

KIBODYA ANNEX LIMITED

BUSINESS PLAN

FOR

REHABILITATION

OF

A HOTEL PROJECT

1.0. EXECUTIVE SUMMARY

1.1 Project Concept

The envisaged project will involve rehabilitation of premises which to be used for tourist hotel owned by Kibodya Annex Limited specializing providing in providing accommodation, food and beverages services targeted tourists and business community visiting Kariakoo. Proposed hotel is one of its kind in Kariakoo, the service provided will be unique that intended to reduce shortage of accommodation services in Kariakoo and enjoy various food, drinks, services of high quality and affordable price.

The project will involves building renovation, procuring hotel furniture and fittings, in house trainings etc.

The project will employ adequately trained and experienced management and employees.

Project document presents a proposal by **KIBODYA ANNEX LIMITED**, a locally registered company jointly owned by foreign and local investors. The project promoters are confident of mobilizing financial resources through equity contribution by 50% and loan

This study will be used as guiding tool and will be presented to TIC for obtaining certificate of incentives to facilitate smooth implementation of the project.

1.2 Location

The project will be located at Plot No.23 Block No. 76, Kariakoo Ward,Ilala Cbd,Dar Es Salaam,

1.3 The Sponsors

KIBODYA ANNEX LIMITED, will be sponsoring this project. The Company is currently jointly owned by two shareholders as followings:

Name of Subscribers	% of Shares	Nationality
Hassan Msalali Kibodya	95.9	British
Khadija Abdul Awadh	4.1	Tanzania

1.4 **KIBODYA ANNEX LIMITED,**

The company main business objectives include the following:

- To undertake and carry on the business of tourist hotel.
- To erect, maintain or alter, or cause to be erected, maintained or altered upon any land acquired or hired by the Company any buildings, erections or structure of whatsoever nature and to enter into contracts with builders, architects, engineers, and others for the erection of such buildings, erections or structures.
- To carry on business of professional consultants the area of microfinance and credits.
- To carry on the business of real estate, apartments, or commercial buildings etc

1.5 **Objective of the Study**

The purpose of this study is to work out the technical and commercial viability of the project

1.6 **Tourism Over view**

The year 2025 has begun with a resounding success for Tanzania's tourism sector, marking a historic milestone as the country surpassed its target of attracting 5 million tourists ahead of schedule.

Tanzania's tourism sector is seeing a rebound after the Covid-19 pandemic—and the aspirations for its continued growth are high: by 2025, the country hopes to reach \$6 billion in tourism revenue, which assumes the influx of five million tourists annually.

Some countries account for the largest share of tourist arrivals recorded in Tanzania., For instance, in 2022, the United States of America recorded the highest number of tourist arrivals from the rest of the world at 100,600 followed by France (100,371), Germany (67,718), the United Kingdom (60,116) and Poland (46,431

Friendly people, gorgeous scenery, abundant wildlife and activities, beautiful local customs and culture, interesting experiences, and the chance to embark on incredible adventures make Tanzania a must-visit destination for world travelers

Best regions in Tanzania

- Kilimanjaro. 4.9. Ready to check out the best trails in Kilimanjaro for hiking, mountain biking, climbing or other outdoor activities
- Arusha. 4.9. Ready to check out the best trails in Arusha for hiking, mountain biking, climbing or other outdoor activities
- Dar es Salaam. 4.2.

The market is the largest in the nation's commercial capital, Dar es Salaam, and attracts more than 200,000 people daily, according to data from the Kariakoo Market Corporation (KMC) There is wide gap between supply and demand and therefore, in summary there limited such service in Kariakoo to date, business

opportunities exist for establishing business of tourist restaurant etc facilities to satisfy the market requirements.

2.0 Project Management and Manpower Requirements

KIBODYA ANNEX LIMITED will be under the Management with vast experience in managing real estates and hotel businesses the owners of the project are experienced, the management team of 10 staff will be directly employed.

2.2 Targeted Markets.

The targeted markets of the project are upper budget and middle market segment both foreigners and locals who are visiting Kariakoo, Kariakoo attracts more than 200,000 people daily

2.3 Supply Assessment

An assessment of the facilities supplies matrix shows that there is a shortage of accommodation services in Kariakoo Area.

2.4 Demand Assessment

Demand for hotel accommodation for visitors who make business trip to Kariakoo as mentioned above

2.5 Market Strategy

According to expert, personal selling is the most effective method for marketing packaging for services industry. In order to reduce sunk costs, the project will use various marketing strategies such as:

- Internet
- Specialized magazine, news paper
- Radio
- Television
- Posters

- Sponsorship etc

The project services will be aggressively promoted to domestic market and skilled personnel will be recruited

2.6 Pricing

The pricing policy for the project will be based on the service cost and competition levels from substitute services available in Tanzania market considering various variables namely:

- Service positioning
- Gain market share from competitors
- Stimulating and increasing demand and
- Achieving profitability and liquidity financial performance goals
- The average accommodation price is US\$ 35 per night

2.6 Monitoring and Evaluation

The Management has full commitment to ensuring good use of the resourced and sustainable environment and well being of the community with which they do business. Thus, the management philosophy is through business process, managers will strive to ensure compliance to standards and safety of products and customers they serve.

3.0 Project Investment Cost

The estimated capital investment cost of the project is US \$ 745,000

KIBODYA ANNEX LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings-Renovation	400,000.00
Machinery & Equipment	80,000.00
Motor Vehicles	70,000.00
Furniture & Fixtures	100,000.00
Pre exp	10,000.00
Others	5,000.00
Working Capital	80,000.00
TOTAL	745,000.00

For the project to be a reality a total investment amounting to US \$745,000.00 is needed

4.0 Financing pattern

The project will be financed by equity by US\$ 345,000 and local loan 400,000

5.0 Project operating costs

In order to realize its intended objective, the project will have to meet the operating cost which **55%** of annual revenue.

6.0 Aspect of Project Sustainability

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The growing of trade centers at Kariakoo area and rises of middle-income earners

gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

7.0 **Monitoring and Evaluation**

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

8.0 **Financial Analysis**

8.1 **Considerations and Assumptions:**

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

Revenues have been conservatively estimated based on experience of the promoters and trends in the hospitality industry.

8.2 **Financial Statements:**

8.3 **Projected lodge Revenue**

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

KIBODYA ANNEX LIMITED PROJECTED REVENUE LTD

	1	2	3	4	5	6	7	8
Revenue (Accommodation)	216,000	226,800	238,140	250,047	262,549	275,677	289,461	303,934
Revenue (food and beverages)	1,728,000	1,814,400	1,905,120	2,000,376	2,100,395	2,205,415	2,315,685	2,431,470
Total revenue	1,944,000	2,041,200	2,143,260	2,250,423	2,362,944	2,481,091	2,605,146	2,735,403

8.4 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. Accumulated after tax profits grow from. **US\$572,880** in first year to **US \$ 5,654,852** in the 8th year

8.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1st, i.e. **US\$ 629,280** of operation to the 8th year i.e. **US\$ 5,930,059**

8.6 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Equity increases from **US\$ 345,000** in the first year of operation to **US\$ 5,999,852** in the 8th year.

8.7 Projected payback period

Total investment is **US \$ 745,000** cash accumulation second year is **US\$1,230,778** which is more than the initial investment

9.0 Economic Aspects

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization business opportunity available in Tanzania market
- The project will create employment for 10 people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local suppliers which will also have a trickledown effect in the environmental issues.

- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will have transfer of knowledge
- The project will generate foreign earnings

10.0 Implementation

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of hotel will be completed within one year: -

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	March 2025
2	Renovation	July to December 2025
3	Procurement hotel furniture and fittings	November-January 2026
3	Recruitment	March 2026

11.0 Conclusion and recommendations

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 2022.

KIBODYA ANNEX LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5	6	7	8
Revenue (Accommodation)	216,000	226,800	238,140	250,047	262,549	275,677	289,461	303,934
Revenue (food and beverages)	1,728,000	1,814,400	1,905,120	2,000,376	2,100,395	2,205,415	2,315,685	2,431,470
Total revenue	1,944,000	2,041,200	2,143,260	2,250,423	2,362,944	2,481,091	2,605,146	2,735,403
Operating Expenses:	1,069,200	1,122,660	1,178,793	1,237,733	1,299,619	1,364,600	1,432,830	1,504,472
Profit before Depreciation &Interest	874,800	918,540	964,467	1,012,690	1,063,325	1,116,491	1,172,316	1,230,931
Interest	32,000	24,000	16,000	8,000	-	0	0	0
Depreciation	24,400	24,400	24,400	24,400	24,400	24,400	24,400	24,400
Gross Profit	818,400	870,140	924,067	980,290	1,038,925	1,092,091	1,147,916	1,206,531
Tax (30%)	245,520	261,042	277,220	294,087	311,677	327,627	344,375	361,959
Profit After Tax	572,880	609,098	646,847	686,203	727,247	764,464	803,541	844,572
Accumulated Profit	572,880	1,181,978	1,828,825	2,515,028	3,242,276	4,006,739	4,810,280	5,654,852

KIBODYA ANNEX LIMITED PROJECTED CASH FLOW US\$

SOURCES:		1	2	3	4	5	6	7	8
Profit before interest and depreciation	-	874,800	918,540	964,467	1,012,690	1,063,325	1,116,491	1,172,316	1,230,931
Equity	345,000								
Loan	400,000								
Total Sources	745,000	874,800	918,540	964,467	1,012,690	1,063,325	1,116,491	1,172,323	1,230,931
Applications:									
Capital expenditure	650,000	-	-	-	-	-			
working Capital &Others	95,000								
Cash	-	629,280	657,498	687,247	718,603	751,647	788,864	827,948	868,972
Tax	-	245,520	261,042	277,220	294,087	311,677	327627.3333	344374.6999	361959.4349
Sub total	745,000	874,800	918,540	964,467	1,012,690	1,063,325	1,116,491	1,172,323	1,230,931
Total applications	745,000	874,800	918,540	964,467	1,012,690	1,063,325	1,116,491	1,172,323	1,230,931
Accumulated cash		629,280	1,286,778	1,974,025	2,692,628	3,444,276	4,233,139	5,061,087	5,930,059

KIBODYA ANNEX LIMITED PROJECTED BALANCE SHEET US \$

Fixed Assets	-	1	2	3	4	5	6	7	8
Opening balance	-	650,000	625,600	601,200	576,800	552,400	528,000	503,600	479,200
Total Long-term Assets	-	650,000	625,600	601,200	576,800	552,400	528,000	503,600	479,200
Less depreciation	-	24,400	24,400	24,400	24,400	24,400	24400	24400	24400
Closing balance	-	625,600	601,200	576,800	552,400	528,000	503,600	479,200	454,800
Working capital	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000
Accumulated cash	-	629,280	1,286,778	1,974,025	2,692,628	3,444,276	4,233,139	5,061,087	5,930,059
Total assets	95,000	1,349,880	1,982,978	2,645,825	3,340,028	4,067,276	4,831,739	5,635,287	6,479,859
Financed by									
Equity	345,000	345,000	345,000	345,000	345,000	345,000	345,000	345,000	345,000
Accumulated profit	-	572,880	1,181,978	1,828,825	2,515,028	3,242,276	4,006,739	4,810,280	5,654,852
Total equity	345,000	917,880	1,526,978	2,173,825	2,860,028	3,587,276	4,351,739	5,155,280	5,999,852
Long term loan	400,000	300,000	200,000	1,000,000	-	-	-	0	0
Total debts	400,000	300,000	200,000	1,000,000	-	-	-	-	-
Total equity and debts	745,000	1,217,880	1,726,978	3,173,825	2,860,028	3,587,276	4,351,739	5,155,280	5,999,852

KIBODYA ANNEX LIMITED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	572,880	24,400	597,280	597,280
2	609,098	24,400	633,498	1,230,778
3	646,847	24,400	671,247	1,902,025
4	686,203	24,400	710,603	2,612,628
5	727,247	24,400	751,647	3,364,276

_KIBODYA ANNEX LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings-Renovation	400,000.00
Machinery & Equipment	80,000.00
Motor Vehicles	70,000.00
Furniture & Fixtures	100,000.00
Pre exp	10,000.00
Others	5,000.00
Working Capital	80,000.00
TOTAL	745,000.00

KIBODYA ANNEX LIMITED PROJECTED LONG TERM LOAN REPAYMENT US\$

Year	Principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	100,000.00	32,000.00	132,000.00	400,000.00
2	100,000.00	24,000.00	124,000.00	300,000.00
3	100,000.00	16,000.00	116,000.00	200,000.00
4	100,000.00	8,000.00	108,000.00	100,000.00