of travel restrictions in many countries. Despite headwinds, including the emergence of Omicron at the beginning of the year, the war in Ukraine and climate changes, international tourism showed resilience, as reflected in its strong recovery in arrivals. Over 900 million tourists travelled internationally in 2022, double those in 2021, albeit 37 percent fewer than the pre-pandemic levels.

International Tourists Arrivals 2012 - 2022



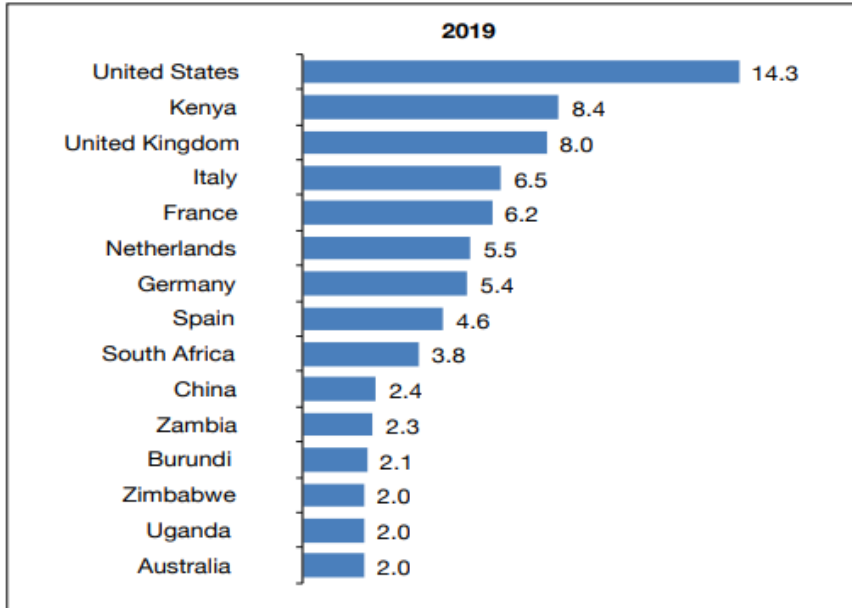
Source: UNWTO

Regional wise, Europe was the largest destination, it recorded 585 million arrivals in 2022, equivalent to 64% of the world's share. The Americas received 142 million arrivals accounting for 16%, while Africa accounted for less than 5%. When comparing with pre-pandemic numbers, the Middle East enjoyed the strongest relative increase across regions in 2022, with arrivals rising by 83% of the pre-pandemic levels. Africa and the Americas both recovered about 65% of its pre-pandemic visitors, while Asia and the Pacific reached only 23%, due to stronger pandemic-related restrictions.

In 2022, a strong rebound in tourism spending was registered, resulting in the recovery of pre-pandemic levels in income across many destinations, in several cases higher than their growth in arrivals. This has been supported by increase in average spending per trip due to longer periods of stay, the willingness by travellers to spend more at destination, and higher travel costs, partly due to inflation. Europe depicted the biggest share of tourism receipts, followed by the Americas, Asia and the Pacific.

We represent in the following chart the key source market for Tanzania mainland **only** before the Covid-19 travel disruptions (2019 data):

Top international Source Markets – 2019 (Mainland Only)

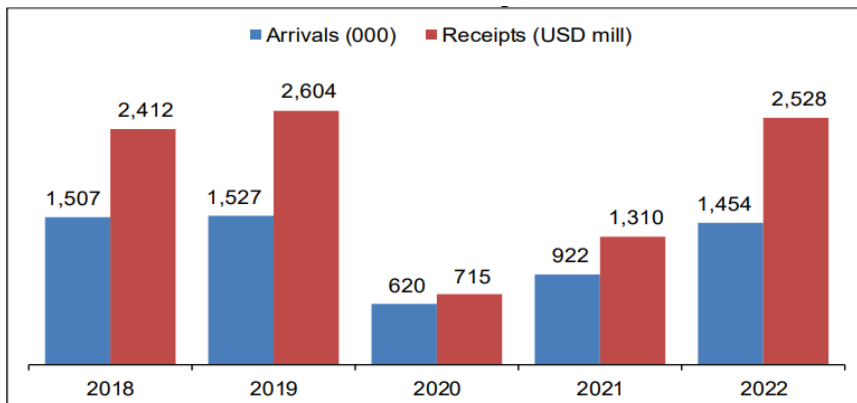


Source: Tanzania National Bureau of Statistics

Tourism Performance

Despite the global economic shocks, including the residuals of Covid-19 and the war in Ukraine which started early 2022, Tanzania’s tourism sector showed high level of resilience, reflected by tourists’ arrivals and per capita spending. Measures taken by the governments and the private sector helped to cushion the industry from these adverse effects. The measures include enhancement of products diversification and quality development, coupled with aggressive marketing of Tanzania’s unique tourist attractions worldwide, including the Royal Tour. As result, the number of international visitors increased by 57.7% to 1,454,920 in 2022, from 922,692 recorded in 2021. Correspondingly, international tourism earnings increased to USD 2,527.8 million in 2022, from USD 1,310.3 million in 2021.

International Tourists Arrivals & Earnings 2012 - 2022



Source: UNWTO

5. Target Markets

The Company will focus the prime markets for the Safari Business such as USA, UK, European Countries and UAE. In line with the envisaged positioning of the resort, the Company will target high-end clientele seeking a state-of-the-art service and experience. The Company will also focus on customers from emerging markets to support the Government's tourism expansion strategy and promote Tanzania overseas.

6. Marketing Strategy

In order to penetrate and expand the target audience, the Company will embark in the following activities:

- Participation in tourism exhibitions / initiatives that focus on promoting Tanzania's tourism and especially safari retreats to the world
- Advertising through internet and social medias channels
- Establishing an interactive Company website promoting the resort as well as the local natural reserve
- Establishing commercial agreements with seasoned tour operators / agents in the tourism and safari business
- Constantly exceed our clients expectations so that they may spread by word of mouth about the business and the Country's comprehensive offer.

We believe that the successful implementation of the outlined plan will lead to the expected volumes of business and beyond.

7. Pricing Strategy

The Company intends to offer best in class service, boosted by a feeling of privacy and authentic experience to a segment of clientele that has the spending power to access these types of unique retreats. Therefore, the pricing will reflect the quality, the location and the overall experience we aim to cater to our clients.

8. Competition

The Company expects to face competition, both existing and in pipeline, however, due to its niche positioning as well as its unique structural features we believe it will stand out from the crowd and succeed in its segment.

The Company business plan includes a periodical investment strategy that will keep the lodge up to the highest quality standards as well as adapts its offer to the newest trends and sustainability solutions. We believe that this strategy will too play a pivotal role in securing a leading role within the competitive arena.

9. Manpower and Organisational Structure

The Project is managed by the Board of Directors of **Kipupwe Investment Co. Limited** (the “BOD”). The BOD, as per market practice, will be responsible for the Company policies and guidelines. The day-to-day operations will be appointed to a Hotel General Manager assisted by key personnel such as a Finance Director and a Head Ranger.

In order to ensure excellent and safe operations, the management will provide job training as required by law and beyond to elevate service standards. Furthermore, to boost morale and improve employees’ performance, a discretionary bonus will be allocated based on merits. Once the Project is completed, it is estimated to provide direct employment to c. 30 people, with a predominance of Tanzanian nationals.

10. Project Details

Introduction

Kipupwe Investment Co. Limited is building an exclusive safari lodge that will cater to a high-end segment of travellers seeking a private immersive experience into the wilderness of Ruaha National Park.

The lodge is characterised by a one-of-a-kind design that blends in respectfully with the surrounding nature and allows great views from within. The Project includes the implementation of sustainable solutions such as solar energy production to ensure a lower possible carbon footprint.

The first phase of the resort will comprise four accommodation units (luxury villas) collectively capable of accommodating up to 14 guests. The club house, hosting a reception area, a restaurant & bar, a wellness area with pool bar and a gift shop, is designed to accommodate up to 30 guests in view of future expansions of the room mix.

We report below a Spilt of the room inventory:

Unit Type	Number of Units	Number of bedrooms (per unit)
Villa	2	1
Family Villa	1	2
Private Retreat	1	3

The supporting facilities and back of house have been designed to minimise interference with the guests as well as with the wildlife, with sustainable technology (ie. waste disposal) at the core of the project.

Project Implementation

The Project to reach operational activity has been estimated at \$2,000,000.00 with a soft opening expected by Q2 2024 and an official opening within 3 months from then.

We represent below a breakdown summary of the project's cost structure:

Item	Cost
Construction	\$500,000
FF&E	\$100,000
Operational Equipment & Cars	\$500,000
Going Concerns / Opening Budget	\$300,000
Professional Fees	\$100,000
Total	\$1,500,000

Financing

The Project is expected to be entirely financed by form of equity investment by Kipupwe Investment Co. Limited which has the resources to do so. However, the Company reserves the option to integrate with financing solutions should it deems it necessary or strategically advantageous.

Project Implementation Schedule

	Activity	Status
1	Concession & Permits	Done
2	Concept & Structural Designs	Done
3	Construction	Ongoing
4	Furnishing	Q4 2023
5	Testing	Q1 2024
6	Staffing	Q1 2024
7	Soft Opening	Q2 2024
	Opening	Q3 2024

The schedule represented above summarises the main phases of the project. However, these are subject to several factors, both internal and external, that may affect the envisaged timeline.

11. Profit and Loss Projections

We represent below a five-year P&L projection from the operating activity of the lodge:

Year	1		2		3		4		5	
CPI	3.00%		3.00%		3.00%		3.00%		3.00%	
Days	305		305		305		305		305	
Rooms	4		4		4		4		4	
Rooms Sold	488		610		671		708		708	
Occupancy	40%		50%		55%		58%		58%	
ADR	1200		1320		1399		1455		1499	
RevPAR	480		660		770		844		869	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Rooms Revenues	585,600	79.5%	805,200	78.9%	938,863	78.4%	1,029,677	78.2%	1,060,567	78.2%
F&B Revenues	112,240	15.2%	158,600	15.6%	191,235	16.0%	212,280	16.1%	218,648	16.1%
OOD Revenues	39,040	5.3%	56,120	5.5%	67,100	5.6%	74,298	5.6%	76,527	5.6%
Total Revenues	736,880	100.0%	1,019,920	100.0%	1,197,198	100.0%	1,316,255	100.0%	1,355,743	100.0%
Room Costs	52,200	8.9%	53,766	6.7%	55,379	5.9%	57,040	5.5%	58,752	5.5%
F&B Costs	76,240	67.9%	88,580	55.9%	96,415	50.4%	102,507	48.3%	105,582	48.3%
OOD Costs	11,400	29.2%	11,742	20.9%	12,094	18.0%	12,457	16.8%	12,831	16.8%
Total Costs	139,840	19.0%	154,088	15.1%	163,888	13.7%	172,004	13.1%	177,164	13.1%
GOI	597,040	81.0%	865,832	84.9%	1,033,310	86.3%	1,144,251	86.9%	1,178,578	86.9%
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
A&G	131,520	17.8%	135,466	13.3%	139,530	11.7%	143,715	10.9%	148,027	10.9%
S&M	80,000	10.9%	82,400	10.2%	84,872	9.0%	87,418	8.5%	90,041	8.5%
POM	32,400	4.4%	33,372	3.3%	34,373	2.9%	35,404	2.7%	36,466	2.7%
Utilities	28,106	3.8%	36,778	3.6%	42,281	3.5%	46,044	3.5%	47,425	3.5%
Total Undistributed Costs	272,026	36.9%	288,015	28.2%	301,056	25.1%	312,582	23.7%	321,959	23.7%
GOP	302,907	41.1%	547,219	53.7%	696,338	58.2%	792,181	60.2%	815,947	60.2%
Overhead Costs	22,106	3.0%	30,598	3.0%	35,916	3.0%	39,488	3.0%	40,672	3.0%
FF&E	29,475	4.0%	40,797	4.0%	47,888	4.0%	52,650	4.0%	54,230	4.0%
Park License	10,000	1.4%	10,000	1.0%	10,000	0.8%	10,000	0.8%	10,000	0.7%
Insurance	12,000	1.6%	12,360	1.2%	12,731	1.1%	13,113	1.0%	13,506	1.0%
Total Non-Recoverable Costs	73,582	10.0%	93,754	9.2%	106,535	8.9%	115,251	8.8%	118,408	8.7%
EBITDA	229,326	31.1%	453,465	44.5%	589,804	49.3%	676,931	51.4%	697,539	51.5%

- All Revenues are net of VAT and Park Fees
- These projections are made on assumptions based on the proposed investment, facilities, operations, and envisaged resort positioning within its competitive market.
- These projections are NOT made as representations or guarantees. The actual operating results will depend on several factors, including external ones such as local & global economic conditions, political implications, and the extent and nature of future competition.
- These projections are strictly confidential and property of Kipupwe Investment Co. Limited. Under no circumstances they should be released to third parties.

12. Economic Aspects and Impacts of the Project

Beside the financial / monetary returns to the owners, there are other benefits for the country's local community, such as:

- **Employment Opportunities**
Employment is one of the main topics of interest for the government. The Project will contribute to reducing unemployment as well as training employees, providing opportunity for career growth
- **Revenue to the Government**
The Project is expected to contribute to the Government's revenues by means of VAT, corporate tax and other forms of taxations deriving from the Company's activity
- **Revenue to the National Park**
The Project operations will generate a substantial amount of cash flow for the National Park from Park Fees
- **Revenue to Other Local Business**
The Project will partner with local suppliers (ie. food, services, prime materials etc..) that will too economically benefit from its ongoing operations. Furthermore, clients of the Lodge during their overall vacation are likely to travel the across the country distributing wealth
- **Promoting Tanzania Abroad**
The Project marketing initiatives will contribute to spread global awareness on Tanzania's tourism offer, enhancing its appeal for future travellers
- **Foreign Exchange Earnings**
Since the Project's clientele will be mostly international, this will earn foreign currency for the United Republic of Tanzania

13. Conclusion

The Project is profitable and contributes to the government revenue by way of taxes.

The Project will provide employment for c. 30 people, mostly Tanzanian Nationals.

The Project operations will generate revenue also to local businesses via partnerships and trade.

The Project will contribute in spreading the global awareness of Tanzania as a tourism destination.

The Project is an encouraging sign for both domestic and international investors to deploy capital in Tanzania, as well as a sign of trust in the current Government.

14. Recommendation

Following the foregoing economic and financial evaluation of the Project, we strongly recommend that this Project be implemented and be given all support required and possible by the concerned Government and Ministries Agencies, including the Tanzania revenue Authority (TRA) and the Tanzania Investment centre (TIC).

The Project deserves this support because of its feasibility, beneficial impacts to the local economy and society, and to support the Promoters strong commitment in the country that will likely lead to more investments.

Best regards,



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Leonardo Gloor

Director

KIPUPWE INVESTMENT CO. LIMITED

l.gloor@kipupwesafaricamp.com

+39 346 995 48 57