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LEGEND

GR	Grumeti Reserves Ltd
GA	Grumeti Air Ltd

EXECUTIVE SUMMARY

Grumeti Air is a small, personalised safari air transfer company, flying between key destinations in the world renowned Serengeti region of northern Tanzania. Founded and managed by a team that has been operating world class tourism lodges and aviation services in the area for over 10 years, Grumeti Air's objectives are primarily safety and adopting a flight timetable that suits the traveller, thus minimising travel time so that our passengers can rather spend their time on the ground exploring the incredible beauty of the Serengeti and enjoying the many wonders that it has to offer.

Grumeti Air offers both scheduled and charter flight options, with it's base in Arusha and servicing Kilimanjaro, Ngorogoro, Sasakwa, Lamai and Kogatende on a scheduled basis, with charters throughout Tanzania and to other regional destinations including Rwanda and Kenya.

Looking ahead, Grumeti Air is seeking to expand and diversify its fleet with the addition of several King Air aircraft – this is planned for action in 2021 and 2022. The addition of the King Airs to the fleet is in response to market feedback, where many HNWI's will only fly on twin engined aircraft. The capacity of the King Airs will also allow for charters further afield, as far as the Seychelles for example, a destination often included on a long-haul African itinerary.

Grumeti Air remains deeply committed to development and skills transfer, training up First Officers to Captain positions, and employing locally wherever possible.

BACKGROUND

GRUMETI AIR LTD (GA) has operated since 2005, almost since the inception of **GRUMETI RESERVES LTD**, initially as an internal division of the company and more recently as a separate business entity.

Highlights

- Dedicated air operation focused on providing a seamless air transfer option for guests between Arusha/Kilimanjaro and the lodges, including routings via Manyara
- Operates two Cessna Caravan aircraft with each aircraft always flown by two fully trained and experienced crew
- Also provides flights for staff and consultants
- Carries perishable cargo for the lodges two to three times per week according to guest occupancy requirements
- Manages all operations to the highest safety levels and in full compliance with all TCAA requirements
- Adheres to the strictest aircraft servicing programme

The airwing division of Grumeti Reserves initially operated as an internal support services department only, providing flights for staff and for the movement of perishable cargo from Arusha to site. However it became increasingly apparent that there was an opportunity to extend the airwing onto a commercial footing to meet the needs of Grumeti's guests who were looking for more direct routings to the Serengeti by an operator that was first and foremost focused on safety and able to provide a service that minimised in transit time.

Almost without exception, Grumeti Reserves' guests arrive by air, routing into Sasakwa Airstrip from Arusha or Kilimanjaro, often with multiple stops en route. Difficulty in accessing Grumeti Reserves has been cited by guests and tour operators as the greatest frustration when travelling to the Serengeti.

Market feedback indicated that safari clients to the East African region were looking to maximise their safari time and minimise in transit travel as much as possible – providing a swifter and safer means of travelling to the Serengeti was critical to this market and key to their decision-making process when selecting a destination and has a meaningful impact upon the long term success and sustainability of world class lodge operations in the region.

The importance of seamless air travel cannot be over emphasized. The high cost of long-haul travel has resulted in Tour Operators combining a number of popular destinations into one manageable itinerary, and operators that which simplify travel are often the deciding factor for high end travellers.

Grumeti Air's mission statement underscores the company's commitment to enhancing the guest experience:

“Grumeti Air is a small, personalised safari air transfer company, flying between key destinations in the world renowned Serengeti region of northern Tanzania. Founded and managed by a team that has been operating world class tourism lodges and aviation services in the area for over 10 years, Grumeti Air's objectives are primarily safety and adopting a flight timetable that suits the traveller, thus minimising travel time so that our passengers can rather spend their time on the ground exploring the incredible beauty of the Serengeti and enjoying the many wonders that it has to offer.”

BUSINESS REGISTRATION

GRUMETI AIR LTD was registered as its own business entity on March 14th, 2013. A copy of the business registration certificate is shown below.



BUSINESS SET UP

Registered Office	Grumeti Air Ltd PO Box 0 Arusha, Tanzania
Directors	Mr Russell Bernard Lee Foon (Canadian) Mr Graham Jack Ledger (British) Mr Simon Ryan (Tanzanian)
Secretary	Ms Jackline Tweve Mawalla Advocates PO Box 6101 Arusha, Tanzania
Auditor	Ernst & Young 4 th Floor, Tanhouse Tower, Plot No. 34/1, Ursino South New Bagamoyo Road PO Box 2475 Dar es Salaam, Tanzania
Main Bankers	National Bank of Commerce Ltd PO Box 3004 Arusha, Tanzania First National Bank Tanzania Limited Mezzanine Floor, PPF Plaza Old Moshi Road

The shareholding of the Company is as stated below:

	2019	
	No. of Shares	% Shareholding
Mawalla Nominees Ltd	90	0.18%
Mr Graham Jack Ledger	10	0.02%
	100	0.2%
Un-allotted shares	49900	99.8%

Staffing

GRUMETI AIR LTD currently employs 17 staff on a permanent basis.

This payroll comprises:

- 1 x Accountable Manager
- 1 x Chief Pilot
- 3 x Captains
- 2 x First Officers
- 1 x Aircraft Engineering Technician
- 3 x Flight Operations Officers
- 1 x Airstrip Attendant
- 2 x Apron Handlers
- 1 x Ground Handler
- 2 x Logistics and ticketing

As a standard, operations are guided by the following prescribed protocols:

- Two pilot crew on all flights
- Pilot safety training completed annually in the United States
- Supported by a ground operations team of 5 comprising an operations coordinator, flight safety officer, maintenance engineer, and 2 apron handlers
- Aircraft serviced every 100 hours by TanZan Air in Dar es Salaam
- Fully licensed maintenance manager based at Arusha Airport
- Maintenance office at Arusha Airport, fully equipped and audited by TanZan Air and the Tanzanian Civil Aviation Authority
- SpiderTrack satellite system allows for “real time” flight following for ultimate safety
- InReach satellite communications system installed on board

Training and Compliance

Without doubt the most critical focus area for Grumeti Air is safety at all times, together with professional pilot interaction including detailed pre-flight checks and passenger briefings, as well as information en route, in flight information and refreshments.

Training is absolutely paramount and significant budget is allocated every year to pilot training, safety training, dangerous goods handling and first aid – training includes both crew and ground staff.

Grumeti Air’s recruitment policies require that pilots have the appropriate qualifications, extensive previous experience and above minimum flying hours. Mentorship is a key component of daily flight operations, with First Officers gaining as much experience and flying hours as possible.

Grumeti Air is deeply committed to training Tanzanian pilots – the payroll includes a dedicated Training Captain, all first officers are Tanzanian with a comprehensive succession planning programme in place that champions internal promotion through the ranks, including the promotion of a Tanzanian First Officer to the position of Captain in 2019.

Grumeti Air is highly cognisant of all mandatory licensing and audit requirements, and ensures 100% prompt and full compliance with all TCAA regulations, pilot licenses, air worthiness certification and airstrip inspections.

Flight Schedules and Booking Capacity

The standard schedule is designed to coincide with flights arriving from Nairobi early in the morning (for guests who came into Kenya the previous evening on one of the international carriers), and for guests that arrived into Kilimanjaro the previous evening with KLM.

Grumeti Air operates daily flights between Arusha and Grumeti Reserves via Kilimanjaro - guests depart from Kilimanjaro, and fly onto Sasakwa, with the possibility of one stop en route at Ngorogoro. Guests then have the option of travelling onto Lamai or Kogatende. This number of stops is **significantly** less than many of the other operators in the area and provides a swifter and more comfortable transfer for Grumeti guests.

A proper technical and scientific study was conducted on the Ngorongoro Crater Rim Airstrip as a regular destination - while this was an effort to attract more Grumeti business, it also attracted interest from &Beyond, Nomad Tanzania and other operators who expressed their desire to use the service – this route was successfully introduced in November 2019.

This routing from Kilimanjaro allows guests to experience a scenic one hour journey to Grumeti Reserves with a quick 15 minute onward flight to Lamai for guests staying at Mara River Tented Camp.

Grumeti Air currently operates 2 Cessna Grand Caravan G1000 EX aircraft – purchased in 2017 and 2019 respectively.

It is intended that a third aircraft, a King Air 250, be added to the fleet as soon as the global travel and tourism situation has stabilised, likely towards the end of 2020. Detailed feasibility exercises were conducted which proved the viability of this expansion plan and internal company approvals have been granted to proceed once the tourism situation allows for lodge occupancies and air travel to return to normal.

Thereafter a 4th aircraft, a King Air 350, is planned for introduction to the fleet in 2021.

Market feedback and feasibility studies have shown that these faster aircraft would be the preferred choice for the high end travellers that visit Grumeti. The King Air aircraft offer a twin-engine alternative to the Cessna Caravan, often a factor when charter enquiries are received and particularly for High Net Worth Individuals, for whom a twin-engine aircraft is non-negotiable.

A larger fleet would also allow for Rwanda to be linked to the existing routing network – Grumeti's sister property at Volcanoes National Park opened in 2019, and East African travel itineraries very regularly include a combination of a Serengeti safari together with a gorilla experience.

Market research has shown a high interest in a seamless East African experience, with lodge experiences in both Rwanda and Tanzania serviced by Grumeti Air.

An ongoing technical and scientific study is being conducted on opening the airfield at Musanze, Rwanda to enable enhanced seamless travel between the two destinations. This offering would serve to further enhance Tanzania's place on the world tourism stage – simplified destination access typically contributes towards longer stays and higher occupancies, which in turn translates to higher tax collections and revenue earning capacity.

A software programme called Aero CRS is utilised to handle GA bookings. The GA team work together with the Grumeti Reserves Travel Desk team to manage bookings, issue invoices, compile passenger manifests and update aircraft movements. Bookings are taken for guests, staff, other visitors and for cargo. All booking confirmations are handled electronically and include detailed terms and conditions, in terms of luggage restrictions, safety protocols and cancellation policies.

GA aircraft are based either at Arusha Airport or at Sasakwa airstrip in the Serengeti.

The Sasakwa airstrip was constructed by Grumeti Construction in 2003 and measures 1400 metres long x 30 metres wide, comprising a compacted murrum surface. The strip is equipped with lighting in the event of emergency night time medivac situations. Refuelling at Sasakwa is handled by a fuel bowser. A hangar at the Sasakwa airstrip was constructed in 2015 and provides for secure aircraft storage and maintenance. The airstrip also included a lounge with bathroom facilities, manned by an airstrip attendant. Communications are via airband radio.

Singita Connect - ground handling service - was launched in 2016 to provide meet and greet and transfer services to Grumeti guests arriving in Kilimanjaro and Arusha. It is likely this service will be extended to Dar es Salaam in the near future. Together with Grumeti Air, Singita Connect allows for a point-to-point, white glove experience in Tanzania for Grumeti guests.

Guests travelling to Sasakwa arrive mid-morning, and Lamai just after noon, in time for lunch and an afternoon game drive. When departing, Lamai guests leave at 13h00, and guests from Sasakwa at 14h00, thus allowing for a final game drive that morning before freshening up and enjoying a brunch or early lunch before departure. This scheduling is designed to enhance the guest experience, maximise safari time and minimise layover time in airports.

Grumeti Air also accepts charter bookings within mainland Tanzania, and to Zanzibar, Kenya and Rwanda. The addition of the King Air planes to the fleet will allow for longer haul charters, including to destinations such as the Seychelles for example.

Pending approval from the Tanzanian Airport Authority, GA plans on developing an old hanger at Arusha Airport into an elegant lounge, office space, briefing room and franchised café - this would enhance the guest experience and improve GA's visibility at the airport.

Servicing

All GA aircraft are serviced every 100 flying hours by TanZan Air in Dar es Salaam.

In addition to this, the company operates a Maintenance office at Arusha Airport, fully equipped and audited by TanZan Air and the Tanzanian Civil Aviation Authority and manned by a fully licensed maintenance manager based at Arusha Airport.

ASSETS

GRUMETI AIR LTD currently operates a fleet comprising 2 aircraft and 5 vehicles, detailed below:

<u>Description</u>	<u>Quantity</u>
Cessna Caravan G1000 EX	2
Fuel Bowser	1
Pick Up	4
Hangar	1

GA operates primarily out of an office in Arusha, together with an on site office facility at Sasakwa in the Serengeti.

PLANNED ACTIVITIES FOR 2020 AND 2021

The 2020 budget allowed for the addition of the 3rd aircraft – a King Air 250 – in the first quarter of the year however this was delayed with the implementation of the various global travel bans and restrictions. It is intended to pursue this expansion programme as soon as travel and tourism returns to its regular form. As mentioned above, a 4th aircraft is planned for 2021/2022.

GA's 10 year forecast is attached to this document as Addendum A.

FINANCIAL EXPENDITURE TO DATE

All costs associated with Grumeti Air were originally incurred by Grumeti Reserves, in that GA did not exist as a separate business entity at the time. However, since registration the aviation fleet has now been transferred and resides under GA.

Expenditure Category	Total USD
Aircraft	\$5 260 304
Buildings	\$205 576
Furniture & Fittings	\$33 010
IT Equipment	\$13 258
Leasehold Improvements	\$139 621
Machinery Equipment	\$17 361
Operating Equipment	\$13 977
Vehicles	\$1 473
Total USD	\$5 684 581

FINANCING

GRUMETI AIR LTD generates income through ticket sales to guests and staff, and through the invoicing of perishable cargo billed to individual Grumeti departments, charged on a per kg basis and carefully invoiced according to each flight's cargo manifest. The intended expansion and rehabilitation will amount to USD 14 925 000 as indicated on the application form investment breakdown.

Grumeti Air was initially funded by Grumeti Reserves Ltd.

GRUMETI AIR LIMITED**INCOME STATEMENT**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>TOTAL</u>
INCOME	4,333,054	4,441,380	4,663,449	4,896,622	5,141,453	5,398,526	5,668,452	5,951,874	6,249,468	6,561,942	53,306,220
COST OF SALES	866,611	888,276	932,690	979,324	1,028,291	1,079,705	1,133,690	1,190,375	1,249,894	1,312,388	10,661,244
GROSS PROFIT	3,466,443	3,553,104	3,730,759	3,917,297	4,113,162	4,318,820	4,534,761	4,761,500	4,999,575	5,249,553	42,644,976
OPEX	1,366,842	1,806,986	1,946,880	2,095,625	2,253,782	2,421,952	2,600,771	2,790,919	2,993,116	3,208,130	23,485,001
LEASE PAYMENTS	360,000	720,000	720,000	720,000	720,000	720,000	720,000	720,000	720,000	720,000	6,840,000
DEPRECIATION	370,512	370,512	414,612	414,612	414,612	414,612	414,612	414,612	414,612	414,612	4,057,922
NET PROFIT	1,369,089	655,606	649,267	687,060	724,768	762,256	799,378	835,968	871,846	906,811	8,262,054

GRUMETI AIR LIMITED**STATEMENT OF FINANCIAL POSITION**

	2,020	2,021	2,022	2,023	2,024	2,025	2,026	2,027	2,028	2,029
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
ASSETS										
NON-CURRENT ASSETS										
PROPERTY AND EQUIPMENT	4,910,470	5,154,957	4,750,345	4,350,733	3,946,121	3,546,509	3,141,897	2,742,284	2,337,672	1,938,060
	4,910,470	5,154,957	4,750,345	4,350,733	3,946,121	3,546,509	3,141,897	2,742,284	2,337,672	1,938,060
CURRENT ASSETS										
INVENTORIES	28,144	56,560	86,396	117,724	150,619	185,158	221,424	259,503	299,487	341,470
TRADE AND OTHER RECEIVABLES	167,743	176,130	184,936	194,183	203,892	214,087	224,791	236,031	247,832	495,666
CASH AND BANK BALANCES	1,065,038	217,149	328,853	111,413	100,000	324,413	184,936	194,892	214,087	236,031
	1,260,925	449,839	600,185	423,320	454,510	723,658	631,152	690,426	761,407	1,073,166
TOTAL ASSETS	6,171,395	5,604,796	5,350,531	4,774,053	4,400,631	4,270,167	3,778,048	3,432,710	3,099,079	3,011,226
EQUITY AND LIABILITIES										
EQUITY										
ISSUED SHARE CAPITAL	435	435	435	435	435	435	435	435	435	435
ACCUMULATED LOSSES/SURPLUS	(911,892)	(256,285)	392,982	1,080,042	1,804,810	2,567,067	3,366,445	2,741,248	2,734,805	2,974,056
TOTAL EQUITY	(911,456)	(255,850)	393,417	1,080,477	1,805,246	2,567,502	3,366,880	2,741,683	2,735,240	2,974,491
NON-CURRENT LIABILITIES										
BORROWING	2,959,685	2,630,831	2,301,977	1,973,123	1,644,269	1,315,415	374,435	657,707	328,853	-
AIRCRAFT LIABILITY: NON-CURRENT PORTION	3,331,813	3,142,284	2,629,030	1,693,040	922,334	357,028	-	-	-	-
	6,291,498	5,773,115	4,931,007	3,666,163	2,566,603	1,672,443	374,435	657,707	328,853	-
CURRENT LIABILITIES										
AIRCRAFT LIABILITY: CURRENT PORTION	771,273	62,668								
TRADE AND OTHER PAYABLES	20,080	24,864	26,107	27,412	28,783	30,222	31,733	33,320	34,986	36,735
	791,353	87,532	26,107	27,412	28,783	30,222	31,733	33,320	34,986	36,735
TOTAL LIABILITIES	7,082,851	5,860,647	4,957,114	3,693,575	2,595,386	1,702,665	406,168	691,027	363,839	36,735
TOTAL EQUITY AND LIABILITIES	6,171,395	5,604,797	5,350,531	4,774,053	4,400,632	4,270,167	3,778,049	3,432,710	3,099,079	3,011,226

GRUMETI AIR LIMITED**CASHFLOW STATEMENT**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	TOTAL
INFLOWS:											
CASH AND DEBTORS RECEIPTS	4,165,311	4,432,993	4,654,643	4,887,375	5,131,744	5,388,331	5,657,748	5,940,635	6,237,667	6,314,108	52,810,554
OUTFLOWS:											
CASH AND CREDITORS PAYMENTS	846,531	863,413	906,583	951,912	999,508	1,049,483	1,101,957	1,157,055	1,214,908	1,275,654	10,367,005
OPERATIONAL EXPENSES	1,366,842	1,806,986	1,946,880	2,095,625	2,253,782	2,421,952	2,600,771	2,790,919	2,993,116	3,208,130	23,485,003
LOAN REPAYMENTS	404,071	1,275,484	959,476	1,322,278	1,159,867	957,482	1,364,496	1,247,705	1,280,447	1,073,381	11,044,687
CAPITAL EXPENDITURE	590,000	615,000	10,000	15,000	10,000	15,000	10,000	15,000	10,000	15,000	1,305,000
LEASE PAYMENTS	360,000	720,000	720,000	720,000	720,000	720,000	720,000	720,000	720,000	720,000	6,840,000
	3,567,444	5,280,882	4,542,939	5,104,815	5,143,157	5,163,917	5,797,224	5,930,680	6,218,471	6,292,165	53,041,695
NET CASH INFLOW/(OUTFLOW)	597,867	(847,889)	111,704	(217,440)	(11,413)	224,414	(139,477)	9,955	19,196	21,943	(231,140)
CASH BFWD	467,171	1,065,038	217,149	328,853	111,413	100,000	324,413	184,936	194,892	214,087	467,171
CASH CFWD	1,065,038	217,149	328,853	111,413	100,000	324,413	184,936	194,892	214,087	236,031	236,031

Grumeti Air Ltd

