

MIMO PROPERTY HOLDING LIMITED

P.O.BOX 31902

DAR ES SALAAM -TANZANIA

BUSINESS PLAN FOR HOTEL BUSINESS

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BRIEF SUMMARY OF THE PROJECT

COMPANY: MIMO PROPERTY HOLDING LIMITED

ADRESS: P. O. Box 31902 DAR ES SALAAM,

OBJECTIVE: TO ESTABLISH PROJECT FOR HOTEL BUSINESS

PROJECT VALUE: USD 2,000,000.00

**BENEFITS: AVAILABILITY OF HOTEL SERVICES, ACCOMODATION,
EMPLOYMENT CREATION**

IMPLEMENTATION PERIOD: 5 YEARS

1.0 PREAMBLE

MIMO PROPERTY HOLDING LIMITED is a locally incorporated Company with objectives of investing in hotel business which will offer accommodation services to the tourists within the United Republic of Tanzania. The activities involve to equip and furnish any property for the purpose of letting or hiring the same to visitors or guests whether in single or double rooms, suites, chalets, cottages or otherwise within the country. Thus, we are able to guarantee end result that will give a modern, fashionable, designable and well-established hotel at affordable cost for tourists.

Rationality

The hotel business in Tanzania is mainly focused on the local market rather than the foreign market hence the company will focus the most in foreign market and tourism. For the past few years Tanzania tourism have been contributing to the country economic growth beyond 17% which creates significant opportunities and employments to Tanzanians thus tourism have assisted the country earning foreign currency and supporting economic growth, in that end **MIMO PROPERTY HOLDING LIMITED** has come to contribute to the country's economic growth through hotel services targeting tourists.

Report's Objective

This report is documented to show the commercial viability, the operational feasibility and the social economic impact of establishing

such project in Tanzania. It shows the plan for establishing such a project and the financial efficiency, positive environmental impact and benefits borne by the project. It is intended to be submitted to Tanzania Investment Centre (TIC) for acquiring the Certificate of Incentives, to be submitted to the Board of Directors for the resource's authorization, to guide the project implementers, and be submitted to other stakeholders for the project development including but not limited to acquiring land for investment under the derivative right umbrella.

Project's Objective

The main objective by which this study presents is to inform all stakeholders on the purposeful and solid intention of **MIMO PROPERTY HOLDING LIMITED** to establish and operate an entity that will cater the needs for hotel business focusing in the establishment the hotel and others to manifest the tourism sector in the United Republic of Tanzania.

Registration and Ownership

The company is established in United Republic of Tanzania and being registered with the Registrar of Companies under the Business Registration and Licensing Agency (BRELA) on this 07th day of September, 2023 as a Private Company Limited by Shares with its registration No. 168358156 having 100 authorized shares with a nominal value of TZS 100,000,000 million each.

MIMO PROPERTY HOLDING LIMITED is owned and promoted by
Threeshareholders namely:

Shareholders' Names	No. Shares	Nationality
RAJENDRA PRASAD SUYAL	50	Indian
DENG, JIAWANG	20	Chinese
DENG, JIAXIAN	30	Chinese

Location

The site for the project establishment is at PLOT No. 16, with 2,027 square meters, under certificate of Title number 34787 situated at Burka Area, Arusha City within Arusha region.

The above stated location is ideal for the project because it is located in a region which is a tourist destination in Africa and it is the hub of the northern Tanzania safari circuit with the national parks and nature reserves which are ideal for tourism projects.

2.0 NEED FOR THE PROJECT

This project is emphasized now as Tanzania's tourism sector after the royal tour promotion by the government of United republic of Tanzania ought to grow rapidly, leading to an increased need for Hotel services and accommodation. Cities like Dar es Salaam, Arusha, and

Mwanza offers potential investment opportunities, particularly in hotel and accommodation.

Based on the excellent environment created by the current government and increased number of tourists and visitors within Arusha, this project will be of huge important to the country.

2.1 PROJECT SUPPORT

On merit, the project is highly supported by the national investment promotion policy, industrial policy, industrialization strategy and 6th Government initiative of industrialization of Tanzania economy and royal tour initiative.

2.2 CONSTRUCTION

The project planned for this project is a development of a building to a well-equipped hotel for accommodation activities whether in single or double rooms, suites, chalets, cottages or otherwise within the country.

The plan will involve construction of structures for:

- i. **Tourist Accommodation rooms** purposely built facility consisting of a number of individual rooms, and including all hotel services operated by a single entity, with luxury star class facilities.

- ii. **Administration block and offices:** this will be a building with partitions, the first section containing the main reception. The second Section will be for financial controls and for Directors' offices. This structure will require building materials, furniture and electronics. The other sections will include offices for rent and storage units.
- iii. **Accommodation:** this will be a building containing various parts. One for the accommodation and another for a lounge and restaurants this will be the main section of the building. The reception, sports places, swimming pools will be available and the building will involve construction of shade structures, installation of affixtures and decorations.
- iv. **Water reservoirs:** there will be two tanks for clean water storage each with a capacity of 1,000,000 liters which will be for the use of occupiers.
- v. **Sewage:** The sewage system will be constructed to handle both liquid sewage and solid sewage. There will be a water treatment section where dirty water will be purified and then recycled for reuse in the fields and gardens.

- vi. **Store:** The yard will be a shaded area with a capacity of keeping building materials and other tools for constructions.

3.0 IMPLEMENTATION PLAN

Time	Activity
March- December 2024	Construction & Renovation
January – April 2025	Machinery, generator & Installations
May – August 2025	Renovation and Remodeling
September – November 2025	Construction and Repair
December 2025	Official opening

The investors are so far committed to fulfil their duties basing on this implementation plan. They are all optimistic on the operationalization of their idea of this venture. The only limitation that can change the plan is the failure to secure various authoritative licenses on time. This is not the promoters' intention but the experience leant during the feasibility study that took more than two years and revealed both positive and negative issues around investments. The assumption is that when most of the main requirements are covered and the permits are in place, the implementation will remain done as planned.

4.0 PROJECT INVESTMENT

The estimated capital investment cost for the project is **US\$ 2,000,000**

MIMO PROPERTY HOLDING LIMITED COST STRUCTURE

PARTICULAR	US \$
Land and Buildings	920,000.00
Machinery & Equipment	320,000.00
Motor Vehicles	100,000.00
Furniture & Fixtures	200,000.00
Pre exp	40,000.00
Others	100,000.00
Working Capital	320,000.00
TOTAL	2,000,000.00

5.0 QUALITY ASSURANCE

Quality is one of the key issues which will have a strong investment fulfilment, because it determines the qualification of the project to keep an assurance of customers' availability with pride of the buildings.

Each individual stage of work at the hotel will be subjected to strict quality controls. This is how we shall ensure that each individual glass piece meets all quality standards. The company will use various known means of public information on the quality standards.

6.0 MARKETING

The project will market its hotel to various associations, hotel marketing agencies, tours companies, airports and bus stations. Also, mass media instruments like radios, newspapers, social media and Television stations will be used to advertise on the project apartments to the prospectors.

7.0 PROJECT MANAGEMENT AND MANPOWER

Management: The project will be managed by 30 key staffs; the Management Officer will be the Chairperson. Under him/her will be the General manager, director of sales or marketing, director of food and beverage, chief engineer, human resources director, the Finance Manager and the Marketing manager and the Senior Supervisor.

Manpower: The project will have a high-tech homes and new technology application

Employees Distribution Summary

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	3	10	25	38
Men	7	15	40	62
TOTAL	10	25	65	100

Workers' Welfare

Training: All workers inclusive will benefit from the internal training for proper operations, quality and security observance. There will be out-dooring trainings for recommended staffs depending on their working requirements. Generally, the houses will be modern houses with unique features and brace of new technologies, it is through the trainings that the Management team plans to transfer technology and skills to local workers and make sure, those foreign workers are employed where inevitable.

Health and Insurance: The project will provide medical treatments to its workers and will enroll workers to social security institutions as per Country policy requirements.

8.0 Financial Analysis

8.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Some of the capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items have been applied.

Revenues have been conservatively estimated based on experience of the stakeholders and trends in the tourism industry.

8.2 Project Investment

The estimated capital investment cost of the project is US\$ **2,000,000** out of which US\$**1,500,000** will be fixed investment costs.

MIMO PROPERTY HOLDING LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	920,000.00
Machinery & Equipment	320,000.00
Motor Vehicles	100,000.00
Furniture & Fixtures	200,000.00
Pre exp	40,000.00
Others	100,000.00
Working Capital	320,000.00
TOTAL	2,000,000.00

8.3 Financing pattern

The project will be financed by loan amounting to **US\$ 2,000,000.00**.

8.4 Project operating costs

In order to realize its intended objective, the project will have to meet operating cost not exceeding 15% of annual total revenue and 75% of total revenue is cost of sales

8.5 Projected Revenue

For projection purposes, it is assumed that the economic life of the project is five years, and that, revenue from the project commences from the first year of operation.

Year	1	2	3	4	5
Revenue	300,000	500,000	750,000	1,000,000	1,500,000

8.6 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years' period. The position depicted is that the project earns profit throughout its life.

MIMO PROPERTY HOLDING LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5
Revenue	2,610,000.00	2,818,800.00	3,044,304.00	3,287,848.32	3,550,876.19
Cost of Sales	1,957,500.00	2,114,100.00	2,283,228.00	2,465,886.24	2,663,157.14
Operating Expenses	391,500.00	422,820.00	456,645.60	493,177.25	532,631.43
Profit before Depreciation & Interest	261,000.00	281,880.00	304,430.40	328,784.83	355,087.62
Interest	24,000.00	180,000.00	16,000.00	6,000.00	-
Depreciation	15,750.00	15,750.00	15,750.00	15,750.00	15,750.00
Gross Profit	221,250.00	86,130.00	272,680.40	307,034.83	339,337.62
Tax (30%)	66,375.00	25,839.00	81,804.12	92,110.45	101,801.29
Profit After Tax	154,875.00	60,291.00	190,876.28	214,924.38	237,536.33
Accumulated Profit	154,875.00	215,166.00	406,042.28	620,966.66	858,503.00

8.7 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1 US\$**300,000** of operation to the 5th year US\$ **1,500,000**.

MIMO PROPERTY HOLDING LIMITED PROJECTED CASH FLOWS STATEMENT (US\$)

	0	1	2	3	4	5
SOURCES:						
Profit before interest and depreciation	0	261,000.00	281,880.00	304,430.40	328,784.83	355,087.62
Equity	205,000.00					
Loan	300,000.00					
Total Sources	505,000.00	261,000.00	281,880.00	304,430.40	328,784.83	355,087.62
Applications:						
Capital expenditure	325,000.00		-	-	-	-
working Capital &Others	180,000.00	-	-	-	-	-
Cash	0	194,625.00	256,041.00	222,626.00	256,674.00	253,286.00
Tax	-	66,375.00	25,839.00	81,804.12	92,110.45	101,801.29
Sub total	505,000.00	261,000.00	281,880.00	304,430.12	348,784.45	355,087.29
Total applications	505,000.00	261,000.00	281,880.00	304,430.12	348,784.45	355,087.29
Accumulated cash		194,625.00	450,666.00	673,292.00	929,966.00	1,183,252.00

8.8 Projected Balance Sheet

The projected Balance Sheet of the project is shown in the financial statements under same heading. Shareholder's equity increases from US\$200,000 in the first year of operation to US\$1,000,000 in the 5th year.

MIMO PROPERTY HOLDING LIMITED PROJECTED BALANCE SHEET STATEMENT (US\$)

Fixed Assets		1	2	3	4	5
Opening balance	-	325,000	290,250	255,500	220,750	186,000
Total Long-term Assets	-	325,000.00	290,250.00	255,500.00	220,750	186,000
Less depreciation	-	15,750.00	15,750.00	15,750.00	15,750	15,750
Closing balance	-	309,250.00	274,500.00	239,750.00	205,000	170,250
Working capital	180,000	180,000.00	180,000.00	180,000.00	180,000	180,000
Accumulated cash	-	194,625.00	450,666.00	673,292.00	929,966	1,183,252
Total assets	180,000	683,875.00	905,166.00	1,093,042.00	1,314,966	1,533,502
Financed by						
Equity	205,000	310,000.00	310,000.00	310,000.00	310,000	310,000
Net profit	-	154,875.00	60,291.00	190,876.28	214,924	237,536
Total equity	205,000	464,875.00	370,291.00	500,876.28	524,924	547,536
Long term loan	300,000	225,000	150,000	75,000	0	0
Total debts	300,000	225,000.00	150,000.00	75,000.00	-	-
Total equity and debts	505,000	689,875.00	520,291.00	575,876.28	524,924	547,536

8.9 Projected payback period

Total investment is **US\$2,000,000** cash accumulation in 6 years is **US\$6,000,000** which is more than the initial investment by **US\$10,000,000** the project payback Period is within **5 years**.

MIMO PROPERTY HOLDING LIMITED PROJECTED PAYBACK PERIOD STATEMENT (US\$)

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	300,000.00	15,750.00	170,625.00	170,625.00
2	500,000.00	15,750.00	76,041.00	246,666.00
3	750,000.00	15,750.00	206,626.28	453,292.28
4	1,000,000.00	15,750.00	230,674.38	683,966.66
5	1,500,000.00	15,750.00	253,286.33	937,252.99

8.10 Projected loan repayment

Total loan is **US\$2,000,000** to be repaid within 4years with interest of 8%.

MIMO PROPERTY HOLDING LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
0				
1	500,000	40,000	540,000	
2	500,000	40,000	540,000	
3	500,000	40,000	540,000	
4	500,000	40,000	540,000	
5	0	0	0	0
6	0	0		0

9.0 ECONOMIC BENEFIT OF THE PROJECT

The proposed project will result into the following social and economic impacts:

- Make availability of hotel and accommodation at affordable cost with customer specifications with high quality.
- Increase the provision of high-quality services in tourism sector and other sub-sectors such as hotel sector and many more.
- Increased availability of quality hotel services and marketing of accommodation services alongside competitive prices of other tourist hotels and companies will result in increased healthy competition among all companies in the sector
- The project will result in direct employment creation of 39 people many more indirectly
- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid by the company
- Hedge Against Inflation: Hotel business is often considered a hedge against inflation. As prices rise over time, the value and costs of accommodation tends to increase as well. This is because income and property values which tend to adjust with inflation.
- Stimulating Local Economies: hotel and accommodation business can have a ripple effect on local economies. It stimulates demand for various goods and services, such as construction materials, food and beverages, furniture, appliances, and more. This, in turn, supports local businesses

and employment.

- **Wealth Creation and Generational Wealth Transfer:** Hotel and accommodation business can serve as a means to accumulate wealth, especially for individuals and families who invest wisely and hold properties over extended periods. It can also be a way to pass on wealth to future generations.
- **Social Stability and Community Development:** Well-planned hotel projects can contribute to the stability and growth of communities. They provide spaces for people to live, work, and socialize, creating a sense of belonging and community.
- **Attracting Foreign Direct Investment (FDI):** A thriving tourism sector can attract foreign investors looking for opportunities in the market. This can lead to increased foreign direct investment, which further fuels economic growth.
- **Financial Leverage:** Tourism investments often allow for the use of financial leverage, meaning that investors can use borrowed capital to increase the potential return on their investment. This can amplify profits, though it also involves higher risk.
- **Tax Benefits:** Many governments offer tax incentives to tourism investors, such as deductions for mortgage interest, property taxes, and depreciation. These benefits can improve the overall return on investment.
- **Stabilizing Rental Income:** Rental income from hotel properties provides a stable and predictable cash flow, which can serve as a reliable source of income for property owners.

10.0 CONCLUSION

MIMO PROPERTY HOLDING LIMITED set out a proposal to invest in the establishment of a hotel and accommodation business at plot 16 Measuring 2027 Square meters comprised under certificate of Title Number 34787 at Burka Area, Arusha region, Tanzania.

The Executive Summary highlights indicate that the proposed project will be financial and economically viable, the project will generate significantly to the social and economic progress by way of increasing the provision of quality tourism in the country. It is recommended that the project be accorded the required institutional support to pave the way for its expeditious establishment and development.

In that regard; we strongly recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under Tanzania Investment Act, No. 10 of 2022 to enable smooth implementation.

11.0 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 and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, No. 10 of 2022.