

# **ESCAPE LODGES AND RESORTS LIMITED**



## **BUSINESS PLAN FOR SETTING UP A LODGE IN KARATU**

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### **3.0 PROJECT AT A GLANCE**

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1. Name of company: Escape Resorts and Lodges Limited
2. Address: P.O Box 6267, Arusha
3. Location of project: Karatu, Arusha
4. Project Cost: TZS 1,668,917,819 (USD 669,091)
5. Means of financing: 100% Equity
6. Daily bed night capacity: 27
8. Annual bed night capacity: 4,745
9. Projected bed night occupancy: Peak Season (1,476), High Season (889),  
Low Season (424)
10. Projected annual tax (corporate tax) paid to government: TZS 532,839,770  
(Cumulative 2027- 2031)
11. Projected profit after tax: TZS 1,243,292,796 (Cumulative 2027 – 2031)
12. Services to be offered: Accommodation to tourists
13. Job creation: 10 (direct), 38 (indirect)
14. Internal Rate of Return – 2%
15. Return on Equity – 10.6% (Average)

## **4.0 EXECUTIVE SUMMARY**

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Escape Resorts and Lodges Limited is a company registered in Tanzania under the Companies Act No 12 of 2002. It was given a certificate of registration No. 185757382 dated June 10, 2025. The company is registered as a tax payer by the Tanzania Revenue Authority and issued with Tax Identification Number (TIN) 185-757-382.

The company is planning to construct a 15 room lodge at Karatu. Project cost is expected to be TZS 1,668,917,819 of which shall be financed 100% by equity. Share capital of the company is Tanzania Shillings Fifty Million (TZS 50,000,000) divided into Five Thousand (5,000) shares of Tanzania Shillings of Ten Thousand (10,000) each. Shareholders of the company are Henry Logonda and Josephine Bagaya Adibaku. Each holds 2,500 shares.

Bed occupancy is expected to be an average of 2,350 bed nights out of the available 4,745 bed nights – an achievement of 49.53% which is well within the industry average. An analysis of projected financial statements indicates that the project is highly profitable. Projected income statement for the period 2027 – 2031 shows that revenues shall steadily rise from TZS 961,312,000 in 2027 to TZS 1,258,962,960 in 2031. Profit after Tax shall start at TZS 188,441,715 in 2027 and shall increase to TZS 319,054,492 in 2031.

Return on Equity (ROE) shall be 16.1% in 2027 which shall increase to 27.3% in 2031. Liquidity of the company is quite healthy as evidenced by the current ratio of 1.66 (times) in 2027 and 1.43 (times) in 2031. The internal rate of return (IRR) is positive at 2%.

## **5.0 COMPANY AND PROJECT DESCRIPTION**

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Escape Resorts and Lodges Limited is a company registered in Tanzania under the Companies Act No 12 of 2002. It was given a certificate of registration No. 185757382 dated June 10, 2025. The company is registered as a tax payer by the Tanzania Revenue Authority and issued with Tax Identification Number 185-757-382

The objectives for which the company was formed include development and operation of safari lodges, resorts, permanent and seasonal camps which may be inside or outside the national parks and many other activities. Share capital of the company is Tanzania Shillings Fifty Million (TZS 50,000,000) divided into Five Thousand (5,000) shares of Tanzania Shillings of Ten Thousand (10,000) each. Shareholders of the company are Henry Logonda and Josephine Bagaya Adibaku, both Ugandan nationals. Each holds 2,500 shares.

Both are dynamic entrepreneurs and business executives in their own right with over 15 years of progressive experience in the logistics, hospitality and investment management. Henry holds a certified profession in Information Technology from Makerere University. Josephine holds a degree in Hotel Management from Makerere University. Both have been able to utilize their professions in establishing and scaling up sustainable ventures.

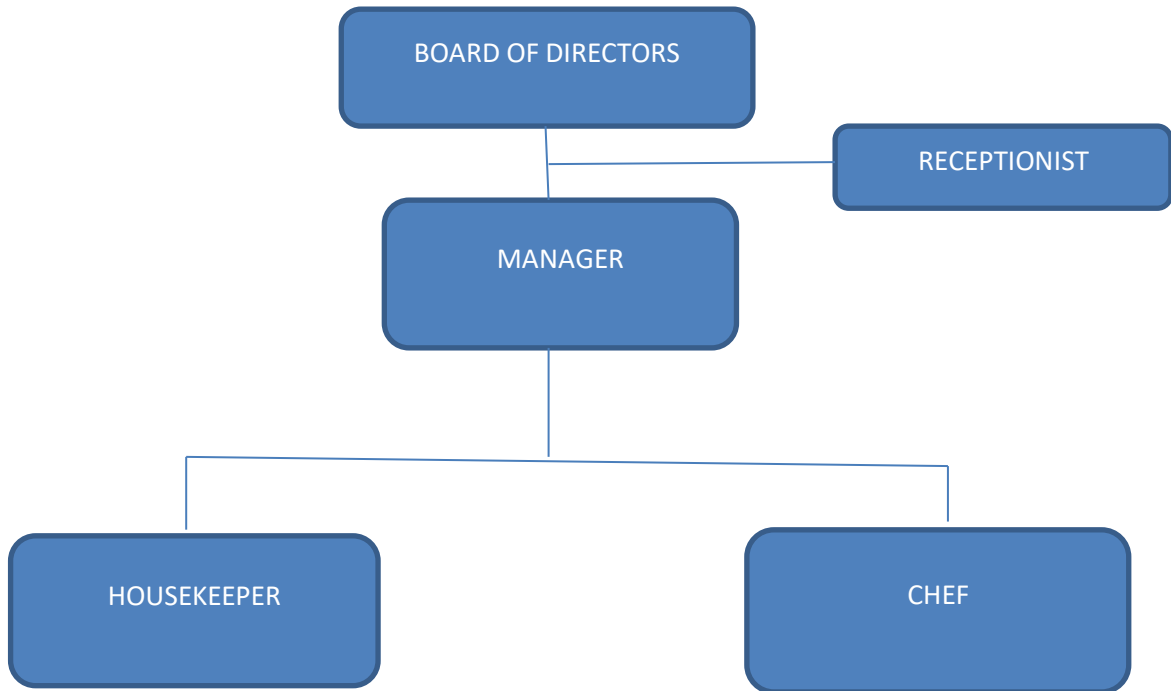
The duo operate the Escape Village Hotel, a premium hospitality facility in West Nile, as well as the Village Boutique Hotel in Moyo, Uganda. Both properties have quickly become respected in providing quality services and memorable guest experiences.

Their success in developing and managing the two properties in Uganda has inspired them to diversify by introducing the Escape Resorts & Lodges brand in Tanzania, marking the brand's first investment outside Uganda and reinforcing their commitment to contribute to growth of the hospitality industry in the region. In Tanzania they invest by setting up a Lodge in Karatu and Luxury Tented Camp in Serengeti.

A lean but efficient management team shall be appointed to operate the lodge. The property shall be headed by the Manager and assisted by the Housekeeper and Chef. Other services such as accounting and in-house maintenance and several others shall be outsourced.

The Organization Structure is illustrated in the chart below.

## **ORGANIZATION STRUCTURE**



## 6.0 PROJECT FINANCING AND IMPLEMENTATION

Escape Resorts and Lodges Limited is planning to construct a 15 room lodge in Karatu. This will be a standard type of lodge that will provide the required comfort for guests. Cost of the project is expected to be TZS 1,668,917,819 as can be seen in the table below:-

<b>Table 1: Project Cost</b>				
		<b>(IN TZS)</b>		
<b>Item</b>	<b>Total</b>			
<b>1. Land &amp; Buildings</b>				
a) Land	363,000,000.00			
b) Building	937,029,750.00			
<b>Sub-total</b>	<b>1,300,029,750.00</b>			
<b>2. Equipment</b>	<b>67,965,456.00</b>			
<b>3. Vehicles</b>				
a) Double Cabin Pick up	128,000,000.00			
b) Van (for purchases)	65,600,000.00			
<b>Sub-total</b>	<b>193,600,000.00</b>			
<b>4. Furniture &amp; Fittings</b>	<b>103,072,613.00</b>			
<b>5. Computer &amp; Electronic equipment</b>	<b>4,250,000.00</b>			
	<b>1,668,917,819.00</b>			

### Notes

1. Total cost of the project in USD is \$669,091
2. The project is entirely financed through equity
3. Cost of the hotel building is based on estimate of \$25,000 per room. Total number of rooms is 15. Total cost is \$375,000. (Source: Africa Property Guide + National Construction Council)
4. Cost of land is actual cost incurred.

The project shall be financed 100% by equity signifying the solid financial that the project promoters have. A parcel of 200 acres of land has already been secured in Karatu with an amount of \$143,195 (equivalent to **TZS** 363,000,000) having already been paid for.

The project shall be implemented in 6 phases spanning a period of 18 months. The phases are described below:-

**Phase 1 – Preparatory phase.** This will involve applying and obtaining Certificate of Incentives from the Tanzania Investment and Special Economic Zones Authority (TISEZA). This will be done within month of September.

**Phase 2 – Design and Planning phase. This will involve:-**

**a) Preparation of Architectural Drawings**

- Initial design & sketches and needs assessment – September 2025
- Preliminary sketches and design – Sept – Oct 2025
- Finalization of architectural plans – October 2025

**b) Structural & Engineering Design**

- Structural analysis and design- October 2025
- Mechanical, Electrical and plumbing (MEP) design – October to November 2025
- Civil works and foundation design – November 2025

**c) Approval & Permits**

- Submission of plans to Arusha City Council (ACC) – November 2025
- Obtaining building permits from ACC – December 2025

**d) Cost Estimation & Budgeting**

- Preparation of Bill of Quantities (BOQ) – November 2025
- Finalization of cost estimates – December 2025

**Phase 3: Pre-construction phase**

**a) Site preparation & Mobilization**

- Land clearing and site surveying – December 2025
- Soil testing and geotechnical investigations – December 2025
- Site fencing and security setup – December 2025

## **b) Procurement & Contracting**

- Hiring of Project Engineers, contracting and sub-contractors – January – Feb 2026
- Mobilization of materials and equipment – February 2026
- Scheduling and project planning – February 2026

## **4. Construction Phase**

### **a) Foundation Works**

- Excavation and ground leveling – March 2026
- Laying of foundation - March 2026
- Waterproofing and curing – March 2026

### **b) Structural Works**

- Column, beam and slab construction: April – May 2026
- Wall construction – May 2026
- Roofing and structural finishing: May – June, 2026

### **c) Mechanical, Electrical and Plumbing Works**

- Installation of electrical wiring and fixtures: July, 2026
- Plumbing system installation: July – August, 2026
- Heating, ventilation and AC installation: August, 2026

## **5. Finishing Works**

- Plastering and painting: September, 2026
- Flooring and ceiling installation: September - Oct, 2026
- Door and window fixing: September - October, 2026
- Interior and exterior finishes: October– November, 2026.

## **6. Post-construction & Commissioning**

### **a) Testing & Inspection**

- Structural integrity inspection: November, 2026
- Electrical, AC and plumbing testing: November, 2026
- Fire safety and compliance checks: November, 2026

**b) Final Approval & Handover**

- Certification from Arusha City Council: November, 2026
- Contractor hands over project to Escape Lodges and Resorts: December 2026

**7.** Furnishing and placement of equipment in situ – December 2026

## **7.0 ANALYSIS OF STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS**

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The relationship between Escape Lodges and Resorts Ltd (ELRL) its guests, Tour Operators, the Ministry of Natural Resources and Tourism and other stakeholders in the tourism industry is reflected in the SWOT analyses explained below:-

### **a) Internal to ELRL**

These are factors that are attributed by ELRL itself. Management is responsible for their existence and covers the strengths and weaknesses as follows:-

#### **i. Strengths**

- Directors with strong entrepreneurial skills with proven experience in the hospitality industry
- Directors with strong professional credentials
- A sound financial base as evidenced by the fact that the project is entirely financed by equity

#### **ii. Weaknesses**

- Starting the business with small market share

### **b) External to ELRL**

#### **i. Opportunities**

- Abundance of well trained and skilled staff
- The property is a gateway to the world famous Serengeti National Park is also close to the Ngorongoro Highlands that includes the Crater
- A thriving and booming tourism industry
- Excellent road network from Arusha
- Business environment that is private sector friendly
- Government policy that promotes tourism as evidenced by the Royal Tour initiative spearheaded by H. E Samia Suluhu Hassan, President of the United Republic of Tanzania
- A stable economy currently growing at 5.5% annually with potential of reaching 6.5% in 2026. Low inflation of 3.2%

**ii. Threats**

- High cost of fuel currently prevailing will push up cost of doing business
- Depreciation of the Tanzania shilling against the U\$ may push up cost of the project
- Frequent changes in the tax regime
- Competition from well entrenched properties

## 8.0 DEMAND AND MARKET ANALYSIS

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This chapter seeks to analyze the market and demand of company's products, namely Lodge accommodation in order to rationalize and justify the investment in this project.

In analyzing demand for accommodation services in Karatu, one needs to align this demand to tourists who are the principal target of the proposed lodge. The number of tourists arriving in the United Republic of Tanzania between 2020/21 and 2024/25 has grown exponentially from 620,867 as illustrated in the table below:-

**Table 2: International Arrival of Tourists: 2020/21 – 2024/25**

<b>YEAR</b>	<b>INTERNATIONAL ARRIVALS</b>
2020/21	620,867
2021/22	922,692
2022/23	1,454,920
2023/24	1,808,205
2024/25	2,141,895

**Source:** Maliasili Statistical Bulletin 2025

These figures include all tourists arriving in Tanzania. Some of them may have gone to the northern tourist circuit, some to the south tourist circuit, and some to Zanzibar.

Our market, however, are the tourists visiting the northern tourist circuit. It is important to note, however, that of all the international visitors who arrived between 2020/21 and 2024/25, approximately 35% of them visited the Serengeti National Park. According to the Tourist Master Plan of the United Republic of Tanzania (2002), the northern tourist circuit stretches from Lake Victoria in the north to Tanga in the east and comprises 3 discrete group of attractions.

The first group is the already well-established wildlife areas of the Serengeti, Lake Manyara, Tarangire and the Ngorongoro Conservation Area Authority + Olduvai. This group of attractions has been the backbone of tourism in Tanzania over many years and represents the "honey-pot" of the industry. The second and third groups comprise the Kilimanjaro National Park, Arusha national Park, the Usambara mountain range, Mkomazi National Park and the coastal areas including Tanga, Amnboni caves (near Tanga), Pangani and the Pemba Channel.

For Purpose of this study, focus is on the first group of attractions, namely, Serengeti, Lake Manyara, Tarangire and Ngorongoro. The good thing about this group of attractions is that they are geographically in the same zone and not quite far from one park to another. Serengeti National Park and Ngorongoro Crater are adjacent to one

another. Distance from Serengeti National Park to Lake Manyara National park and Tarangire National Park is 121 km and 243 km, respectively.

Karatu is a prime location for establishing a hotel targeting tourists visiting Serengeti National Park and Ngorongoro Crater due to its strategic position along the main safari route in northern Tanzania. Situated just outside the Ngorongoro Conservation Area and en route to Serengeti, Karatu serves as a natural stopover for tourists seeking rest and accommodation between major attractions. The town offers a cooler, pleasant climate, beautiful landscapes, and proximity to cultural experiences with the local Iraqw community. Its accessibility from Arusha and Lake Manyara also enhances its appeal. With growing tourist traffic to the Serengeti and Ngorongoro, Karatu provides a convenient, safe, and cost-effective base, making it ideal for hotel investment to capture both transit and extended-stay visitors.

### **Market Strategy**

It is one thing to have a market for a product or service and it is another thing to access that market, more so because the competitive factor has to be taken into consideration.

In order to access the market of tourist arrivals and get them to stay at Escape Lodges and Resorts property, the company will do the following:

- a) To make an aggressive advertising of the property amongst tour operators based in Arusha and Moshi;
- b) To advertise the property on online platforms such as booking.com, expedia.com, agoda.com, etc
- c) Set up an online reservation system

## 9.0 ANALYSIS OF OPERATIONS

### a) Table 3: Bed Night Occupancy

	Days	Available bed nights	Occupancy (%)	Bed nights
<b>(1) Double room Occupancy (12)</b>				
(a) Peak Season	142	1,704.00	80	1,363.00
(b) High Season	114	1,368.00	60	820.80
(c) Low Season	109	1,308.00	30	392.40
	<b>Sub-total</b>	<b>4,380.00</b>	<b>Sub-total</b>	<b>2,576.00</b>
<b>(2) Single Occupancy (3)</b>				
(a) Peak Season	142	142	80	113
(b) HighSeason	114	114.00	60	68.00
(c ) Low Season	109	109.00	30	32.00
			<b>Sub-total</b>	<b>213.00</b>
			<b>Total</b>	<b>2,789.00</b>

### Assumptions

Room configuration of the 15 room property is that 80% of the rooms (12) are of double room occupancy and 20% are of single room occupancy

The cornerstone of a successful property offering accommodation services is an appreciably optimal level of bed night occupancy. No matter how elegant and fabulous a property is – if it has a low occupancy of its bed night capacity it will inevitably collapse from the word go. This scenario was amply experienced during the Covid-19 epidemic which led to the closure of hotels, lodges and tented camps for lack of customers.

Projections made in this study indicate a good level of bed night occupancy as seen in the table above. In making the bed night occupancy projections, the year has been divided into 3 seasons:

- i. Peak Season: July 1 – October 31 and December 16 – January 5 (142 days)
- ii. High Season: January 6 – March 31 and June 1 – 30 (114 days)
- iii. Low Season: April 1 – May 31 (109 days)

Bed occupancy has been assumed to be 80% of available bed nights during peak season, 60% during high season and 30% during low season. Based on these assumptions, average occupancy during per year is expected to be 2,789 bed nights out of the available 4,745 bed nights – an average of 59% which is quite good within the industry.

## b) Projected Sales

Based on the bed occupancy indicated above sales have are projected to reach TZS 2.163 billion in 2025 which shall steadily rise to reach 2.205 billion in 2029 as can be seen in the table below:

**Table 4: Projected sales**

	2027	2028	2029	2030	2031
<b>(1) DBL Rm Occupancy (12)</b>					
(a) Peak Season	218,080.00	239,888.00	263,877.00	290,264.00	319,319.00
(b) High Season	98,496.00	99,480.00	100,476.00	101,481.00	102,495.00
(c) Low Season	31,392.00	31,706.00	32,023.00	32,343.00	32,667.00
Sub-total (USD)	347,968.00	371,074.00	396,376.00	424,088.00	454,481.00
Exchange rate	2,750.00	2,752.00	2,754.00	2,758.00	2,760.00
<b>Sub-total (TZS)</b>	<b>956,912,000.00</b>	<b>1,021,195,648.00</b>	<b>1,091,619,504.00</b>	<b>1,169,634,704.00</b>	<b>1,254,367,560.00</b>
<b>(2) Single Occupancy (3)</b>					
(a) Peak Season	13,560.00	13,695.00	13,833.00	13,971.00	14,111.00
(b) HighSeason	6,800.00	23,834.00	24,072.00	24,312.00	24,555.00
(c ) Low Season	1,600.00	1,616.00	1,632.00	1,648.00	1,665.00
Sub-toal (USD)	21,960.00	39,145.00	39,537.00	39,931.00	40,331.00
Exchange rate	2,750.00	2,752.00	2,754.00	2,758.00	2,760.00
Sub-total (TZS)	4,400,000.00	4,447,232.00	4,494,528.00	4,545,184.00	4,595,400.00
<b>Grand Total (TZS)</b>	<b>961,312,000.00</b>	<b>1,025,642,880.00</b>	<b>1,096,114,032.00</b>	<b>1,174,179,888.00</b>	<b>1,258,962,960.00</b>

### C) Human Resources Requirements

In order to run the tented camp efficiently and effectively, it is proposed to have a team of human resources constituted as shown in the table below:-

**Table 5: Human Resources Requirements**

Position	Number	Monthly (TZS)	Annual (TZS)
1. Manager	1	1,200,000.00	14,400,000.00
2. Receptionist	1	400,000.00	4,800,000.00
3. Housekeeper	2	400,000.00	9,600,000.00
4. Maintenance (grounds)	1	300,000.00	3,600,000.00
5. Security	2	300,000.00	7,200,000.00
6. Chef	1	500,000.00	6,000,000.00
7. Cook	1	300,000.00	3,600,000.00
		<b>Total</b>	<b>49,200,000.00</b>
		NSSF (10%)	4,920,000.00
		<b>Total</b>	<b>54,120,000.00</b>

## **10.0 ANALYSIS OF PROFITABILITY, VIABILITY AND LIQUIDITY**

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The analysis made in this chapter is intended to evaluate the project over 5 years covering years 2027 – 2031. Financial projections determine the level of revenue and costs needed to sustain operations to achieve a desired bed night occupancy described elsewhere in this study. Financial projections included in this evaluation include profit and loss account, balance sheet, cash flow statement, internal rate of return (IRR) and business ratios.

The assumptions underlying these projections are as follows;-

- The project plan covers a period of 5 years from 2027 – 2031;
- Capital expenditure will be incurred in 2025 and some will be incurred in 2026
- Inflationary pressures on costs and revenues have been ignored. Constant prices are assumed to prevail throughout the projected five year period. This is due to the fact that any cost increase during any given period will be balanced by a proportional price review to maintain the same profit margin that can guarantee a good return on investment
- An exchange rate of 1 U\$ = TZS 2,750 has been applied on all costs and revenues;
- Depreciation has been calculated to write off the cost of fixed assets on a straight line method over the useful life of assets concerned in determining what is chargeable for tax and replacement of assets. Following rates have been applied in computing the depreciation:-
  - a) Furniture & fittings – 12.5%
  - b) Vehicles – 25%
  - c) Computer & electronic equipment – 37.5%
  - d) Equipment – 12.5%

Subsequently, the following depreciation schedule has been prepared.

Table 6: Depreciation

2027

Depreciation schedule					
	Furniture & Fixtures	Vehicles	Equipment	Computers & Electr eqpt	Land & Buildings
Depreciation rate (%)	12.5	25	12.5	37.5	5
<b>Cost</b>					
As on January 1, 2027	103,072,613.00	193,600,000.00	67,965,450.00	4,250,000.00	1,300,029,750.00
Additions during the year	-	-	-	-	-
As at Dec 31, 2027	103,072,613.00	193,600,000.00	67,965,450.00	4,250,000.00	1,300,029,750.00
<b>Depreciation</b>					
As on Jan 1, 2027	-	-	-	-	-
Depreciation during the year	12,884,076.63	28,250,000.00	8,495,681.25	1,593,750.00	65,001,487.50
Accumulated depreciation	12,884,077.00	28,250,000.00	8,495,681.00	1,593,750.00	65,001,488.00
<b>Book value</b>					
As on Dec 31, 2027	90,188,536.00	165,350,000.00	59,469,769.00	2,656,250.00	1,235,028,262.00
<b>2028</b>					
	Furniture & Fixtures	Vehicles	Equipment	Computers & Electr e	Land & Buildings
Depreciation rate (%)	12.5	25	12.5	37.5	5
<b>Cost</b>					
As on Jan 1, 2028	103,072,613.00	193,600,000.00	67,965,450.00	4,250,000.00	1,300,029,750.00
Additions during the year	-	-	-	-	-
As at Dec 31, 2028	103,072,613.00	193,600,000.00	67,965,450.00	4,250,000.00	1,300,029,750.00
<b>Depreciation</b>					
As on Jan 1, 2028	12,884,077.00	28,250,000.00	8,495,681.00	1,593,750.00	100,800,000.00
Depreciation during the year	11,273,567.00	41,337,500.00	7,433,721.13	996,093.75	61,751,413.10
Accumulated depreciation	24,157,644.00	69,587,500.00	15,929,402.13	2,589,843.75	162,551,413.10
<b>Book value</b>					
As on Dec 31, 2028	78,914,969.00	124,012,500.00	52,036,047.88	1,660,156.25	1,072,476,848.90
As on Dec 21, 2027	90,188,536.00	165,350,000.00	59,469,769.00	23,625,000.00	1,915,200,000.00
<b>2029</b>					
	Furniture & Fixtures	Vehicles	Equipment	Computers & Electro eq	Land & Buildings
Depreciation rate (%)	12.5	25	12.5	37.5	5
<b>Cost</b>					
As on Jan 1, 2029	103,072,613.00	193,600,000.00	67,965,450.00	4,250,000.00	1,300,029,750.00
Additions during the year	-	-	-	-	-
As at Dec 31, 2029	103,072,613.00	193,600,000.00	67,965,450.00	4,250,000.00	1,300,029,750.00
<b>Depreciation</b>					
As on Jan 1, 2029	24,157,644.00	69,587,500.00	15,929,402.00	2,589,844.00	162,551,413.00
Depreciation during the year	9,864,371.13	31,003,125.00	6,504,505.98	622,558.59	53,623,842.45
Accumulated depreciation	34,022,015.13	100,590,625.00	22,433,907.98	3,212,402.59	216,175,255.45
<b>Book value</b>					
As on Dec 31, 2029	69,050,597.88	93,009,375.00	45,531,542.02	1,037,597.41	1,083,854,494.56
As on Dec 31, 2028	78,914,969.00	124,012,500.00	52,036,048.00	1,660,156.00	1,071,476,849.00
<b>2030</b>					
	Furniture & Fixtures	Vehicles	Equipment	Computers & Electro	Land & Buildings
Depreciation rate (%)	12.5	25	12.5	37.5	5
<b>Cost</b>					
As on Jan 1, 2030	103,072,613.00	193,600,000.00	67,965,450.00	4,250,000.00	1,300,029,750.00
Additions during the year	-	-	-	-	-
As at Dec 31, 2030	103,072,613.00	193,600,000.00	67,965,450.00	4,250,000.00	1,300,029,750.00
<b>Depreciation</b>					
As on Jan 1, 2030	34,022,015.00	100,590,625.00	22,433,908.00	3,212,403.00	216,175,255.00
Depreciation during the year	8,631,324.73	23,252,343.75	5,691,442.75	389,099.03	54,192,724.73
Accumulated depreciation	42,653,339.73	123,842,968.75	28,125,350.75	3,601,502.03	270,367,979.73
<b>Book value</b>					
As on Dec 31, 2030	60,419,273.27	69,757,031.25	39,840,099.25	648,497.97	1,029,661,770.27
As on Dec 21, 2029	69,050,598.00	93,009,375.00	45,531,542.00	1,037,597.00	1,083,854,495.00
<b>2031</b>					
	Furniture & Fixtures	Vehicles	Equipment	Computers & Electror	Land & Buildings
Depreciation rate (%)	12.5	25	12.5	37.5	5
<b>Cost</b>					
As on Jan 1, 2031	103,072,613.00	193,600,000.00	67,965,450.00	4,250,000.00	1,300,029,750.00
Additions during the year	-	-	-	-	-
As at Dec 31, 2031	103,072,613.00	193,600,000.00	67,965,450.00	4,250,000.00	1,300,029,750.00
<b>Depreciation</b>					
As on Jan 1, 2031	42,653,340.00	123,842,969.00	28,125,351.00	3,601,502.00	270,367,980.00
Depreciation during the year	7,552,409.16	17,439,257.81	4,980,012.41	243,186.74	51,483,088.51
Accumulated depreciation	50,205,749.16	141,282,226.81	33,105,363.41	3,844,688.74	321,851,068.51
<b>Book value</b>					
As on Dec 31, 2031	52,866,863.84	52,317,773.19	34,860,086.59	405,311.26	978,178,681.49
As on Dec 31, 2030	60,419,273.00	69,757,031.00	39,840,099.00	648,498.00	1,029,661,770.00

**Table 7: PROFIT AND LOSS ACCOUNT**

			In TZS		
	2027	2028	2029	2030	2031
<b>Income</b>					
Revenue	961,312,000.00	1,025,642,880.00	1,096,114,032.00	1,174,179,888.00	1,258,962,960.00
<b>Cost of Sales</b>	432,590,400.00	461,539,296.00	493,251,314.40	528,380,949.60	566,533,332.00
<b>Gross Margin</b>	<b>528,721,600.00</b>	<b>564,103,584.00</b>	<b>602,862,717.60</b>	<b>645,798,938.40</b>	<b>692,429,628.00</b>
<b>Operational expenses</b>					
Director's fees	28,800,000.00	28,800,000.00	28,800,000.00	28,800,000.00	28,800,000.00
Salaries & wages	55,440,000.00	55,440,000.00	55,440,000.00	60,984,000.00	60,984,000.00
Business License fees	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00
TALA Licence	2,750,000.00	2,752,000.00	2,754,000.00	2,758,000.00	2,760,000.00
Electricity & water	8,176,000.00	8,176,000.00	8,176,000.00	8,339,520.00	8,339,520.00
Travelling	17,457,800.00	17,806,956.00	18,759,095.00	18,914,275.00	19,072,560.00
Printing & stationery	3,160,000.00	3,160,000.00	3,160,000.00	3,160,000.00	3,160,000.00
Communications	2,000,000.00	2,000,000.00	2,040,000.00	2,040,000.00	2,080,800.00
Legal fees	6,000,000.00	6,000,000.00	7,200,000.00	7,200,000.00	7,500,000.00
Accounting & Audit fees	7,200,000.00	7,200,000.00	7,200,000.00	7,344,000.00	7,344,000.00
Motor running expenses	12,010,355.00	12,610,872.75	13,241,416.39	13,903,487.21	14,598,661.57
Depreciation	116,224,995.00	122,792,295.00	101,618,403.00	92,156,935.00	81,697,955.00
<b>Total operating expenses</b>	<b>259,519,150.00</b>	<b>267,038,123.75</b>	<b>248,688,914.39</b>	<b>245,900,217.21</b>	<b>236,637,496.57</b>
<b>Profit before tax</b>	<b>269,202,450.00</b>	<b>297,065,460.25</b>	<b>354,173,803.21</b>	<b>399,898,721.19</b>	<b>455,792,131.43</b>
<b>Corporate tax (30%)</b>	<b>80,760,735.00</b>	<b>89,119,638.08</b>	<b>106,252,140.96</b>	<b>119,969,616.36</b>	<b>136,737,639.43</b>
<b>Profit after tax</b>	<b>188,441,715.00</b>	<b>207,945,822.18</b>	<b>247,921,662.25</b>	<b>279,929,104.84</b>	<b>319,054,492.00</b>

**Table 8: PROJECTED BALANCE SHEET**

	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
<b>Total Fixed Assets</b>	1,668,917,819.00	1,668,917,819.00	1,668,917,819.00	1,668,917,819.00	1,668,917,819.00
Less: Accum depr	116,224,995.00	122,792,295.00	101,618,403.00	92,156,935.00	81,697,955.00
<b>Net Fixed Assets</b>	<b>1,552,692,824.00</b>	<b>1,546,125,524.00</b>	<b>1,567,299,416.00</b>	<b>1,576,760,884.00</b>	<b>1,587,219,864.00</b>
<b>Current Assets</b>					
Cash & bank balances	274,890,978.00	217,904,497.00	189,173,793.00	153,511,339.00	223,397,323.00
Receivables	16,334,792.00	73,522,939.00	80,782,111.00	99,446,416.00	47,169,026.00
<b>Total current assets</b>	<b>291,225,770.00</b>	<b>291,427,436.00</b>	<b>269,955,904.00</b>	<b>252,957,755.00</b>	<b>270,566,349.00</b>
<b>Total Assets</b>	<b>1,843,918,594.00</b>	<b>1,837,552,960.00</b>	<b>1,837,255,320.00</b>	<b>1,829,718,639.00</b>	<b>1,857,786,213.00</b>
<b>Current liabilities</b>					
Tax payable	80,760,735.00	89,119,638.00	106,252,140.00	119,969,616.00	136,737,639.00
Sundry creditors	94,240,040.00	79,515,501.00	62,085,361.00	40,831,204.00	52,130,755.00
<b>Total current liabilities</b>	<b>175,000,775.00</b>	<b>168,635,139.00</b>	<b>168,337,501.00</b>	<b>160,800,820.00</b>	<b>188,868,394.00</b>
<b>Total Liabilities</b>	<b>175,000,775.00</b>	<b>168,635,139.00</b>	<b>168,337,501.00</b>	<b>160,800,820.36</b>	<b>188,868,394.43</b>
<b>Equity</b>					
Share capital	1,668,917,819.00	1,668,917,819.00	1,668,917,819.00	1,668,917,819.00	1,668,917,819.00
<b>Total equity &amp; liabilities</b>	<b>1,843,918,594.00</b>	<b>1,837,552,958.00</b>	<b>1,837,255,320.00</b>	<b>1,829,718,639.36</b>	<b>1,857,786,213.43</b>



**TABLE 10: BUSINESS RATIOS AND INTERNAL RATE OF RETURN**

<b>Business Ratios</b>					
<b>Ratio/Year</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
1. Return on Equity Ratio	0.161303599	0.177998855	0.212217641	0.239615586	0.2731064
2. Current Ratio (Times)	1.664139887	1.72815368	1.603658736	1.573112345	1.43256552

**Notes**

1. The return on equity is a measure of the profitability of a business in relation to the equity. A high ROE, as in this suggests efficient utilization of investment financing to grow the business
2. The current ratio is a liquidity ratio that measures whether a firm has enough resources to meet its short-term obligations. A ratio above 1, as in this case, indicates that the business is liquid enough to meet any financial obligations that may fall due.

**Internal Rate of Return**

<b>OUTFLOW</b>	<b>- 1,668,917,819.00</b>
2027	269,202,450.00
2028	297,065,460.00
2029	354,173,721.00
2030	399,898,721.00
2031	455,792,131.00
<b>IRR</b>	<b>2%</b>

**Notes**

The figure of TZS 1,668,917,819 is the project investment cost.  
 Figures corresponding to years 2027 to 2031 represent profit before tax. The IRR of 2% is attractive

## 11.0 RISK AND MITIGATION MEASURES

All possible risks that may have negative effect on operations of the company have been evaluated. The risks are assumed to result from mismanagement of operations and/or natural disasters. Risks are rated High, Medium and Low depending on their possible occurrence. The risks are analyzed in the following matrix.

**Table 10: Risks and Mitigation Measures**

No	Type of Risk	Rating	Mitigation
1	Cost overruns, inflation, delays in financing, limited capital access	Low	Conduct Proper business plans, ensure timely financing, create contingency budgets,
2	Seasonal tourist fluctuations, competition from existing lodges, changing preferences	Medium	Diversify services (cultural tourism, conferences), target domestic & international markets, strong marketing
3	Delays in permits, unclear land ownership, sudden policy shifts	Medium	Undertake thorough due diligence, continually engage Karatu District Authorities, ensure compliance with laws & regulations
4	Water shortages, waste management issues, conflicts with local communities, environmental damage	Medium	Invest in eco-friendly systems (solar, rainwater harvesting), adopt conservation practices, engage local communities in project benefits
5	Lack of skilled staff, unreliable suppliers, high staff turnover	Medium	Train and employ local workforce, build supplier networks, establish staff retention and incentive programs

## 12.0 JUSTIFICATION OF THE PROJECT

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Implementation of this project is justified due to many factors some of which are that it fits well with various national policies and strategic frameworks such as the National Tourism Policy (1999), National Five Year Development Plan (2019/20 – 2025/26) and the Tanzania Vision 2025.

Consequently, implementation of this project can be justified on the following grounds;

1. It is in line with key objectives of tourism in the National Five Year Development Plan (2019/20 – 2025/26) which can be summarized as follows:-

No.	Objective	2019/20	2025/26
1	Contribute to GDP (%) current prices	12.5	11
2	Real Growth rate (%)	1.5	2.0
3	Number of tourists	1,527,230	5,000,000
4	Average nights spent by tourists	13	14
5	Average expenditure/ tourist/day –non-package/package	216/379	326/455
6	Number of employment	1,500,000	1,750,000
7	Share of foreign exchange earnings (%)	25	27
8	Earnings from tourism (in U\$ billion)	2.6	6.0

2. The project aligns well with objectives of the Tanzania Development Vision 2025 with following objectives:-

- Building a strong and competitive economy;
- Macroeconomic stability manifested by a low inflation (3.1%) economy and basis for macroeconomic balances;
- A growth rate of 5.3% per annum or more;
- An active and competitive player in the regional and world market with capacity to articulate and promote nations interests and adjust quickly to regional and global market shifts.

3. It is in line with TANAPA's Five Year Investment Plan (2019 – 2024) which encourages setting up accommodation facilities outside national parks in order to facilitate conservation
4. To de-bottleneck the constraint of accommodation in National Parks which will lead to an upsurge of tourist arrivals resulting in higher foreign exchange earnings for the country

5. Support the "Royal Tour" initiative on tourism which was done by H. E Samia Suluhu Hassan, President of the United Republic of Tanzania to promote tourism.
6. An amount of TZS 532,839,770 shall be paid to the government as corporate tax over a period of 5 years (2027 – 2031)

## **10.0 CONCLUSION AND PROFESSIONAL OPINION**

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- a) The return on equity ratio indicates the amount of net income realized as a Percentage of shareholders' funds invested into the business. The ratio is pretty attractive. It is 16.1% in 2027 and rises consistently to reach 27.3.0% in 2031.
- b) Projected cash flow statement shows healthy closing balances throughout the planning period. A balance of TZS 269,202,450 is registered in 2027. This rises steadily and reaches TZS 1.776 billion in 2031. This indicates that the company will have sufficient cash cover to pay suppliers and other obligations as and when they fall due.
- c) Throughout the period being evaluated, net worth is quite attractive. Average net worth is TZS 1,668,917,817 throughout the planning period. High net worth attributable to the fact that the project has been entirely financed by equity
- d) Current ratio is positive throughout the planning period. It is 1.66 times in 2027, and closes at 1.43 times in 2031. This implies an extremely high liquidity of the company.
- e) The positive Internal Rate of Return (IRR) of 2% indicates viability of the project

### **Conclusion**

Having made the analyses and observations cited above, we unreservedly state that this project is economically feasible and financially viable. We therefore strongly recommend that necessary permits have been obtained.