

R&D Corporation Ltd – Ardhi Africa Hotel Project Plan

1.0 BACKGROUND:

1.1 Ownership Status

R&D Corporation Ltd is a private company limited by shares incorporated in the United Republic of Tanzania on 27th September 2018, with certificate of incorporation no. 137740842. The company's main line of business is in the tourism sector, particularly hotel/hospitality industry. The company's current business portfolio, includes Chanya Lodge and Zingira Restaurant operating in Moshi municipality and Arusha city respectively. The company is now embarking on a new investment to be done in Arusha city, for which this plan has been prepared. The investment involves development of a 54-room hotel in the name of ***Ardhi Africa***.

Authorized share capital of R&D Corporation Ltd is T.Shs 100 million divided into 10,000 share valued at T.Shs 10,000 each. Ownership structure of the Company in terms of shareholding of the issued, allotted and paid up for, shares is as follows:

Name	No. of Shares	%age
Remeo Harshit Shah	5,000	50%
Digvijay Roperia	5,000	50%
Total	2,000	100%

Due to the proposed expansion of the company's investments, business volume and the expected general growth of the company's businesses, it is proposed that authorized share capital of the company be enhanced to at least T.Shs 5,000,000,000 to be divided into 500,000 shares valued at T.Shs 10,000 each. Ownership structure of the company after the proposed adjustment of authorized share capital, should remain the same in proportion (*i.e. 50% for each holder*), but not necessarily in the same value as the current holding. Directorship of the company is in the hands of the shareholders, a situation which ensures that, commitment and motivation to run the proposed company's investments successfully is unquestionable.

1.2 The Project History

The two directors and shareholders of R&D Corporation Ltd – Mr. D. Roperia and R. H. Shah have been in hotel/hospitality industry for quite some time now. They have been operating Chanya Lodge, situated in Moshi municipality and Zingira Restaurant in Arusha city, as already explained in the preceding paragraph, for more than eight years, during which they have acquired enough experience and developed interest to further invest in this sector, among their other investments in mining, real estate, pharmaceuticals and agriculture. R&D Corporation Ltd is the owner of Chanya Lodge (*a 32-room hotel facility*) and Zingira Restaurant. The development of Ardhi Africa is therefore an expansion of hospitality business portfolio.

It is estimated that, on average, tourists visiting Tanzania, spend about 40% of their total expenditure on accommodation, food and beverages. Obviously, keen businessmen like the directors of R&D Corporation Ltd, cannot fail to see business opportunity in the hospitality sub-sector. They reached a decision therefore, to invest in the proposed development of Ardhi Africa in Arusha – the hub of Tanzania's Northern Tourist Circuit, which receives over 70% of foreign tourists visiting Tanzania. This business plan is a result of that decision. A comprehensive survey to obtain detailed information on the project was conducted, the results of which are rolled out in the ensuing topics of this plan.

1.3 Location and Access of the Proposed Project

The project's site is situated in the Western suburb of Arusha city, along the main road to Babati and beyond. The exact location is a few meters to the West of the Arusha Catholic Bishop's residence, about three hundred (300) meters off the road to the South. The project plot's size is three (3) acres of plain flat land, upon which all the hotel facilities shall be developed. The area is mostly a residential location, inhabited by a mixture of high and middle-class members of society. About twenty-five years ago, it was largely rural, but now it is considered part of the rapidly expanding Arusha city. It is already in the planned expansion masterplan of Arusha city. Location of the project is easily accessible from the Arusha city centre by any individual who can simply be directed without difficulty.

2.0 SCOPE OF THE PLAN AND METHODOLOGY:

A study based on rapid appraisal which was conducted using mixed approaches, including meetings and interview sessions, apart from physical visits and data review, prior to, and as the basis of preparation of this plan. The following is the summary of study objectives and approach:

2.1 Study Objectives:

- (a) To analyze the relevant market and other factors impacting upon tourism business, particularly in the hospitality/hotel sub-sector, on short, medium and long-term perspective, with a view to determine feasibility of the business in general terms, as the main business line of the proposed project.
- (b) To examine the physical and operational characteristics of the existing market in order to determine the positioning of the project's business in the market place.
- (c) To conceptualize the proposed project's business operations, assess its economic viability, commercial profitability, social feasibility and provide a vision as to how the planned business goals should be realized.
- (d) To provide supporting documentation required in applying for registration of the project at the TIC, obtaining licenses (*if applicable*) and for soliciting financial credits, particularly term loans from banks or any other interested financier(s) and, or attracting joint venture (*as the need may arise*) for the required project's investment capital.

2.2 Study Approach:

- (a) Participatory, Semi-structured interview and discussions were held with the Project Promoters, and their business managers, particularly Mr. Namit Sinha and Ajay Parmar, who are currently working with R&D Corporation Ltd, but also who will be part of the management team of the proposed business project. Talks were also held with other businesspeople in the relevant and, or similar businesses to the proposed one in this plan and other related business undertakings in, and outside Arusha city, within Tanzania's Northern Tourist Circuit.
- (b) A physical visit to the location of the project site, in the Western suburb of Arusha city, making assessment of the physical setting of the area and the land upon which the

investment will be implemented, appropriateness of the location and other relevant features, including, but not limited to physical accessibility.

- (c) A brief market survey for the services and products to be provided by the proposed project and the necessary input services that are required by the project at both, development and operational phases.
- (d) Conduction of profitability/viability tests of the investment, using the appropriate financial projections for the initial period of five years during which the project's business will be in operation, and which are also proposed to be the project's term loan recovery period.

3.0 THE PROPOSED PROJECT:

3.1 The Project Concept

The proposed ***Ardhi Africa*** will be a 54-room hotel facility 12 rooms of which will be singles, 21 doubles, 18 triples (*or family rooms*) and 3 suites. Accommodation block will be a three-storey building (ground, first and second floors). Rooms on the ground floor will include the specially designed for physically disabled persons. The hotel will provide full board accommodation services to its clients. It will be an international tourist class hotel facility to cater specifically for middle-class tourists, and other clients in need of such services. Locally it will be suitable for business people as well as diplomats.

3.1.1 Architectural Design/Concept

Architectural concept and design of the hotel is construction of ordinary solid concrete structures roofed with tiles or sand coated steel sheets. The hotel will be composed of four (4) blocks, two of them will be high rise, while the rest will be ordinary ("*grounded*" buildings). Accommodation block will be three floors with each floor having 17 rooms and one suite. Common Facility block of two floors, accommodating bar, kitchen, lounge, restaurant, conference room and offices. A smaller block having the reception, front office and visitors' waiting vestibule. At the back of the Common Facility block there will be another small block, housing laundry services for the hotel. In the middle of the open square in front of the accommodation block, there will be a standard size swimming pool which of course, will be accompanied by changing rooms. This set of structures completes the proposed hotel's infrastructure to be developed.

3.1.2 The Proposed Hotel Facilities

Ardhi Africa Hotel will have the following facilities:

- Front office – A Reception, with a visitors' vestibule and waiting lounge to hold 10 people at a time, curio shop, luggage store and public washrooms.
- Conference room to accommodate a maximum of 50 people.
- Bar, lounge, restaurant and kitchen.
- Recreation area – Swimming pool, changing room, Sauna and Massage Parlour.
- Rooms – 54 spacious visitors' rooms, showers & bathtub, and a balcony.
- Hotel Manager's office, accounts office, meeting room,
- General store, laundry and auxiliary/emergency power room.

- A Deep Borehole – As a measure of precaution, the company shall drill a borehole to guarantee supply of fresh water in case of emergency on the public supply system.

3.1.3 The Services to be Offered by the Hotel

The business is planned to offer normal hotel services to its clients, which include accommodation, meals, drinks, laundry service, swimming pool, gift shopping and massage. Kilimanjaro Mountain climbing may be packaged with hotel services, but this particular service will be provided by special orders to be made during bookings. The hotel may also arrange Day Walking Trips and Short Excursions to Arusha National Park which is a few kilometers from the hotel. These services will be offered as packages to the Hotel's clients on request. It is expected that the hotel's facilities as per their design, and the services that will be offered, will suffice the needs of a four star hotel.

3.2 Project Objectives:

3.2.1 Development Objective

Making a tangible contribution in increasing quality accommodation facilities of tourist class in Arusha city, which are still inadequate and largely in demand. Nationally, the object is to maximize exploitation of existing business potential in tourism industry in Tanzania, to enhance the growth of tourism as one of the country's most important economic sectors.

3.2.2 Immediate Objectives

- (a) To develop a standard modern, luxury hotel in the suburb of Arusha city as a measure of expanding the project promoters' investments in tourism business.
- (b) Putting-up economic value to the idle land which is situated in a potentially prime area in the fast-expanding Arusha city.
- (c) Increasing quality, tourist class, accommodation capacity in the Arusha city which is the gateway town to the world-famous wildlife parks of Serengeti, Ngorongoro, Tarangire and Manyara in the Tanzania's Northern Tourist Circuit, receiving over 70% of the country's foreign tourists annually.
- (d) Creating employment opportunities to skilled and semi-skilled Tanzanians in the management and operation of hotels and related tourism services.
- (e) Bringing a new culture to the tourism industry, in Tanzania by creatively providing services to tourist clients, accomplishing the qualities of modern-day tourism, that will influence tourists and other clients' choice in making up value for their money.

3.3 The Project Implementation Strategy

The company plans to implement the project as soon as it is practically possible. Total investment cost of the project is estimated at T.Shs 11,944,250,000. The company is soliciting a term loan to the tune of T.Shs 4,768,750,000. This loan will complement equity amounting To T.Shs 7,175,500,000 to make up for the required total investment capital. A working capital estimated at T.Shs. 150 million will also be financed by the company.

It is planned that the loan will be recovered together with an interest not exceeding 11% per annum, in the initial period of five (5) years, from the date of commencement of business

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operations. A debt repayment moratorium of twelve (12) months (*debt servicing grace period*), commencing from the loan facility draw down date, will be observed during which construction of the hotel’s infrastructure will be in progress on the project site.

If the proposed financing arrangement in the preceding two paragraphs will be a reality, it is expected that smooth implementation of the project will be facilitated. Commencement and continuation of business operations will be achieved without any interruptions. It will also guarantee sustainable debt servicing from the project’s business operations; all other things having been taken care of. Roughly, and taking into consideration any delays for whatever reasons, implementation of the construction phase of the project is expected to be completely terminated at the end of 36 months from date of commencement. Details of the investment structure, application of loan funds and loan repayment are shown in the annexed financial projections, particularly in *annexure I, II and IV(a) to (d)*.

3.4 Project Implementation Plan:

Infrastructure and business development of the proposed hotel will entail the following main activities:

- Finalizing the investment financing arrangements for the project
- Site mobilization for construction works.
- Construction of all structures according to design/site plan.
- Furnishing and equipping all the buildings & facilities.
- Soft opening and introducing the hotel to the market
- Continuation of business and normal operations.

It is planned that, at the end of the first year from commencement of activity one, 71% of investment activities will be completed, and at the end of year two 90% will be completed. The only remaining part of the construction works will be the utilities block, reception and landscaping, lawns developing and general environmental shaping up, which is expected to be completed in the third year. All these assumptions are based on availability of funds in time, to facilitate procurement of all construction materials, furniture, equipment and machinery for timely project implementation. Depending on promptness of financing, completion of implementation can be earlier than the proposed schedule.

Fig.1: Project Implementation Schedule

ACTIVITY / DURATION	Year 0		Year 1		Year 2		Year 3	
	1/2	2/2	1/2	2/2	1/2	2/2	1/2	2/2
Finalizing financing arrangements	█							
Site Mobilization for construction	█							
Construction of structures		█	█	█	█	█	█	█
Furnishing & Equipping Buildings			█	█	█	█	█	█
Recruiting Management & Staff			█	█				
Soft opening and marketing			█	█				
Normal Business Operations			█	█	█	█	█	█

4.0 OVERVIEW OF TOURISM AS AN ECONOMIC SECTOR IN TANZANIA:

Tourism is a fast-growing industry in Tanzania. At an annual growth rate of 15% on average in the last ten years, it is one of the leading economic sectors in the country. Tourism accounted for nearly 17.2% of Gross Domestic Product (GDP) in the year 2020 (*before the outbreak of COVID 19 pandemic*), and more than 25% of Tanzania’s total export earnings. The government’s projections of international tourists into the country, stood at 1 million visitors by the year 2010, from 719,031 visitors in 2007. However, this target was not achieved until the year 2012 (*Economic Survey – National Planning Commission and TTB – 2013*).

In the year 2011 the number of international tourist arrivals was 867,994. The number rose to 1,077,058 tourist arrivals in 2012, increasing revenue earnings by 26% to USD 1,712.7 million during that year. The overall average expenditure per tourist per day was USD 290, compared to USD 286 recorded in 2011. Visitors who came under the non-package tour arrangement, spent an average of USD 230 and those under the package arrangement spent an average of USD 384 per person per night, compared to the average of USD 247 and USD 355 respectively in 2011. This indicates that, both the number of visitors and average expenditure per tourist per night were higher in 2012 than in 2011.

Table 1: Number of International Visitors Entering the Country and the Amount of Cash Collected from 2016 to 2017 and 2019 to 2023.

Year	Number of Tourists	Annual % Change	Revenue in US.\$ Million	Revenue in TZS Million	Mean Exchange Rate
2016	1,284,279	12.1	2,131.57	4,640,641.05	2,177
2017	1,327,143	3.2	2,258.96	5,040,191.55	2,231
2019	1,500,000	-	2,600.0	5,772,000.00	2,220
2020	616,491	(58.9)	1,000.0	2,300,000.00	2,300
2021	922,692	49.7	1,319.3	3,100,355.00	2,350
2022	1,454,920	57.7	2,527.8	6,066,720.00	2,400
2023	1,808,205	24.3	3,368.7	8,421,750.00	2,500

Source: *Tourism Statistical Bulletin 2017 & 2024 – Ministry of Natural Resources & Tourism*

Table 1, briefly illustrates tourism growth trend up to 2019. The upward growth trend has been maintained until 2020, when COVID 19 broke out and downward trend started. However, an incredible demonstration of the sector’s resilience and strength was witnessed when, the 2020 downward trend was quickly arrested and reversed back to upward trajectory again from 2021 to-date.

The growth of the sector has created increased demand for hospitality/hotel and tour operators’ services in the country, creating business opportunity in the provision of the two services. One of the reasons for this growth is the global growth of the industry. Tourism is the fastest growing and one of the world’s largest industries today, with global revenues accounting for over 10% of world’s Gross National Product (GNP).

Some of the reasons for the growth at the national level, include improved services in the industry after privatization of service provision in the sector, and other linked sectors such as transport, (*particularly air transport*) resulting in improved efficiency in handling passengers. This development has attracted more airlines using the country’s airports and has increased the

number of flights using the airports as their destinations, hence increasing the inflow of direct visitors into the country, unlike in the past where almost all of them used to come through the neighbouring countries. To some extent, improved standards and services in the local hotels and lodges after privatization has also contributed to the industry's growth in the country.

Lack of adequate facilities however, such as hotels, lodges and excursion services to various tourist attractions in the country, providing quality services, commensurate with the standards that attract international visitors, is still a constraint to the enhanced growth of the sector. Opportunity for these businesses is therefore evidently abundant in the country. The promoters of this project – Mr. R. H. Shah and Mr. D. Roperia are aware of the existence of this business opportunity and has decided to put up the proposed investment in a bid to actively participate in the building of the country's economy, while enhancing growth of their own business.

Table 2: Annual International Visitors' Arrivals in the Northern Tourist Circuit

Sno	National Park	2014	2015	2016	2017
1	Serengeti	184,811	167,988	201,728	231,756
2	Tarangire	119,770	116,590	130,085	152,681
3	Lake Manyara	115,217	92,341	103,830	118,501
4	Kilimanjaro	51,929	41,038	43,893	47,772
5	Arusha	29,878	24,708	26,714	30,185
Total		501,605	442,665	506,293	580,895

Source: Ministry of Natural Resource & Tourism – Tourism Statistical Bulletin

Note: No later data could be accessed at the time of writing and none at all from the NCA.

4.1 Hospitality Industry as Sub-sector of Tourism

In this sub-sector to which the proposed project belongs, significant growth was experienced between the early years of 2000 decade. In the last half of that decade to date the rate of growth has been stifled. At the same period the growth rate of foreign visitors flowing into the country remained positive but slowed down. It is argued by experts that availability of adequate facilities (*including accommodation*) and quality services are among the important drivers of increased inflow of foreign visitors into any country. If this argument is tenable, the slowed down trend of the rate of inflows therefore, can arguably be cited as one of the results of stifled investments in development of hospitality facilities in the country, at the material time.

Table 3: Accommodation Facilities in the Seven Tourism High Concentration Regions in Tanzania Mainland – 2017

Sno	Region	No. of Hotels/Lodges	No. of Rooms	No. of Beds
1.	Arusha	127	3,394	5,188
2.	Dar-es-Salaam	291	8,758	10,231
3.	Kilimanjaro	79	1,766	2,711
4.	Manyara	82	1,442	2,760
5.	Iringa	28	591	805
6.	Katavi	31	407	452
7.	Morogoro	50	1,107	1,183
Total		688	17,465	23,330

Source: Ministry of Natural Resource & Tourism – Tourism Statistical Bulletin

Note: No later data than 2017 could be obtained at the time of writing.

Acceptance of the logic in this argument, coupled with the soaring number of visitors year after year (*see Table 1*), legitimizes the importance thus, of encouraging increased investments such as the proposed one in this plan, if Tanzania is to stimulate further growth of its tourism sector. In the year 2022, the government announced its intention to attract up to 5 million international visitors by 2025. There are signs that, this target will not be achieved, but this is more of the reason as to why investment in increased hospitality facilities in the country is crucial. Studies have established that, lack of sufficient investment in this sub-sector is one of the reasons making Tanzania not a priority destination to most high-end tourism clients in the international market.

5.0 PROPOSED PROJECT'S BUSINESS ENVIRONMENT ANALYSIS:

5.1 Internal Appraisal

5.1.1 Management

The proposed Ardhi Africa Hotel development project is promoted and owned by R & D Corporation Ltd. The company as a corporate entity is managed under the Board of Directors. Immediately under the Board, there is an executive Managing Director who is in-charge of the company's operations. At the level of Ardhi Africa, Hotel Manager will be at the apex of the management hierarchy. He will be supported by management staff and below them, the whole team of hotel staff. Directors of R & D Corporation Ltd are experienced and seasoned businessmen. All the businesses of the company are sound going concerns with good business records.

It is planned that ***Ardhi Africa*** will be managed by one of the most reliable managers of R & D Corporation Ltd businesses, namely Namit Sinha. He will take the position of Hotel Manager and therefore he will be in-charge of day-to-day operations of the hotel. Mr. Sinha holds the following academic credentials, apart from many other certificates of recognition and performance:

- Diploma in Hotel Management – Institute of Hotel Management Aurangabad, India
- B.A. in Hotel Management – Huddersfield University, UK
- MBA in Marketing and Hospitality Management – Johnson & Wales University, USA

Aged 47 years, Mr. Sinha has over 20 years of work experience in a wide range of hotel and hospitality management aspects, while working with more than six different companies dealing with hospitality industry in Tanzania, India and U.S.A. His management and general business acumen are some of the assets that the proposed business project will be boasting of. The Company is quite certain that, under his management, the proposed business venture will succeed.

The second in command in the ***Ardhi Africa's*** management, will be its Food & Beverage Manager. This position will be held by Mr. Ajay Parmar, aged 37 years, Mr. Parmar is a professionally accomplished hotels/hospitality manager. Apart from his many inhouse training and short courses and certifications, he has the following academic credentials:

- Diploma in Hotel Management – MTDC Bharatpur, Rajasthan, India
- B.A. degree – Rajasthan University, India

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Mr. Parmar has over 15 years of work experience to his credit, all of which have been spent in hotel/hospitality business management in India and Tanzania. He will manage the Food & Beverage department of the proposed hotel. This is a key department in any hotel business set-up, and as such, he will be assistant to the Hotel Manager.

The Managers will be supported by a team of professionals and other skilled and semi-skilled key staff, who will be selected for their experience in the respective fields of specialties and operation. It will be a team that the company will rely on its managerial capacity and business insights to achieve planned business goals. The whole team will be recruited by the company's directors.

Ardhi Africa with only 54 rooms, and without any plans for expansion is expected to be in the category of medium sized hotels – by Tanzanian standards. It will therefore be a simple business set-up, with a moderate management structure. The structure is planned to have the following five (*small*) departments of:

- General Management & Administration
- Food and Beverage
- Accounts & Stores/Supplies services
- Housekeeping
- Reception & Front Office

General Management and Administration will be directly under the Hotel Manager, with functional relationship shared with the Accounts department. The other departments will be headed by departmental heads. These departments will be coordinated and supervised by the Hotel Manager under close surveillance of the Directors. The proposed hotel's organizational structure is shown in *Figure 2*.

Before commencement of operational phase of the project, the directors of the Company will recruit the key staff to take over day to day operational activities of the new hotel. The "*remaining*" three key management staff to assist the Hotel Manager and his assistant in the running of the proposed Ardhi Africa, will have the following minimum qualifications and work experience:

The Housekeeper: This will be a person with a minimum qualification of Diploma in Hotel Management or Hotel Services, with a bias in Housekeeping. He/she must have a minimum work experience of not less than 3 years, one of them in a supervisory position. He/she must have excellent team building/maintenance skills. He/she will be responsible for general cleanliness and sanitation requirements of the hotel facilities and premises, guest room preparation and decoration and in-charge of laundry unit. All housekeeping and laundry staff will be answerable to him/her. He/she will advise management on the type of linen and beddings needed for the hotel and on cleaning and sanitation detergents/chemicals that are suitable for the hotel requirements and preparation of fumigation schedule (*if need be*), for most susceptible areas like the kitchen etc. He/she will be answerable to the MD through the Hotel Manager.

Hotel Accountant: Will be a person with minimum qualification of Diploma in Accountancy or Intermediate Professional Accountant's qualification, capped-up by at least 2 years of post-

qualification work experience (*preferably in a hotel or any other production business set-up*). He/she must be able to produce interim trial balances of the hotel business on monthly basis. He/she will be responsible for keeping accounting records and deal with all financial matters of the hotel. Annual final accounts will be done by outsourced professional accounts together with business' annual audits. Hotel Accountant will be answerable to the MD through the Hotel Manager. All stores and supplies records and matters pertaining thereto will be under him/her as well. He/she will also assist the Hotel Manager on other administrative and personnel management matters.

Head Receptionist: He/she must have a minimum qualification of Diploma in Hotel Management or Hotel Services with a bias in Front Office Management or Reception services. He/she must have a minimum work experience of 3 years in a reputable hotel, two of them in the position of front office manager or head receptionist. He/she will be in-charge of front office operations, including supervision of reception staff, while carrying out the duty of night auditor. He/she will be the custodian of all the records of guest registration, bookings and daily room occupancy for use and reference by all other departments of the hotel. He/she will be answerable to the MD through the Hotel Manager.

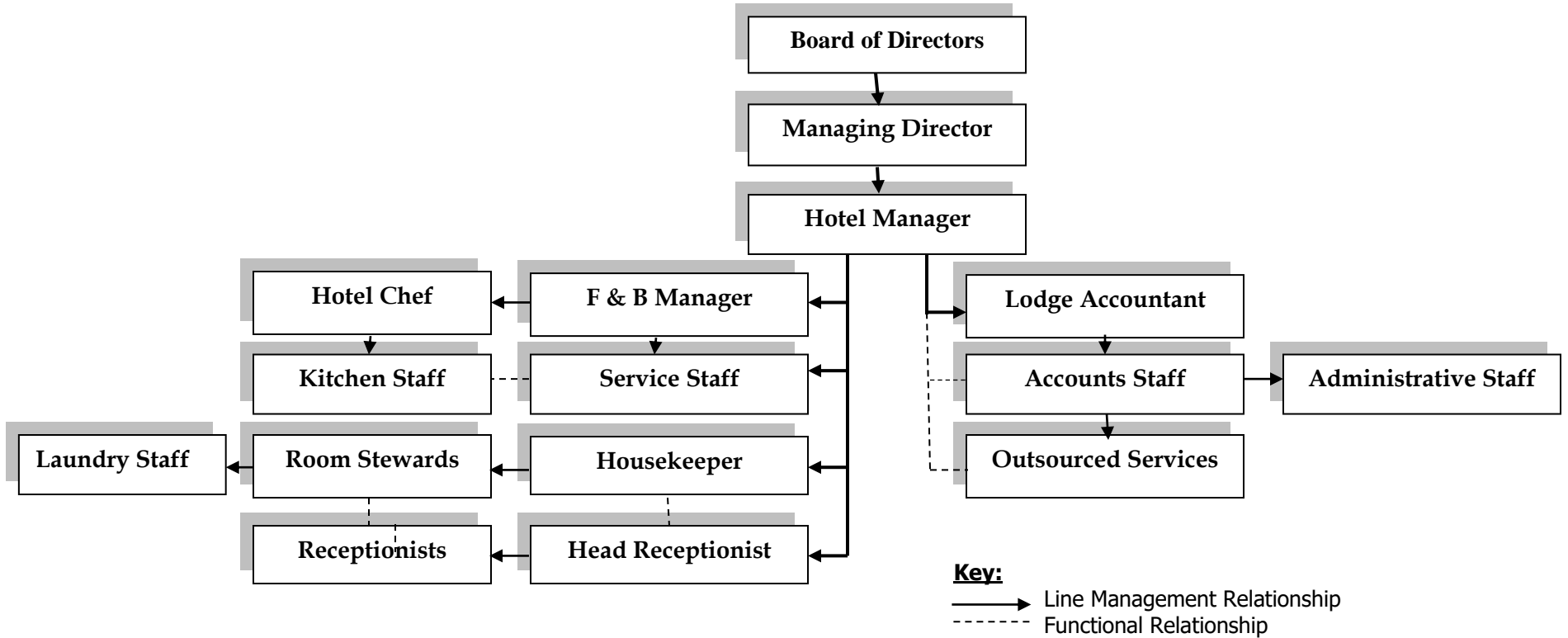
The rest of the hotel staff will be answerable to the Hotel Manager through their respective heads of department. The Hotel Manager will be their disciplinary and appointing authority on behalf of the MD. This arrangement is expected to instil discipline among members of staff, while allowing the hotel's management to work in an atmosphere where they can demonstrate their innovative abilities, for enhanced performance and general productivity.

5.1.1.1 Streamlined Management

It will be clearly noted that "*marketing*" and "*procurement*" as part of the most important managerial functions of any business entity, are not shown in the management structure of the proposed hotel. These functions have been "*centralized*" to be conducted by the holding company – R & D Corporation Ltd. The holding company has other hospitality businesses; thus, it is deemed that marketing and procurement for all its businesses be conducted centrally by the company itself. This is not only in a bid to reduce the number staff establishment for the hotel(s), but also to control the possibility of pilferage(s) and to enhance cost effectiveness and efficiency. It will also be noted that stores/supplies is not taken as a fully independent department, it has been merged with accounts. This is in the same efforts aimed at streamlining and reducing the size of management staff establishment, which will result in cutting down fixed costs to enhance profitability of the business.

Some of the important services to the hotel shall be outsourced. Such services as cleaning of the hotel compound which occupies a substantial area (*sized 3 acres*). The hotel staff establishment has only 2 cleaners in its permanent payroll. These are expected to deal with mostly the interior of the hotel facilities. The rest of the compound shall be cleaned by hired service providers. Likewise, the security section of the hotel is manned by only 3 security guards. These may not be enough to secure the whole compound. Private security companies may be offered to provide such services as the needs may dictate. All these measures are aimed at supporting the hotel management to concentrate on the core activities of hotel business to maximize efficiency, productivity and profitability of the business.

Figure 2: Organizational Structure of the Proposed Ardhi Africa Hotel.



Administrative Staff – Drivers, Security Guards & Cleaners.
Accounts Staff – Cashier, Accounts Clerk/Storekeeper.
Kitchen Staff – Cooks, Kitchen Attendants.
Service Staff – Barmen/maids, Waiters/waitresses

Note:

Marketing; Procurement; and Tour operation are not seen here as independent functions of management, as they are not shown as departments in the management of the hotel. This is because these functions will be executed by the Company’s management. However, at the level of **Arghi Africa**, marketing function will be a collective duty of the whole management team. This will be done along the lines of "Total Quality Management" (TQM) model, where every employee will be a marketing officer in a special and unique way, while performing their daily duties.

5.1.2 Technical and Technological Aspects

Construction Works: During construction phase of the project, the company will use local expertise in the construction industry. A local contractor, engineer, all technicians and artisans, that will be involved in the works shall all be locally recruited. Most of the building materials shall be procured locally in Arusha city and nearest urban centres to the construction site, depending of course, on availability and costs involved in procuring them. Those which cannot be obtained in Arusha and probably in Moshi, shall be purchased from sources in Dar-es-Salaam. Exceptionally rare items (*which are expected to be very few*) will be imported from Nairobi – Kenya, South Africa or China.

Computerized Record System: For the purpose of facilitating modern information management practices, the company has computerized its record keeping systems. Equipment for computerizing the hotel's records will therefore be procured. Such records as purchases, sales, invoicing, receipting of payments, preparing payrolls and calculation of taxes, shall all be in electronic systems and platforms. The system is expected to give the company's management access to daily business transactions with a lot of ease. The company's management will continue improving on the system to maximize the benefits of modern IT in managing its business.

The use of Internet: The Hotel's offices and common facilities will be connected to the internet (*through wi-fi*), for both the management and customers' use. Internet communication and connectivity will be of world class, to facilitate communication of up to video conferencing whenever the need may arise.

Improving Marketing Strategies:

Extensive use of internet will include facilitation of electronic marketing. This is rather a new phenomenon in business, particularly in this part of the world, but one that is growing popular very fast especially in hospitality and travel business. The company will create a website for the hotel which apart from serving as a direct advertising tool, the Company will incorporate it in developing electronic marketing system when the need arises.

Development of e-marketing shall help the company in future, to evolve marketing strategy that focuses on customization and personalization of service products. Information can be quickly gathered about individual customers and business partners, stored and usefully applied to individualize service products. This system shall also enable the company to identify which customers are most valuable, or have the potential of being most valuable to it and therefore plan marketing offers which fit their needs, in a bid to attract, win and retain them. All these things will be done through or under R & D Corporation Ltd.

5.1.3 The Proposed Hotel's Supplies

As already explained elsewhere in this report, all building materials, fixtures and part of decoration items will be procured locally during construction phase – that is in the nearest main commercial towns/cities of Arusha and Moshi. Part of the furniture, fittings, decorating material, machinery and equipment, such as kitchenware, laundry machine and others will be procured from Dar-es-Salaam, while those which are not available in the country, or depending on available quality, some will be imported mainly from Kenya, South Africa and China.

During operational phase, all food and beverage provisions including all other consumables and perishables will be procured by the company in the local markets. Some of them will be

purchased from supermarkets in towns, while some, particularly fruits and greens, will be bought in the open markets. Experience has shown that, this practice (*or procurement policy*) helps in maintaining the flexibility aspect in procurement of supplies to avoid fixed commodity prices through purchases using procurement agreements with suppliers.

5.2 External Appraisal

5.2.1 The Market

The Company's Marketing Policy: Centrally developed by R & D Corporation Ltd, as explained elsewhere in this report, the company's marketing policy is to conduct market surveys continually as a way of establishing current market situations. Marketing strategies are always developed basing on the findings of the conducted surveys. The aim is to firstly, assure consumers' confidence on choice of services offered by the company's business. Secondly, to reduce feelings of uncertainty to the company's potential clients and completely eliminate discomfort to the customers that the company will have already won. Marketing of Ardhi Africa's business will be (*as already explained*), amalgamated with marketing operations of the company, to capitalize on the latter's experience, marketing networks and the already developed marketing strategies. It is expected that, this approach will minimize marketing costs of the business by spreading that cost item, over other company's businesses' operating expense.

Customers: Tourism business customers are in two main categories of: (i) Foreign Tourists and (ii) Local Tourists. In the Tanzanian context so far, the most valuable and profitable clientele is from the foreign tourists' category. Ardhi Africa targets about 90% of its clientele from the foreign tourists' category. The company is therefore planning to do tourism business for export market, just like most hospitality businesses, classified as tourist hotels or lodges in Tanzania. In the domestic market however, the company targets the middle and higher class of the market segmentation strata, which include business executives, government officials and diplomats. These customers will access the company's services mainly through the company's marketing campaigns and partly through commission agency. Very few individual drop-in customers are expected to be served by the company. This is a trend that is expected to continue for as long as tourism market in Tanzania is dominantly export oriented.

Targeted Market Segments: From experience and analyses of findings from a number of market surveys which have already been conducted, tourist clientele, particularly the foreign category, can roughly be divided into three main segments of:

- High class holidaying tourists – composed mainly of businesspeople, senior corporate executives and even diplomats. These are people with high incomes; well exposed, demanding high standards of quality they are paying for. The good thing about this segment is that, if the company is able to meet the challenge of standards, business with them pays off well.
- Middle Class Tourists – this is composed of younger individuals, often adventurous. They tend to go for best outfits but are more flexible given the right combination of price and standard of quality.
- Low Class tourists – this is the segment of what are commonly known as backpackers. They are mostly college students and groups of youths with low incomes. Their purchasing power is limited and they often travel in groups so that they can share costs.

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This market segment is highly price sensitive, therefore their demand for quality is insignificant.

Ardhi Africa will offer its services to cater for the middle-class market as the preferential segment. Second in priority will be the high-class segment, which will be targeted strategically to improve occupancy rate of the hotel, by tapping surpluses from this segment to fill the shortfall of middle-class clientele (*if at all that happens*), in rare cases, since the latter is always larger in size than the former. Tourism business in Tanzania is characterized by seasonal flows of visitors, creating periods of peak business activity, slowing down to low business during low season, going further down to off-season (*when it reaches zero occupancy – in the case of lodges and hotels*) where foreign visitors to the country drop to zero flow, during the year.

Competition: The Company expects stiff competition in the market and it is bracing itself to compete viably. Close observation of the business operational terrain however, discloses the fact that, the current market structure particularly on the supply side of hospitality services is fairly limited while the demand side is elastic and increasingly on the rise (*see the ever-increasing number of visitors in the presented tables 1 & 2 and the analysis made in topic 4.0*). This shows that there is opportunity for growth. All that the company needs therefore, is to align itself to canvass for a large enough market share for its sustained growth. R & D Corporation Ltd is not a new comer in this business. The directors have been in tourism business for a considerable number of years as already explained elsewhere in this report. They are astutely conversant with the tourism market, its characteristics and upheavals apart from the general business landscape, having been in operation of business for over 15 years now. Extensive experience of the directors is one of the most important assets that the company will be boasting of, and which will be used to steer its business through, amid stiff competition.

Ardhi Africa's competitor ranking – within Arusha City

Sno.	Name of Company/Lodge	Class	Approx. Market Control
1.	Arusha Coffee Lodge	5 Star	20%
2.	Arusha Hotel (<i>4 Point Sheraton</i>)	5 Star	15%
3.	Gran Melia Hotel	5 Star	20%
4.	Mount Meru Hotel	4 Star	15%
5.	Ardhi Africa	4 Star	15%
6.	Serena Hotel (<i>Tengeru</i>)	3 Star	10%
7.	Other Hotels/Lodges	-	5%

Note: The **star** classification is by "**Tripadvisor's**" assessment of 2020. Ardhi Africa is tentatively assessed in advance by R&D Corporation Ltd's Management. It is envisaged that the hotel will be in no. 5 position.

The above shown five hotel/lodges which are situated within Arusha city and its suburbs are considered to be Ardhi Africa's serious competitors in the market. There is a number of other hotels in the city (*more than 127, see table 3*), whose standard and quality are not deemed to be viable competitors to the proposed Ardhi Africa.

Market Potential: Tanzania is endowed with the world's most glamorous, dramatic and densely populated natural parks and game sanctuaries. The overall future potential of Tanzania's tourism therefore, lies in its renowned National Parks, Game Reserves, and Controlled Areas, all providing an area of 247,500 sq. kms, with a wide range of natural attractions. This is almost one third of the country's total land area of 942,784 sq. kms. There are 13 National Parks (*including the famous Serengeti, Manyara, Tarangire, Mikumi, Kilimanjaro, Katavi, Gombe and Rubondo*), 16 Game Reserves and 47 Game Controlled Areas.

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The mainland's more than 850 kms Indian Ocean coastline, extending from Vanga on the Tanzanian/Kenyan border in the North, to Mwambo on the mouth of Ruvuma River, bordering Mozambique in the South, is the longest and most un-spoilt on the African coast. It has beautiful, un-crowded palm clad beaches and undersea coral gardens, many within easy reach of Dar es Salaam city.

These attractions greatly fulfil the requirements of – sight-seeing, photographic, adventure and beach holidaying tourism. Furthermore, these and other features provide ample opportunity and the basis to create many more tourist attractions in the country by designing and investing to add value on many potential attractions both, natural and man-made, particularly in the cultural, agro, eco, archaeological, historical and even sports tourism concepts. There are so many exceptional features giving Tanzania advantage in developing its tourism potential, which this report will not dwell on, suffice it to say that, by and large, tourism potential in Tanzania is yet to be fully exploited.

Ardhi Africa is being established in the Northern Tourist Circuit. This circuit receives over 70% of all foreign visitors to Tanzania mainland (*TTB 2020*). It also receives tourists from the neighbouring Kenya, who seek to trek the Kilimanjaro Mountain and visit other unique attractions like the Ngorongoro Crater and Olduvai Gorge, which offer more than game viewing safaris, that can also be accessed in Kenya. Initiatives for development of accommodation facilities commensurate with the growing needs has grown static over the past few years. It is a situation which clearly indicate a growing potential for the proposed Ardhi Africa's business. Given the right and sufficient marketing drive, the Company can penetrate the market without much effort and retain the required market share to sustain its business growth.

Marketing Techniques: Apart from using the common tools of marketing and sales promotion, such as advertising the hotel on the company's website, distribution of brochures, travel magazines and adverts in the print and electronic media, the company will advertise the hotel at International Trade Fairs in Europe, the United States, Asia and South Africa. Exhibitions in trade fairs has proved to be a very effective tool of marketing tourism business. This is because the targeted market is by over 90% export market. In addition to regular advertisements and provision of commissions to equip the marketing executives with the necessary tools and incentives to market the hotel, the company shall use *Electronic Marketing* as explained earlier, as the situation may allow. E-marketing is expected to be very useful in individualizing and customizing the proposed hotel's services to its customers.

5.2.1.1 Pricing Policy

The Company's pricing policy will be aimed at achieving three goals: Firstly, to make effective penetration of the market; secondly to achieve early investment cost recovery and thirdly to be a tool for determining market potential. To achieve these goals, the company shall generate baseline prices based on a cost-plus approach with the goal of maintaining a 30% to 35% gross margin. Sensitivity of the proposed business due to changing variables will be mitigated by a flexible pricing policy mostly in order to withstand competition. Where a new investment is involved as it is the case with this proposal, price discrimination is often exercised to ensure effective tapping of the surplus of certain market segments e.g., middle class *vis-à-vis* higher-class segment, the former of which may be more price sensitive than the latter. The business is supposed to achieve a minimum of 45% occupancy on average, to attain economic viability.

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Generally speaking, however, when the business becomes sufficiently responsive to market forces, the market itself and the level of competition will be the major yardstick for price scaling. Discounts will be offered and other incentives (*gifts*) to sales agents and new individual customers, at the initial entry point to the market, depending on their importance to the hotel. Discounts will initially range from 5% to 10%. Indicative product prices and annual sales are shown on *annexure XV* to this plan.

5.2.2 Economic Aspects

The fact that Tanzania's economy is growing at an annual rate of 6% on average in the last 10 years (*with the exception of 2019 – 2022 due to COVID 19*), is enough evidence of conduciveness of the economic situation in the country for any viable business enterprise. The need to fulfill market needs as envisaged in this project, arises from uninterrupted functions of market forces. This is a healthy situation for the growth of both – the business and national economy.

Apart from being in line with the government's economic policies, the proposed business project also has backward linkage to the agricultural sector, food and beverage industries and tour operation business and forward linkage to trade, service, finance and communication sectors. The business has the following more effects to the economy:

- Employment: The proposed hotel will create new direct employment to a core (*permanent*) staff of 36 skilled and semi-skilled people and indirect employment to about double that number of people. These will be the various suppliers to the hotel and other beneficiaries of the whole value chain and trickle-down effects of the business.
- Government Revenue: It is projected that, the business will remit to the government more than T.Shs. 7.29 billion in the first 5 years of its operations, in the form of corporate taxes and other government levies.
- Foreign exchange: The business will be in a position to earn foreign exchange, since most of its clients are non-residents who will be paying their bills in convertible currencies, thus contribute to the country's economic capacity to import and improve the government's balance of payments.

5.2.3 Political Climate

Tanzania's political situation is quite favourable for any viable business investment and operations. There is a stable government, with economic policies that encourage and promote the private sector in the running of the country's economy. Dialogue between the government and the private sector is institutionalized through such organizations as the TPSF, TCCIA, CTI, TATO, HAT etc. This enables the government to share experiences with the private sector and come up with policies that are favourable to the sector's growth. The government has gone as far as forming a "National Business Council" (*TNBC*) whose chairperson is the president herself.

6.0 ENVIRONMENTAL PROTECTION:

Just like it is the case of its other businesses the company – R & D Corporation Ltd, Ardhi Africa will always strive to do business in compliance with the existing laws i.e. the National Environmental Protection Act and National Guidelines on Environmental Protection, monitored by NEMC. In this investment, Arusha City Council is the legal authority governing developments

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in the city.. This project shall have to secure Building Permit from the Council prior to commencement of any construction works. Ardhi Africa will adhere to all laid down regulations and standing orders regarding environmental protection in Arusha city, and as they may be imposed and amended from time to time by the authorities.

The social environment will be improved by the business through increased employment and observation of good neighbourliness with all the people and communities around the proposed project. The natural environment will be dealt with as per city council's rules and regulations. Generally speaking, however, the environment will be protected through proper and prudent disposal of solid wastes. Liquid wastes and sewage will be disposed-off as per sewage disposal system to be constructed according to approved design by the city authorities. Prompt and regular repairs and conduction of routine maintenance to motor vehicles, standby electricity generator and other machinery used in the hotel will be observed to minimize emission of fumes and to regulate noises.

7.0 FINANCIAL AND ECONOMIC VIABILITY:

Economic and financial viability of the proposed business project is shown in the appended financial projections in *Annexure I to XV*. The projections in *Annexure VIII* and *IX* respectively indicate that the business will be operating on profit throughout the projected 5 years from year one. The business should realize net cash balance of T.Shs., 607.72 million in year 1, gradually rising to over T.Shs. 14.215 billion in the 5th year. This will enable the company to re-invest and service its loan as per *Annexure II* and *IV(a) to (d)* respectively, and meet its other important financial obligations. Looking at the performance of other similar investments and businesses in the country, and in the Northern Tourist Circuit in particular, achievement of these level of performance by Ardhi Africa is quite practical.

Projections also, portray a growth of total assets from T.Shs. 14.62 billion in year one to over T.Shs. 24.45 billion in the fifth year (*Annexure X "Projected Balance Sheets"*) and an IRR of 24.1% (*Annexure XI "Discounted Cashflow"*), which is within the region of current interest rates in the country which range between 7% and 26%. The business is expected to create new direct employments to 36 skilled and semi-skilled people and indirect employment to about double that number of people.

7.1 Assumptions Underlying the Financial Projections:

Revenue: Assumptions used to calculate revenue for the business are shown in *Annexure XV* named "*Projected Annual Sales Schedule*". The figures shown in that schedule are taken as 100% capacity utilization and performance of the business and applied constantly throughout the 5 years of projections. The first year is assumed to achieve 45% capacity utilization performance, while the second to the fifth year, the performance is assumed to be 50%, 60%, 65%, and 70% respectively.

Operating Expenses: These are shown on the "*Projected Operating Expenses Schedule*" in the *Annexure VI*. The rounded-up estimates are based on costs calculation and experience from other operations of similar nature to the proposed business. Others are based on salaries & wages schedule *Annexure V* and percentages of cost of sales from annual sales schedule – *Annexure XV*.

8.0 ESTIMATED PROJECT COSTS AND FINANCING PLAN:

Looking at *Annexure I*, the total investment cost of the proposed project is estimated at T.Shs. 11,944,250,000. The larger portion of investment cost outlay is applied in the construction of the Hotel facilities, followed by acquisition of motor vehicles, machinery & equipment, furniture & fittings, linen & beddings, acquisition of kitchenware and lastly Crockery & Cutlery. The pre-operational expenses as analysed include all consultancies and preparatory costs prior to the commencement of the project's business.

R & D Corporation Ltd's equity in this investment will total to T.Shs. 7,175,500,000. A working capital amounting to T.Shs. 150,000,000 will also be availed by the company to meet initial operating expenses. The company will apply for a term loan from banks or any other interested financiers, amounting to T.Shs. 4,768,750,000 which will be wholly applied in the construction of the hotel facilities. The tables in *Annexure I, II* and *IV(a) to (d)* analyses the investment structure and loan repayment schedules respectively. The investment will be done in the first three years. In case of any re-investment that may be done within the first 5 years of the business' operations, it will entirely be financed internally.

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INVESTMENT STRUCTURE
Total Investment will be as follows:
(The Figures are in T.Shs. “000”)

ITEM	INVESTMENT CAPITAL		TOTAL
	Equity	Financier	
Buildings	4,414,500	4,768,750	9,183,250
Motor Vehicles	1,021,875	-	1,021,875
Machinery & Equipment	626,750	-	626,750
Furniture & Fittings	599,500	-	599,500
Linen & Beddings	231,625	-	231,625
Crockery & Cutlery	68,125	-	68,125
Kitchenware	177,125	-	177,125
Pre- Operational Expenses	36,000	-	36,000
Sub - Total	7,175,500	4,768,750	11,944,250
Add: Working Capital	150,000	-	150,000
TOTAL	7,325,500	4,768,750	12,094,250
Ratio			

NOTE:

Pre - Operational expenses include:	T.Shs.
(i) Buildings Designs & Drawings	25,000
(ii) Insurance & Licences	3,500
(iii) Other Professional Fees	3,000
(iv) Traveling Expenses	<u>4,500</u>
TOTAL	<u>36,000</u>

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INVESTMENT AND RE-INVESTMENT SCHEDULE
(The Figures are in T.shs. '000')

ITEM/YEAR	YEAR 0	YEAR 1	YEAR 2	YEAR 3
Buildings	950,000	5,560,000	1,754,650	918,600
Motor Vehicles	148,500	873,375	-	-
Machinery & Equipment	-	376,500	250,250	-
Furniture & Fittings	-	359,700	239,800	-
Linen & Beddings	-	138,975	92,650	-
Crockery & Cutlery	-	68,125	-	-
Kitchenware	-	132,800	44,325	-
Pre- Operational Expenses	36,000	-	-	-
Total	1,134,500	7,509,475	2,381,675	918,600

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DEPRECIATION SCHEDULE: PROPERTY, PLANT AND EQUIPMENT
(The Figures are in T.Shs. '000')

ITEM/YEAR	RATE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Buildings		6,510,000	8,134,450	8,890,361	8,712,554	8,538,303
Depreciation	2%	130,200	102,689	177,807	174,251	170,766
NBV 31/12		6,379,800	7,971,761	8,712,554	8,538,303	8,367,537
Motor Vehicles		1,021,875	766,406	574,804	431,103	323,327
Depreciation	25%	255,469	19,602	143,701	107,776	80,832
NBV 31/12		766,406	574,804	431,103	323,327	242,495
Machinery & Equipment		376,500	579,687	507,226	443,823	388,345
Depreciation	12,5%	47,063	72,461	63,403	55,478	48,543
NBV 31/12		329,437	507,226	443,823	388,345	339,802
Furniture & Fittings		359,100	554,537	485,220	424,567	371,496
Depreciation	12.5%	44,963	69,317	60,653	53,071	46,437
NBV 31/12		314,737	485,220	424,567	371,496	325,059
Linen & Beddings		138,975	214,603	187,821	164,343	143,800
Depreciation	12.5%	17,372	26,782	23,478	20,543	17,975
NBV 31/12		121,603	187,821	164,343	143,800	125,825
Crockery & Cutlery		68,125	59,609	52,158	45,638	35,933
Depreciation	12.5%	8,516	7,451	6,520	5,705	4,492
NBV 31/12		59,609	52,158	45,638	39,933	31,441
Kitchenware		132,800	160,525	140,459	122,902	107,539
Depreciation	12.5%	16,600	20,066	17,557	15,363	13,442
NBV 31/12		116,200	140,459	122,902	107,539	94,097
Pre-Operational Expenses		36,000	28,800	23,040	18,432	14,746
Depreciation	20%	7,200	5,760	4,608	3,686	2,949
NBV 31/12		28,800	23,040	18,432	14,746	11,797
Charge for the Year		<u>527,383</u>	<u>556,128</u>	<u>497,727</u>	<u>435,873</u>	<u>385,936</u>
Accumulated Depreciatn		<u>527,383</u>	<u>1,083,511</u>	<u>1,581,238</u>	<u>2,017,111</u>	<u>2,402,547</u>

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LOAN REPAYMENT AND INTEREST SCHEDULE (Annually)
USD 900,000 Equivalent to T.Shs 2,452,500,000 at exchange rate of T.Shs 2,725
(The Figures below are in T.Shs. "000")

YEAR	PRINCIPAL	INTEREST 11%	TOTAL	BALANCE
0	0	0	0	(2,452,500)
1	0	269,586	269,586	(2,452,500)
2	515,986	244,634	760,620	(1,936,514)
3	576,081	184,539	760,620	(1,360,433)
4	642,605	118,015	760,620	(717,828)
5	717,828	43,530	761,358	0
Total	2,452,500	860,304	3,312,804	0

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LOAN REPAYMENT AND INTEREST SCHEDULE (Monthly)
USD 900,000 Equivalent to T.Shs 2,452,500,000 at exchange rate of T.Shs 2,725
(The Figures below are in T.Shs. "000")

Sno	Months	Principal	Interest 11%	Total	Balance
0	30.09.2024	0	0	0	(2,452,500)
1	31.10.2024	0	22,850	22,850	(2,452,500)
2	30.11.2024	0	22,112	22,112	(2,452,500)
3	31.12.2024	0	22,850	22,850	(2,452,500)
4	.31.01.2025	0	22,912	22,912	(2,452,500)
5	.28.02.2025	0	20,695	20,695	(2,452,500)
6	.31.03.2025	0	22,912	22,912	(2,452,500)
7	.30.04.2025	0	22,173	22,173	(2,452,500)
8	31.05.2025	0	22,912	22,912	(2,452,500)
9	30.06.2025	0	22,172	22,172	(2,452,500)
10	.31.07.2025	0	22,912	22,912	(2,452,500)
11	.31.08.2025	0	22,912	22,912	(2,452,500)
12	.30.09.2025	0	22,173	22,173	(2,452,500)
13	31.10.2025	40,473	22,912	63,385	(2,412,027)
14	30.11.2025	41,578	21,807	63,385	(2,370,449)
15	31.12.2025	41,239	22,146	63,385	(2,329,210)
16	31.01.2026	41,264	21,761	63,385	(2,287,946)
17	28.02.2026	44,078	19,307	63,385	(2,243,868)
18	31.03.2026	42,422	20,963	63,385	(2,201,446)
19	30.04.2026	43,482	19,903	63,385	(2,157,964)
20	31.05.2026	43,224	20,161	63,385	(2,114,740)
21	30.06.2026	44,265	19,120	63,385	(2,070,475)
22	31.07.2026	44,042	19,343	63,385	(2,026,433)
23	31.08.2026	44,453	18,932	63,385	(1,961,980)
24	30.09.2026	45,466	17,919	63,385	(1,936,514)
25	31.10.2026	45,293	18,092	63,385	(1,891,221)
26	30.11.2026	46,287	17,098	63,385	(1,844,934)
27	31,12.2026	46,149	17,231	63,385	(1,798,785)
28	31.01.2027	46,580	16,805	63,385	(1,752,205)
29	28.02.2027	48,599	14,786	63,385	(1,703,608)
30	31.03.2027	47,469	15,916	63,385	(1,656,139)
31	30.04.2027	48,412	14,973	63,385	(1,607,727)
32	31.05.2027	48,365	15,020	63,385	(1,559,362)
33	30.06.2027	49,267	14,098	63,385	(1,510,075)
34	31.07.2027	49,277	14,108	63,385	(1,460,798)
35	31.08.2027	49,738	13,647	63,385	(1,411,060)
36	30.09.2027	50,627	12,755	63,385	(1,360,433)
37	31.10.2027	50,075	12,710	63,385	(1,309,758)

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LOAN REPAYMENT AND INTEREST SCHEDULE (Monthly) Cont'd

Sno	Months	Principal	Interest 11%	Total	Balance
38	30.11.2027	51,543	11,842	63,385	(1,258,215)
39	31.12.2027	51,630	11,755	63,385	(1,206,585)
40	31.01.2028	52,143	11,242	63,385	(1,154,442)
41	29.02.2028	53,323	10,062	63,385	(1,101,119)
42	31.03.2028	53,126	10,259	63,385	(1,047,993)
43	30.04.2028	53,936	9,449	63,385	(994,057)
44	31.05.2028	54,123	9,262	63,385	(939,934)
45	30.06.2028	54,910	8,475	63,385	(885,024)
46	31.07.2028	55,139	8,246	63,385	(829,885)
47	31.08.2028	55,653	7,732	63,385	(774,232)
48	30.09.2028	56,404	6,981	63,385	(717,828)
49	31,10,2028	56,697	6,688	63,385	(661,131)
50	30.11.2028	57,424	5,961	63,385	(603,707)
51	31.12.2028	57,760	5,625	63,385	(545,947)
52	31.01.2029	58,285	5,100	63,385	(487,662)
53	28.02.2029	59,270	4,115	63,385	(428,392)
54	31.032029	59,383	4,002	63,385	(369,009)
55	30.04.2029	60,049	3,336	63,385	(308,960)
56	31.05.2029	60,499	2,886	63,385	(248,461)
57	30.06.2029	61,139	2,246	63,385	(187,322)
58	31.07.2029	61,564	1,821	63,385	(125,758)
59	31.08.2029	62,210	1,175	63,385	(63,548)
60	30.09.2029	<u>63,548</u>	<u>575</u>	<u>64,123</u>	0
	Total	<u>2,452,500</u>	<u>860,304</u>	<u>3,312,804</u>	<u>0</u>

R&D CORPORATION LIMITED
Ardhi Africa Hotel Development Project

LOAN REPAYMENT AND INTEREST SCHEDULE (Annually)
USD 850,000 Equivalent to T.Shs 2,316,250,000 at exchange rate of T.Shs 2,725
(The Figures below are in T.Shs. "000")

YEAR	PRINCIPAL	INTEREST 10%	TOTAL	BALANCE
0	0	0	0	(2,316,250)
1	0	231,466	231,466	(2,316,250)
2	495,593	209,311	704,904	(1,820,657)
3	547,998	156,906	704,904	(1,272,659)
4	604,756	100,148	704,904	(607,903)
5	607,903	36,662	704,565	0
Total	2,316,250	734,493	3,050,743	0

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LOAN REPAYMENT AND INTEREST SCHEDULE (Monthly)
USD 850,000 Equivalent to T.Shs 2,316,250,000 at exchange rate of T.Shs 2,725
(The Figures below are in T.Shs. “000”)

Sno	Months	Principal	Interest 10%	Total	Balance
0	30.09.2024	0	0	0	(2,316,250)
1	31.10.2024	0	19,619	19,619	(2,316,250)
2	30.11.2024	0	18,986	18,986	(2,316,250)
3	31.12.2024	0	19,619	19,619	(2,316,250)
4	.31,01.2025	0	19,672	19,672	(2,316,250)
5	.28.02.2025	0	17,768	17,768	(2,316,250)
6	.31.03.2025	0	19,672	19,672	(2,316,250)
7	.30.04.2025	0	19,038	19,038	(2,316,250)
8	31.05.2025	0	19,672	19,672	(2,316,250)
9	30.06.2025	0	19,038	19,038	(2,316,250)
10	.31.07.2025	0	19,672	19,672	(2,316,250)
11	.31.08.2025	0	19,672	19,672	(2,316,250)
12	.30,09.2025	0	19,038	19,038	(2,316,250)
13	31.10.2025	39,070	19,672	58,742	(2,277,180)
14	30.11.2025	40,025	18,717	58,742	(2,237,155)
15	31.12.2025	39,742	19,000	58,742	(2,197,413)
16	31.01.2026	40,079	18,663	58,742	(2,157,334)
17	28.02.2026	42,193	16,549	58,742	(2,115,147)
18	31.03.2026	40,778	17,964	58,742	(2,074,363)
19	30.04.2026	41,692	17,050	58,742	(2,032,671)
20	31.05.2026	41,478	17,264	58,742	(1,991,193)
21	30.06.2026	42,376	16,366	58,742	(1,948,817)
22	31.07.2026	42,190	16,552	58,742	(1,906,627)
23	31.08.2026	42,549	16,193	58,742	(1,864,078)
24	30.09.2026	43,421	15,321	58,742	(1,820,657)
25	31.10.2026	43,279	15,463	58,742	(1,777,378)
26	30.11.2026	44,133	14,609	58,742	(1,733,245)
27	31,12.2026	44,021	14,721	58,742	(1,689,224)
28	31.01.2027	45,784	12,958	58,742	(1,643,440)
29	28.02.2027	44,784	13,958	58,742	(1,598,656)
30	31.032027	45,602	13,140	58,742	(1,553,054)
31	30.04.2027	45,977	12,765	58,742	(1,507,077)
32	31.05.2027	45,942	12,800	58,742	(1,461,135)
33	30.06.2027	46,733	12,009	58,742	(1,414,402)
34	31.07.2027	46,729	12,013	58,742	(1,367,673)
35	31.08.2027	47,126	11,616	58,742	(1,320,547)
36	30.09.2027	47,888	10,854	58,742	(1,272,659)
37	31.10.2027	47,933	10,809	58,742	(1,224,726)

R&D Corporation Ltd - Ardhi Africa Hotel Project Plan

LOAN REPAYMENT AND INTEREST SCHEDULE (Monthly) Cont'd

Sno	Months	Principal	Interest 10%	Total	Balance
38	30.11.2027	48,676	10,066	58,742	(1,176,050)
39	31.12.2027	48,754	9,988	58,742	(1,127,296)
40	31.01.2028	49,194	8,545	58,742	(1,078,192)
41	29.02.2028	50,200	8,542	58,742	(1,027,902)
42	31.03.2028	50,038	8,706	58,742	(977,866)
43	30.04.2028	50,727	8,015	58,742	(927,139)
44	31.05.2028	50,889	7,853	58,742	(876,250)
45	30.06.2028	51,560	7,182	58,742	(824,690)
46	31.07.2028	51,757	6,985	58,742	(772,933)
47	31.08.2028	52,196	6,546	58,742	(720,737)
48	30.09.2028	52,834	5,908	58,742	(667,903)
49	31,10,2028	53,085	5,057	58,742	(614,818)
50	30.11.2028	53,703	5,039	58,742	(561,115)
51	31.12.2028	53,989	4,753	58,742	(507,126)
52	31.01.2029	54,435	4,307	58,742	(452,691)
53	28.02.2029	55,269	3,473	58,742	(397,422)
54	31.032029	55,367	3,375	58,742	(342,055)
55	30.04.2029	55,931	2,811	58,742	(286,124)
56	31.05.2029	56,312	2,430	58,742	(229,812)
57	30.06.2029	56,853	1,889	58,742	(172,959)
58	31.07.2029	577,273	1,469	58,742	(115,686)
59	31.08.2029	57,759	983	58,742	(57,927)
60	30.09.2029	<u>57,927</u>	<u>476</u>	<u>58,403</u>	0
	Total	2,316,250	734,493	3,050,743	<u>0</u>

R&D CORPORATION LIMITED
Ardhi Africa Hotel Development Project

MANPOWER REQUIREMENTS AND WAGES SCHEDULE
(The Figures are in T.Shs. "000")

Position	Number of Employees	Monthly Salary	Monthly Payroll Bill	Annual Payroll Bill
Hotel Manager	1	1,000	1,000	12,000
F & B Manager	1	800	800	9,600
Hotel Accountant	1	800	800	9,600
Housekeeper	1	800	800	9,600
Hotel Chef	1	800	800	9,600
Secretary	1	600	600	7,200
Accounts Assistant/Cashier	1	500	500	6,000
Reception Supervisor	1	600	600	7,200
Head Barman	1	600	600	7,200
Restaurant Supervisor	1	600	600	7,200
Room Stewards/Stewardesses	4	450	1,800	21,600
Barmen/ women	4	450	1,800	21,600
Waiters/Waitresses	4	450	1,800	21,600
Hotel Technician	1	600	600	7,200
Drivers	2	400	800	9,600
Cooks	2	300	600	7,200
Kitchen Attendants	2	250	500	6,000
Laundry Attendants	2	250	500	6,000
Cleaners	2	250	500	6,000
Security Guards	3	300	900	10,800
Total	36		16,900	202,800

R&D CORPORATION LIMITED
Ardhi Africa Hotel Development Project

PROJECTED OPERATING EXPENSES SCHEDULE
(The Figures are in T.Shs. "000")

ITEM/YEAR	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Capacity	45%	50%	60%	65%	70%
<u>VARIABLE COSTS</u>					
Restaurant - Foodstuffs	1,465,700	1,929,800	2,123,700	2,265,320	2,492,500
Bar - Drinks	309,800	376,750	398,640	429,560	437,680
Cleaning & Sanitation	115,600	117,400	119,200	121,600	123,400
Commission Paid	21,600	27,800	29,600	31,080	32,600
Total Variable Costs	1,912,700	2,451,750	2,671,140	2,847,560	3,086,180
<u>FIXED & SEMI FIXED COSTS</u>					
Salaries & Wages	202,800	202,800	202,800	202,800	202,800
NSSF Contribution	20,280	20,280	20,280	20,280	20,280
Skills & Development Levy	8,112	8,112	8,112	8,112	8,112
Workers Compensation Trust	2,028	2,028	2,028	2,028	2,028
Directors' Remunerations	49,200	51,600	58,800	62,400	64,800
Licenses & Insurances	13,950	13,950	13,950	14,750	14,750
MV Running Expenses	29,960	30,760	36,480	37,080	38,920
Postage, Telephone & Internet	4,680	4,920	5,160	5,340	5,640
Electricity & Water	2,800	3,040	3,280	3,520	3,760
Stationery & Printing	4,560	4,740	4,920	2,160	2,280
Transport & Traveling	28,380	34,740	37,980	43,180	47,380
Advertisements & Publicity	420	480	600	720	840
Entertainment	600	720	780	840	960
Repairs & Maintenance	9,740	10,640	12,880	13,120	14,040
Medical & Staff welfare	1,200	1,380	1,560	1,680	1,960
Bank Charges	600	720	840	960	1,080
Accountancy & Audit Fees	2,000	2,000	2,000	3,000	3,000
General Expenses	3,320	3,800	4,280	4,760	5,240
Total Fixed & Semi Fixed Costs	384,630	396,710	416,730	426,730	437,870
Total Operating Expenses	2,297,330	2,848,460	3,087,870	3,274,290	3,524,050

R&D CORPORATION LIMITED
Ardhi Africa Hotel Development Project

PROJECTED WORKING CAPITAL SCHEDULE

(The Figures are in T.Shs. "000")

ITEM/YEAR	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Capacity	45%	50%	60%	65%	70%
CURRENT ASSETS					
Inventories in Trade	184,600	192,600	198,200	196,400	198,200
Trade & Other Receivables	<u>247,300</u>	<u>258,700</u>	<u>469,300</u>	<u>485,700</u>	<u>497,500</u>
Total Current Assets	<u>431,900</u>	<u>451,300</u>	<u>667,500</u>	<u>682,100</u>	<u>695,700</u>
CURRENT LIABILITES					
Trade & Other Payables	302,940	223,810	352,780	315,350	266,910
Total Current Liabilities	302,940	223,810	352,780	315,350	266,910
Net Working Capital	<u>128,960</u>	<u>227,490</u>	<u>314,720</u>	<u>366,750</u>	<u>428,790</u>
Change in W/Capital	<u>128,960</u>	<u>98,530</u>	<u>87,230</u>	<u>52,030</u>	<u>62,040</u>

R&D CORPORATION LIMITED
Ardhi Africa Hotel Development Project

PROJECTED INCOME STATEMENTS
(The Figures in T.Shs. “000”)

ITEM/YEAR	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Capacity	45%	50%	60%	65%	70%
REVENUE					
Room Sales	4,469,681	4,966,313	5,959,575	6,456,206	6,952,838
Bar & Restaurant Sales	2,231,874	2,479,860	2,975,832	3,223,818	3,471,810
Other Income	<u>22,073</u>	<u>24,525</u>	<u>29,430</u>	<u>31,883</u>	<u>34,335</u>
Total Revenue	<u>6,723,628</u>	<u>7,470,698</u>	<u>8,964,837</u>	<u>9,711,907</u>	<u>10,458,983</u>
Less: Variable Costs	1,912,700	2,451,750	2,671,140	2,847,560	3,086,180
Contribution Margin	<u>4,810,928</u>	<u>5,018,948</u>	<u>6,293,697</u>	<u>6,864,347</u>	<u>7,372,803</u>
Less: Fixed /Semi Fixed Costs	384,630	396,710	416,730	426,730	437,870
Gross Operating Surplus	<u>4,426,298</u>	<u>4,622,238</u>	<u>5,876,967</u>	<u>6,437,617</u>	<u>6,934,933</u>
Less: Capital Charges:					
- Depreciation on Assets	527,383	556,128	497,727	435,873	385,936
- Interest on Loan	<u>501,052</u>	<u>453,945</u>	<u>341,445</u>	<u>218,163</u>	<u>80,192</u>
TOTAL	<u>1,028,435</u>	<u>1,010,073</u>	<u>839,172</u>	<u>654,036</u>	<u>465,628</u>
Profit Before Tax	3,397,863	3,612,165	5,037,795	5,783,581	6,469,305
Corporate Tax Payable @30%	1,019,359	1,083,650	1,511,339	1,735,074	1,940,792
Net Profit After Tax	<u>2,378,504</u>	<u>2,528,515</u>	<u>3,526,456</u>	<u>4,048,507</u>	<u>4,528,513</u>
Profit Brought Forward	0	2,378,504	4,907,019	8,433,475	12,481,982
RETAINED EARNINGS	<u>2,378,504</u>	<u>4,907,019</u>	<u>8,433,475</u>	<u>12,481,982</u>	<u>17,010,495</u>

R&D CORPORATION LIMITED
Ardhi Africa Hotel Development Project

PROJECTED CASHFLOW STATEMENTS
(The Figures are in T.Shs. "000")

ITEM/YEAR	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Capacity	0%	45%	50%	60%	65%	70%
CASHINFLOWS						
Term Loan 1 (USD 900,000)	-	2,452,500	-	-	-	-
Term Loan 2 (USD 850,000)	-	2,316,250	-	-	-	-
Equity	1,134,500	6,041,000	-	-	-	-
Profit Before Tax	-	3,397,863	3,612,165	5,037,795	5,783,581	6,469,305
Depreciation on Assets	-	<u>527,383</u>	<u>556,128</u>	<u>497,727</u>	<u>435,873</u>	<u>385,936</u>
TOTAL INFLOWS	<u>1,134,500</u>	<u>14,734,996</u>	<u>4,168,293</u>	<u>5,535,522</u>	<u>6,219,454</u>	<u>6,854,741</u>
CASHFLOWS						
Investments	1,134,500	7,509,475	2,381,675	918,600	-	-
Loan Repayment (1)	-	-	515,986	576,081	642,605	717,828
Loan Repayment (2)	-	-	495,593	547,998	604,756	667,903
Corporate Tax	-	1,019,359	1,083,650	1,511,339	1,735,074	1,940,792
Change in W/Capital	-	<u>128,960</u>	<u>98,530</u>	<u>87,230</u>	<u>52,030</u>	<u>62,040</u>
TOTAL OUTFLOWS	<u>1,134,500</u>	<u>8,657,794</u>	<u>4,575,434</u>	<u>3,641,248</u>	<u>3,034,465</u>	<u>3,388,563</u>
NET IN / (OUT) FLOWS		6,077,202	(407,141)	1,894,274	3,184,989	3,466,178
Opening Balance		-	<u>6,077,202</u>	<u>5,670,061</u>	<u>7,564,335</u>	<u>10,749,324</u>
CLOSING BALANCE		<u>6,077,202</u>	<u>5,670,061</u>	<u>7,564,335</u>	<u>10,749,324</u>	<u>14,215,502</u>

**R&D CORPORATION LIMITED
Ardhi Africa Hotel Development Project**

**PROJECTED BALANCE SHEETS
(The Figures are in T.Shs. "000")**

ITEM/YEAR	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Capacity	45%	50%	60%	65%	70%
ASSETS					
Non - Current Assets					
Property, Plant & Equipment	8,643,975	11,025,650	11,944,250	11,944,250	11,944,250
Less: Accumulated Depreciation	<u>527,383</u>	<u>1,083,511</u>	<u>1,581,238</u>	<u>2,017,111</u>	<u>2,402,547</u>
Net Non- Current Assets	<u>8,116,592</u>	<u>9,942,139</u>	<u>10,363,012</u>	<u>9,927,139</u>	<u>9,541,703</u>
CURRENT ASSETS					
Cash in Hand/ Bank	6,077,202	5,670,061	7,564,335	10,749,324	14,215,502
Inventory in Trade	184,600	192,600	198,200	196,400	198,200
Trade & Other Receivables	247,300	258,700	469,300	485,700	497,500
Total Current Assets	<u>6,509,100</u>	<u>6,121,361</u>	<u>8,231,835</u>	<u>11,431,424</u>	<u>14,911,202</u>
TOTAL ASSETS	<u>14,625,694</u>	<u>16,063,500</u>	<u>18,594,847</u>	<u>21,358,563</u>	<u>24,452,905</u>
EQUITY & LIABILITIES					
Capital and Reserves					
Equity	7,175,500	7,175,500	7,175,500	7,175,500	7,175,500
Retained Earnings	<u>2,378,504</u>	<u>4,907,019</u>	<u>8,433,475</u>	<u>12,481,982</u>	<u>17,010,495</u>
TOTAL EQUITY	<u>9,554,004</u>	<u>12,082,519</u>	<u>15,608,975</u>	<u>19,657,482</u>	<u>24,185,995</u>
Non - Current Liabilities					
Term Loan (1) \$ 900,000	2,452,500	1,936,514	1,360,433	717,828	-
Term Loan (2) \$ 850,000	<u>2,316,250</u>	<u>1,820,657</u>	<u>1,272,659</u>	<u>667,903</u>	-
TOTAL LOANS	<u>4,768,750</u>	<u>3,757,171</u>	<u>2,633,092</u>	<u>1,385,731</u>	<u>-</u>
CURRENT LIABILITES					
Trade & Other Payables	302,940	223,810	352,780	315,350	266,910
TOTAL EQUITY & LIABILITIES	<u>14,625,694</u>	<u>16,063,500</u>	<u>18,594,847</u>	<u>21,358,563</u>	<u>24,452,905</u>

R&D CORPORATION LIMITED
Ardhi Africa Hotel Development Project

DISCOUNTED CASHFLOW AND INTERNAL RATE OF RETURN
(The Figures are in T.Shs. “000”)

ITEM/YEAR	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Capacity	0%	45%	50%	60%	65%	70%
CASH INFLOWS						
Gross Operating Surplus	-	4,426,298	4,622,238	5,876,967	6,437,617	6,934,933
Residual Value of F/ Assets	-	-	-	-	-	9,541,703
Re-coupment of W/Capital	=	-	-	-	-	428,790
TOTAL INFLOWS	=	4,426,298	4,622,238	5,876,967	6,437,617	16,905,426
CASH OUTFLOWS						
Investments	11,944,250	-	-	-	-	-
Loan Repayment (1)	-	-	515,986	576,081	642,605	717,828
Loan Repayment (2)	-	-	495,593	547,998	604,756	667,903
Corporate Tax		1,019,359	1,083,650	1,511,339	1,735,074	1,940,792
Change in W/Capital		<u>128,960</u>	<u>98,530</u>	<u>87,230</u>	<u>52,030</u>	<u>62,040</u>
Total Outflows	11,944,250	<u>1,148,319</u>	<u>2,193,759</u>	<u>2,722,648</u>	<u>3,034,465</u>	<u>3,388,563</u>
NET CASHFLOW	<u>(11,944,250)</u>	<u>3,277,979</u>	<u>2,428,479</u>	<u>3,154,319</u>	<u>3,403,152</u>	<u>13,516,863</u>

The Internal Rate of Return (IRR) is 24.1%

R&D CORPORATION LIMITED
Ardhi Africa Hotel Development Project

PAYBACK PERIOD ANALYSIS
Capital Investment T.Shs 11,944,250
(The Figures are in T.Shs. “000”)

Year	Profit After Tax	Depreciation	Total	Cumulative	Balance
0	0	0	0	0	(11,944,250)
1	2,378,504	527,383	2,905,887	2,905,887	(9,038,363)
2	2,528,515	556,128	3,084,643	5,990,530	(5,953,720)
3	3,526,456	497,727	4,024,183	10,014,713	(1,929,537)
4	4,048,507	435,873	4,484,380	14,499,093	2,554,843
5	4,528,513	385,436	4,913,949	19,413,942	7,468,792

The Payback Period is 3 Years and 6 Months

R&D CORPORATION LIMITED
Ardhi Africa Hotel Development Project

BREAK-EVEN POINT ANALYSIS (Based on year 3)
(The Figures are in T.Shs. "000")

		<u>TZS</u>
	Variable Costs	2,671,140
	Fixed Costs	<u>416,730</u>
	Total Costs	<u>3,087,870</u>
A	Total Sales	8,964,837
B	Variable Costs	2,671,140
C	Contribution Margin (A-B)	6,293,697
D	Fixed Costs	416,730
E	Contribution Margin Ratio (C/A)	0.7
	Break-even Point in Sales = (D/E)	595,329
	Capacity % at Break-even (D/C* 100)	6.6%

R&D CORPORATION LIMITED
Ardhi Africa Hotel Development Project

KEY FINANCIAL RATIOS ANALYSIS
(The Figures are in T.Shs. "000")

ITEM/YEAR	Year 1	Year 2	Year 3	Year 4	Year 5
1. DEBT SERV. COVERAGE RATIO:					
Net Profit After Tax	2,378,504	2,528,515	3,526,456	4,048,507	4,528,513
Depreciation & Interest	<u>1,028,435</u>	<u>1,010,073</u>	<u>839,172</u>	<u>654,036</u>	<u>465,628</u>
A	<u>3,406,939</u>	<u>3,538,588</u>	<u>4,365,628</u>	<u>4,702,543</u>	<u>4,994,141</u>
Interest Payments	501,052	453,945	341,445	218,163	80,192
Loan Repayment	-	<u>1,011,579</u>	<u>1,124,079</u>	<u>1,247,361</u>	<u>1,385,731</u>
B	<u>501,052</u>	<u>1,465,524</u>	<u>1,465,524</u>	<u>1,465,524</u>	<u>1,465,923</u>
Debt Service Coverage Ratio:					
(A/B)	6.8	2.4	2.9	3.2	3.4
2. RETURN ON INVESTMENT:					
Net Profit After Tax	2,378,504	2,528,515	3,526,456	4,048,507	4,528,513
Interest Payments	<u>501,052</u>	<u>453,945</u>	<u>341,445</u>	<u>218,163</u>	<u>80,192</u>
A	<u>2,879,556</u>	<u>2,982,460</u>	<u>3,867,901</u>	<u>4,266,670</u>	<u>4,608,705</u>
Capital Investment	B <u>11,944,250</u>	<u>11,944,250</u>	<u>11,944,250</u>	<u>11,944,250</u>	<u>11,944,250</u>
Return on Investment:					
*100 (A/B)	19.9%	24.9%	32.4%	35.7%	38.5%
3. RETURN ON EQUITY:					
Net Profit After Tax	A 2,378,504	2,528,515	3,526,456	4,048,507	4,528,513
Share Capital/Equity	B 7,175,500	7,175,500	7,175,500	7,175,500	7,175,500
Return on Equity:					
(A/B)	0.3	0.3	0.5	0.6	0.6

The Maridadi Hotel Development Project Plan

Annexure XV

**R&D CORPORATION LIMITED
Ardhi Africa Hotel Development Project**

**PROJECTED ANNUAL SALES SCHEDULE
(The Figures are in T.Shs. "000")**

Sno	ITEM	TOTAL	
		USD	TZS
		TZS 2725	"000"
1.	Rooms:		
	Bed and Breakfast US\$ 250 x 54rooms x 30days x 9 months	<u>3,645,000</u>	<u>9,932,625</u>
	Total Rooms Sales		
2.	Bar:		
	Bear 12 crates per day x 5,000/= (@ bottle) x 30days x 12 months		432,000
	Soft drinks 6 crates per day x 1,000/= x 30 days x 12 months		103,680
	Drinking water 6 ctns per day x 2,000/= x 30 days x 12 months		51,840
	Spirits 1.0 lts per day 50,000 x 30 days x 12 months		18,000
	Wines 1.5 lts per day x 50,000 x 30 days x 12 months		27,000
	Cigarettes 5 pkts per day 6,000/= x 30 days x 12 months		<u>10,800</u>
	Total Bar Sales		<u>643,320</u>
3.	Restaurant:		
	Meals - USD 15 per meal x 2 x 100 pax x 30days x 12 months	1,080,000	2,943,000
	Breakfast - USD 5 per order x 100 pax x 30 days x 12 months	180,000	490,500
	Coffee - USD 3 per cup x 100 pax x 30days x 12 months	108,000	294,300
	Bites - USD 6 per order x 100 pax x 30days x 12 months	216,000	588,600
	Total Restaurant Sales	<u>1,584,000</u>	<u>4,316,400</u>
	Sub-Total		<u>14,892,345</u>
4.	Other Income:		
	Laundry service, conferences, banquets etc.	<u>18,000</u>	<u>49,050</u>
	GRAND TOTAL		<u>14,941,395</u>