

## **BUSINESS PLAN**

**FOR ESTABLISHMENT OF THE PROPOSED PERMANENT TENTED CAMP,  
MIGOMBANI, MONDULI DC, AT ARUSHA REGION.**

### **PROPONENT:**



Paradise and Wilderness Limited  
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### **SUBMITTED TO:**

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**May 2025**

## **EXECUTIVE SUMMARY**

Paradise and Wilderness Limited of P.O Box 265, Dar-es-salaam has bought land (8,7acre) at Migombani, Title No. 12647, L.O. no. 1518986, with the aim of developing a permanent tented camp (PTC) at Migombani, Monduli District, Region Arusha.

This camp will be one of the three new “flagship” camps that Paradise and Wilderness is planning to operate within her current existing portfolio. The flagship camps that are planned by the company are relatively bigger in size, luxury accommodation, and at a prime location.

The locations of the two remaining camps are not yet finalized, however the areas of interest are identified.

The proposed PTC will consist of 52rooms, double beds each, creating 104 beds for sale per night. Due to the increased interest in Tanzania as a tourist destination in combination with our own increased sales we expect a high demand and shortage in rooms in the upcoming years. For this reason Paradise and Wilderness decided to invest in new camps in various locations, the investments will be separated into “regular” Tended camps and lodges and three "luxury" flagships on prime locations.

The purpose of the BP is to analyse the market viability of the proposed investment; forecast occupancy for the next seven years and analyse the cost-benefit of the proposed project; determine revenue and profits for the appropriate stakeholders; and predict the time frame for the project to recover the investment cost.

Paradise and Wilderness Limited is a limited Company by shares, which was incorporated under the Company’s Act, Cap 212 with certificate number 99200 of May 13<sup>th</sup>, 2013 to carry on the business in the sector of hospitality. The Company possesses a taxpayer’s identification number (TIN) 121-480-794 dated July 26<sup>th</sup>, 2013, which was granted on with an experience of more than 10 years in operating accommodation facilities in Tanzania the Company has managed to establish and operate several hotels, resorts, lodges and tented camps inside and outside prominent wildlife protected areas in Tanzania.

It is assumed that the total occupancy at the proposed PTC will be 31.200 bednights per year with only ten (10) months allocated for operation at different capacities and the remaining two (2) months being off-season and reserved for repairs and extensive cleaning.

It is further presumed that operational capacity for year one will be 35% that will be equivalent to 10.920 bednights. During the next 5 years, we predict the average occupancy to grow too 65%, which results in 20.280bednights per year and a yearly revenue of approximately 7.100.000.000 TZS. (accommodation and meal plans only)

We expect on average that every guest spends 2,5 drinks in the lodge, resulting in an average spending of 10usd. This will increase the revenue in year 7, with approximately 500.000.000 TZS.

Major items of expenditure in the variable cost category will be purchase of food & drinks, cleaning materials, needs for kitchen/restaurant and cooking, fuel and energy, all these products will be locally bought in the Arusha region.

The project will generate an estimated revenue for the Treasury of Tanzania (Corporate tax, VAT, SDL/payee, service levy and others ) in year one of approximately TZS 650.000.000, up to 2.000.000.000TZS in year 7 of the project.

Analysis revealed that the net present value of the proposed PTC is positive (+) and discounted benefits and costs of the project yielded a cost-benefit ratio of 3:1 meaning that the proposed project is sound.

The project remains with a positive cash flow after 7 years, taking into account the re-investment that needs to be made in year 8, due to expected life time of the Tents used in our PTC. Our project does not take in consideration the significant increase in tourism, which has just been announced by the government of Tanzania and is made based on a conservative growth in the tourism sector.

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## **CRONYMS AND ABBREVIATIONS**

BCA Benefit-Cost Analysis

BCR Benefit-Cost Ratio

BP Business Plan

Development Prospectus

GPS Global Positioning System

NCA Ngorongoro Conservation Area

NPV Net Present Value

PTC Permanent Tented Camp

TANAPA Tanzania National Parks

TIC Tanzania Investment Centre

TIM Tourism Investment Manual

TIN Taxpayer's Identification Number

TZS Tanzania Shilling

USD United States of America Dollar

UTM Universal Transverse Mercator Coordinate System VAT

VAT Value Added Tax

## 1.0. BACKGROUND INFORMATION

Paradise and Wilderness Limited of P.O Box 265, Dar-es-salaam has bought land (8,7acre) at Migombani, Title No. 12647, L.O. no. 1518986, with the aim of developing a permanent tented camp (PTC) at Migombani, Monduli District, Region Arusha.

This camp will be one of the three new “flagship” camps that Paradise and Wilderness is planning to operate within her current existing portfolio. Operations of the camp will be under the name: Africa Safari Manyara Migombani

Maximum capacity of the proposed PTC will be 104 beds. The proposed PTC will consist of 52 tented rooms, restaurant, bar, kitchen, swimming pool, spa/wellness, fitness area and staff accommodations.

## 2.0. PURPOSE OF THE BUSINESS PLAN

The purpose of the business plan is to analyse the market viability of the proposed investment; forecast occupancy for the next seven years and the cost-benefit of the proposed project; determine revenue and profits for the company and predict the time frame for the project to recover investment cost.

## 3.0. COMPANY PROFILE:

Name of the Company	Paradise and Wilderness Limited
Contact Address	P.O Box 265, Dar-es-Salaam; Telephone: +255 6 2116 9980; Email: <a href="mailto:niels@paradise-wilderness.com">niels@paradise-wilderness.com</a>
Contact /Telephone Number	Niels van Capel; Telephone: +255 06 2116 9980
Company Head Office	Dar-es-Salaam City Council
Certificate of Incorporation No.	99200 of May 13 <sup>th</sup> , 2013
Taxpayers Identification Number (TIN)	Number 121-480-794 of July 26 <sup>th</sup> , 2013
Sector	Hospitality
Sub-sector	Tour Operator and Accommodation Facilities
Overall objective of the Company	To carry on the business of operating Campsites, Tented Camps, Lodges, Hotels. Tour Operator and Organiser as well as Tour Agent
Total Investment Cost	TZS 6.750.000.000 (USD 2.500.000)

Paradise and Wilderness Limited is a Foreign-owned Company, which was established in 2013 to provide hospitality services in the tourism industry in Tanzania. It is registered as a taxpayer by the Tanzania Revenue Authority and possesses a license to conduct the business of operating accommodations

Paradise and Wilderness Limited consists of staff who are highly committed to providing the ultimate accommodation experience. The Company is operating accommodation facilities in different parts of Tanzania including Serengeti, Lake Natron, Lake Manyara area, Selous Game reserve, Karatu town, Arusha, Saadani National park, Nyerere national park.

The proponent is operating tourist facilities in Zanzibar which includes Paradise Beach Resort, Reef and Beach Resort, Zanzibar Bay Resort, Shaba Boutique Hotel and Dream of Zanzibar.

#### **4.0. MARKET VIABILITY OF THE PROPOSED PROJECT**

With long of 10 years in hospitality industry in Tanzania and particularly the management of mobile and seasonal camps in wildlife protected areas, the Paradise and Wilderness Limited has established that majority of the international visitors to the wildlife protected areas located in northern Tanzania prefer high-end services and are interested to spend their nights inside those areas where wildlife and the wilderness, which motivate them to visit Tanzania are found.

However the aim and goal of attracting a target group of tourists in proposed development in PTC is threefolded:

1. Regular Safari guests on the way or coming back out of the Serengeti as part of the most common package sold by tour operators in Tanzania.
2. Short safari trips, which start from Zanzibar. A combination package of several close by National Parks can be created, with a fly-in on Manyara Airport from Zanzibar. The shareholders of Paradise and Wilderness Ltd have extensive experience with these kinds of trips, offering this already to Nyerere, Mikumi, Saadani.
3. Group travels, elderly people who enjoy nature but want a certain comfort and fixed base to operate the trips from. (to avoid long drives in vehicles). Due to the aging population in Europe (baby boomers) these trips are increasingly requested.

## 5.0. FORECASTED BED OCCUPANCY FOR THE NEXT SEVEN YEARS

Tourism industry in Tanzania continues to grow as indicated by an increase in the number of international tourist arrivals over a period of five years from 1,137,182 in 2015 to around 1,527,000 in 2019 before the Covid-19 pandemic accounting for an average of about 6.8% annual growth rate. Post Covid-19 pandemic, the average growth over a period of three years for international visitors to Tanzania was approximately 64% from 616,491 in 2020 to 1,808,205 in 2023. Tanzania invest published a number of 2.662.219 (increase of 20%) in comparison with 2023. These numbers show that the tourist sector is booming in Tanzania, we as investors of Paradise and Wilderness also see this back in our business practices.

We believe in the future, with proper government actions and stimulations, Tanzania will be able to measure itself with popular destinations such Mexico (40million), Thailand (28million) or Morocco (17million). Tanzania has the seize, attractions and location in the world to obtain these numbers in the future

For our calculations we follow a far more conservative growth, based on numbers presented above. We expect a maximum growth of 10% annually if government policies remain as currently in place.

The projections assume that occupancy will be ten (10) months in a year, with June, July, August, September and December being peak tourist season whereas October, November, January, February and March will be low tourist visitation. The remaining two months (April and May) will be off season with sporadic visitations and therefore set aside for renovations and intensive cleaning including fumigation.

Table1. 1: Forecasted bed occupancy for seven years of operation

<b>Year</b>	<b>Bed Occupancy</b>	<b>Operational Capacity (%)</b>	<b>Growth rate (%)</b>
Year 1	10.920	35	--
Year 2	14.040	45	10.0
Year 3	17.160	55	10.0
Year 4	18.720	60	5.0
Year 5	20.280	65	5.0
Year 6	20.280	65	0
Year 7	20.280	65	0

## 6.0. TOTAL INVESTMENT COST

Total investment cost of the proposed project is estimated to be TZS 6,750,000,000 (USD 2.500.000) (Table 2). For the financial and economic purposes, the year of pre-operational and construction is referred to as zero year in this BP and operation will commence after 12 months of construction, which is referred to as year one.

Buildings include all structures that will be composed of more or less permanent construction materials, mainly the reception, main building; platform for tents, swimming pool and associated facilities and staff and tourist driver guides, accommodation buildings and allied amenities.

The tents are built on wooden (hard wood) platforms, with fixed electricity and water supply, fixed set-up of bathroom, such as shower cabine

**Table 2. 1:** Total Investment of the project

ITEM	TOTAL INVESTMENT
Buildings / installations such as electric/water grid etc	1,225,000,000
Tents (wooden platform/tents/installment and materials)	3.666.000.000
Furniture	1.404.000.000
Machinery (solarplant/waterfiltration/generator/kitchen)	455.000.000
<b>TOTAL</b>	<b>6.750.000.000</b>

### 6.1. TOTAL INVESTMENT SEPARATED PER COUNTRY OF ORGINAN, (IMPORT)

**Table 2. 1:** Investment per country of origin (imports)

Netherlands (Luxury Tents)	1.560.000.000
China (machinery / bathrooms / furniture)	1.370.000.000
Uganda (wood)	350.000.000
Tanzania (purchase, labor etc)	3.470.000.000
<b>TOTAL</b>	<b>6.750.000.000</b>

## 7.0. PROJECTED ANNUAL SALES

Main sources of revenue shall be full board charges that will include a bed and meals. Other sources will be drinks, laundry services and tourist driver's accommodation. Projections are based on different annual capacities starting with 35% in year one to 65% in year seven (Table 1). Although full board charges per bed will differ from one category of accommodation facility to the other, and between seasons, on average it will be United States Dollar (USD) 110 per person per night, which is equivalent to TZS 297.000 at the current exchange rate of one USD to TZS 2,700. The mentioned average room charges excludes the Value Added Tax (VAT). The average room rate included VAT, is set on USD 129,80 (TZS 350.000)

The proposed charges for accommodation have been fixed at a relatively reasonable rate because of the number of existing camps in Karatu / Manyara regions. The policy of the Paradise and Wilderness is Limited, which operates the lodges under the brand name "Africa Safari" is to promote good quality at affordable tariff. Our average score on websites such as [booking.com](http://booking.com) with our existing camps is above the 8 (out of 10).

All charges for other services such as drinks, laundry service and tourist drivers' accommodation aim at gaining an extra income for the PTC. It is assumed guest on average will spend usd 12 per person per night (excluding VAT usd 10). Target group 1 spendings will be lower, however this will be compensated with additional income from target groups 2 and 3.

The average occupancy rate (source [Tanzaniainvest.com](http://Tanzaniainvest.com)) is 53.8 (december 2019), a more recent number is unavailable, however this is matching with the current average occupancy rate in our existing accommodations. Upon start up, we estimate a conservative 35%, which will grow in time to the averages as mentioned above.

Table 3. 1: Projected annual sales in TZS / page 12

**PARADISE AND WILDERNESS**  
**Project Migombani**

**Table 3.1 Projected annual sales**

Tents	52							
Capacity	2							
Bednights per day	<b>104</b>							
Days in year	360							
Lowseason	-60							
Operational days	<b>300</b>							
Yearly bednights	<b>31200</b>							
Year 1	35%	Occupancy	10920	Bednights	Average p/bn	Spendings	USD	Revenue tzs
Year 2	45%		10920	10920	110.00	110.00	1,201,200	(@2700)
Year 3	55%		14040	14040	110.00	110.00	1,544,400	3,243,240,000
Year 4	60%		17160	17160	114.00	114.00	1,956,240	4,169,880,000
Year 5	65%		18720	18720	118.00	118.00	2,208,960	5,281,848,000
Year 6	65%		20280	20280	122.00	122.00	2,474,160	5,964,192,000
Year 7	65%		20280	20280	126.00	126.00	2,555,280	6,680,232,000
			20280	20280	130.00	130.00	2,636,400	6,899,256,000
								7,118,280,000
								Average
								roomrate in TZS
								297000
								297000
								307800
								318600
								329400
								340200
								351000

Note: assuming from year 3 a yearly increase of 3% on roomrate

Other revenue	Bednights		Spendings		Revenue tzs	
	Bednights	Average p/bn	Average p/bn	USD	(@2700)	
Year 1	10920	10.00	10.00	109200	294,840,000	
Year 2	14040	10.00	10.00	140400	379,080,000	
Year 3	17160	10.00	10.00	171600	463,320,000	
Year 4	18720	10.00	10.00	187200	505,440,000	
Year 5	20280	10.00	10.00	202800	547,560,000	
Year 6	20280	10.00	10.00	202800	547,560,000	
Year 7	20280	10.00	10.00	202800	547,560,000	

## 8.0. PROJECTED OPERATING COST (EXPENDITURE)

The estimated gross operating cost including variable, semi-fixed and fixed costs of the proposed project, is estimated to be TZS 2.750.000.000 in year one and rise gradually to TZS 4.625.000.000 in year seven is shown in Table 5.1, Profit and loss 7 years prognoses. The variables (increments) over the period of 7 years.

In this 7 year plan the fixed costs are increased with only expected price increase, and semi-variable and variable costs are increased with a price correction in combination with the correction for the higher estimated occupancy percentage.

Table 4.1, (page 14) shows a detailed estimate of the costs incurred in year 1, with the variable numbers needed to calculate the costing.

All numbers are estimates based on the experience we have in our current operating lodges, which provide a detailed insight in current spending patterns needed to operate a lodge.

## 9.0. ECONOMIC AND TAX DEPRECIATION/APPRECIATION

Economic and tax depreciation/appreciation schedules are shown in Table 6. Economic depreciation is a reduction in the value of an asset over time largely due to wear and tear while appreciation is an increase in monetary value. The economic depreciation rates for pre operational expenses, buildings, tents, machinery, equipment, vehicles and furnishings range from 5% to 20%.

Table 6.

Investment	% economic	% fiscal	Years	Remarks
Land purchases	0	0	99	Renewal of right of occupancy
Buildings and installations	5.0	5.0	20	Fixed buildings
Tents	12.5	12.5	8	
Machinery and installations	20.0	20.0	5	
Inventory / decorations	20.0	20.0	5	

Soft investments such as cutlery, crockery, linen, towels, are not shown as investment, life expectancy varies between 1 and 2 years, depending on usage. Replacements are frequently needed to ensure the lodge remains at the quality levels we expect. These costs are taken in consideration directly in operational expenses.

<b>PARADISE AND WILDERNESS</b>				
<b>Project Migombani</b>				
Exchange rate	2700			
<b>Table 4.1 Variable, fixed and semi-fixed cost schedule (start up year)</b>				
<b>STAFF BUDGET</b>				
Staff:		Gross salary	Staff	
Norm: 1.35 staff member per room		300,000	70	21,000,000
Supervisors (Chef/HK/FOM/FB)		800,000	4	3,200,000
Local managers		2,000,000	1	2,000,000
1/3 Expat * @	750	2,025,000	1	2,025,000
<i>* Cluster-manager, Migombani, Karatu and Escarpment</i>				<b>28,225,000</b>
Employers contribution *			21%	5,927,250
				<b>34,152,250</b>
		Other staff costs	20%	6,830,450
<b>** Other staff costs (budget set on 20%, food, transport, uniforms, medical check-ups, education,</b>				
<b>* Employers contributions:</b>				
NSSF		14%		
SDL		4%		
Health insurance		3%		
		<b>21%</b>		
<b>Depreciation</b>			<b>Investments</b>	<b>Depreciation</b>
<b>TOTAL INVESTMENT</b>				
Land			550,000,000	0.0%
Buildings / installations			675,000,000	5.0%
Tents			3,666,000,000	12.5%
Inventory rooms	439	10000	1,404,000,000	20.0%
Machines and installations			459,000,000	20.0%
<b>Total</b>			<b>6,754,000,000</b>	<b>864,600,000</b>
Total investment			6,750,000,000	
Difference, soft inventory/decorations/cuterly*			-4,000,000	
<i>* Operational expenses, every two years full replacement</i>				
<b>Housing</b>	Period			
Electricity	M	2,000,000	24,000,000	(with 35%, occupancy)
Landlease	Y		2,000,000	
Insurance	Y		20,250,000	Premium 0.3%
Maintance *	Y		168,750,000	
			<b>215,000,000</b>	
* Maintance set on 5% of investment on annual basis (base investment)			2.5%	Year 1+2+3
* Maintance set on 5% of investment on annual basis (base investment)			5.0%	Year 4+5+6+7

PARADISE AND WILDERNESS				
<b>Project Migombani</b>				
Exchange rate	2700			
<b>Table 4.1 Variable, fixed and semi-fixed cost schedule (start up year)</b>				
<b>Operational costs</b>			At occupancy 35%	
<i>Fixed</i>				
Linnen materials			50,000,000	
Restaurant/Kitchen materials			75,000,000	
Pool cleaning			6,000,000	
Internet			20,000,000	
Waste collections/fumugation/pest control			12,000,000	
Repairs inventory			24,000,000	
Security/health/safety measures			15,000,000	
Decorations/rooms/interior			25,000,000	
			<b>227,000,000</b>	
<i>Semi-Variabel</i>				
Housekeeping materials	500,000	p/m	6,000,000	
Laundry chemicals	500,000	p/m	6,000,000	
Fuel generator	1,000,000	p/m	12,000,000	
Gas-cylinders	800,000	p/m	9,600,000	
			<b>33,600,000</b>	
<b>TOTAL</b>			<b>260,600,000</b>	
<b>Marketing, sales, reservations</b>				
Fixed set on % of sales (accomodation)			4.00%	
<b>Office expenses</b>				
Fixed set on % of sales (accomodation)			1.50%	
<b>General expenses</b>				
Auditfees	1,500,000	p/m	18,000,000	
Legalfees	1,500,000	p/m	18,000,000	
Consultancy	1,500,000	p/m	18,000,000	
Licenses/permits			25,000,000	
Other insurances			25,000,000	
Others			25,000,000	
			<b>129,000,000</b>	
Business interruption			0.60%	(on revenue, calculated separated on top of fixed general costs)
<b>Interest: *</b>				
Own capital	25%	1,687,500,000		
Borrowed	75%	5,062,500,000		
		<b>6,750,000,000</b>		
Interest	8%			
Repayment in Y	5	1,012,500,000		
Interest year 1		364,500,000		
ROUNDUP		364,500,000		

<b>PARADISE AND WILDERNESS</b>							
<b>Project Migombani</b>							
Exchange rate	2700						
<b>Table 4.1 Variable, fixed and semi-fixed cost schedule (start up year)</b>							
<b>Bankingsfees</b>							
Number of transactions per month	1,500	#					
Average cost per transaction	1,500	TZS					
Total bankfees per month	2,250,000	TZS					
Average percentage of revenue paid by card				20%			
Commission credit card (average)				2.50%			

<b>PARADISE AND WILDERNESS</b>								
<b>Project Migombani</b>								
<b>Table: 5.1 Forecast PNL and cashflow 7years</b>								
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	
<b>Assumptions:</b>								
Average occupancy *	35.00%	45.00%	55.00%	60.00%	65.00%	65.00%	65.00%	
Bednights	10,920	14,040	17,160	18,720	20,280	20,280	20,280	
Average rate	110.00	110.00	114.00	118.00	122.00	126.00	130.00	
Increate in rate		0%	3.64%	3.51%	3.39%	3.28%	3.17%	
Food and drinks		5%	5%	2%	2%	2%	2%	
Drinks and other sales (margin)	50%	50%	50%	50%	50%	50%	50%	
Salary and wages	na	15%	15%	15%	10%	10%	5%	
Depreciation	Fixed %	Fixed %	Fixed %	Fixed %	Fixed %	Fixed %	Fixed %	
Other staff costs (see notes)	Fixed %	Fixed %	Fixed %	Fixed %	Fixed %	Fixed %	Fixed %	
Operational costs	na	5%	5%	5%	5%	5%	5%	
Sales and marketing	Fixed %	Fixed %	Fixed %	Fixed %	Fixed %	Fixed %	Fixed %	
Office expenses	Fixed %	Fixed %	Fixed %	Fixed %	Fixed %	Fixed %	Fixed %	
General expenses	na	10%	10%	5%	5%	5%	5%	
Interest (Finance loan)	Fixed %	Fixed %	Fixed %	Fixed %	Fixed %	Fixed %	Fixed %	
Bank/credit card fees	na	0%	0%	0%	0%	0%	0%	
<b>Profit and Loss</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	
Accomodation (incl.mealplan)	3,243,240,000	4,169,880,000	5,281,848,000	5,964,192,000	6,680,232,000	6,899,256,000	7,118,280,000	
Food and drinks	294,840,000	379,080,000	463,320,000	505,440,000	547,560,000	547,560,000	547,560,000	
Other revenue	0	0	0	0	0	0	0	
<b>Revenue</b>	<b>3,538,080,000</b>	<b>4,548,960,000</b>	<b>5,745,168,000</b>	<b>6,469,632,000</b>	<b>7,227,792,000</b>	<b>7,446,816,000</b>	<b>7,665,840,000</b>	
Food	442,260,000	597,051,000	729,729,000	773,323,200	837,766,800	837,766,800	837,766,800	
Drinks and other sales	147,420,000	189,540,000	231,660,000	252,720,000	273,780,000	273,780,000	273,780,000	
Others	10,614,240	13,646,880	17,235,504	19,408,896	21,683,376	22,340,448	22,997,520	
<b>Costprice</b>	<b>600,294,240</b>	<b>800,237,880</b>	<b>978,624,504</b>	<b>1,045,452,096</b>	<b>1,133,230,176</b>	<b>1,133,887,248</b>	<b>1,134,544,320</b>	
<b>Margin</b>	<b>2,937,785,760</b>	<b>3,748,722,120</b>	<b>4,766,543,496</b>	<b>5,424,179,904</b>	<b>6,094,561,824</b>	<b>6,312,928,752</b>	<b>6,531,295,680</b>	
	<b>83.0%</b>	<b>82.4%</b>	<b>83.0%</b>	<b>83.8%</b>	<b>84.3%</b>	<b>84.8%</b>	<b>85.2%</b>	

<b>PARADISE AND WILDERNESS</b>							
<b>Project Migombani</b>							
<b>Table: 5.1 Forecast PNL and cashflow 7years</b>							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<b>Margin</b>	<b>2,937,785,760</b>	<b>3,748,722,120</b>	<b>4,766,543,496</b>	<b>5,424,179,904</b>	<b>6,094,561,824</b>	<b>6,312,928,752</b>	<b>6,531,295,680</b>
	83.0%	82.4%	83.0%	83.8%	84.3%	84.8%	85.2%
Salary and wages	409,827,000	471,301,050	541,996,208	623,295,639	685,625,202	754,187,723	791,897,109
	11.6%	10.4%	9.4%	9.6%	9.5%	10.1%	10.3%
Depreciation	864,600,000	864,600,000	864,600,000	864,600,000	864,600,000	864,600,000	864,600,000
	24.4%	19.0%	13.4%	13.4%	12.0%	11.6%	11.3%
Other staff costs	81,965,400	94,260,210	108,399,242	124,659,128	137,125,040	150,837,545	158,379,422
	2.3%	2.1%	1.9%	1.9%	1.9%	2.0%	2.1%
Housing expenses	215,000,000	221,858,000	228,716,000	400,895,000	404,324,000	404,324,000	404,324,000
	6.1%	4.9%	4.0%	6.2%	5.6%	5.4%	5.3%
Operational costs	260,600,000	283,710,000	308,479,500	329,460,075	351,767,509	369,355,884	387,823,678
	7.4%	6.2%	5.4%	5.1%	4.9%	5.0%	5.1%
Sales and marketing	129,729,600	181,958,400	229,806,720	258,785,280	289,111,680	297,872,640	306,633,600
	3.7%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Office expenses	48,648,600	68,234,400	86,177,520	97,044,480	108,416,880	111,702,240	114,987,600
	1.4%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
General expenses	150,228,480	192,545,088	246,270,605	297,401,927	355,638,775	418,101,610	485,001,731
	4.2%	4.2%	4.3%	4.6%	4.9%	5.6%	6.3%
<b>Total costs</b>	<b>2,160,599,080</b>	<b>2,378,467,148</b>	<b>2,614,445,794</b>	<b>2,996,141,528</b>	<b>3,196,609,087</b>	<b>3,370,981,642</b>	<b>3,513,647,140</b>
	61.1%	52.3%	45.5%	46.3%	44.2%	45.3%	45.8%
<b>EBIT</b>	<b>777,186,680</b>	<b>1,370,254,972</b>	<b>2,152,097,702</b>	<b>2,428,038,376</b>	<b>2,897,952,737</b>	<b>2,941,947,110</b>	<b>3,017,648,540</b>
	22.0%	30.1%	37.5%	37.5%	40.1%	39.5%	39.4%
Interest (Finance loan)	364,500,000	283,500,000	202,500,000	121,500,000	40,500,000	0	0
	10.3%	6.2%	3.5%	1.9%	0.6%	0.0%	0.0%
Bank/credit card fees	19,941,000	20,850,000	26,410,000	29,821,000	33,402,000	34,497,000	35,592,000
	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
<b>Financial costs</b>	<b>384,441,000</b>	<b>304,350,000</b>	<b>228,910,000</b>	<b>151,321,000</b>	<b>73,902,000</b>	<b>34,497,000</b>	<b>35,592,000</b>
	10.9%	6.7%	4.0%	2.3%	1.0%	0.5%	0.5%
<b>PROFIT / LOSS before tax</b>	<b>392,745,680</b>	<b>1,065,904,972</b>	<b>1,923,187,702</b>	<b>2,276,717,376</b>	<b>2,824,050,737</b>	<b>2,907,450,110</b>	<b>2,982,056,540</b>
	11.1%	23.4%	33.5%	35.2%	39.1%	39.0%	38.9%
Check is nihil							
<b>Corporate taxes</b>	117,823,704	319,771,492	576,956,311	683,015,213	847,215,221	872,235,033	894,616,962
<b>CASH FLOW</b>							
Pre-opening							
Profit and loss before taxation	392,745,680	1,065,904,972	1,923,187,702	2,276,717,376	2,824,050,737	2,907,450,110	2,982,056,540
Taxation	-117,823,704	-319,771,492	-576,956,311	-683,015,213	-847,215,221	-872,235,033	-894,616,962
Depreciation	864,600,000	864,600,000	864,600,000	864,600,000	864,600,000	864,600,000	864,600,000
<i>Operational cash flow</i>	1,139,521,976	1,610,733,480	2,210,831,392	2,458,302,163	2,841,435,516	2,899,815,077	2,952,039,578
Investments	-6,750,000,000				-2,235,600,000		
Own Capital	1,687,500,000						
Loan africa Holidays Ltd	5,062,500,000						
Repayment loan	-1,012,500,000	-1,012,500,000	-1,012,500,000	-1,012,500,000	-1,012,500,000	0	
<b>Cash flow</b>	<b>0</b>	<b>598,233,480</b>	<b>1,198,331,392</b>	<b>1,445,802,163</b>	<b>-406,664,484</b>	<b>2,899,815,077</b>	<b>2,952,039,578</b>
<b>Cash flow (cumulative)</b>	<b>127,021,976</b>	<b>725,255,456</b>	<b>1,923,586,848</b>	<b>3,369,389,011</b>	<b>2,962,724,527</b>	<b>5,862,539,604</b>	<b>8,814,579,182</b>
Year 8 investments in new Tents (expected increase in price +30%)							-4,765,800,000
<b>Positive cash flow, after re-investment tents (year 8)</b>							<b>4,048,779,182</b>
Project ROI (annual) based on cash flow (after re-investment tents year 8)		8.57%					

PARADISE AND WILDERNESS		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Project Migombani								
Table: 5.1 Forecast PNL and cashflow 7years								
PARADISE AND WILDERNESS								
Project Migombani								
Table: 5.1 Forecast PNL and cashflow 7years								
Specification costs								
<b>Housing expenses</b>								
Electricity	24,000,000	30,858,000	37,716,000	41,145,000	44,574,000	44,574,000	44,574,000	44,574,000
Landlease	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Insurance	20,250,000	20,250,000	20,250,000	20,250,000	20,250,000	20,250,000	20,250,000	20,250,000
Maintenance *	168,750,000	168,750,000	168,750,000	337,500,000	337,500,000	337,500,000	337,500,000	337,500,000
	<b>215,000,000</b>	<b>221,858,000</b>	<b>228,716,000</b>	<b>400,895,000</b>	<b>404,324,000</b>	<b>404,324,000</b>	<b>404,324,000</b>	<b>404,324,000</b>
<b>Operational expenses</b>								
<i>Fixed:</i>								
Linnen materials	50,000,000	52,500,000	55,125,000	57,881,250	60,775,313	63,814,078	67,004,782	70,308,536
Restaurant/Kitchen materials	75,000,000	78,750,000	82,687,500	86,821,875	91,162,969	95,721,117	100,507,173	105,526,229
Pool cleaning	6,000,000	6,300,000	6,615,000	6,945,750	7,293,038	7,657,689	8,040,574	8,441,460
Internet	20,000,000	21,000,000	22,050,000	23,152,500	24,310,125	25,525,631	26,801,913	28,189,200
Waste collections/fumugation/pest control	12,000,000	12,600,000	13,230,000	13,891,500	14,586,075	15,315,379	16,081,148	16,881,148
Repairs inventory	24,000,000	25,200,000	26,460,000	27,783,000	29,172,150	30,630,758	32,162,295	33,789,464
Security/health/safety measures	15,000,000	15,750,000	16,537,500	17,364,375	18,232,594	19,144,223	20,101,435	21,113,647
Decorations/rooms/interior	25,000,000	26,250,000	27,562,500	28,940,625	30,387,656	31,907,039	33,502,391	35,183,822
A	227,000,000	238,350,000	250,267,500	262,780,875	275,919,919	289,715,915	304,201,710	319,393,941
<i>Semi-Variabel</i>								
Housekeeping materials	6,000,000	8,100,000	10,395,000	11,907,000	13,544,213	14,221,423	14,932,494	15,683,565
Laundry chemicals	6,000,000	8,100,000	10,395,000	11,907,000	13,544,213	14,221,423	14,932,494	15,683,565
Fuel generator	12,000,000	16,200,000	20,790,000	23,814,000	27,088,425	28,442,846	29,864,989	31,353,132
Gas-cylinders	9,600,000	12,960,000	16,632,000	19,051,200	21,670,740	22,754,277	23,891,991	25,073,705
B	33,600,000	45,360,000	58,212,000	66,679,200	75,847,590	79,639,970	83,621,968	87,832,962
<b>Total (A+B)</b>	<b>260,600,000</b>	<b>283,710,000</b>	<b>308,479,500</b>	<b>329,460,075</b>	<b>351,767,509</b>	<b>369,355,884</b>	<b>387,823,678</b>	<b>406,226,903</b>
<b>Interest (Finance loan)</b>								
<i>Fixed intrest</i>								
Loan start year	5,062,500,000	4,050,000,000	3,037,500,000	2,025,000,000	1,012,500,000	1,012,500,000	0	0
Repayment	-1,012,500,000	-1,012,500,000	-1,012,500,000	-1,012,500,000	-1,012,500,000	-1,012,500,000	-1,012,500,000	-1,012,500,000
Loan end year	4,050,000,000	3,037,500,000	2,025,000,000	1,012,500,000	0	0	0	0
Interest on average loan amount	<b>364,500,000</b>	<b>283,500,000</b>	<b>202,500,000</b>	<b>121,500,000</b>	<b>40,500,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 10.0. OPERATIONAL COST, TAX AND PROFIT

As mentioned elsewhere in the plan, occupancy will be between 35% (conservative estimate) in year one and rise progressively to 65% in year seven yielding an estimated total revenue that will range from TZS 3.500.000 to TZS 7.700.000.

Due to the project funding by external partner, Africa Holidays Ltd the 1th, 3 years the interest payments have a severe impact on the profitability of the company, however this will stabilize in year 4 due to increase in occupancy and re-payment of loans.

The corporate tax is set on 30% of the profits, as economic and fiscal depreciation have no major deviations

Table 5. 1: Projected 7 years forecast PNL (including forecast)

The project will be profitable from year 1 with an conservative estimation of occupancy 35%, the profitability will increase during the following 7 years, due to reduction of interest costs (repayment of loans) and the fact that a significant portion of the costs are fixed.

Table 7.2: Expected payment to Treasury of Tanzania

Government	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Corporate tax	118,000	320,000	577,000	684,000	848,000	873,000	895,000
VAT (output tax)	637,000	819,000	1,035,000	1,165,000	1,302,000	1,341,000	1,380,000
VAT (input tax)	-219,000	-268,000	-316,000	-376,000	-409,000	-427,000	-445,000
TDL	45,000	57,000	70,000	76,000	83,000	83,000	83,000
Paye/SDL/Government	41,000	48,000	55,000	63,000	69,000	76,000	80,000
Service levies	11,000	14,000	18,000	20,000	22,000	23,000	23,000
<b>TOTAL</b>	<b>633,000</b>	<b>990,000</b>	<b>1,439,000</b>	<b>1,632,000</b>	<b>1,915,000</b>	<b>1,969,000</b>	<b>2,016,000</b>

## 11.0. PROJECTED CASHFLOW

Projected cash-flow statement is shown in Table 7.1. The cash flow is positive from year 1, and will increase during the next 7 years. In the cash flow statement, a re-investment of 2.200.000 has been added for the replacement of machinery and equipment which has been bought in year 0. In year 7 the order for new tents will be placed, so in year 8 the camp can operate with newly acquired tents.

Taking in consideration the replacement of investments, there remains a positive cash flow during all 7 years of the project, total expected cash flow (after re-investments) is TZS 4.000.000.000 positive.

## 12.0. PROJECT VIABILITY

### 12.1. Net Present Value

The net present value (NPV) is a method used to calculate the current value of the future stream of payments of the project, including the initial capital investment for the purpose of determining whether the project will be profitable.

$NPV = \sum_{t=1}^n \frac{P}{(1+i)^t} - C$ ; where P= Net Period Cash Flow, i = Discount Rate or rate of return), t= Number of time periods and C- Investment Cost.

Using the 5.0% discount rate based on the Bank of Tanzania predictions for years 2022 and 2023 and assuming it will remain stable over a period of seven years, the establishment of the proposed PTC yielded a positive Value (TZS 6.800.000.000) - TZS 6,750,000,000 = TZS 50.000,000). This indicates that the project is viable and profitable; therefore, the undertaking is worth implementing.

Please note: that the NPV above is calculated taking into consideration the repayment of loan, without repayment of loan, the positive value would be 11.215.000.000 -/- 6.750.000.000 = 4.465.000.000.

(see table 5.1 Projected PNL/Cash flow / 7 years projection)

### 12.2 Pay Back Period

The payback period estimates how long it will take for a project to generate sufficient cash flows to pay back its start-up costs, but it does not consider the value of money and overall project profitability like NPV. If all other things will remain invariable (*Ceteris paribus*), the projected payback period of the proposed project will occur early in the 4th year of operation. After the 3th year the protected has generated a positive cash flow (before repayment) of TZS 5.000.000.000, which will increase in 4th year to TZS 7.400.000.000.

(see table 5.1 Projected PNL/Cash flow / 7 years projection)

### **13. Break-even Point**

Based on calculations made in our projection, the break-even point (taking in consideration the repayment of the loan) is between 30% - 35%.

As mentioned before 35% has been a conservative estimate as the location of camp is on a prime location, and none of our newly opened camps on prime or secondary locations have been under the 35% occupancy in 1th year of operations. Camps that are not on the regular route have difficulties to operate in year 1 on higher occupancy, more promotion and time if needed for agents to re-route their packages so they pass along a camp which is not on a main route. Knowing this in advance will also lead to a severe reduction of current estimates of operating expenses.

## **14.0. ASSUMPTIONS, UNCERTAINTIES AND REMEDIAL MEASURES**

### **14.1. Assumptions**

The analysis extends over a period of seven (7) years, which guarantees relatively short-term returns in a situation where the tourism business is delicate and risky, largely dependent on international visitors in the midst of stiff competition within the country and other African countries. During the conduction of this financial analysis for establishment of the proposed PTC to located at Migombani, a number of assumptions were made, which include:

- a) The operation of the facility will commence immediately after an estimated 6 months of construction works, which is referred to as year one;
- b) The consequences of inflation have not been included in the analysis because the rising cost will be fully compensated by increasing bed night prices and other services;
- c) The financial benefits of the fiscal incentives through the Tanzania Investment Centre (TIC) have not been considered as they need to be understood better and confirmed if they are applicable to the proposed project. Main objective is to gain a waiver on import duties including VAT for the capital goods
- d) The bed occupancy will grow at an average of 10% first two years, 5% in year 3 and 4 after which it remains on 65%
- e) 55 Camp staff will be employed starting the 1th year when the operational capacity will be 35%. This number of staff is more suitable for the 55% occupancy. However, we think it's better to start forming a team from day 1
- f) The months of June, July, August, will be peak tourist season, with almost 100% occupancy, remaining occupancy will be spread out over period juni, september up and to march. April and May will be off season receiving guests only sporadically. The off season will be used for renovation and intensive cleaning including fumigation; and
- g) The five (5%) discount rate based on the Bank of Tanzania predictions for years 2022 and 2023 will remain stable over a five-year period, the project operation analysis.

## 14.2. Uncertainties and Remedial Measures

While the investment and operational cost of the proposed PTC can be predicted with considerable accuracy, the financial performance particularly based on the bed occupancy, and sales may face substantial insecurities. There are also a number of external circumstances that may cause significant impact on the proposed business. Table 12 presents the predicted uncertainties and their possible remedial actions.

Table 12. 1: Predicted uncertainties and their possible remedial measures

S/N	Predicted Uncertainty	Proposed Remedial Measures
1.	Lower bed occupancy than predicted	Retain the proposed selling prices but extend the current expected payback period and transfer movable assets to other properties owned by the Company, whose occupancy will be better-off. Or: Lower rates which should generate a higher capacity, a recalculation will be needed to find the balance in cost efficiency and revenue.
2.	Higher variable costs and the subsequent increase in the break even point	Little adjacent can be made to reduce variable costs. Approximately 60% of all the variable costs is accounted for by The TANAPA land rent, concession and other fees. The concession fee is charged per bed occupancy
3.	High interest/discount rates for example, the 14% of the Cooperative and Rural Development Bank (CRDB) repayable in seven years' time than the 5.0% provided by the Bank of Tanzania for years 2022 and 2023	Although the NPV drop with the highest interest rates, it remains positive, viable and profitable thus, worth to implement  Cash flow remains positive, which is for Paradise and Wilderness the most important aspect for the short term strategies (of re-investment earned money)
4.	Natural disasters including but not limited to disease outbreak and floods, which may prolong the expected pay-back period and break even point	When every possible mitigating measure fails to sustain a profitable level of occupancy, the facility will be closed temporarily with only a skeleton staff remaining for maintenance work.

5.	Depressed economies in major eco tourism outbound markets, which may cause direct effect on the tourism sector	Marketing of the facility to potential international tourists shall be conducted simultaneously with promoting sustainable domestic tourism to pivot visitation to the latter during global economic recession. Majority of the camp employees will come from the local community and the purchase of local products and services will also dampen the risk
6.	Political instability	Tanzania has no ethnic or racial problems at the national level that can potentially destabilize the country. Indeed, the stability of of the main selling points, next to its unrivalled wilderness and wildlife
7.	Civil conflict and wars in neighboring countries	Marketing efforts by the Government of Tanzania and other stakeholders in the tourism sector have made potential travelers better informed about where Tanzania is located in relation to countries, which face civil wars

## **15.0. CONCLUSION**

Financial analysis of the proposed PTC to be established at Migombani with an cost of TZS 6.750,000,000 has shown that within a seven-year period of operation it will be profitable and worth implementing. The NPV at a discounting rate of five (5%) percent provided by the Bank of Tanzania for years 2022 and 2023 is positive. This means that the discounted present value of the future cash flows related to the proposed project is profitable and attractive. The approximately 3:1 BCR of the proposed project has also proved that the investment is sound because the discounted benefits outweigh the costs.

The projected payback period of the proposed project will be early in the fourth year and the break even point analysis basing on fifth year performance indicates an occupancy rate of 35% is sufficient to operate the project, while this can be reduced to 15% by drastically reducing the spendings

The developer will contribute, according to forecast over the period of 7 years a total amount of 10.5 billion TZS to the treasury of Tanzania and the project will employ a minimum of 55 people growing up to 70, all Tanzanians. Only an expat cluster manager will oversee the operations, in which he will divide his time over three camps in total.

**LIST OF APPENDICES**

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**Appendix 3: Company Tax Payer’s Identification Certificate (TIN).....28**

## Appendix 1: Total investment schedule: detailed per currency, country and type

Project Migombani		Unit	Curr.	Curr.	Curr.	Exhan	Total
		price	EUR	USD	TZS	ge	TZS
						Rate	
<b>Expenses paid for:</b>							
Land purchase					550,000,000	1	550,000,000
Construction public buildings + installations tents				250,000		2,700	675,000,000
<b>Tents</b>							
Tents (import NL)		10,000	520,000			3,000	1,560,000,000
Wood (50% import Uganda)		5,000		260,000		2,700	702,000,000
Other materials (Tanzania)		10,000		520,000		2,700	1,404,000,000
<b>Furniture</b>							
Made in Tanzania		3,500		182,000		2,700	491,400,000
Import China	*(1)	6,500		338,000		2,700	912,600,000
<b>Machinery</b>							
<i>Import China</i>							
Solar plant incl batteries)				75,000		2,700	202,500,000
Water filtration unit				20,000		2,700	54,000,000
Generator				25,000		2,700	67,500,000
Kitchen equipment				50,000		2,700	135,000,000
<i>Round-up</i>							-4,000,000
<b>Total investments TZS</b>							<b>6,750,000,000</b>
<i>Rate</i>							2,700
<b>Total investments USD</b>							<b>2,500,000</b>

Appendix 2: The Company's certificate of Incorporation

C.1

TANZANIA



Certificate of Incorporation

Section 15

No 99200

**I HEREBY CERTIFY THAT**  
**PARADISE AND WILDERNESS LIMITED**

is this day incorporated under the Companies Act, 2002 and that the Company is Limited.

Given under my hand at Dar es salaam

this 13TH day of MAY

**TWO THOUSAND AND THIRTEEN**


*Certified to be the true copy of original*

  
15/05/2013

  
Asst. Registrar of Companies

**Appendix 3: Company Tax Payer's Identification Certificate (TIN)**

CTIN: 1958579



**TANZANIA REVENUE AUTHORITY**

CERTIFICATE OF REGISTRATION  
FOR  
**TAXPAYER IDENTIFICATION NUMBER (TIN)**  
(ISSUED UNDER SECTION 23 OF THE TAX ADMINISTRATION ACT 2015)

**THIS IS TO CERTIFY THAT**  
**PARADISE AND WILDERNESS LIMITED**

HAS BEEN REGISTERED WITH THE TANZANIA REVENUE AUTHORITY  
AND ASSIGNED THE TAXPAYER IDENTIFICATION NUMBER

**121-480-794**

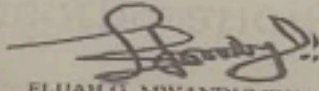
WITH EFFECT FROM: 26 July 2013

TRA LOCATION: PWANI TAX OFFICE: RUFJI

PHYSICAL LOCATION: PLOT No. 1

STREET / AREA: MLOKA VILLAGE

OFFICIAL SEAL



ELIJAH G. MWANDUMBYA  
COMMISSIONER FOR DOMESTIC REVENUE

NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF