

BUSINESS PLAN

Hedonist Mafia Island hotel (Stages 1 & 2)

Currency: Tanzanian Shilling (TZS)

Exchange Rate: \$1 = TZS 2,550

1. Concept & Vision

A boutique eco-resort on Mafia Island, Tanzania, blending luxury with adventure tourism. Focus areas:

- Unique Spa: Russian banya, sauna, saltwater pool, herbal sauna, massage, jacuzzi.
- Adventure Hub: Diving school, kite/windsurfing, jet skis, motocross.
- Eco-Conscious Design: Solar power, bio-sewage systems, local materials.

Development Phases:

- Stage 1 (Years 0-2): Build core infrastructure (15-20 villas, restaurant, bar, spa, 200m² pool, 300m jetty, beach cabanas).
- Stage 2 (Years 3-5): Double villas (30-40 total), expand restaurant/bar, add transport/water assets using reinvested profits.

2. Investment Breakdown (CAPEX)

Total 5-Year CAPEX: TZS 3.36–4.26 billion

Stage 1 (Years 0-2): TZS 2.13–2.28 billion

Land (5 acres, Kilindoni): TZS 350,000,000

Infrastructure:

- Road (1.5 km): TZS 100,000,000
- Solar power + generator: TZS 80,000,000

- Water well + desalination: TZS 100,000,000
- Sewage treatment: TZS 60,000,000

Construction:

- 15-20 villas (25m²): TZS 450–600 million
- Restaurant (150m²): TZS 100,000,000
- Bar (30m²): TZS 40,000,000
- Spa complex: TZS 200,000,000
- Main pool (200m²): TZS 80,000,000
- Jetty (300m): TZS 120,000,000

Furnishing & Equipment:

- Furniture/tech: TZS 200,000,000
- Landscaping + 25 beach cabanas: TZS 100,000,000
- Water sports gear: TZS 150,000,000

Stage 2 (Years 3-5): TZS 1.23–1.98 billion (funded by profits)

- Additional 15-20 villas: TZS 600–800 million
- Restaurant/bar expansion: TZS 100,000,000
- 5-10 jet skis: TZS 250–500 million
- 5-10 motocross bikes: TZS 100–200 million
- Motorboat: TZS 100,000,000
- 20-seat minibus: TZS 80,000,000

3. Operational Costs (Annual OPEX)

Excluding depreciation, staffing grows with villa expansion.

Year 3 (20 villas): TZS 678.2 million

- Staff (25 employees): TZS 241.2 million
- Food & beverages: TZS 180 million
- Utilities (solar/water): TZS 60 million
- Marketing: TZS 77 million
- Transport/logistics: TZS 50 million
- Maintenance: TZS 40 million
- Admin/insurance: TZS 30 million

Year 4 (30 villas): TZS 935.2 million

Staff increases to 30; F&B + transport scale with occupancy.

Year 5 (40 villas): TZS 1.26 billion

Full team: 35 staff; higher maintenance for new assets.

4. Revenue Forecast

Based on 45% occupancy (Year 3), rising to 60% (Year 5), and 5-night average stay.

Pricing Strategy:

- Villas: TZS 125,000 (low season) → TZS 350,000 (peak weekends)
- Spa entry: TZS 80,000/hour
- Massage & sauna services: TZS 70,000/hour
- F&B avg. spend: TZS 50,000/guest/day
- Water sports: TZS 30,000–300,000/hour
- Excursions: TZS 120,000–250,000/trip

Annual Revenue Projections:

Year 3 (20 villas): TZS 1.58 billion

- Villas: TZS 738 million (20 villas × 365 days × 45% occupancy × TZS 225,000 avg. rate)

- Services: TZS 839 million (13.5 guests/day × TZS 170,000 avg. spend × 365 days)

Year 4 (30 villas): TZS 2.90 billion

Year 5 (40 villas): TZS 4.21 billion

5. Financial Projections (TZS)

Year 3 (20 villas):

- Revenue: TZS 1,576,950,000
- OPEX (cash): TZS 678,200,000
- EBITDA: TZS 898,750,000
- Depreciation: TZS 150,000,000
- Profit Before Tax (PBT): TZS 748,750,000
- Corporate Tax (30%): TZS 224,625,000
- Net Profit: TZS 524,125,000
- Reinvested Profit: TZS 524,125,000

Year 4 (30 villas):

- Net Profit: TZS 1,232,686,875
- Reinvested: TZS 1,232,686,875

Year 5 (40 villas):

- Net Profit: TZS 1,886,360,000
- Reinvested: TZS 1,886,360,000

6. Key Metrics & Assumptions

Tourist Volume:

- Year 3: 4,928 guest-nights (≈985 guests)
- Year 5: 13,140 guest-nights (≈2,628 guests)

Revenue per Guest: TZS 395,000/day (villa + services)

Tax Rate: 30% on profits (standard corporate tax in Tanzania).

Critical Success Factors:

1. Achieve >55% occupancy by Year 4.
2. Maintain avg. villa price \geq TZS 225,000/night.
3. Reinvest 100% of profits until Year 5.

7. Risk Management

- Construction Delays: Hire local project manager; fixed-price contracts.
- Low Season (Apr–May): Offer dive packages/spa discounts.
- Regulatory Risks: Secure jetty/environmental permits early.
- Competition: Leverage unique assets (spa, jetty, motorized sports).

8. Conclusion

Payback Period: 3–4 years post-Stage 1 completion.

Profit Potential: TZS 1.89 billion net by Year 5.

Next Steps:

1. Finalize land permits and environmental approvals.
2. Tender construction contracts to local firms.
3. Pre-sell villas via travel agents before opening.