



# **LOVEBIRD SAFARIS LIMITED**

## **BUSINESS PLAN FOR ESTABLISHMENT OF TOUR OPERATOR, HOTEL, LODGE AND TENTED CAMPS PROJECT PROPOSED TO BE LOCATED IN ARUSHA AND MOSHI, TANZANIA**

**26<sup>th</sup> March, 2025**

## **1.0 EXECUTIVE SUMMARY**

LOVEBIRD SAFARIS LIMITED, a company incorporated in Tanzania to carry out business activities tour operator, hotel, safari lodges, luxury camping safaris, road safaris, ticketing, airlines and charters, bird watching, wildlife tourism, cultural tourism, game hunting, fishing, mount climbing, walking safaris, car hire, hunting, travel and tourist agent, insurance agent, transportation and other related business in a tourism industry. The company is planning to establish a project named “establishment of tour operator, hotel, lodge and tented camps project proposed to be located in Arusha and Moshi, Tanzania”. This project is expecting to generate monthly income of 55,000 USD with the running cost of 18,500 USD. Moreover, the project is expecting to create jobs amounting to 10 employees and operate the project with the use of high tech, quality and timely services. The expected market of the project services is mostly international tourists with also minimum focus on local tourists and local citizens. The project is expecting to incur the total investment is 1,572,000 USD whereby through financial analysis it was found that the cash accumulation in 5<sup>th</sup> year is 2,092,739 USD which is more than the initial investment by 520,739 USD therefore the project payback Period is exactly at the 5<sup>th</sup> year. Therefore, the project is viable and experiencing relatively a short time Payback period. Details of company and the main project description will be depicted in the main paper.

## **1.1 COMPANY DESCRIPTION**

**LOVEBIRD SAFARIS LIMITED** is a company incorporated in Tanzania with certificate No.82461 dated 31<sup>st</sup> March, 2011 under the companies Act of 2002 and that the company is limited by shares. **LOVEBIRD SAFARIS LIMITED** is registered to carry out business activities such as tour operator, hotel, safari lodges, luxury camping safaris, road safaris, ticketing, airlines and charters, bird watching, wildlife tourism, cultural tourism, game hunting, fishing, mount climbing, walking safaris, car hire, hunting, travel and tourist agent, insurance agent, transportation and other related business in a tourism industry. Also, the company is registered to carry other businesses such as export and import, trading, construction, consultancies and engineering services. The company is also registered with TRA as a Tax Payer with a TIN number 113-577-231 of 15<sup>th</sup> June, 2011.

### **1.1.1 Company Products or services**

Generally, the company is mainly engaged in tourism and hospitality services including operating Hotels Lodges, tented camps, managing safaris, import and export services and operating as a general commercial company

## **1.2 VISION**

**LOVEBIRD SAFARIS LIMITED** To lead the way in responsible tourism by setting a new standard for sustainability, community engagement, and inclusivity in the safari industry. We aim to transform lives, protect natural habitats, and create a future where tourism contributes to the well-being of both people and the Planet.

### 1.3 MISSION

**LOVEBIRD SAFARIS LIMITED** We strive to provide world-class safari experiences that promote conservation and responsible tourism, while empowering local communities and fostering inclusivity. Our commitment to sustainability sets us apart as we balance luxury travel with a deep respect for the animals, birds, nature, environment, culture, and people of Tanzania.

### 1.4 COMPANY OWNERSHIP AND BOARD OF DIRECTORS

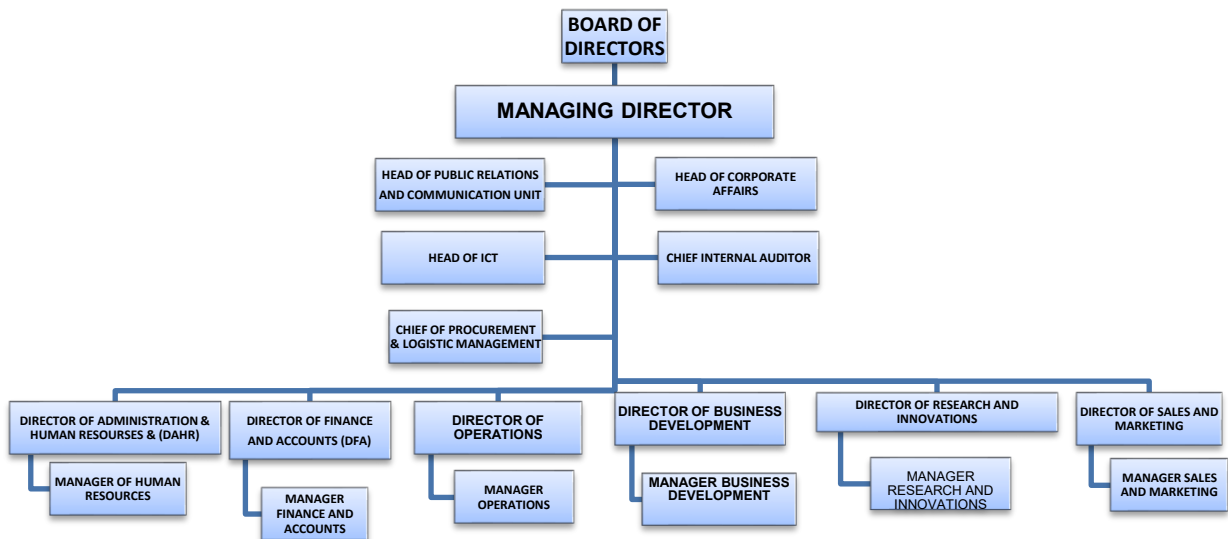
**LOVEBIRD SAFARIS LIMITED** is owned by 3 shareholders with experience in tourism and hospitality industry and related general businesses, the share capital of the company is Tanzania shillings 10,000,000/= which are 1,000 Ordinary shares of Tanzania shillings 10,000/= each divided in percentages as follows:

<b>Share Holders</b>	<b>% of Share</b>	<b>Nationality</b>
ADAM FELIX MLAY	90	Tanzanian
FELIX ANAELI MLAY	5	Tanzanian
AMINA MLAY	5	Tanzanian

#### 1.4.1 ORGANIZATION'S AND MANAGEMENT

The company is being run by the Management and the Board of Directors where the management team report directly to the Board of Directors for enhancing performance and productivity of the organization.

### 1.4.1.2 Organization Structure of the company



## 1.5 THE PROJECT

LOVEBIRD SAFARIS LIMITED is planning to establish a project named “establishment of tour operator, hotel, lodge and tented camps project proposed to be located in Arusha and Moshi, Tanzania”. This project is expecting to generate monthly income of 55,000 USD with the running cost of 18,500 USD

### 1.4.1 Project location

The project will be located in Arusha town in Arusha Region and Moshi town in Kilimanjaro Region, Tanzania as a diversified projects including hotel, lodges, tour operator and tented camps.

### **1.4.2 Products or service to be provided**

The services to be provided by this company will be based on diversified projects including hotel, lodges, tour operator and tented camps services.

### **1.4.3 Technology used**

This project will utilize a high-tech technology and materials made with modern technology especially furniture and other supplies of the hotel, lodges and tented camps will be of high quality. Also, in terms of tour operator project the company will procure latest vehicles with high quality and comfortability for tourist who visit Tanzania for Safaris.

### **1.4.4 Overview of tourism and hospitality industry in Tanzania**

The tourism sector in Tanzania has experienced an amazing development in steering the Tanzanian economy. The tourism sector has grown significantly and contributed considerably to Tanzania's economic growth. On average the tourism sector accounts for about 24.0 % of its exports and 17.2% of GDP. This is a fast-growing sector that offers plenty of investment opportunities.

Tanzania is a truly magnificent country, packed with unspoiled environments and a variety of national parks. The landscape of Tanzania is broad and fascinating. Ranging from humid rainforests to snowy mountain peaks and everything in between, it's a varied nation that plays host to so much biodiversity. Tanzanian people are friendly and welcoming, and their culture is rich and fascinating.

Two of the world's most famous natural landmarks are in Tanzania. These are Mount Kilimanjaro and the Serengeti. Each one is a unique world treasure, filled with amazing sights and experiences.

Between 2016 and 2019 International tourist arrivals increased by 18.9%, while foreign exchange receipts from international tourism grew by 25% during the

same period. Statistics show that Tanzania is ranked tenth among fifty African countries in tourism growth. Until April 2020, tourism earnings accounted for more than 24% of the total share of exports, making tourism the second largest foreign exchange earner after agriculture. The major source markets for Tanzania's international tourism are the USA (13.2%) and the UK (9.5%). Other countries include: In the period between January to July 2022, Tanzania registered 742,133 tourists, a 62.7% increase compared to the same period last 2021. Below are the quick facts and figures about Tanzania Tourism sector.

- Average length of stay: 10-11 days
- Average Expenditure per tourist: US\$355 (package tours) and US\$247 (non-package tours)
- 22 National Parks,
- 1 Conservation Area
- 2 Game Reserves,
- 44 Game Controlled Areas,
- 4 Ramsar/Wetland Sites,
- 33 Wildlife Management Areas,
- 6 Nature Reserves
- Tourism icons:
- Kilimanjaro Mountain – 5,895 Meters High - is the highest free-standing mountain in the World and highest in Africa
- Ngorongoro Crater is among the World Heritage Sites
- Serengeti National Park with Animal Migration – the leading National Park in Africa in 2019, 2020 and 2021.

#### **1.4.5 Expected Market**

The project for hospitality and tourism will focus mostly on international tourist market and some of the local market for tourist of middle and high end who want to utilize hotel, lodge and safaris services.

#### **1.4.6 Marketing and sales strategy**

The company will use Diversification strategy to ensure that it penetrates the market and acquire a fair share of the market share for the tourism and hospitality industry. In this case the company will utilize mixed methods to reach the market

thus will use the 7Ps of the marketing strategy which are product, price, place, promotion, people, process and physical evidence. Therefore, the company will ensure that it develops a unique and quality product, set a good price for attracting tourists and other customers, will locate a place for business, will promote the services through various means, will be people centered reflecting people's needs and peoples feedback, will use a step-by-step process to meet the market but also will have a physical office for receiving its customers. It should be noted that Promotion of the company services will be the priority tool for expanding the market base and ensure more customers for the services provided therefore different medias will be used for promotion including TVs, newspapers and social medias therefore the company will set aside a good budget for promotional activities and media coverage for enhancing visibility and customers awareness of the services offered by the company.

#### **1.4.7 Project risks**

Project risks may include changing of government policies, fluctuation of USD prices to TZS, changes of tax rates, labor turnover and fuel price fluctuation.

#### **1.4.8 Strategy to overcome risks**

Compliance and flexibility with the changing government policies, strengthening internal revenue and pricing mechanism in accordance to the market conditions, hiring good internal Auditor and Taxi consultants and enhancing labor retention policies or the company.

#### **1.4.9 Environmental aspects considerations**

Before commencing the project, the company will make sure that it follows all procedures and guidelines for environmental protection from NEMC before establishing the project and if Environmental Impact Assessment (EIA) is needed

the project will undergo that assessment for certification before commencing the project.

### **1.5 PROJECT ESTIMATED REVENUE**

The company has estimated that the projected revenue to be 55,000 USD per month.

### **1.6 PROJECT OPERATING COST**

The company has estimated that the project operating cost to be 33.6% of the total monthly revenue income expected to be generated per month. Therefore, the operating cost estimated is 18,500 USD per month.

### **1.7 PROJECT FINANCING**

The company has estimated that the project will be financed by the shareholders equity amounting to 390,000 USD and loan of 1,182,000 USD

### **1.8 PROJECT INVESTMENT COST BREAKDOWN**

The project has budgeted to cost the followings:

<b>INVESTMENT COSTS AND ASSETS COSTS</b>			
	<b>ITEM</b>	<b>TZS</b>	<b>USD</b>
1	Land/Building	1,040,000,000	400,000
2	Plant/Machines		
3	Vehicles	1,521,000,000	585,000
4	Furniture & Fittings	486,200,000	187,000
5	Pre-expenses	130,000,000	50,000
	<b>Sub Total</b>	<b>3,177,200,000</b>	<b>1,222,000</b>
6	Working Capital	910,000,000	350,000

7	Other costs		
	<b>Sub Total</b>	<b>910,000,000</b>	<b>350,000</b>
	<b>TOTAL INVESTMENT COST</b>	<b>4,087,200,000</b>	<b>1,572,000</b>
	<b>SOURCE OF CAPITAL FOR INVESTMENT/BUSINESS</b>		
		<b>TZS</b>	<b>USD</b>
1	EQUITY	1,014,000,000	390,000
2	LOAN	3,073,200,000	1,182,000
	<b>TOTAL INVESTMENT</b>	<b>4,087,200,000</b>	<b>1,572,000</b>
	<b>TOTAL ASSETS</b>	<b>3,177,200,000</b>	<b>1,222,000</b>

Estimates were done at exchange rate of 2,600 TZS per 1 USD

## **2.0 PROJECT MANAGEMENT SCHEDULE**

The project will be headed by 3 shareholders who are currently the main shareholders of **LOVEBIRD SAFARIS LIMITED**. The expected project employment schedule are as follows: -

### **Employees Distribution Summary**

<b>Employment</b>	<b>Foreign</b>	<b>Local</b>	<b>Total</b>
Women	0	4	4
Men	0	6	6
<b>TOTAL</b>	<b>0</b>	<b>10</b>	<b>10</b>

## **3.0 OVERVIEW OF TANZANIA BUSINESS ENVIRONMENT**

Tanzania's business environment presents a mix of opportunities with a large market size and growing economy.

In the African continent, TANZANIA is among the top ten investment destinations in Africa, thanks to reforms and a conducive investment environment set by the government. The Rand Merchant Bank (RMB) ranked the country tenth in business and investment attractiveness, in the Where to Invest in Africa report released recently.

The World Bank ranking it relatively medium globally in ease of doing business; and that, the government is actively working to improve more on the investment climate for investors through reforms aimed at streamlining processes and attracting foreign direct investment (FDI)

## **4.0 SWOT ANALYSIS**

### **STRENGTHS**

Strengths of the business are –

- The shareholders have own equity and access to loan for starting and financing the project
- The company has sound, experienced and talented management for Business management.
- Rapid growth in sector due to effective management
- Influence & Networking of Directors in the business sector
- Business location is at prominent place
- Good roads and highway in Tanzania
- Confirmed business due to market availability.

### **WEAKNESSES**

Weakness of the business are –

- Local competition from local market
- Struggle for market share growth

## **OPPORTUNITIES**

Opportunities of the business are –

- Availability of potential market with Tanzania, EAC and Africa in general.

## **THREATS**

Threats of the business are –

- Complex Tax Structure
- Sectorial competition
- Changing business, investment laws and policies
- Fuel price fluctuations
- Fluctuation of USD vs TZS-currency devaluation.

## **5.0 FINANCIAL PROJECTIONS ASPECT OF THE PROJECT**

### **(i) Projected Profit and Loss Statement**

The attached table shows the projected income for the 10 years period. The position depicted is that the project earns profit throughout its life cycle. Accumulated after-tax profits grow from **271,705 USD** in the 1<sup>st</sup> year to **5,876,170 USD** in the 10<sup>th</sup> year.

### **(ii) Projected Cash Flows**

The project's cash flows are shown in the attached table. They depict a good liquid position right from the first year. Cash accumulation builds up from **311,705 USD** in the first year to **6,276,170 USD** at the end of the 10<sup>th</sup> year of the project's operations

**(iii) Projected Balance Sheet**

The project's assets' cash flows are shown in attached table. Owners' equity grows from **661,705** USD in the first year to **6,266,170** USD at the end of the 10<sup>th</sup> year of the project's operations

**(iv) Payback Period**

Total investment is **1,572,000** USD, cash accumulation in 5<sup>th</sup> year is **2,092,739** USD which is more than the initial investment by **520,739** USD. The project payback Period is exactly at the 5<sup>th</sup> year. Therefore, the project has a relatively short time Payback period.

**6.0 ECONOMIC ASPECTS OF THE PROJECTS**

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country.

**I. Employment Opportunities**

Employment and poverty reduction are among the major concern of the Central and Local Government authorities. It is gratifying to note that the company will provide additional employment to 10 people. This is a fair contribution to the economy derived from establishment of this project.

## **II. Revenue to the Government**

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes.

## **III. Benefiting in terms of growing the tourism industry in Tanzania**

The project will contribute to the growth of tourism and hospitality industry in Tanzania and especially in the northern corridor and other surrounding potential tourist corridor.

## **7.0 CONCLUSION**

After undergoing economic and financial evaluation of the project, it is of view that his project is viable, profitable and contributes to company revenue and to the government revenue by way of taxes, therefore it is recommended that the project should be given enough considerations for its establishment, take off and expansion.

## **8.0 LIST OF APPENDICES**

## Appendix I

FORECASTED STATEMENT OF PROFIT & LOSS IN USD													
CURRENCY USD													
Revenue	number of vehicles/rooms	sales per vehicle	Monthly Income	Year 1	Year 2	Year 3	Year4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue from vehicles	5	3,000	15,000	180,000	207,000	238,050	273,758	314,821.13	362,044	416,351	478,804	550,624	633,217.73
Revenue from lodges/room	10	4,000	40,000	480,000	552,000	634,800	730,020	839,523.00	965,451	1,110,269	1,276,810	1,468,331	1,688,580.62
<b>Total Revenue</b>			<b>55,000</b>	<b>660,000</b>	<b>759,000</b>	<b>872,850</b>	<b>1,003,778</b>	<b>1,154,344</b>	<b>1,327,496</b>	<b>1,526,620</b>	<b>1,755,613</b>	<b>2,018,955</b>	<b>2,321,798</b>
Operating Cost vehicles (fuel, service, tyres changes)	5	500	2,500	30,000	34,500	39,675	45,626	52,470.19	60,341	69,392	79,801	91,771	105,536
Operating Cost lodges (utility etc)	10	1,600	16,000	192,000	220,800	253,920	292,008	335,809.20	386,181	444,108	510,724	587,332	675,432
Insurance cost cars				36,729									
<b>Total cost</b>			<b>18,500</b>	<b>222,000</b>	<b>255,300</b>	<b>293,595</b>	<b>337,634</b>	<b>388,279</b>	<b>446,521</b>	<b>513,499</b>	<b>590,524</b>	<b>679,103</b>	<b>780,969</b>
<b>Gross profit before depreciation and interest</b>			<b>36,500</b>	<b>438,000</b>	<b>503,700</b>	<b>579,255</b>	<b>666,143</b>	<b>766,065</b>	<b>880,974</b>	<b>1,013,121</b>	<b>1,165,089</b>	<b>1,339,852</b>	<b>1,540,830</b>
Loan Interest 10%				9,850	9,850	9,850	9,850	9,850	9,850	9,850	9,850	9,850	9,850
Depreciation 10%				40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
				49,850	49,850	49,850	49,850	49,850	49,850	49,850	49,850	49,850	49,850
<b>Gross profit</b>				<b>388,150</b>	<b>453,850</b>	<b>529,405</b>	<b>616,293</b>	<b>716,215</b>	<b>831,124</b>	<b>963,271</b>	<b>1,115,239</b>	<b>1,290,002</b>	<b>1,490,980</b>
Tax (30%)				116,445	136,155	158,822	184,888	214,864	249,337	288,981	334,572	387,001	447,294
Profit after tax				271,705	317,695	370,584	431,405	501,350	581,787	674,289	780,667	903,001	1,043,686
<b>Accumulated profit</b>				<b>271,705</b>	<b>589,400</b>	<b>959,984</b>	<b>1,391,389</b>	<b>1,892,739</b>	<b>2,474,526</b>	<b>3,148,816</b>	<b>3,929,483</b>	<b>4,832,484</b>	<b>5,876,170</b>

## Appendix II

PROJECTED STATEMENT OF CASHFLOW IN USD											
	0	1	2	3	4	5	6	7	8	9	10
<b>SOURCES:</b>											
Profit after interest and depreciation	-	271,705	317,695	370,584	431,405	501,350	581,787	674,289	780,667	903,001	1,043,686
Equity		390,000									
Loan		1,182,000	0	0	0	0	0	0	0	0	0
<b>Total Sources</b>		<b>1,843,705</b>	<b>317,695</b>	<b>370,584</b>	<b>431,405</b>	<b>501,350</b>	<b>581,787</b>	<b>674,289</b>	<b>780,667</b>	<b>903,001</b>	<b>1,043,686</b>
<b>Applications:</b>											
Capital expenditure		1,222,000		0							
Working Capital & Others		350,000		-							
Cash	-	271,705	317,695	370,584	431,405	501,350	581,787	674,289	780,667	903,001	1,043,686
Depreciation	-	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
<b>Sub total</b>		<b>311,705</b>	<b>357,695</b>	<b>410,584</b>	<b>471,405</b>	<b>541,350</b>	<b>621,787</b>	<b>714,289</b>	<b>820,667</b>	<b>943,001</b>	<b>1,083,686</b>
<b>Total applications</b>	<b>0</b>	<b>311,705</b>	<b>669,400</b>	<b>1,079,984</b>	<b>1,551,389</b>	<b>2,092,739</b>	<b>2,714,526</b>	<b>3,428,816</b>	<b>4,249,483</b>	<b>5,192,484</b>	<b>6,276,170</b>

FORECASTED STATEMENT OF FINANCIAL POSITION IN USD											
ASSETS	Initial Outlays/Years	1	2	3	4	5	6	7	8	9	10
Opening Balance			1,182,000	1,142,000	1,102,000	1,062,000	1,022,000	982,000	942,000	902,000	862,000
Total Long term assets	1,222,000	1,222,000	1,182,000	1,142,000	1,102,000	1,062,000	1,022,000	982,000	942,000	902,000	862,000
Less Depreciation		40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Closing Balance		1,182,000	1,142,000	1,102,000	1,062,000	1,022,000	982,000	942,000	902,000	862,000	822,000
Working Capital	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Accumulated Cash		311,705	669,400	1,079,984	1,551,389	2,092,739	2,714,526	3,428,816	4,249,483	5,192,484	6,276,170
<b>Total Assets</b>	<b>1,572,000</b>	<b>1,843,705</b>	<b>2,161,400</b>	<b>2,531,984</b>	<b>2,963,389</b>	<b>3,464,739</b>	<b>4,046,526</b>	<b>4,720,816</b>	<b>5,501,483</b>	<b>6,404,484</b>	<b>7,448,170</b>
<b>Finance d By</b>											
Equity	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000
Accumulated Profits		271,705	589,400	959,984	1,391,389	1,892,739	2,474,526	3,148,816	3,929,483	4,832,484	5,876,170
Total Equity	390,000	661,705	979,400	1,349,984	1,781,389	2,282,739	2,864,526	3,538,816	4,319,483	5,222,484	6,266,170
Loan	1,182,000	1,182,000	1,182,000	1,182,000	1,182,000	1,182,000	1,182,000	1,182,000	1,182,000	1,182,000	1,182,000
Total Debt	1,182,000	1,182,000	1,182,000	1,182,000	1,182,000	1,182,000	1,182,000	1,182,000	1,182,000	1,182,000	1,182,000
<b>Total Equity and Debt</b>	<b>1,572,000</b>	<b>1,843,705</b>	<b>2,161,400</b>	<b>2,531,984</b>	<b>2,963,389</b>	<b>3,464,739</b>	<b>4,046,526</b>	<b>4,720,816</b>	<b>5,501,483</b>	<b>6,404,484</b>	<b>7,448,170</b>

**Appendix IV**

<b>ACCUMULATED CASHFLOW</b>				
<b>Year</b>	<b>Profit After Tax</b>	<b>Depreciation</b>	<b>Total Cash Flow</b>	<b>Accumulated Cash Flow</b>
1	271,705	40,000	311,705	311,705
2	317,695	40,000	357,695	669,400
3	370,584	40,000	410,584	1,079,984
4	431,405	40,000	471,405	1,551,389
5	501,350	40,000	541,350	2,092,739
6	581,787	40,000	621,787	2,714,526
7	674,289	40,000	714,289	3,428,816
8	780,667	40,000	820,667	4,249,483
9	903,001	40,000	943,001	5,192,484
10	1,043,686	40,000	1,083,686	6,276,170
<b>TOTAL</b>	<b>5,876,170</b>	<b>400,000</b>	<b>6,276,170</b>	<b>27,566,695</b>

## Appendix V

LOAN REPAYMENT SCHEDULE				
Year	<i>Principle</i>	Year Loan Interest (10%)	Total Amount Paid	Loan Balance
0	<b>1,182,000</b>	<b>118,200.00</b>	<b>1,300,200.00</b>	<b>1,300,200</b>
1	98,500	9,850	108,350	1,191,850
2	98,500	9,850	108,350	1,083,500
3	98,500	9,850	108,350	975,150
4	98,500	9,850	108,350	866,800
5	98,500	9,850	108,350	758,450
6	98,500	9,850	108,350	650,100
7	98,500	9,850	108,350	541,750
8	98,500	9,850	108,350	433,400
9	98,500	9,850	108,350	325,050
10	98,500	9,850	108,350	216,700
11	98,500	9,850	108,350	108,350
12	98,500	9,850	108,350	-
	<b>1,182,000</b>	<b>118,200</b>	<b>1,300,200</b>	