



BUSINESS CONCEPT

&

FEASIBILITY PLAN

(PROPOSED HOLIDAY BEACH RESORT)

PREPARED BY

M/S LONG MEN KE ZHAN LIMITED,

P. O. BOX 4682,

DAR ES SALAAM, TANZANIA



TABLE OF CONTENTS

	Page
1. Business Proposal.....	2
2. Company's Background	2
3. Market Potential	3
4. The Company's Objectives.....	3
5. Implementation Schedule	4
6. Capital Investment Cost	5
7. Financial Plan (Use of Funds)	5
8. Economic Growth.....	6
9. Competition/Market	6
10. Advertisement	7
11. Business Strategy	8
12. Conclusion and Recommendation	9
13. Financial and Economic Analysis	8
14. Sensitivity Analysis.....	9
15. Appendix	10



ESTABLISHING AND OPERATING A BEACH HOLIDAY RESORT AT BAGAMOYO, TANZANIA

1. BUSINESS PROPOSAL

This Business Plan has been prepared by **M/s Long Men Ke Zhan Limited** for a proposed Holiday Beach Resort at Bagamoyo, Tanzania.

The Business Plan has been prepared to manifest and analyze the financial and other resources required for the implementation of the proposed business and also assess its economic viability and commercial viability for presentation to the Shareholders of M/s Long Men Ke Zhan Limited and external parties including financial institutions, the revenue authority and potential investment partners. Key to this presentation is the allocation of funds so as to supplement the equity contribution.

2. COMPANY'S BACKGROUND

M/S Long Men Ke Zhan Limited is a private company registered / incorporated in Tanzania by Registrar of Companies.

The company's shareholders have determined that there is need for provision of a holiday beach resort in Bagamoyo Tanzania. Around 50km off the coast of the economic capital of Dar es Salaam, the idyllic town of Bagamoyo is best known for its culture, spices, coral reefs and their fringes of dreamlike beaches steeped with culture and activities in historic Stone Town.

The residents of the city of Dar es Salaam also lack an ideal getaway location, with well designed hotel facilities that can be used for accommodation, holiday destination as well MICE (Meetings, Incentives, Conferencing and Exhibitions) facilities.

It is on the basis of the above reasons the management has thought it is prudent to establish and operate high quality and modern facility that will serve this clientele.



Tourism is a significant industry within Tanzania, generating income, employment, and other direct and indirect effects in the economy. The World Travel and Tourism Council estimates the 2017 contribution of travel and tourism to Tanzania's GDP to be 9%, with tourism-related employment of 685,000 jobs.

Historical trends in visitors to Tanzania all demonstrate steadily rising numbers of visitors, although the impact of the recent global recession on Tanzania's tourism sector because of the COVID 19 Pandemic is yet to be fully documented.

Ecotourism, too, has gained in popularity over time, globally and with Tanzania. Enhanced tourism in Bagamoyo District has been identified as a priority at the national level.

The Integrated Tourism Master Plan includes as one of six priority areas for development "...the Coastal Zones involving beach resort tourism along the coast, including Mafia and other offshore islands; this zone also encompasses the historical centre of Bagamoyo and the Game Reserve and Saadani to the North and Kilwa to the South."

Given the confluence of increasing rates of tourism, increased awareness of environmental issues and ecotourism as an industry, and the significant interest on the part of Bagamoyo District, the time seems right to examine the status of and potential for enhanced ecotourism in the District. .

3. MARKET POTENTIAL

Market research shows that Bagamoyo has a rich history as a major maritime trading center. Kaole village, about 5 km south of downtown Bagamoyo, was founded in the 12th century and was an important link in early trade routes.

Later, what is now known as 'Old Stonetown' in modern day Dunda village gained significance as a key slave holding area, receiving slaves from western Tanganyika before they were shipped to Zanzibar. In the 1800s, the town became the site for the first German headquarters in East Africa.

Relics from all periods remain and form the basis for historical and cultural tourism in the area.



The Department of Antiquities is responsible for maintenance of and access to many of these key historical attractions. One entry fee, paid either at the Old Fort or Caravan Serai, includes entry or access to a number of attractions in Old Stonetown.

The Department also manages the Kaole Ruins, which operates as a separate entity with its own entry fee. Statistics on visitors are maintained separately at all three locations.

Its reputation as a major historical site in Tanzanian history attracts thousands of Tanzanian students and both resident and non-resident tourists annually. As the 'arts' center of Tanzania,

Bagamoyo attracts many visitors to the College of Arts and Culture for training as well as for the annual arts festival. Finally, its proximity to Dar es Salaam, with an adequate road linking the two, makes it an ideal retreat for conferences, while visitors to Saadani National Park or Zanzibar use it as a stopover or launching point as part of longer tour packages. Combined, these factors make Bagamoyo a robust destination for tourists.

This clearly represents an opportunity for our organization to not only do profitable business but also provide high quality hotel product to all our esteemed clientele.

4. THE COMPANY'S OBJECTIVES

Proposed Design and Architectural Murals

The proposed facility is designed to mix traditional culture with modern facilities thus bringing about a mix of the past and future which excites and accentuates the senses. This leads to an exciting holiday destination and must visit facility for family getaways, friends, business meeting and conferences, honeymoon getaways as well as birthday wedding and anniversary ceremonies.

The facility shall be built using local materials and using traditional Swahili architecture. All the buildings have tall steep roofs designed to catch the sea breezes, keeping you cool in the East African heat.



Room Design

The facility shall boast of 38 en suite beach bandas with twin or double beds, and an upstairs 'loft' with two twin beds, ideal for older children. Each spacious banda has both an upstairs balcony and a porch with unimpeded sea views and access straight on to the beach.

There can't be many more relaxing ways to start a day than to watch the early morning ngalawas go out fishing, whilst sipping a coffee on your own veranda, or walking down to the beach to look in rock pools in your pyjamas!

Proposed Room Design





Proposed Grounds Design



Soak up the evening sun in the upstairs sunset lounge, which overlooks the swimming pool and the Indian Ocean

Wine and Dine

The main dining and living area shall be spacious and airy, with high ceilings and cool wooden floors; the perfect escape from the midday sun. Breakfast, lunch and dinner shall be served here, with each table enjoying sea views.

The menu shall be a mix of continental, seafood, Swahili as well as oriental cuisine to meet the needs of our international expected guests.

We shall also incorporate local food fresh from the sea and local community who shall be an integral part of our local supply chain.



Our chefs shall also design special menus that make us of locally available ingredients and foods available all season round in Bagamoyo.





M/s Long Men Ke Zhan Limited has the following objectives in the setting up of this Beach Holiday Resort.

- ❖ To provide high quality tourism facilities in the United Republic of Tanzania;
- ❖ To promote the availability of high quality tourism and resort facilities at affordable pricing to all our clientele;
- ❖ Job creation as the company will create employment opportunities;
- ❖ Skill development (Transfer of knowledge/human resources development) through on job training;
- ❖ Income generation;
- ❖ Improve their social welfare equally important the company contribute to the government revenue through taxes and other levies.



**5. PROPOSED IMPLEMENTATION SCHEDULE OF THE BEACH
RESORT AT BAGAMOYO TANZANIA**



Period	Activity Schedule
Quarter 4 Year 2021 (October to December)	Project Mobilization – Contractor, Local Authorities, Work force mobilization
Quarter 1 Year 2022 (January to March)	Project Implementation – Construction
Quarter 2 Year 2022 (April to June)	Project Implementation – Construction
Quarter 3 Year 2022 (July to September)	Project Implementation – Construction
Quarter 4 Year 2022 (October to December)	Project Implementation – Construction
Quarter 1 Year 2023 (January to March)	First Wing is opened to public
Quarter 2 Year 2023 (April to June)	Project Implementation – Construction
Quarter 3 Year 2023 (July to September)	Second Wing Completed
Quarter 4 Year 2023 (October to December)	Full facility functional status
Quarter 1 Year 2024 (January to March)	Project is fully 100% operational



6. CAPITAL INVESTMENT COST

Projected capital requirements for the project is highlighted below. We envisage a balanced mix of shareholder equity and external financing if required from banks.

Our expected capital to asset ratio is within desired capital adequacy ratio designed to promote adequacy of the operations.

This projections are highlighted below.

S/No	Source of Capital	Projected Amount (In USD)
01	Shareholders Equity	1,400,000.00
Total Projected Equity/Capital for the Project		1,400,000.00
		United States Dollar One Million, Four Hundred and Thirty Only

7. FINANCIAL PLAN AND USE OF FUNDS

Projected expenditure for the project inclusive of startup costs are highlighted as structured below:

- GENERAL ASSUMPTIONS

The Company has the following key assumptions which guide this investment decision.

- A steady exponential growth curve based on market demand for our beach resort;
- Fixed facilities costs which do not fluctuate with more than 10% deviation;
- New age technological tools and equipment designed to meet and match accommodation and room rate estimates.

- SALES FORECAST

The company envisages a conservative sales forecast of Thirty (30) rooms a day within a 7 day work week. This is within hotel industry estimates of eighty (80%) percent room occupancy.



Accommodation would however start at a conservative figure of twenty (20) rooms per day and gradually increase reaching peak occupancy of eighty eight (88%) percent peak average daily.

We estimate to within a period of three years increase our facilities to incorporate three presidential /VVIP Suites to cater for dignitaries based on on the strength of in-house experience, production stabilization and economies of scale.

This translates to estimated sales unit of

30 rooms occupied per day X 7 Days = 210 room sales per Week

210 Rooms per week X 4 Weeks per Month = 840 Room per Month

840 Room Sales per Month X 12 Months = 10,080 Rooms sold Annually

Units Produced Annually	Sale Price Per Unit	Projected Annual Revenue
10,080 Room Sales	250,000 Tanzania Shillings per Room	2,318,400,000.00
Projected Annual Revenue		2,318,400,000.00
		Tanzania Shillings Two Billion, Three Hundred and Eighteen Million, Four Hundred Thousand Shillings Only

This growth forecast is estimated to start off at room and accommodation capacity of 50% and grow progressively to full capacity before end of envisaged project plan of 1 year. This will be due to factors such as market growth, technical know-how, skill learning and economies of scale.

This projection also does not quantify expected revenue from the below streams of income namely:



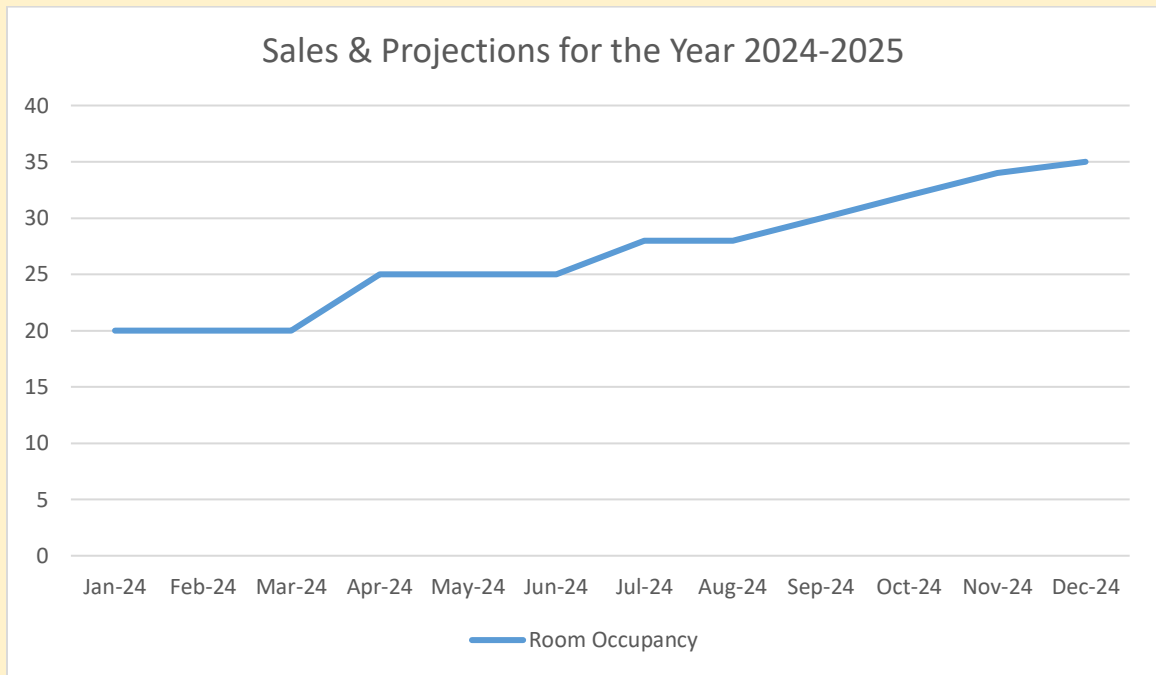
- MICE - (Meetings, Incentives, Conferencing and Exhibitions) revenue
- Ala-carte /Walk in Customers revenue
- Ad hoc events such as weddings and related functions

This are conservatively expected to bring in at least 25% of total revenue for the establishment. A Pareto analysis estimation on annual revenue would mean that the establishment can bring in Tanzania Shillings Five Hundred Million on a yearly basis.

Period	Production Capacity per Day
Quarter 4 Year 2021 (October to December)	Project Mobilization – Contractor, Local Authorities, Work force mobilization
Quarter 1 Year 2022 (January to March)	Project Implementation – Construction
Quarter 2 Year 2022 (April to June)	Project Implementation – Construction
Quarter 3 Year 2022 (July to September)	Project Implementation – Construction
Quarter 4 Year 2022 (October to December)	Project Implementation – Construction
Quarter 1 Year 2023 (January to March)	First Wing is opened to public
Quarter 2 Year 2023 (April to June)	Project Implementation – Construction
Quarter 3 Year 2023 (July to September)	Second Wing Completed
Quarter 4 Year 2023 (October to December)	Full facility functional status
Quarter 1 Year 2024 (January to March)	Project is fully 100% operational



Our projected Year on Year growth curve once the project is fully operational would be as below:



- STARTUP COSTS**

Envisaged start-up costs for the project are highlighted as below.

S/No	Detailed Start Up Costs	Projected Amount (In USD)
01	Land Purchase	850,000.00
02	Resort Buildings Construction	150,000.00
03	Vehicles	45,000.00
04	Furniture & Fittings	75,000.00
05	Pre- Expenses	50,000.00
06	Others	30,000.00
07	Working Capital	200,000.00
Detailed Start Up Costs for the Project		1,400,000.00
		United States Dollar One Million, Four Hundred Thousand Only



- **RUNNING COSTS**

Envisaged running costs for the project once operational are highlighted as below.

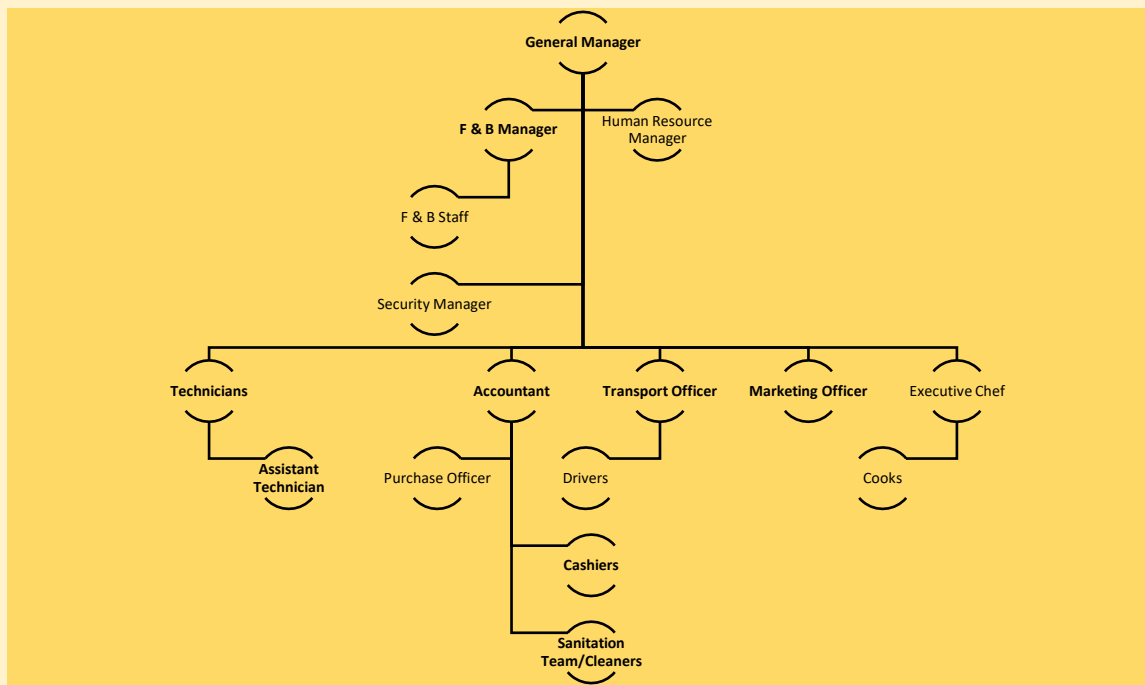
PROFORMA RUNNING COSTS

S/No	Description	Projected Expenditure per Month (In Tanzania Shillings)
Production Costs	Electricity	5,000,000.00
Production Costs	Food & Beverage Cost	63,000,000.00
Administrative Costs	Admin Expenses	2,500,000.00
Administrative Costs	Finance Costs	4,000,000.00
Payroll Expenses	Salaries and Wages	32,200,000.00
Total Monthly Running Costs for the Project		106,700,000.00
		Tanzania Shillings One Hundred and Six Million, Seven Hundred Thousand Only



- **ORGANIZATION STRUCTURE & PROJECTED PAYROLL COSTS**

A detailed Organization Structure inclusive of payroll details is listed below



S/No	Position	Number of Employees	Gross Salary	Total Gross Salary
01	General Manager	1	2,000,000	2,000,000.00
02	F & B Manager	1	1,000,000	1,000,000.00
03	Human Resource Manager	1	1,000,000	1,000,000.00
04	Executive Chef	1	1,000,000	1,000,000.00
05	Security Manager	1	800,000	800,000.00
06	Technicians	6	600,000	3,600,000.00
07	Kitchen Staff	9	600,000	4,500,000.00
08	F & B Staff	15	500,000	7,500,000.00
04	Assistant Technicians	4	400,000	1,600,000.00
05	Cashiers	2	200,000	400,000.00
06	Accountant	1	1,000,000	1,000,000.00
07	Drivers	2	500,000	1,000,000.00



08	Marketing Officer	1	500,000	500,000.00
09	Sanitation/Cleaners	7	300,000	2,100,000.00
	Gross Salary Expenses			28,000,000.00
	NSSF Liability			2,800,000.00
	WCF Liability			280,000.00
	SDL Liability			1,120,000.00
			Total Salary and Wages Cost	32,200,000.00

- CASH FLOW FORECAST ONCE OPERATIONAL

Based on projected production figures; our cash flow forecast for the project in its initial year of operations has been split into 4 stages to match accommodation capacity.

Quarter 1 – Year 2024 (January to March)

LONG MEN KE ZHAN LIMITED						
PROJECTED CASHFLOW FOR FINANCIAL YEAR 2021 – QUARTER 1 (JAN – MARCH 2024)						
ROOMS OCCUPIED – 20 ROOMS AVERAGE PER DAY						
	Quarter 1 Year 2024 January	Quarter 1 Year 2024 February	Quarter 1 Year 2024 March			QUARTER 1 YEAR 2024 YTD
Revenue						
Unit Selling Price	250,000	250,000	250,000			250,000
Rooms Occupied	600	600	600			1800
Expected Sales p/month	150,000,000	150,000,000	150,000,000			450,000,000.00
LESS: Food Cost	63,000,000	63,000,000	63,000,000			189,000,000.00



Gross Profit	87,000,000	87,000,000	87,000,000			261,000,000.00
Payroll	32,200,000	32,200,000	32,200,000			96,600,000.00
Admin Costs	2,500,000	2,500,000	2,500,000			7,500,000.00
Electricity	5,000,000	5,000,000	5,000,000			15,000,000.00
Finance Costs	4,000,000	4,000,000	4,000,000			12,000,000.00
Net Profit before Tax	43,300,000.00	43,300,000.00	43,300,000.00			129,900,000.00
	PROJECT BREAK EVEN & PROFITABILITY (RETURN ON INVESTMENT BY Q1)					
Corporate Tax @ 30 Percent	12,990,000	12,990,000	12,990,000			38,970,000
Net Profit	30,310,000	30,310,000	30,310,000			90,930,000

Quarter 2 – Year 2024 (April to June)

LONG MEN KE ZHAN LIMITED						
PROJECTED CASHFLOW FOR FINANCIAL YEAR 2021 – QUARTER 2 (APRIL – JUN 2024)						
ROOMS OCCUPIED – 20 ROOMS AVERAGE PER DAY						
	Quarter 2 Year 2024 April	Quarter 2 Year 2024 May	Quarter 2 Year 2024 June			QUARTER 2 YEAR 2024 YTD
Revenue						
Unit Selling Price	250,000	250,000	250,000			250,000
Rooms Occupied	600	600	600			1800



Expected Sales p/month	150,000,000	150,000,000	150,000,000			450,000,000.00
LESS: Food Cost	63,000,000	63,000,000	63,000,000			189,000,000.00
GROSS PROFIT						
Payroll	13,455,000	13,455,000	13,455,000			40,365,000
Admin Costs	4,000,000	4,000,000	4,000,000			12,000,000
Production Costs	7,080,000	7,080,000	7,080,000			21,240,000
Finance Costs	28,750,000	28,750,000	28,750,000			86,250,000
Net Profit before Tax	34,555,000	34,555,000	34,555,000			103,665,000
Corporate Tax @ 30 Percent	10,366,500	10,366,500	10,366,500			31,099,500
Net Profit	24,188,500	24,188,500	24,188,500			72,565,500