

MASAI GIRAFFE SAFARIS LIMITED

Business Plan

for

**Development and Operating Tourist Permanent tented
camps at Hembe 1 Site Area located at 36m 0679539
and 9751168 within Serengeti National Park**

Prepared by:

MASAI GIRAFFE SAFARIS LIMITED

P.O. Box 13842

ARUSHA

1.0. EXECUTIVE SUMMARY

1.1 Project Concept

The envisaged project will involve the construction of modern tourist permanent tented camps with journey operations services, the proposed permanent tented camps are intended to reduce the shortage of good and affordable accommodation for tourists and business executives at Serengeti National Park, the proposed tented camps will provide all basic services. The project developer plans to have the following:

- Guest Lodges 15 of 30 beds about 15 guest tents of different categories including 10 double-bed tents, three triple-bed tents, and two-family tents to accommodate a maximum of 30 visitors at full occupancy,
- The main building containing the Reception area will be a premium place, which will be used by arrivals to rest while waiting for the service.
- The central building will also be comprised of offices for management activities, public toilets, a gift shop, and business center, a restaurant, a bar, a kitchen, and cold rooms.
- Swimming pool, and associated changing rooms, flush toilets and showers, spa, and sauna
- Staff/Driver's quarters and associated facilities

- Generator, powerhouse, house and storage rooms, and workshop for light maintenance of vehicles and other equipment
- Car parking Wastewater management facilities

The project's detailed designs have been carried out by a reputable international consultant.

The project will involve setting up site services/civil works, motor vehicles, general machinery and equipment, room equipment, general furniture and fittings, and room furniture and fittings.

The project will employ adequately trained and experienced management and employees.

The project document presents a proposal by MASAI GIRAFFE SAFARIS LIMITED, a locally registered company with Certificate of Registration No.44277 Dated 26th August 2002.

The project promoters are confident of mobilizing financial resources through shareholders' equity by 20% and the remaining 80 through local loan

This study will be used as a guiding tool and will be presented to TIC for obtaining a certificate of incentives to facilitate the smooth implementation of the project.

1.2 Location

The project will be located at **Hembe 1 Site Area** located at **36m 0679539** and **9751168** within **Serengeti National Park, Serengeti district, Mara region**

1.3 The Sponsors

MASAI GIRAFFE SAFARIS LIMITED will be sponsoring this project. The Company is currently jointly owned by three shareholders both of Tanzanians

Share Holders	% of Share	Nationality
Nickson Medvais Moshi	60	Tanzania
Mary Nickson Moshi	40	Tanzania

1.4 MASAI GIRAFFE SAFARIS LIMITED

The company's main business objectives include the following:

- To operate permanent tented camps business
- To operate tour operations etc.

1.5 **MASAI GIRAFFE SAFARIS LIMITED Formation and Legal Status**

MASAI GIRAFFE SAFARIS LIMITED was registered in Tanzania with Certificate of Incorporation No.44277 Dated 26th August 2002.

1.6 **Objective of Study**

The purpose of this study is to work out the technical and commercial details and financial viability of the permanent tented camps project

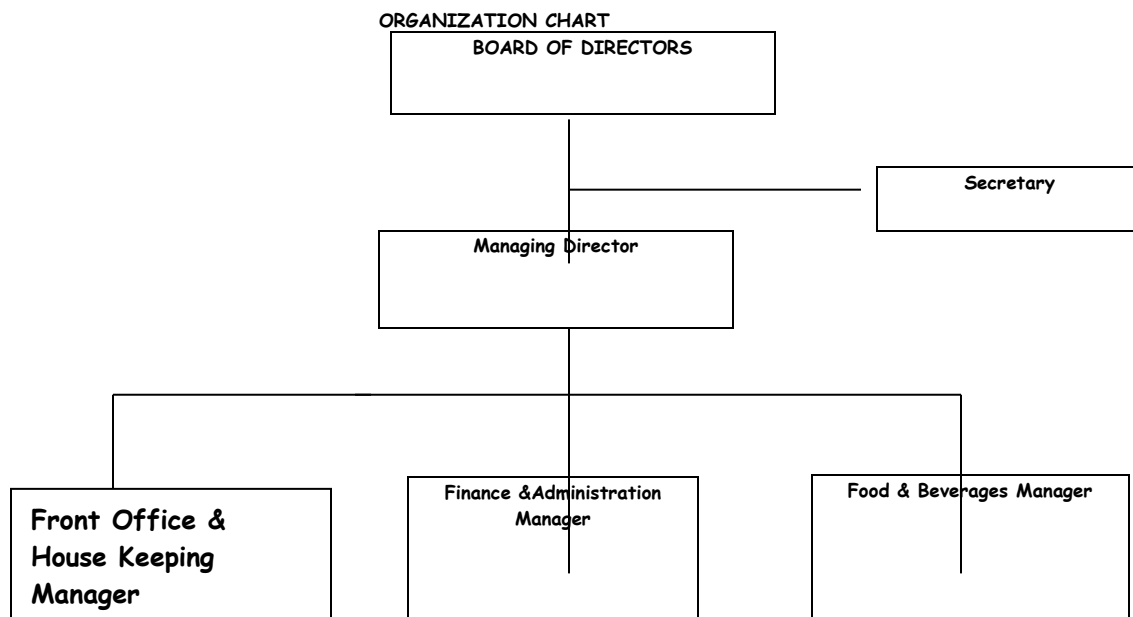
1.7 **Tourism Overview**

Tanzania is among the few countries in the world endowed with such a vast range of tourist attractions, Tanzania has 13 national parks, 29 game reserves, 40 controlled conservation areas, and marine parks that are located in the Northern and Southern parts of the country. More than 25% of Tanzania's land area of about one million square kilometers is covered with magnificent game reserves and national parks. Tanzania is also home to Mt. Kilimanjaro, The miles-long silver sand beaches and the rich historical site of the spicy islands of Zanzibar are yet another attraction that Tanzania is blessed with.

The market survey carried out reveals that the current demand for hotel rooms is higher than the current supply. There is a wide gap between supply and demand and therefore, business opportunities exist for setting up additional lodge facilities to satisfy the market requirements.

2.0 Project Management and Manpower Requirements

MASAI GIRAFFE SAFARIS LIMITED will be under Management with vast experience in managing various tourist lodges, the overall change regarding policy and business strategy will be the responsibility of the board of directors. The Managing Director will be assisted by properly trained managers in the areas of Sales and Marketing, Finance, Administration, and Operations, who will together comprise the management team. 34 staff will be directly employed.



2.1 Project description

Significant measures have been taken to liberalize the Tanzania economy to encourage the private sector to take a lead in Tanzania's economic growth; The Government of Tanzania embarked on an adjustment program to give the private sector the leading role.

It is given the above; **MASAI GIRAFFE SAFARIS LIMITED** came up with a proposal to construct and operate a permanent tented camps project.

It is expected that the construction of the permanent tented camps project will be completed within one year time and the company will apply to be exempted from paying import duty and VAT on Capital goods and deemed capital goods, the project will contribute significantly toward the tourism sector and construction sector.

2.2 Targeted Markets.

The targeted markets of the project are upper budget and middle market segments both foreigners and locals who are visiting Serengeti National Park, It also targets to exploit the corporate market, especially for conferences, package

accommodation, parties, shop space, holidaymakers, business travelers, etc.

The National Bureau of Statistics (NBS) has released the new number of international arrivals in the country which shows that in 2023, the number increased to 1,131,286 compared to 900,182 who entered the country in 2022, thanks to the Royal Tour film by President Samia Suluhu Hassan.

The new figures indicate that there is an increase of 231,104 visitor equivalent to 25.7%, according to NBS. "Out of the total arrivals who entered the country, 336,203 visitors had their entry through Zanzibar, equivalent to 31.1per cent of total arrivals,"

2.3 Supply and Competition

The proposed permanent tented camps will compete with all lodges and hotels in Serengeti National Park currently classified to include; lodges, vocational hotels, and tented camps, within an 8km radius from the proposed hotel no hotel of high quality is available, only gust houses are available According to National Bureau of Statics, the occupancy rates fluctuate around 50%

2.4 **Market Strategy**

According to experts, personal selling is the most effective method for marketing packaging accommodation, training, and conference services because of the customers and institutions. To reduce sunk costs, the project will use marketing agents who will be paid commissions on successful deals. Marketing in all types of media and publicity will support and enhance personal selling

The project will use the internet for advertising to potential customers in the world.

2.5 **Pricing**

The pricing policy for the project will be based on the service cost and competition levels considering various variables namely:

- Service positioning
- Gain market share from competitors
- Stimulating and increasing demand and
- Achieving profitability and liquidity financial performance goals

The recommended market entry tariffs for rooms are US\$530 per bed.

2.6 Monitoring and Evaluation

The Management has full commitment to ensuring good use of the resourced and sustainable environment and the well-being of the community with which they do business. Thus, the management philosophy is through business processes, managers will strive to ensure compliance with standards and the safety of the products and customers they serve.

3.0 Project Investment Cost

The estimated capital investment cost of the project is US \$ 1,063,600.

MASAI GIRAFFE SAFARIS LIMITED COST STRUCTURE US\$

PARTICULAR	US\$
Land and Buildings	450,000.00
Machinery & Equipment	200,000.00
Motor Vehicles	1,000,000.00
Furniture & Fixtures	200,000.00
Pre exp	10,000.00
Others	5,000.00
Working Capital	100,000.00
TOTAL	1,965,000.00

For the project to be a reality a total investment amounting to US \$1,965,000 is needed

(i) Land and Building: Us \$450,000

The project has opted for construction of permanent tented camps estimated to cost US \$450,000.

(ii) Machinery and Equipment: US\$ 200,000

Some US \$200,000 is anticipated to be spent on the purchase of various warehouse tools and equipment which will accommodate new technology

(iii) Motor Vehicles:US\$1,000,000

The project will need 1 min bus, 2light trucks, 7land cruiser 4 double cabin pick. These vehicles will be used to facilitate hotel business and double cabin pick up for administrative purposes.

(iv) Hotel Furniture and Equipment: US \$200,000

This investment cost item has been estimated to cost US \$200,000. It will consist of beds, tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc.

(v) Pre-Operational Expenses: US\$ 10,000

They cover things like company registration, expenses spent in exploring the viability of the project, especially

the market/client identification exercise. This Pre-operational cost item also covers the architectural designs of project buildings and other engineering services. Also included under this item are issues like consultancy fees, legal fees and recruitment and training costs of personnel.

(vi) Initial Working Capital: US\$100,000

Calculations as well as assumptions for working capital requirements, it is estimated that it will cost US \$ 100,000.

4.0 Financing pattern

The project will be financed by equity by 20%; constituting US\$ 393,000 and loan 80% being US \$ 1,572,000.00

5.0 Project operating costs

In order to realize its intended objective the project will have to meet the operating costs estimated to be 65% of total revenue.

6.0 Aspect of Project Sustainability

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The growing of tourism sector and economic activities gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

7.0 Monitoring and Evaluation

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

8.0 Financial Analysis

8.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight line method to depreciate the project's capital items has been applied.

It is assumed that the major building raw material will be procured from local market and other will be imported.

Revenues have been conservatively estimated based on experience of the promoters and trends in the hospitality industry.

8.2 Financial Statements:

8.3 Projected Hotel Revenue

For projection purposes, it is assumed that the economic life of the project is five years, and that revenue from Hotel business commence from the first year of operation.

MASAI GIRAFFE SAFARIS LIMITED SUMMARY OF REVENUE " US\$"

	1	2	3	4	5
Revenue (Food & drinks)	392,000	411,600	432,180	453,789	476,478
Revenue (Accommodation)	1,531,250	1,607,813	1,688,203	1,772,613	1,861,244

8.4 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life as it is shown below

**MASAI GIRAFFE SAFARIS LIMITED PROJECTED INCOME & EXPENDITURE
STATEMENT (US\$)**

	1	2	3	4	5
Revenue (Food & drinks)	392,000	411,600	432,180	453,789	476,478
Revenue (Accommodation)	1,531,250	1,607,813	1,688,203	1,772,613	1,861,244
Total revenue	1,923,250	2,019,413	2,120,383	2,226,402	2,337,722
Operating Expenses:	1,153,950	1,211,648	1,272,230	1,335,841	1,402,633
Profit before Depreciation &Interest	769,300	807,765	848,153	890,561	935,089
Interest	94,320	75,456	56,592	37,728	18,864
Depreciation	131,000	131,000	131,000	131,000	131,000
Gross Profit	543,980	601,309	660,561	721,833	785,225
Tax (30%)	163,194	180,393	198,168	216,550	235,567
Profit After Tax	380,786	420,916	462,393	505,283	549,657
Accumulated Profit	380,786	801,702	1,264,095	1,769,378	2,319,036

8.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1 as it is shown below:

MASAI GIRAFFE SAFARIS LIMITED PROJECTED CASH FLOW " US\$"

SOURCES:		1	2	3	4	5
Profit before interest and depreciation	-	769,300	807,765	848,153	890,561	935,089
Equity	393,000					
Loan	1,572,000					
Total Sources	1,965,000	769,300	807,765	848,153	890,561	935,089
Applications:						
Capital expenditure	1,850,000	-	-	-	-	-
working Capital &Others	115,000					
Cash	-	606,106	627,372	649,985	674,011	699,521
Tax	-	163,194	180,393	198,168	216,550	235,567
Sub total	1,965,000	769,300	807,765	848,153	890,561	935,089
Total applications	1,965,000	769,300	807,765	848,153	890,561	935,089
Accumulated cash		606,106	1,233,478	1,883,463	2,557,474	3,256,996

8.6 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Net worth of the project increases in the first year of operation to up to 5th year as it is shown below:

MASAI GIRAFFE SAFARIS LIMITED PROJECTED BALANCE SHEET " US \$"

Fixed Assets		1	2	3	4	5
Opening balance	-	1,850,000	1,719,000	1,588,000	1,457,000	1,326,000
Total Long-term Assets	-	1,850,000	1,719,000	1,588,000	1,457,000	1,326,000
Less depreciation	-	131,000	131,000	131,000	131,000	131,000
Closing balance	-	1,719,000	1,588,000	1,457,000	1,326,000	1,195,000
Working capital	115,000	115,000	115,000	115,000	115,000	115,000
Accumulated cash	-	606,106	1,233,478	1,883,463	2,557,474	3,256,996
Total assets	115,000	2,440,106	2,936,478	3,455,463	3,998,474	4,566,996
Financed by						
Equity	393,000	393,000	393,000	393,000	393,000	393,000
Accumulated profit	-	380,786	801,702	1,264,095	1,769,378	2,319,036
Total equity	393,000	773,786	1,194,702	1,657,095	2,162,378	2,712,036
Long term loan	1,572,000	1,257,600	943,200	6,288,000	314,400	-
Total debts	1,572,000	1,257,600	943,200	6,288,000	314,400	-
Total equity and debts	1,965,000	2,031,386	2,137,902	7,945,095	2,476,778	2,712,036

8.7 Projected pay back period

Total investment is US \$ 1,965,000 cash accumulation in year 3 is US\$ which is 2,286,356 more than the initial investment

MASAI GIRAFFE SAFARIS LIMITED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	380,786	131,000	511,786	1,141,048
2	420,916	131,000	551,916	1,692,964
3	462,392	131,000	593,392	2,286,356
4	505,283	131,000	636,283	2,922,639
5	549,657	131,000	680,657	3,603,296

8.8 Projected loan repayments

The loan borrowed from financial institution is expected to be fully paid within 5 years of projection operation

MASAI GIRAFFE SAFARIS LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Loan Interest (6%)	Total Amount Paid	Loan Balance
1	314,400.00	94,320.00	408,720.00	1,572,000.00
2	314,400.00	75,456.00	389,856.00	1,257,600.00
3	314,400.00	56,592.00	370,992.00	943,200.00
4	314,400.00	37,728.00	352,128.00	628,800.00
5	314,400.00	18,864.00	333,264.00	314,400.00

8.9 Projected Risks

This is a hospitality industry investment; no major risks have been identified for this kind of project so far. Unless a change in the globe's political and economic stability occurs the project is more likely to prosper very fast for a very long period.

9.0 Economic Aspects

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization of the recently acquired prime site
- The project will create employment for 34 people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local suppliers and transporters, which will also have a trickledown effect in the environmental issues.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will have transfer of knowledge and skills to co-operative members as far as managing o f a big project

10.0 Implementation

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of hotel will be completed within one year:-

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	March 2024
2	Construction	April -October 2024
3	Procurement furniture and other facilities	October-February 2025
3	Recruitment	March 2025
4	Testing business and in house training	July- August 2025
6	Commercial operations	August 2025

11.0 Conclusion and recommendations

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.