

PARROT HOTEL LIMITED

REHABILITATION HOTEL INVESTMENT PROJECT

BUSINESS PLAN 2023-2027

1.0 EXECUTIVE SUMMARY

1.1. Introduction

PARROT HOTEL LIMITED is private company with BRELLA registration number 49280 dated 24th JUNE 2004. The owners are residents of UNITED REPUBLIC OF TANZANIA intends to invest in ARUSHA - Tanzania.

1.2. Project Concepts

PARROT HOTEL LIMITED is formed for purposes of dealing with owning and operating a hotel business in Kaloleni - Arusha. Parrot hotel project will provide an innovative mixed-use three store commercial center that will serve for a bedroom, restaurants, Lounge, Public convenience, pool, gym area, service and reception and conference halls. The keyvision of the company is to offer quality hospitality services in Arusha.

1.3. The company and the sponsors

PARROT Hotel jointly owned by HASSAN ABDALLAH MSHANA and THE ESTATE OF LATE ABDALLAH RAJABU MSHANA. The project will be sponsored through owner's equity from shareholders amounted 870,000\$. and Local Loan amounted 11,048.425\$.

1.4. Economic and Social Benefits

- a) PARROT hotel project's goal is to increase the positive contribution to Tanzanian economy by providing a suitable center for different stakeholders to do their business andworks.
- b) To provide employment during the project planning and construction.
- c) To maximize value of the company and shareholder's wealth.
- d) Generate passive income

2.0 PROJECT DESCRIPTION

2.1. Design and Layout

The hotel will have a building of 15 floors with number of rooms expected to be 116 rooms (89 Standard Rooms, 18 Executive Rooms and 9 Suites) with 134 bed facility and such international standards as to attract a grading of at least 4 Stars. Along with a mountainous view, swimming pool, gym and others with ground views. The executive rooms can be occupied either by individual travelers (single or travelers in pairs maximum 2 persons per room) by sharing the lounge or without using or sharing the lounge, or by families and groups who rent the entire apartment together with the lounge. Each room has separate access to the lounge. the entire layout of the apartment rooms with veranda in addition to the grouping of the apartments, guarantees maximum privacy (for ground plan details see enclosure no.12) guests are given the choice of having the meals in the apartments (dinning place or apartment veranda) or at the restaurant, which also explains the surplus of waiters mentioned in the budget proposal The attractiveness of the extra spacious lounge, fireplace and eating area offers guest's greater value and comfort.

The family appreciates the higher“sleeping” capacity of an entire chalet and its inherent economy, including a free breakfast. All this is an equally valuable asset to the business travelers and leisure travelers, the dual attraction of the twin room chalets with lounge to both leisure and business travelers is what keeps the occupancy high on both weekends and weekdays; it is the most appropriate product type of all to build in today's lodging market, especially where medium-priced demand is strong. In addition, there are rooms for storage, cooling units, and sanitary units for guests and staff. Various other buildings include the staff quarter, rooms for drivers, laundry and sheltered drying areas as well as separate storage rooms.

2.2. Keys to Success

Keys to success for Parrot Hotel will include: –

- Developing a welcoming and inclusive environment for guests, employees, and partners
- Creating a unique guest experience and ensuring optimal guest satisfaction by going above and beyond: looking for opportunities to surprise and delight guests by going the extra mile.
- Building and maintaining strong relationships with the local community and local government
- Complying with high hotel industry quality standards for the rooms and food and beverage
- Implementing excellent staff training programs
- Offer visitors rewarding end life-enriching local activities
- Developing tour programs that connect to all Tanzania National Parks

2.3. Project Location

The project is located at Plot No. 48 Block '21' Kaloleni, Arusha District within Arusha Region – Tanzania.

2.4. Management and Supervision

PARROT Hotel is fully committed to operate a hotel business in a long-term success with plans forexpansion by having the following keys to success:

- **Property management** - The owners of hotel will personally manage the property and not rely on an outside management team. This way, all repairs and maintenance can be addressed immediately, accommodation fee will be collected in a timely manner and the accounting ledger will be kept current and up to date.
- The company will improve its profitability through the introduction of

innovative services focused on the value added customer services, partner with customer and selective expansion of its business portfolio while careful managing both cost and risk. The company will focus on improving services and general development both vertical and horizontal.

2.5. Staff and Training

Human resources of PARROT HOTEL LIMITED is ready to invest in a good, competent team, which involves competitive compensations for employees and ongoing training to increase proficiency. Some of the employees will already be hired during the building and construction phase, such as gardeners, farm workers, road workers for upgrading the access road and unskilled workers to assist the craftsmen. Most workers in the construction phase will be recruited locally since PARROT HOTEL LIMITED maintains a good relationship with the local community. For highly specialized labor, PARROT HOTEL LIMITED has to get craftsmen from other parts of the country and outside the country for higher wages. As English is not widely spoken and taught in Tanzania, PARROT HOTEL LIMITED intends to hold English courses for the workers on a regular basis. For this reason, we will arrange for an English teacher to teach proper business English. There is a major requirement for training of the staff of PARROT HOTEL LIMITED to be brought to an acceptable level. What is required is the development of a key position team by firstly identifying skilled practitioners in the hospitality industry and then training them through “train -the- trainer” program on how to impart their knowledge and skill to the team. Those key position workers would also become the catalyst for training 5.3 staff requirement index kitchen staff (cooks and helpers) since we are creating fresh meals from our gardens we have to be capable of preparing the meals in time, therefore we need adequate kitchen staff to deal with.

In view of the fact that the kitchen staff is in additionally responsible for the kitchen hygienic and cleanness, as well as preparing meals for the working and residing staff, we should not be understaffed at all waiter to the same extent as the kitchen staff, the waiter team should not be understaffed since we provide and offer to our guest's to have their meals whichever at the apartment or otherwise at the restaurant. This

concept is obviously labor demanding but to be exceptional and contrast to the other establishments, it is a necessity requirement house keeping (cleaner) and laundry these two departments will be one team since a lot of work at the same time comes up, especially when there are quantities of check outs in the morning in view of having the rooms clean and arranged along with the essential additional requirements for the newarriving guest's. Before handing over any key to the new guest's, the team leader himself will verify the rooms, after cleaning has been done, according to a particular inspection catalogue gardeners and farming workers at the same time as the other departments, they have to be one team responsible for maintenance and upkeep of the entire surrounding area, the vegetable farm and conservation of the access road. There are times as the farm worker has less work, the other way round, a lot of work at the farm has to be done in a short time. there are times like planting, harvesting or preparing of the firewood stockpile, all over the place every helping hand is needed as well additional part time workers are involved to cop up with the work to be done in time maintenance, carpenter work shop and entertaining department (activities) those three sections in "one box" have to be very polyvalent in view of the fact to be on hand at any time by any section. All of the staff will be carpenters with focusing to both maintenance and upkeep 6 ortour guiding. The carpenter work duties includes, upkeep of the lodge buildings, create woodcrafts - accessories and gifts for our home made shop and carry out orders from other individuals who are interested in our products. On demand they are occupied as tour guides and in the view off act, as they have many contacts with our guest's, it is an inevitable certainty that they speak moderately English accountant (outsourced) regarding a reliable accountant.

3.0 MARKETING RESEARCH

3.1. Growth of International & Domestic Tourism

The United Republic of Tanzania is a top benchmark for nature-based tourism in Africa and the world. It has established a leading and competitive position in the region, especially regarding its rich biodiversity, wildlife attractions, and cultural resources¹. Tanzania's tourism sector generated USD 1.4 billion in revenues in 2021, versus USD

1 billion in 2020 when it was severely affected by the Covid-19 pandemic and its impact on international travel, and 2.6 billion in 2019. The number of international tourists increased from 754.000 to 1.500.000 in 2019 and decreased significantly in 2020 (592.000) and 2021 (923.000) due to the worldwide pandemic. In 2022, tourism is recovering quickly: January-July 2022 shows an increase of 63% compared to January-July 2021. For 2022, the number of tourist arrivals is expected to increase more than the number of tourists recorded before the Covid-19 pandemic.² Tanzania's tourism sector is seeing a rebound after the Covid-19 pandemic—and the aspirations for its continued growth are high: by 2025, the country hopes to reach \$6 billion in tourism revenue, which assumes the influx of five million tourists annually³. With campaigns promoting domestic tourism, the country registered 788,933 domestic tourists in 2021, up from 562,549 registered in the preceding year, official data shows⁴. The fast-growing population in Dar es Salaam offers interesting opportunities for Arusha to attract the higher-income class for a midweek or weekend break.

3.2. Sustainable Travel

The term sustainable travel refers to the adoption of sustainable practices with the aim of minimizing the negative impacts and maximizing the positive effects of tourism. Sustainable properties will win out; 78 percent of global travelers revealed that they intend to look for low-impact properties to stay in. Cultural immersion will overtake lazy beach days, 45 percent of travelers say they see learning about local cultures as key to sustainable travel. This is supported by 66 percent of people wanting to have 'authentic' experiences that give insight into local culture and customs, away from exaggerated tourist attractions. A noticeable trend encountered is the transformation of safari into a holiday trip which is aimed at mostly sightseeing and photographing wildlife. Moreover, the concept of cultural focus in safari tourism has become very prominent among many tourists especially young and working-class tourists for experiencing different lifestyles and natural habitats.

3.3. The Targeted Marketing and Marketing Strategy

Parrot Hotel will target four different groups of customers:

1. Conscious Safari Tourists (B2C and B2B)
2. International overland travelers (B2C)
3. Long stay (1-4 weeks) solo traveler (B2C)
4. Domestic travelers (B2C)

3.4. Pricing Policy

The price of the accommodation will be mid-range is between \$90- 120 per night. With upgraded facilities and better-trained staff, the price can be increased according to the developments in the market. The company will carefully consider its pricing strategy and market developments in order to optimize its revenue and profitability. When it comes to the price of the services and activities, the strategy is aimed at maximizing the number of participants in order to generate maximum positive impact (jobs and income) as well as maximum cultural interaction. Therefore, the profit margin on the activities will be low and do not necessarily need to contribute to the financial results.

3.5. Promotion Strategy

Raising awareness of the beauty of the area and the excellent services and unique activities that Parrot Hotel has to offer is a priority. Parrot Hotel will use traditional and online marketing, personal selling (exhibitions and fairs), and direct marketing. The company directors are experienced marketeers and aim at building a strong brand that stands for quality and sustainability.

3.6. Sales Strategy

Sales will be generated by using a mix of different sales channels:

Room sales

1. Working together with tour operators that service the more conscious traveler. This group of travelers wants to reduce the negative impact of traveling and increase the positive impact by visiting off-the-beaten-track destinations and experiencing local life. In countries like The Netherlands, Germany, and Switzerland, the number of tour operators that focus on sustainable travel is growing fast. Another fast-growing segment that will be targeted is the 'outdoor' event business: more and more companies and large foundations (like Amref) offer Kilimanjaro Climbing for fundraising purposes. What would be a better place to relax for 2-3 days after your sporty performance than Parrot Hotel?
2. Partner with complementary businesses, like lodges and hotels in other parts of Tanzania and in Zanzibar, that operate in the same segment, and cross-promote each

other's accommodation and services.

- Direct sales through online booking platforms, social media, and the company's website (through Search Engine Optimization and Search Engine Advertising), aimed at both the domestic and the international traveler. Additionally, participation in travel fairs in Europe will contribute to direct offline sales.

3.7. Sales Forecast

The first two months of business will be used to improve the property and service and set up the website and social media accounts. There will be no sales activity during this period of time. Revenue will begin to occur from June 2024 as April and May are low-season months with no sales. From June the first sales are expected and they will only trickle in until September/October when it will become more steady occupancy rates. It will not be until the middle of year two when things begin to settle and become more like an established business with monthly occupancy rates of 35-85%, with a yearly average of 35-40%. After three years the occupancy rate is expected to be around an average of 40% with twice the capacity. The share of Food & Beverage sales will increase from 35% of the total revenues in 2024 to 50% in 2027 as a result of the focus on expanding the restaurant facilities.

Table: Sales Forecast

<i>Sales forecast</i>	2023	2024	2025	2026	2027
Room nights available	2190	2928	2920	3650	4380
Occupancy %	32%	35%	45%	45%	45%
Room nights sold	698	1025	1314	1643	1971
% for Best Available Rate (BAR)	50%	60%	70%	70%	60%
# Rooms BAR	263	615	920	1150	1183
Rate BAR (incl VAT)	\$125	\$125	\$131	\$138	\$145
Rate BAR (ex VAT)	\$106	\$106	\$111	\$117	\$123
Revenue BAR	\$27.858	\$65.148	\$102.33	\$134.30	\$145.07
			1	9	1
% for Discounted rate (DSCT)	50%	40%	30%	30%	40%
# Rooms DSCT	263	410	394	493	788

Rate DSCT (incl VAT)	\$39	\$39	\$41	\$43	\$45
Rate DSCT (excl VAT)	\$33	\$33	\$35	\$36	\$38
Revenue DSCT	\$8.692	\$13.551	\$13.673	\$17.964	\$30.149
TOTAL ROOM SALES	\$36.550	\$78.699	\$116.00	\$152.27	\$175.22
			4	3	0
F&B Revenue In-house guests	\$23.949	\$46.220	\$68.129	\$89.430	\$102.907
Walk-ins/new location	0	\$10.000	\$20.000	\$50.000	\$75.000
TOTAL F&B SALES	\$23.949	\$56.220	\$88.129	\$139.43	\$177.90
			0	7	
TOTAL SALES	\$60.499	\$134.91	\$204.13	\$291.70	\$353.12
		9	3	3	7

4.0 FINANCIAL PLAN

The first year will be used to set up the company and establish a sustainable business with steady online performance, the development of new activities and services and ramp up operations to become profitable. From 2024, Parrot Hotel expects to generate profits that will be used to reinvest into the company to fund growth and expansion opportunities.

4.1 Proposed Financial Plans

PARTICULAR	AMOUNT \$
Land and Buildings	8,870,000.00
Machinery & Equipment	NIL
Motor Vehicles	350,000.00
Furniture & Fixtures	1,635,120.00
Pre exp	225,000.00
Others	NIL
Working Capital	838,305.00
TOTAL	11,918,425.00

4.2 Financing Pattern

The project will be financed by equity by US\$ 870,000.00 and the remaining US\$ 11,048,425.00 to be sourced from financial institutions.

5.0 PROJECTED STATEMENT OF FINANCIAL POSITION

PROJECTED STATEMENT OF FINANCIAL POSITION						
NOTES	5th Year	4th Year	3rd Year	2nd Year	1st Year	
	USD	USD	USD	USD	USD	USD
NON CURRENT ASSET						
Net Assey Employed	Appendix VI	1,751,625	1,657,375	1,900,625	2,060,750	2,218,625
Total Non Current Asset		<u>1,751,625</u>	<u>1,657,375</u>	<u>1,900,625</u>	<u>2,060,750</u>	<u>2,218,625</u>
Current Assets						
Inventory	7	5,803,229	6,318,689	3,439,640	2,762,096	935,363
Cash & Cash Equivalent	8	8,012,836	5,578,836	5,702,835	4,256,753	2,100,000
		13,816,065	11,897,525	9,142,475	7,018,849	3,035,363
TOTA ASSETS		<u>15,567,690</u>	<u>13,554,900</u>	<u>11,043,100</u>	<u>9,079,599</u>	<u>5,253,988</u>
EQUITY & LIABILITIES						
EQUITY & RESERVES						
Owners Capital		2,500,000	2,500,000	2,500,000	2,500,000	2,500,000

Retained Profit		9,117,983	7,716,730	5,964,210	4,592,279	1,927,792
Total Equity & Reserves		11,617,983	10,216,730	8,464,210	7,092,279	4,427,792

LIABILITIES

Creditors & Accruals	6	42,000	31,000	22,800	19,200	-
Corporate Tax	5	3,907,707	3,307,170	2,556,090	1,968,120	826,196
Total Liabilities		3,949,707	3,338,170	2,578,890	1,987,320	826,196

TOTAL EQUITY & LIABILITIES

15,567,690	13,554,900	11,043,100	9,079,599	5,253,988
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PROJECTED STATEMENT OF COMPREHENSIVE INCOME

	NOTE S	5th Year	4th Year	3rd Year	2nd Year	1st Year
		USD	USD	USD	USD	USD
Revenue	1	13,644,000	10,260,000	6,912,000	6,148,800	4,712,400
Direct Expenses	2	8,186,400	5,130,000	3,338,454	889,266	807,433
Gross Profit		5,457,600	5,130,000	3,573,546	5,259,534	3,904,967
Less: Expenses						
Personnel Expenses	3	1,910,160	1,436,400	829,440	737,856	565,488
Administrative Expenses	4	1,364,400	1,026,000	622,080	553,392	424,116
Depreciation Expenses		181,250	164,000	162,125	161,875	161,375
Total Expenses		3,455,810	2,626,400	1,613,645	1,453,123	1,150,979
Net Profit Before Tax		2,001,790	2,503,600	1,959,901	3,806,411	2,753,988
Corporate Tax	5	600,537	751,080	587,970	1,141,923	826,196
Profit After Tax		1,401,253	1,752,520	1,371,930	2,664,488	1,927,792

PROJECTED STATEMENT OF CHANGES IN CASHFLOWS

DETAILS	NOTE S	5th Year	4th Year	3rd Year	2nd Year	1st Year
		USD	USD	USD	USD	USD
Cash Flow from Operating Activities						
Net Profit Before Tax		2,001,790	2,503,600	1,959,901	3,806,411	2,753,988
Add: Depreciation Expenses		181,250	164,000	162,125	161,875	161,375
		2,183,040	2,667,600	2,122,026	3,968,286	2,915,363
Change in Working Capital						
(Increase)/Decrease in Inventory	7	515,460	(2,879,049)	(677,544)	(1,826,733)	(935,363)
(Decrease)/Increase in Payables	6	11,000	8,200	3,600	19,200	-
Corporate Tax Paid	5	-	-	-	-	-
		526,460	(2,870,849)	(673,944)	(1,807,533)	(935,363)
Net Cash Flow from Operating Activities		2,709,500	(203,249)	1,448,082	2,160,753	1,980,000
Cash flows from Investing Activities						
Acquisitions of Fixed Assets		(87,000)	(15,000)	(2,000)	(4,000)	(2,380,000)
Net Cash Flow from Investing Activities		(87,000)	(15,000)	(2,000)	(4,000)	(2,380,000)
Cash flow from Financing						

Activities

Owners Capital Contributed	-	-	-	-	2,500,000
Drawings	-	-	-	-	-
Net Cash Flow from FinancingActivities	-	-	-	-	2,500,000
Cash and Cash Equivalent Balances	2,622,50	(218,249)	1,446,082	2,156,753	2,100,000
Balance as at 1st January	0				
	5,484,58	5,702,835	4,256,753	2,100,000	-
	6				
Cash and Cash Equivalent at the End of the Year	8,107,08	5,484,586	5,702,835	4,256,753	2,100,000
	6				

6.0 Conclusion and Recommendations

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently. It is recommended that the project be approved by Tanzania Investment Centre for rehabilitate Parrot Hotel and be granted the NEW TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 2022.