

HERITAGE CAMPS & LODGES LIMITED

Revised Business Plan

for

**Development and Operating Tourist Lodge at Turner Area,
Serengeti National Park**

**Prepared by:
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1.0. EXECUTIVE SUMMARY

1.1 Project Concept

The envisaged project will involve construction of a modern tourist business lodge with journey operations services, proposed lodge is intended to reduce shortage of good and affordable accommodation of for tourists and business executive at Turner Area, Serengeti National Park, the proposed lodge will provide all basic services. One main building will be constructed with 40 beds The project detailed designs has been carried out by reputable international consultant.

The project will involves 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.

Project document presents a proposal by HERITAGE CAMPS & LODGES LIMITED, a locally registered company with Certificate of Registration No. 139773 Dated 7th December 2017. The project promoters are confident of mobilizing financial resources through loan and equity

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

1.2 Location

The project will be located at **Turner Area, Serengeti National Park, Mara region**

1.3 The Sponsors

HERITAGE CAMPS & LODGES LIMITED will be sponsoring this project. The Company is currently jointly owned by five shareholders both of Tanzanians

Share Holders	% of Share	Nationality
Erick R. Mashauri	50	Tanzania
Happyness E. Mashauri	7.5	Tanzania
Green E .Mashauri	7.5	Tanzania
Kelvin E. Mashauri	7.5	Tanzania
Evance E. Mashauri	7.5	Tanzania
Lorein E. Mashauri	7.5	Tanzania

1.4 HERITAGE CAMPS & LODGES LIMITED

The company main business objectives include the following:

- To operate tourist lodge business
- To operate tour operations etc.

1.5 Heritage Camps & Lodges Limited Formation and Legal Status

HERITAGE CAMPS & LODGES LIMITED was registered 7th December 2017 under Tanzanian Laws.

1.6 **Objective of Study**

The purpose of this study is to work out the technical and commercial details and financial viability of a lodge project

1.7 **Tourism over View**

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 the Tanzania's land area of about one million square kilometers covered with magnificent game reserves and national parks. Tanzania is also a 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.

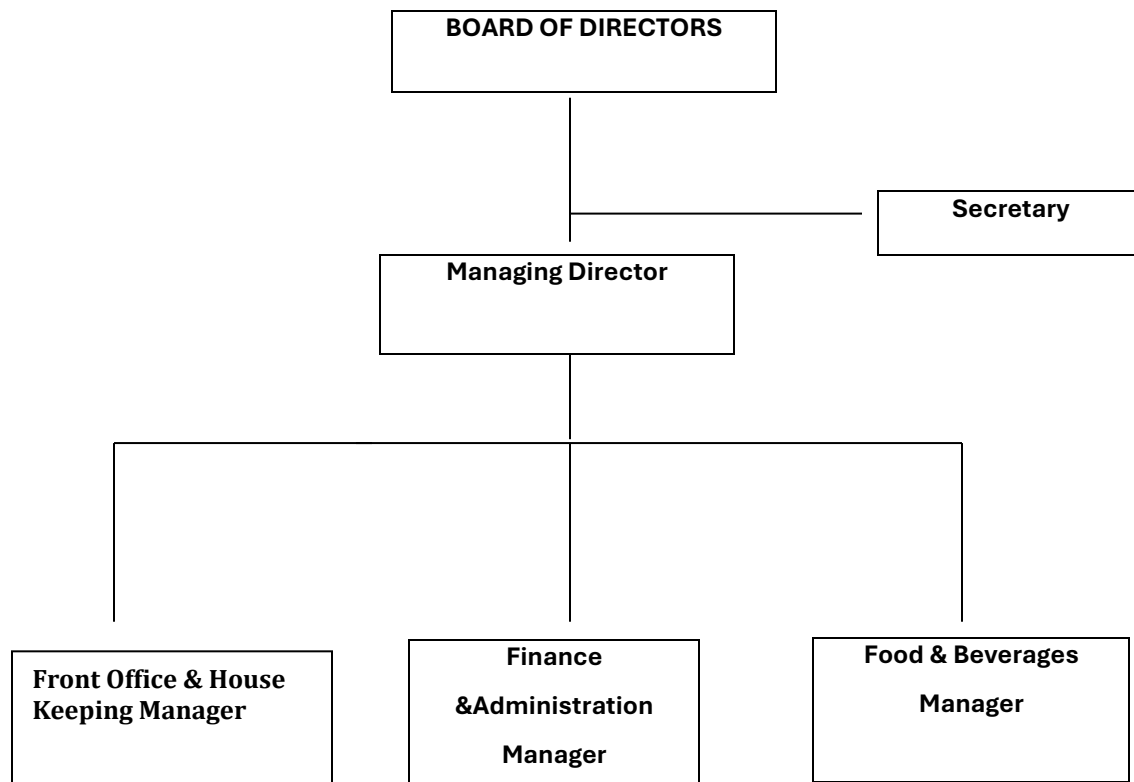
The market survey carried out reveals that the current demand for hotel rooms is higher than current supply. There is wide gap between supply and demand and therefore, business opportunities exist for setting up additional lodge facilities to satisfy the market requirements.

2.0 **Project Management and Manpower requirements**

HERITAGE CAMPS & LODGES LIMITED will be under the Management with vast experience in managing various tourist lodge, the overall in charge regarding policy and business strategy will be responsible with board of directors. Managing Director will be assisted

by properly trained managers in areas of Sales and Marketing, Finance, Administration and Operations, who will together comprise the management team. 23 staff will be directly employed.

ORGANIZATION CHART



The summary of employees is as following

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	1	5	7	13
Men	2	5	3	10
TOTAL	3	10	10	23

2.1 Project description

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

It is in view of the above; **HERITAGE CAMPS & LODGES LIMITED** came up with a proposal to construct and operate a lodge.

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

2.2 Targeted Markets.

According to the Bank of Tanzania's monthly economic review of January 2024, the number of tourists who visited the country in the year ending 31 December 2023 amounted to 1,808,205, while the forex earnings reported record growth of USD 3.4 billion, an increase of 36% compared to the same period in 2022.

- Mount Kilimanjaro. Mount Kilimanjaro
- Serengeti National Park. Serengeti National Park
- Zanzibar Beaches. Zanzibar Beaches
- Ngorongoro Conservation Area
- Ngorongoro Conservation Area
- Lake Manyara National Park
- Lake Manyara National Park
- Mafia Island. Mafia Island
- Tarangire National Park.
- Pemba Island.

Here are five reasons why Tanzania is your destination for an Africa getaway next year:

- **Density of Wildlife**

For experiencing a ton of wildlife in a little time, Tanzania wins. Here you will see the Great Wildebeest Migration and the single largest concentration of large predators on Earth (Serengeti National Park). There are reports of 430 different species and four million wild animals in Tanzania. Four million! Life-changing encounters at every turn? Guaranteed



- **Access and Infrastructure**

Tanzania has long benefitted from commitments to infrastructure and transportation. The international airports, highways, and ferries are all well positioned to shuttle you right into the action. When every minute

counts on safari, Tanzania's highlights are all within a day or two's drive (or flight).



Political Stability

A recent Pew Research poll stated that nearly 80% of the Tanzanian population is satisfied with the way democracy is working in their country. Tanzania's new president John Pombe Magufuli has promised to fight corruption, along with massive investments in infrastructure and public services. These promises seem to be working, making Tanzania a leader in regional stability

Reasonable Prices

Because the safari economy is a major economic driver in Tanzania, you will find many tour operators and experiences at all levels of quality, amenities, and price. Because of this, Tanzania might be your best choice for maximizing quality of experience at reasonable costs.

Variety of Experience

Committing to Tanzania means you've got options (and pssst...they're all world-class.) From scraping the ceiling of Africa with a climb up Mount Kilimanjaro, to wildlife watching in Serengeti or a week of island life in Zanzibar, let's call 2019 the Year of Unparalleled Adventure. And let's name Tanzania for what it is: the single best destination on Earth to make next year exceptional.

2.3 Supply and Competition

The proposed hotel will compete with all hotels and lodges in Serengeti National parks currently classified to include; town hotels, lodges, vacation hotels, restaurants, motels and tented camps, within 8km radius from proposed hotel no hotel of high quality is available, According to National Bureau of Statistics, the occupancy rates fluctuate around 50%

2.4 Market Strategy

According to expert, personal selling is the most effective method for marketing packaging accommodation, training and conference services because the customers and institutions. In order 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 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\$180, per room.

2.6 Monitoring and Evaluation

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

3.0 Project Investment Cost

The estimated capital investment cost of the project is US \$ 2m.

Heritage Camps & Lodges Limited Cost Structure Us \$

Land and Buildings	590,000.00
Machinery & Equipment	300,000.00
Motor Vehicles	200,000.00
Furniture & Fixtures	500,000.00
Pre exp	10,000.00
Others	100,000.00
Working Capital	300,000.00
TOTAL	2,000,000.00

For the project to be a reality a total investment amounting to US \$2m is needed

(i) Land and Building: Us \$590,000.00

The project has opted for construction of lodge estimated to cost US \$590,000.00.

(ii) Machinery and Equipment: US\$ 300,000

Some US \$300,000 is anticipated to be spent on the purchase of various warehouse tools and equipment which will accommodate new technology

(iii) Motor Vehicles:US\$200,000

The project will need 1 min bus, 1heavy trucks, and 1double cabin pick. These vehicles will be used to facilitate hotel business and double cabin pick up for administrative purposes.

(iv) Lodge Furniture and Equipment: US \$500,000

This investment cost item has been estimated to cost US \$100,000. It will consist of beds, tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc.

(v) Pre-Operational Expenses: US\$ 20,000

They cover things like company registration, expenses spent in exploring the viability of the project, especially the market/client identification exercise. This pre-operational coast 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) Other Expenses: US\$ 100,000

The company is expecting to incur other general expenses which have been budgeted as above.

(vii) Initial Working Capital: US\$300,000

Calculations as well as assumptions for working capital requirements, it is estimated that it will cost US \$ 300,000.

4.0 Financing pattern

The project will be financed by loan 100% being US \$2,000,000

5.0 Project operating costs

In order to realize its intended objective the project will have to meet the operating costs which have been budgeted to be 40% of total revenue to cover expenses such as Salaries and Wages, Utilities Motor vehicle running Expenses, Insurance Marketing cost ,Depreciation cost ,Pension, Communication ,Administrative cost, Maintenance cost ,Loan interest ,Donation etc.

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 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 lodge business commence from the first year of operation.

Summary Of Revenue " Us\$"

	1	2	3	4	5	6	7	8
Revenue	1,188,000	1,306,800	1,437,480	1,581,228	1,739,351	1,913,286	2,104,614	2,315,076

8.4 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 8 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US \$ **375,200 in** first year to US **2,629,014** in the 4 year

HERITAGE CAMPS & LODGES LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT

(US\$)

	1	2	3	4	5	6	7	8
Revenue	1,188,000	1,306,800	1,437,480	1,581,228	1,739,351	1,913,286	2,104,614	2,315,076
Cost of raw materials	475,200	522,720	574,992	632,491	695,740	765,314	841,846	926,030
Profit before Depreciation & Interest	712,800	784,080	862,488	948,737	1,043,610	1,147,972	1,262,769	1,389,046
Interest	100,000	68,571	57,143	45,714	34,286	22,857	11,429	-
Depreciation	76,800	76,800	76,800	76,800	76,800	76,800	76,800	76,800
Net Profit before Tax	536,000	638,709	728,545	826,223	932,524	1,048,315	1,174,540	1,312,246
Tax (30%)	160,800	191,613	218,564	247,867	279,757	314,494	352,362	393,674
Profit After Tax	375,200	447,096	509,982	578,356	652,767	733,820	822,178	918,572
Accumulated Profit	375,200	822,296	1,040,860	1,288,727	1,568,484	1,882,978	2,235,340	2,629,014

8.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1st, i.e. US\$ **552,000** of operation to the 5th year i.e. US \$5,992,371

HERITAGE CAMPS & LODGES LIMITED PROJECTED CASH FLOW US\$

	-	1	2	3	4	5	6	7	8
SOURCES:									
Profit before interest and depreciation	-	712,800	784,080	862,488	948,737	1,043,610	1,147,972	1,262,769	1,389,046
Loan	2,000,000								
Total Sources	2,000,000	712,800	784,080	862,488	948,737	1,043,610	1,147,972	1,262,769	1,389,046
Applications:									
Capital expenditure	1,390,000	-	-	-	-	-			
working Capital & Others	610,000								
Cash	-	552,000	592,467	643,924	700,870	763,853	833,478	910,407	995,372
Tax	-	160,800	191,613	218,564	247,867	279,757	314,494	352,362	393,674
Sub total	2,000,000	712,800	784,080	862,488	948,737	1,043,610	1,147,972	1,262,769	1,389,046
Total applications	2,000,000	712,800	784,080	862,488	948,737	1,043,610	1,147,972	1,262,769	1,389,046
Accumulated cash		552,000	1,144,467	1,788,391	2,489,261	3,253,114	4,086,592	4,996,999	5,992,371
Necessary working capital	610,000	610,000	610,000	610,000	610,000	610,000	610,000	610,000	610,000

8.6 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Owner equity of the project increases from US\$NIL in the first year of operation to US \$ **918,572** in the 8th year

HERITAGE CAMPS & LODGES LIMITED PROJECTED BALANCE SHEET US \$

	-	1	2	3	4	5	6	7	8
Fixed Assets	-								
Opening balance	-	1,390,000	1,313,200	1,236,636	1,160,303	1,084,197	1,008,313	932,647	857,194
Additions	-								
Total Long-term Assets	-	1,390,000	1,313,200	1,236,636	1,160,303	1,084,197	1,008,313	932,647	857,194
Less depreciation	-	76,800	76,800	76,800	76,800	76,800	76,800	76,800	76,800
Closing balance	-	1,313,200	1,236,400	1,159,836	1,083,503	1,007,397	931,513	855,847	780,394
Working capital	610,000	610,000	610,000	610,000	610,000	610,000	610,000	610,000	610,000
Accumulated cash	-	552,000	1,144,467	1,788,391	2,489,261	3,253,114	4,086,592	4,996,999	5,992,371
Total assets	610,000								
Financed by									
Loan	1,500,00	1,714,286	1,428,572	1,142,858	857,144	571,430	285,716	2	-
Equity	500,000	-	-	-	-	-	-	-	-
Net profit	-	375,200	447,096	509,982	578,356	652,767	733,820	822,178	918,572
Total equity	-	375,200	447,096	509,982	578,356	652,767	733,820	822,178	918,572
Long term loan	-	-	-	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-	-	-
Total debts	-	-	-	-	-	-	-	-	-
Total equity and debts	-	375,200	447,096	509,982	578,356	652,767	733,820	822,178	918,572

8.7 Projected pay back period

Total investment is US \$ 2m, cash accumulation in year 4 is US\$. 2,217,834.00 Which is more than the initial investment by US\$ US\$217,834, the project payback Period is exactly 4 year, only

The project has a relatively short payback period. It is remarkably impressive for a project whose investment is as big as US\$ 2m being recovered in 4 year.

HERITAGE CAMPS & LODGES LIMITED PROJECTED PAY BACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	375,200	76,800.00	452,000.00	452,000.00
2	447,096	76,800.00	523,896.00	975,896.00
3	509,982	76,800.00	586,782.00	1,562,678.00
4	578,356	76,800.00	655,156.00	2,217,834.00
5	652,767	76,800.00	729,567.00	2,947,401.00
6	733,820	76,800.00	810,620.00	3,758,021.00
7	822,178	76,800.00	898,978.00	4,656,999.00

8.8 Projected loan repayments

The loan borrowed from financial institution is expected to be fully paid within 7 years of projection operation

P HERITAGE CAMPS & LODGES LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	principle	Loan Interest (4%)	Total Amount Paid	Loan Balance
0				2,000,000
1	285,714	100,000	385,714	1,714,286
2	285,714	68,571	354,285	1,428,572
3	285,714	57,143	342,857	1,142,858
4	285,714	45,714	331,428	857,144
5	285,714	34,286	320,000	571,430
6	285,714	22,857	308,571	285,716
7	285,714	11,429	297,143	2
TOTAL	1,999,998	340,000	2,339,998	

8.9 Projected Risks

This is a real estate investment; no major risks have been identified for this kind of project so far. Unless a change in the country'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 increase share value of co-operative society member's
- The project will create employment for 23 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 of 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	July 2024
2	Lodge construction	Jan 2023-Nov 2026
3	Procurement Lodge furniture and other facilities	Dec-June2025
3	Recruitment	July 2025
4	Testing business and in house training	Aug-Nov 2026
6	Commercial operations	Sept 2026

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.