



Business Plan

Establishment of Tour Operation Project

**Arusha,
Tanzania**

Prepared By:

**Majestic Tours & Safaris Adventures Ltd
P.O. Box 1164,
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Tanzania**

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Majestic Tour & Safaris Adventures Ltd

Project Summary

Nature of Project	:	Tour Operation and Hunting Tourism
Project Concept	:	Establish Tour Operation Project
Products/Services	:	Transport & Tour Services – <ul style="list-style-type: none"> ○ Tour Packages ○ Transport Management Services ○ Motor Vehicles Procurement Services ○ Car Hire Services ○ Charter Transportation Services ○ Traffic Operations Services
Target Market	:	International tourists.....80% Local tourists..... 20%
Registered Office	:	Majestic Tour & Safaris Adventures Ltd Plot #: 36, Block E, Goliondoi Road, India Street P.O. Box 1164, Arusha, Tanzania
Project Location	:	Plot no. 36, Block E, India Street, Goliondoi Road Arusha Municipality, Arusha
Clients	:	Individual Customers Institutional Customers Business Enterprises
Employment Creation	:	Permanent Staff..... 120 people
Implementing Agency	:	Majestic Tour & Safaris Adventures Ltd Tanzania's Private Limited Liability Company
Shareholders	:	Sharifa Nagib Mohammed40% Nagib Mohammed Ally 60%
Contact Person	:	Nagib Mohammed Ally Director
Date of Implementation	:	Year 2025

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Executive Summary

1.1 Introduction

- This Business Plan has been prepared by MAJESTIC TOUR & SAFARIS ADVENTURES LIMITED (shortly, "MAJESTIC TOUR & SAFARIS") a local registered private investment company with interests to capture the opportunities in the Tanzania tourism industry.
- Tanzania is the only country in the World, which has allocated more than 25 per cent of its total area for Wildlife National Parks and protected areas. There are 14 National Parks, 31 Game Reserves, 50 Game controlled areas, 1 conservation area and 2 Marine Parks. Tanzania's Wildlife Resources are considered among the finest in the world and have been widely known for many years.
- The proposed Tour Operation Project is intended to serve tourists. Tourism is one of the most thriving activities in Tanzania with vast attractions comprising Serengeti, Ngorongoro and white sand beaches in Zanzibar.
- This is evidenced by the recent tremendous growth in tourism in the country with number of international visitors increased by 57.7% to 1,454,920 in 2022, from 922,692 recorded in 2021. Consequently, international tourism earnings increased to USD 2,527.8 million in 2022, from USD 1,310.3 million in 2021. This trend is forecasted to continue improving further in the medium term following the easing of travel restrictions in many economies.
- MAJESTIC TOUR & SAFARIS intends to provide tour operation and expeditions and adventure packages to tourists primarily residing from the Northern America, Europe and Russia regions, as well as from selected parts of Arabian and Asian countries. Services and products to be provided by MAJESTIC TOUR & SAFARIS include tour operations, pre-arranged hunting safaris, custom packages according to client's specifications, hunting consultation, and as time progresses to provide professional fishing safari adventures and amongst other related services.
- MAJESTIC TOUR & SAFARIS seeks to differentiate itself as the premier mid-scale hunting adventure operator in Tanzania and the greater Africa continent.

- The Project is first investing in Tour Operation and later in the hunting sub-sector through procurement of motor vehicles and other infrastructure. The hunting tourism will be the captive market for the tour operation business.
- The objective of the projects is to capture the ever-increasing demand for tour operation and hunting tourism in Tanzania, and hence generate income with a view of providing a profitable return to the investors. The main target market of MAJESTIC TOUR & SAFARIS will be tourists and other visitors to Tanzania from many countries around the world.
- The project will in future entail development of Hunting Blocks which include establishment of hunting camps and tents, procurement of firearms, motor vehicles, camping equipment and other hunting and tour operation accessories.
- The project investment costs are estimated at TZS 1.8 billion largely for purchase of motor vehicles for the tour operation. MAJESTIC TOUR & SAFARIS will contribute about TZS 540 million towards the project and the remaining balance will be outsourced from financial institutions.
- The project investment plan, which is largely the purchase of motor vehicles and office infrastructure is estimated to be implemented within 2-months period.
- The project is expected to generate annual incomes amounting to TZS 1.2 billion in the 2nd year of operation and increase thereafter. The project's Payback Period is expected to be 4-years and earns an Internal Rate of Return of 72.6% which is above the projected cost of funds at 14%.

1.2 Aim of the study

- This Business Plan aims to assess the economic, marketing, managerial, financial and technical viability of the project.
- The Plan provides the roadmap for the proposed Tour Operation project. The plan is, also, a communication tool to other stakeholders.

The Project Promoters

2.1 Introduction

- The proposed project is being promoted by MAJESTIC TOUR & SAFARIS of Arusha, Tanzania. The company has the objectives of investing in Tour Operation business. The shareholders are Tanzanian nationals having long experience in tourist industry.

2.2 Legal Status

- MAJESTIC TOUR & SAFARIS is a private limited liability company registered in Tanzania in September, 2024. The company business objectives are to carry on the business of tour operators, Hunting, tourist camp operator and hotelier and other related businesses.
- The company is dully registered having been granted with the following certification:
 - Certificate of Incorporation no. 178-210-572
 - Tax payer Identification Number: 178-210-572
- The company is processing for the following certifications:
 - Business Licenses for tour operation
 - OSHA certificate
 - Workers' Compensation Fund (WFP) certificate
 - Local Content Certification
 - Value Added Tax (VAT) certification
 - And other certifications

2.3 The Company Ownership

- MAJESTIC TOUR & SAFARIS is owned by two Tanzanian nationals. The authorised share capital of the company is TZS 15,000,000,000 divided into 15,000 shares of TZS 100,000 each.
- The paid-up share capital are 5,000-shares which are distributed as follows:

<i>Shareholders' name</i>	<i>No of shares</i>	<i>% shareholding</i>
Sharifa Nagib Mohammed	200	40%
Nagib Mohammed Ally	300	50%
Total	5,000	100.00%

2.4 Shareholders' Profiles

- The profiles of the shareholders are as attached to this report.

The Project Concept

3.1 Introduction

- The shareholders of MAJESTIC TOUR & SAFARIS are desirous to invest in the Wildlife Sub-sector. The promoters are planning to invest in Tour Operation and tourist hunting business.
- MAJESTIC TOUR & SAFARIS is planning to operate tour operation business and associated services including Tourist hunting and other value-added services such as anti-poaching activities. The objective of the project is to capture the ever-increased demand for tourist facilities in Tanzania.

3.2 The Concept

- MAJESTIC TOUR & SAFARIS is planning to establish Tour Operation as the entry point into the tourism industry in the country. The company is intending to become a full-service agency in the Tour Operation and sell standard travel agency goods and services, including airfare and travel packages.
- Additional services include assistance with passports, providing access to top-of-the-line equipment and supplies, and a superior offering that includes access to accommodations, and entertainment.
- The project concept will, therefore, entail the establishment of Tour Operation offices in Arusha then in Dar-es-salaam and Zanzibar. This will entail hiring of office premises, acquisition of motor vehicles, communication equipment, office equipment, office furniture and other investments.
- The value added of MAJESTIC TOUR & SAFARIS 's offering is its knowledge and expertise, competitive rates, and specialty focus on adventure travel, which translates into increased satisfaction for the customer.
- MAJESTIC TOUR & SAFARIS, through its fleet of motor vehicles, will provides car rental services to its clients particularly to cater for tour package, airport pick up, research travel support, VIP transport, and city tour and other car hire needs.

Investment Plan

4.1 Planned Investment

- MAJESTIC TOUR & SAFARIS is planning to invest in capital goods and other expenditure for the tour operation project.
- The project will procure motor vehicles and support office infrastructure for provision of tour operation services.

4.2 Investment Costs

- The project investment costs are associated with the purchase of assets and working capital for the proposed tour operation as summarised below:

ANNEX 5
MAJESTIC TOUR & SAFARIS ADVENTURES LTD
INVESTMENT PLAN

		Amount In TZS '000'				
		Year 1	Year 2	Total	USD Equiv.	
USD to TZS		2,750	2,750			
Land, Buildings and Civil works		-	-	-	-	
Office equipment		25,000	-	25,000	9,091	
Furniture and fittings		15,000	-	15,000	5,455	
Motor vehicles						
Station Wagon						
	<u>Units</u>	<u>USD/Unit</u>				
3- Door Cars	3	20,000	165,000	-	165,000	60,000
5-Door Cars	4	25,000	275,000	-	275,000	100,000
Landcruiser	8	45,000	990,000	-	990,000	360,000
	15					
Other Procurement Costs				-	-	
Value Added Tax (VAT)	18%	-	257,400	-	257,400	93,600
Insurance	4%	-	67,496	-	67,496	24,544
Branding/servicing & Minor repairs	15	400	16,500	-	16,500	6,000
Other statutory costs	15	550	22,688	-	22,688	8,250
Other Procurement Costs			364,084	-	364,084	132,394
Motor vehicles			1,430,000	-	1,430,000	520,000
Equipment & Tools						
	<u>Units</u>	<u>USD/Unit</u>				
Garage Equipment	several	36,000	99,000	-	99,000	36,000
Spare parts	several	14,000	38,500	-	38,500	14,000
Equipment & Tools			137,500	-	137,500	50,000
Pre-operating costs						
Administrative costs		TZS				
Resources Mobilisation Costs		15,000,000	15,000	-	15,000	5,455
Statutory costs		12,000,000	12,000	-	12,000	4,364
Other Admin costs		25,000,000	25,000	-	25,000	9,091
Administrative costs			52,000	-	52,000	18,909
Finance Costs		TZS				
Loan Arrangement fee	1.25%	14,300,000	14,300	-	14,300	5,200
Interest During Implementation			87,500	-	87,500	31,818
Consultancy fee	0.1%	1,430,000	1,430	-	1,430	520
Finance Costs			103,230	-	103,230	37,538
Pre-operating costs			155,230	-	155,230	56,447
Capital Expenditure			1,762,730	-	1,762,730	640,993
Working Capital			104,393	9,876	114,269	41,553
Total Investment			1,867,123	9,876	1,876,999	682,545

Financing Plan

5.1 Planned Project Financing

- The shareholders are planning to finance the project through shareholders' equity and external financing. The shareholders' equity will be in the form of ordinary share capital.
- The external financing will be in the form of long-term financing and whenever necessary short-term working capital loans will be sought from lending institutions.

5.2 Financing Structure

- The shareholders' equity will be earmarked to part-finance capital expenditure and finance the initial working capital. The long-term loan will be used for purchase of motor vehicles.
- The project financing shows that the equity will account for 29% of the financing requirements as summarised below:

ANNEX 6

MAJESTIC TOUR & SAFARIS ADVENTURES LTD

FINANCING PLAN

	Amount In TZS '000'			USD Equiv.
	Year 1	Year 2	Total	
USD to TZS	2,750	2,750		
Equity Financing				
Share Capital	-	-	-	-
Shareholders' Funds	529,623	9,876	539,499	196,182
Retained Earnings	-	-	-	-
Equity Financing	529,623	9,876	539,499	196,182
External Financing				
Medium-term Loan	1,250,000	-	1,250,000	454,545
Interest During Implementation	87,500	-		
Short-term loans	-	-	-	-
Creditors & payables	-	-	-	-
External Financing	1,337,500	-	1,337,500	486,364
Total Financing	1,867,123	9,876	1,876,999	682,545
Exposure				
Equity	28%	100%	29%	
External Financing	72%	0%	71%	
	100.0%	100.0%	100.0%	

The Project Status

6.1 Introduction

- The promoters have done some groundwork towards the implementation of the project. The status of the project in respect of the assets identification and others are briefed herein below:

6.2 Statutory Documentation

- The company is a fully registered private limited liability company by shares. The company will in due course apply for licenses and permits for the establishment of the tour operation business in Tanzania.

6.3 Office Establishment

- The project will be operating from hired premises. The project promoters have already hired the office premises in Arusha suitable for the establishment of the tour operation project.
- The main criteria for selection of the premises include the monthly rental rate; adequacy of the area of the property to accommodate the motor vehicles and other logistics of the project; accessibility of the tourists and other factors.

6.4 Motor Vehicles Procurement

- The choice of the technology becomes important when considering the costs of running the motor vehicles. The motor vehicles will be sourced locally.
- The promoters have identified and communicated with potential motor vehicles supplier to understand their availability and the associated costs.
- The project will solicit other assets including office equipment and office furniture from within the country.

6.5 Human resources

- The project will undertake to employ the management team and support staff once the licenses and other statutory documentation become fully complete.

Tanzania's Business Environment

7.1 An Overview

- Tanzania is the largest country in East Africa in terms of land with 883,749km² (881,289km² mainland 2,460km² Zanzibar), plus lakes totalling to 59,100km³. The country has about 1,400km of coastline along the Indian Ocean.
- The country is well situated geographically bordering Burundi, Kenya, Malawi, Mozambique, Rwanda, Uganda, Zambia and the Democratic Republic of Congo (DRC).
- Tanzania has a tropical type of climate. In the highlands, temperatures range between 100 and 200 Celsius during cold and hot seasons respectively. The rest of the country has temperatures never falling lower than 200 Celsius. The hottest period spreads between November and February (250 – 310 Celsius) while the coldest period occurs between May and August (150 – 200 Celsius).



7.2 Socio-Economic Development

[a] Population

- Tanzania population has increased more than four times from 12.3 million people in 1967 to 61.7 million people in 2022. The average annual intercensal growth rate according to the 2012 Population and Housing Census is 2.7 percent.
- Below table provides a summary of the country's population trend from 1967 to 2022:

Tanzania: Population Trend (in "million")								
Year	1967	1978	1988	2002	2012	2020	2021	2022
Population	12.3	17.5	23.1	34.4	44.9	57.6	59.4	61.7
<i>Source: National Economic Survey, 2021</i>								

[b] Urbanisation

- Tanzania cities and towns are rapidly urbanizing. This urbanization is a manifest of rural-to-urban migration as well as natural population increase.
- The four largest cities are Dar-es-salaam, Mwanza, Arusha and Mbeya.
- In 2022, Tanzania's urban population was 37% which is an increase from 6% in 1967 and 34% a decade ago. The current population growth rate is 3.2%.

Year	1967	1978	1988	2002	2012	2018	2022
Urban							
Population	685,092	2,257,921	3,991,882	7,554,838	12,701,238	17,785,328	21,965,444
% of Population	6%	13%	18%	23%	29%	34%	37%
Dar-es-salaam							
Population	272,821	769,445	1,205,443	2,336,055	4,364,541	5,147,070	5,383,728
% of Population	2%	5%	5%	7%	10%	10%	9%
Tanzania: (Mainland)							
Population	11,975,757	17,036,499	22,507,047	33,461,849	43,625,354	52,619,314	59,851,347
Growth Rate	-	3.30%	2.80%	2.90%	2.70%	2.70%	3.20%

[c] Macro-economic Performance

- Tanzania maintains an economy highly dependent on agriculture, contributing an estimated 30% to the country's Gross Domestic Product (GDP) and employing nearly 70% of the working population.
- The economy continued expanding steadily in the aspect of GDP, and become more stable on inflation and exchange rates.
- For the past 6-years, both Real and Nominal GDP have been increasing annually at a rate of between 6.5% and 9.6% for the Nominal GDP; and between 4.8% and 7.0% for the Real GDP. In 2021, the growth in the GDP was occasioned by strategic investment in infrastructure projects, increased mineral production and increased credit to private sector which stimulated economic activities.

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
GDP Growth	7.3%	7.0%	7.0%	7.0%	7.1%	7.0%	7.0%	4.8%	4.9%
Inflation Rate	7.9%	6.1%	5.6%	5.2%	5.3%	3.5%	3.4%	3.3%	3.7%
Exchange Rate (TZS/USD)	1,598	1,653	1,985	2,177	2,229	2,242	2,307	2,306	2,310

Source: Annual Report 2017/18, Bank of Tanzania, Economic Survey 2021

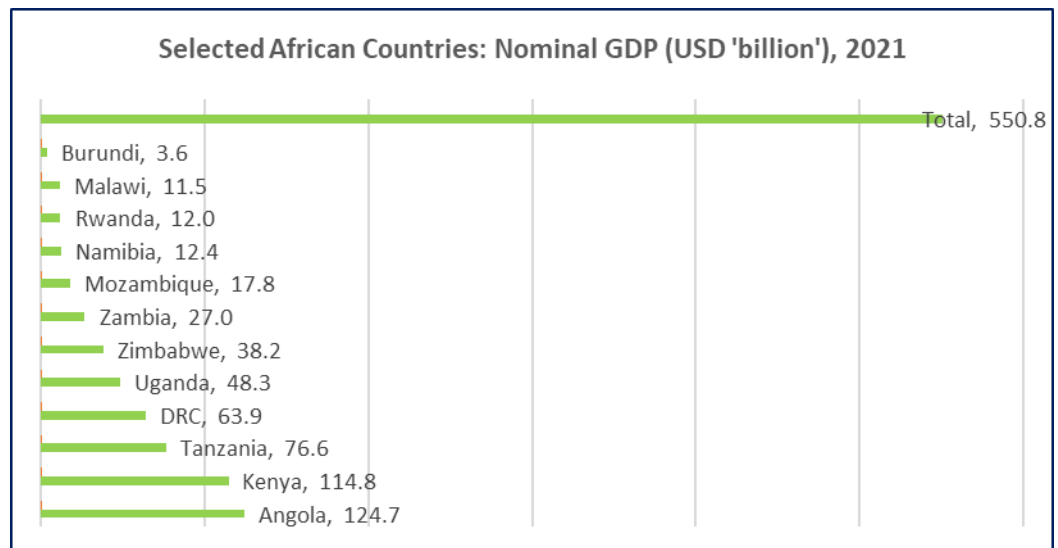
Year	2016	2017	2018	2019	2020	2021
Nominal GDP						
TZS 'Trillion'	108.3	118.7	129.0	139.6	151.6	161.5
% Change	-	9.6%	8.7%	8.2%	8.6%	6.5%
Real GDP						
TZS 'Trillion'	100.8	107.6	115.1	123.2	129.1	135.5
% Change	-	6.7%	7.0%	7.0%	4.8%	4.9%

7.3 Regional Market

- The growth in intra-trade in the East and Central Africa regional market for goods and services may be determined by the growth in the economy, the population, the cargo transit business within the region and other factors.

(a) Gross Domestic Products (GDP)

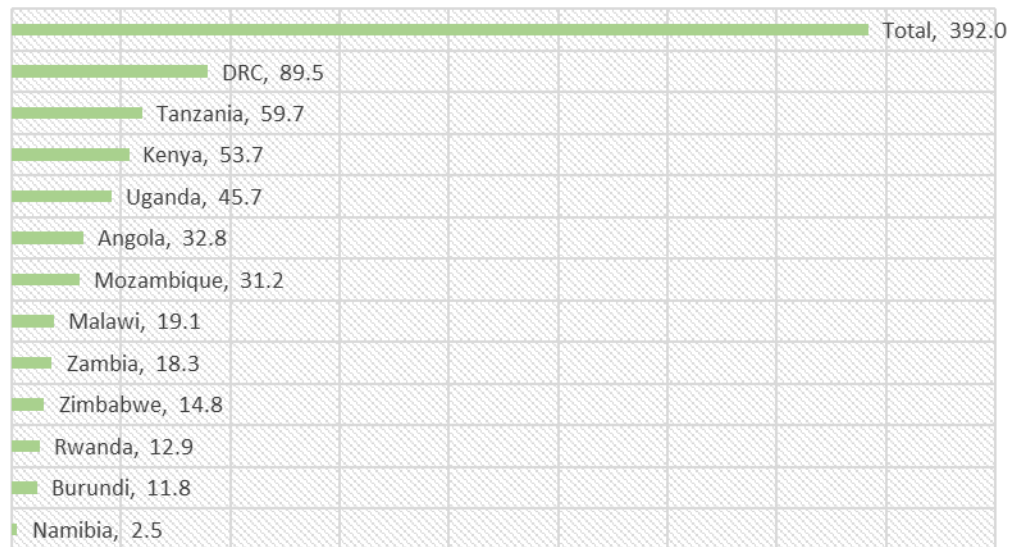
- Africa has emerged as one of the fastest growing regions of the world. Most of the Southern African countries experienced economic growth of between 3% and 7%.
- The below graph presents the Nominal GDP for some of the selected African countries in the southern and eastern African region.



(b) Population.

- Africa, and especially Sub-Saharan Africa, has experienced an unprecedented rate of urban growth, outpacing other regions. The six countries of Tanzania, Zambia, Malawi, DRC, Rwanda and Burundi have a combined population of about 211.3 million people (in year 2020).
- The populations in urban areas for most African countries are currently are estimated at about 40% of total population and expected to increase annually. The below graph depicts population distribution for some eastern and southern African countries.

Selected African Countries: Population (in million), 2020



(c) Transit Trade Volumes

- Tanzania is the natural gateway to one of the fastest growing regions in the world with increasing trade volumes. In 2021, transit cargo handled at Dar es Salaam port increased by 20.2 percent to 6,421,598 tons compared to 5,340,287 tons handled in 2020. This was attributed to initiatives by TPA to widen the market base especially in Zambia and DRC.
- The container transit trade flows have witnessed the highest growth, increasing at a compounded annual growth rate of 19%.
- Transit traffic growth is mainly driven by economic growth, growth in agriculture, forestry and fisheries, energy, mining and development of rail and road infrastructure.
- Transit trade is growing at a rate of 15% compared to the 10% growth in the total traffic of Dar-es-salaam port.

Tanzania: Transit Cargo (in Tons)						
	2017	2018	2019	2020	2021	Growth
Country						
Zambia	2,021.2	1,504.0	1,763.0	1,159.1	1,507.7	30%
DRC	1,176.7	1,779.6	1,914.1	1,840.6	2,357.9	28%
Burundi	415.9	379.7	453.2	476.8	507.0	6%
Rwanda	1,061.2	911.8	1,238.6	1,239.2	1,366.3	10%
Malawi	276.0	311.2	336.7	407.4	471.3	16%
Uganda	271.9	188.6	140.9	153.9	138.8	-10%
Others	85.4	98.5	25.3	63.2	72.5	15%
Total	5,308.3	5,173.4	5,871.8	5,340.2	6,421.5	20%

Tanzania: Overview of Tourism Industry

8.1 Tourism Performance

- Tourism continued to be among the key drivers of growth in Tanzania with its impact translating into persistent increase in foreign exchange earnings. Despite the global economic shocks, including the residuals of Covid-19 and the war in Ukraine which started early 2022, Tanzania's tourism sector showed high level of resilience, reflected by tourists' arrivals and per capita spending.
- Measures taken by the governments and the private sector helped to cushion the industry from these adverse effects. As result, the number of international visitors increased by 57.7% to 1,454,920 in 2022, from 922,692 recorded in 2021. Correspondingly, international tourism earnings increased to USD 2,527.8 million in 2022, from USD 1,310.3 million in 2021.

8.2 Tourism Marketing and Promotion

- In recent years, there has been a number of initiatives geared to promote Tanzania's tourism Industry. The initiatives have had positive bearing in the country's tourism industry. The main and noticeable initiatives include the following:

(a) Launching of the Royal Tour

- Tanzania's official tourism and investment promotion campaign, The Royal Tours, which was premiered by government took place in many developed countries including the USA, European countries as well as Asian countries and some of the African countries.
- The airing of The Royal Tour documentary has significantly helped to market t the country's tourist attractions worldwide.

(b) Festival of Black Arts & Culture

- The government launched the Festival of Black Arts and Culture (FESTAC) 2022 at Verde Hotel. The FESTAC 2022 was collaboratively organized by the Ministry for Tourism and Heritage and tourism stakeholders in Zanzibar.

- The festival aimed at boosting intra-Africa trade, arts, culture, tourism and travel, literature and poets, music, food, and fashion, as well as other businesses across the continent. The festival was attended by the former Presidents of African nations, Ministers, Ambassadors of foreign missions, women leaders, leaders of tourism organizations, NGOs and other members from the private sectors.

(c) Tanzania Hosting of Mega Cruise Ship

- The US based international cruise ship called Zaandam, that carried over 573 crew members and a total of 1,400 tourists, docked at Dar es Salaam and Zanzibar Ports for four-days tour in November 2022.
- While in Tanzania, tourists visited Nyerere National Park, Bagamoyo, Mikumi and Dar es Salaam City in Tanzania Mainland, and Stone Town, Spice Tours, Jozani Forest and Nakupenda Tours in Zanzibar.
- Hosting huge cruise ships is part of Government's initiatives to develop and promote tourism, as it has a big role to play in raising the number of tourists coming to our country from international markets.

(d) Tanzania Hosting the 65th UNWTO CAF Meeting

- Tanzania hosted the 65th United Nations World Tourism Organization-Commission for Africa Meeting in Arusha from 5th to 7th October 2022. The meeting brought together around 25 Ministers of Tourism and high-level representatives from 35 countries as well as leaders from the private sector.
- The meeting is an annual event as part of UNWTO's statutory occasions, whereas a country will host this event upon fulfilling the set requirements, which include sustainable and responsible tourism. Apart from attending this meeting, Tanzania organized safaris for delegates to visit various tourism attraction in Arusha in order to make the delegates aware of Tanzania's tourist attractions.

8.3 Impact of International Tourism Marketing

- Besides the increased number of international tourist arrivals in the country that has led to accelerator and multiplier of the country's economy, the marketing initiatives have to the following:

(a) World Travel Awards 2022

- Serengeti National Park is undoubtedly the best-known wildlife sanctuary in the world. Unsurpassed for its natural beauty and scientific value, it has the greatest concentration of plains game in Africa.
- The Serengeti National Park in Tanzania is home to the greatest wildlife spectacle on earth - the great migration of wildebeest and zebra. Serengeti has once more bagged the top "Africans Leading National Park 2022", award, four years in a row.
- Meanwhile Zanzibar was, also, named the leading beach destination in Africa in 2022 by the World Travel awards, beating a host of other popular places such as Cape Town and Sharm El Sheik in Egypt.
- Serengeti National Park and Zanzibar were declared winner in World Travel Awards results for the African continent announced during the WTA Gala held in Nairobi, Kenya on 17th October 2022.

(b) The Best Tourism Board in Africa

- Zanzibar Commission for Tourism won the Payne Africa awards for best tourism 2022 in the Best African Tourism Board Category. Meanwhile for the first time Tanzania Tourist Board emerged as Africa's leading Tourist Board in the World Travel awards 2022. The awards recognize the highest standards of excellence and strong support in marketing and development of the country's tourism resources and services. These awards were presented to Mr Rahim Mohamed Bhaloo, the Chairperson of Zanzibar Commission for Tourism and Dr. Benson Bana, the Ambassador of Tanzania to Nigeria at the Eco Hotel in Lagos, Nigeria on 12 September 2022.

Products/Services

9.1 Introduction

- MAJESTIC TOUR & SAFARIS will provide tourists with tour operations packages and other related tourist products.
- The company will provide car rental services and customer services such as ticketing, hotel booking and others.
- Other services that the company will offer the market include the following categories of tourist products:
 - Activity Holidays,
 - Soft Adventure Holidays,
 - Beach Holiday,
 - Safari Holiday.

9.2 Tour Operation Services

- **The Services –**
 - MAJESTIC TOUR & SAFARIS will provide tour and travel services to individuals and groups, including corporate clients.
 - Services and products that will be provided by MAJESTIC TOUR & SAFARIS include travel consultation, pre-arranged tours, custom packages, reservation for lodging, air passage, and other related services. MAJESTIC TOUR & SAFARIS will also provide car rental services to both local and foreign tourists.
- **Service Description –**
 - MAJESTIC TOUR & SAFARIS will be a full-service agency and will sell standard travel agency goods and services, including airfare and travel packages.
 - Additional services will include assistance with passports, providing access to top-of-the-line equipment and supplies, and a superior offering that includes access to accommodations, and entertainment.
 - The value additions of MAJESTIC TOUR & SAFARIS will be that of offering its knowledge and expertise, competitive rates, and specialty focus on adventure travel, which translates into increased satisfaction for the customer.

Market Analysis

10.1 Target Market

- Over 80% of the project target market are the international tourist visiting the country for various tourist activities.
- Less than 20% of the company target market comprise of local customers including institutional clients.

10.2 Market Conditions

- Tanzania has one of the fastest growing economies in East Africa and is a prominent tourism destination in terms of its bush and beach offering.
- International arrivals to the country were at a 95% post-covid recovery rate by year-end 2022 with Q3 2023 arrivals up 19% on Q3 2019.
- Air arrivals directly correlate to tourism recovery with more than half of arrivals being leisure focused tourists with most traveling to the Serengeti during their stay.

10.3 Tourism Value

- Tanzania's wildlife treasures are globally acclaimed, with over a quarter of its land dedicated to protected areas. The country proudly boasts 22 National Parks, 32 Game Reserves, and diverse marine sanctuaries.
- Iconic destinations like the Serengeti, Ngorongoro Crater, and Kilimanjaro attract travelers from around the globe. In real terms, tourism is a money-spinning industry for the economy, generating 1.3 million jobs, USD 2.6 billion in revenue annually and representing approx. 18% of GDP and 25% of export receipts.

10.4 Tanzania International Arrivals

- Prior to the onset of the global pandemic, Tanzania had been experiencing steady growth in international tourist arrivals with a Compound Annual Growth Rate (CAGR) of 7.15% achieved in international arrivals between 2014 and 2019, with arrivals reaching 1,57 million by 2019.
- The tourism sector is of great importance to the Tanzanian economy, accounting for approximately 18% of total Gross Domestic Product (GDP) in 2019. In addition, the

sector is a dominant source of foreign exchange, accounting for 25% of total export earnings.

- Given the peaks realized in 2019, the timing of the global pandemic was unfortunate as the tourism boom was expected to continue into 2020. The introduction of travel bans, closure of international airports and lockdown activity internally saw international arrivals figures decline by nearly 60% during 2020.
- However, the quicker pace of reopening borders in Tanzania allowed international arrivals to return to growth in 2021, with international arrivals increasing by 48% to reach 922,692 for the year. Going in 2022, this positive trend continued with arrivals reaching a 95% recovery rate when compared with pre-pandemic levels.
- Based on 2023 numbers thus far (January to August) arrival figures have reached 1,13 million. This is already 19% higher than that achieved during Q3 2019 and indicates that full year 2023 could see full recovery in tourist arrivals to the country.
- In terms of ports of entry, Zanzibar (AAKIA) continues to be a strong driver of international arrivals to Tanzania representing just under half of all international arrival traffic to the country in 2022. In contrast, Kilimanjaro International Airport (KIA) represents 23%.
- It is important to note that although representing the smallest portion of international arrivals, KIA has grown its overall market percentage year on year and remains the most important port of entry for international tourist traveling to the Serengeti and other safari areas as the vast majority of safari tourists transiting through Arusha before flying / driving to the Serengeti.

10.5 Air Connectivity

- Dar-es-salaam is the Gateway to the eastern tourist zone. The airport provides air connectivity to local and international airports.
- Arusha is the Gateway to the Northern Safari Circuit. Being the second largest international airport on mainland Tanzania positioning in the north part of the country, KIA is used as the gateway to Tanzania's popular Northern Safari Circuit.

Business Strategy

11.1 Competition Analysis

- Competition is expected from existing and potential companies involved in the Tour Operation in the country and other countries offering related tourist products.
- MAJESTIC TOUR & SAFARIS will thrive on its well selected geographical locations, the high quality of the services it will offer to its customers and marketing strategy.

11.2 The Strategy

- Office Establishment –
 - MAJESTIC TOUR & SAFARIS has established its Head Office in Arusha, the main gate-way for most tourists coming to visit Tanzania. The company will establish branch offices in Dar-es-salaam and Zanzibar.
- Product Mix –
 - MAJESTIC TOUR & SAFARIS will provide various tourist products besides tourist operations product. The other tourist products include activity holidays tourist products, beach holiday tourist products, safari holiday tourist products and adventure holiday tourist products.
- Client Base –
 - Initially MAJESTIC TOUR & SAFARIS will focus on the international market in the hunting adventure sector. The target customers will mainly include Northern America, Europe and Russia region, but also in selected parts of Arabian countries intending on various game hunt such as dangerous/big and plain games.
- Form Alliances –
 - MAJESTIC TOUR & SAFARIS will form alliances with other tour operators, travel agencies and air-lines in the marketing and provision of tailored services to potential tourists.
- Advertisements –
 - Advertisements will be made in the company's brochures, which are issued world wide regularly, and on MAJESTIC TOUR & SAFARIS website. Additional marketing will be done through international tourism and business magazines and other local media.
- Pricing and Prices –
 - The company will set its prices with the market rates. The company will offer competitive prices per type of animals and the associated services the tourists would require.

TECHNICAL ASPECT

12.1 Location AND Accessibility

- The company has established offices as follows;
 - Arusha – the Arusha is on Plot no. 36, Block E, along Goliondoi Road, India Street, Arusha Municipality in Arusha Region.
 - MAJESTIC TOUR & SAFARIS is planning to establish branch offices in Dar-es-salaam and Zanzibar to facilitate travelling logistics of its potential customers.

12.2 Equipment

- Presently, MAJESTIC TOUR & SAFARIS will procure various support facilities for the tour operation business including computer and computer accessories, and telecommunication equipment, security system, water system, electrical equipment, fire-fighting equipment and standby generator sets and others.
- MAJESTIC TOUR & SAFARIS is planning to procure additional assets which include radio base station, radio call handsets, workshop equipment and camping equipment.

12.3 Motor Vehicles

- MAJESTIC TOUR & SAFARIS will, over time, procure various types of motor including pick-ups, Hard top saloon cars, station wagon, mini buses which will be used for the Tour Operation.

12.4 Furniture, Fixtures and Fittings

- MAJESTIC TOUR & SAFARIS will procure office furniture for use in the Tour Operation offices.

12.5 Pre-Operating expenses

- The company will incur pre-operating expenses towards establishment of the Tour Operation project. These pre-operating costs include statutory expenses, administrative costs, launching costs, resource mobilisation expenses, consultancy fees, and finance costs.

12.6 Community Social Responsibility

- MAJESTIC TOUR & SAFARIS understands and recognizes the fact that as it is involved in the tourism sector there is need to be involved in a wide range of social responsibility programs so as to invest back into the community in which the company operates.
- MAJESTIC TOUR & SAFARIS believes that through social responsibility programs, the company can assist in improving the surrounding villages in many and different ways. The company can contribute to development in a sustainable way, through provision of support to community projects.
- MAJESTIC TOUR & SAFARIS is a strong believer and a committed company in education and health care. Such believe and commitment will hence support developments such as schools and medical clinics. Such projects will be conducted jointly and in agreement by the company and the village. The company specifically encourages and supports traditional values and customs within the local communities.

Implementation and management

14.1 Introduction

- MAJESTIC TOUR & SAFARIS is geared to create value for money project. In order to achieve this goal, the firm will employ and consult reputable companies and consultants for implementation of the proposed projects.

14.2 Project Management

- The project will be supervised directly by the promoters of MAJESTIC TOUR & SAFARIS.
- The promoters will undertake all other management issues related to the project, and where appropriate will consult specialised consultants such as lawyers, business consultants, etc. to provide professional advice and services.

14.3 Project Implementation Plan

- Preliminary works towards the implementation of the major activities of the project has already commenced.
- The company has already identified motor vehicles and other support facilities.

14.4 Implementation Schedule

- The procurement of tour operation facilities and other amenities are expected to take a period of 3-months.
- The promoters are projecting the project to be ready to provide tour operation services by January, 2025.

14.5 Project Schedule

The implementation plan of the proposed project is as below:

MAJESTIC TOUR & SAFARIS ADVENTURES LTD

Project Implementation Schedule

	Implementation Period	Year 0	Year 1				Year 2				Year 3
			1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
Stage 1 Preliminary Preparation											
Company Registration			■								
Statutory Documentation			■								
Identification of Motor Vehicle suppliers			■								
Feasibility Study Preparation			■								
Stage 2 Funds Mobilisation											
Loan Application and Processing			■								
Internal Resources Mobilisation			■								
Loans Approval			■								
Stage 3 Procurement of Motor Vehicles											
Selection of Motor Vehicles			■								
Application for TIC Incentives	30 Days			■							
Motor Vehicles Delivery	45 Days			■							
Stage 4 Buildings & Civil Works											
Office Design				■							
Office Partitioning				■							
Furnishing of Tour Operation Office				■							
Stage 5 Procurement of Other Facilities											
Ordering of Other Assets				■							
Delivery of Other Assets				■							
Deployment of the Motor Vehicles					■						

Financial And Economic Evaluation

15.1 Introduction

- The financial plan for proposed tour operation project is detailed in the attached Annexes 1 to 15. The annexes are in the excel sheets format.

15.2 Financial Goals

The financial goals of the company are as follows:

- Obtain medium-term external financial resources to a tune of TZS 1,250 million, and shareholders' fund of about TZS 540 million for the development of the proposed project.
- Finance operations of the project through retained earnings.

15.3 General Financial Assumptions

- The implementation of the project is assumed to take 3-months
- The motor vehicles utilisation is assumed to start at 65% increasing annually to around 90% in the period of the project.
- The term loan of TZS 1,250 million will attract annual interest rate of 14%, and payable in 3-years including a grace period of 6-month on the principal.

15.4 Investment Cost and Financing Plan

- The projected Investment costs and financing plan are presented in Annex 5 and Annex 6, respectively.
- The estimated total project cost is TZS 1.8 billion, out of which TZS 540 million will come from the shareholders, and the remaining will be sought from external financiers preferably Commercial banks.

15.5 Depreciation Assumptions

- The Depreciation Schedules are presented in Annex 8. The depreciation and amortisation rates are as indicated in the respective schedules.

15.6 Projection Results

- The project basic assumptions and the projected Profit and Loss Statements, Cashflow Statements and Balance Sheets Statements are as presented below:

MAJESTIC TOUR & SAFARIS ADVENTURES LTD

Basic Project Assumptions

1 Project Concept

Purchase of Brand new Motor Vehicles for Tour Operation Project

2 Motor Vehicles Purchase Costs

	<u>No. of MV</u>	<u>USD/MV</u>	<u>TZS'000'</u>
3- Door Cars	3	20,000	165,000
5-Door Cars	4	25,000	275,000
Landcruiser	8	45,000	990,000
Other Procurement Costs			364,084
Motor Vehicles Purchase Costs			1,794,084

3 Project Activites

Tour Operation

5 Proposed Loan

Loan Amount	USD	1,250,000
Proposed Interest rate	%	14%
Loan Tenure	Months	36
Grace Period	Months	6

6 Project Implementation Plan

Delivery of Motor Vehicles	Months	3
Project Commisioning	Months	3

Annex 10 (ii)

MAJESTIC TOUR & SAFARIS ADVENTURES LTD**Revenues Assumptions**

Amount In TZS '000'

		Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Car Rental Revenues											
3- Door Cars											
1 to 4-Days	TZS '000'	35,640	39,988	44,496	49,168	54,009	59,024	64,218	65,503	66,813	68,149
5 to 9-Days	TZS '000'	73,508	74,978	76,477	78,007	79,567	81,158	82,781	84,437	86,126	87,848
10- Days	TZS '000'	11,138	12,496	13,905	15,365	16,878	18,445	20,068	20,470	20,879	21,297
Sub-total	TZS '000'	120,285	127,462	134,878	142,540	150,454	158,627	167,068	170,409	173,817	177,294
% of Total Revenues	%	14%	14%	13%	13%	12%	12%	12%	12%	12%	12%
5-Door Cars											
1 to 4-Days	TZS '000'	58,925	65,112	71,523	78,164	85,043	92,165	99,538	101,529	103,560	105,631
5 to 9-Days	TZS '000'	62,014	68,525	75,272	82,262	89,501	96,996	104,756	106,851	108,988	111,168
10- Days	TZS '000'	31,987	32,619	33,264	33,921	34,592	35,275	35,972	36,692	37,426	38,174
Sub-total	TZS '000'	152,925	166,256	180,059	194,347	209,135	224,437	240,267	245,072	249,973	254,973
% of Total Revenues	%	18%	18%	18%	17%	17%	17%	17%	17%	17%	17%
Landcruiser											
1 to 4-Days	TZS '000'	247,104	273,050	299,935	327,786	356,631	386,499	417,419	425,767	434,283	442,968
5 to 9-Days	TZS '000'	256,608	283,552	311,471	340,393	370,348	401,364	433,473	442,143	450,986	460,005
10- Days	TZS '000'	81,972	90,579	99,498	108,737	118,306	128,214	138,471	141,240	144,065	146,946
Sub-total	TZS '000'	585,684	647,181	710,903	776,916	845,284	916,077	989,363	1,009,150	1,029,333	1,049,920
% of Total Revenues	%	68%	69%	69%	70%	70%	71%	71%	71%	71%	71%
Projected Revenues											
3- Door Cars	USD	120,285	127,462	134,878	142,540	150,454	158,627	167,068	170,409	173,817	177,294
5-Door Cars	USD	152,925	166,256	180,059	194,347	209,135	224,437	240,267	245,072	249,973	254,973
Landcruiser	USD	585,684	647,181	710,903	776,916	845,284	916,077	989,363	1,009,150	1,029,333	1,049,920
Revenues	USD	858,894	940,899	1,025,840	1,113,802	1,204,873	1,299,141	1,396,698	1,424,631	1,453,124	1,482,187
Change in Revenues	Percentage	-	10%	9%	9%	8%	8%	8%	2%	2%	2%
Revenues - Tour Operation	USD	858,894	940,899	1,025,840	1,113,802	1,204,873	1,299,141	1,396,698	1,424,631	1,453,124	1,482,187
Change in Revenues	Percentage	-	10%	9%	9%	8%	8%	8%	2%	2%	2%

Annex 1**MAJESTIC TOUR & SAFARIS ADVENTURES LTD****Projected Profit And Loss Statements**

	Amount In TZS '000'										
Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Revenues											
3- Door Cars	120,285	127,462	134,878	142,540	150,454	158,627	167,068	170,409	173,817	177,294	
5-Door Cars	152,925	166,256	180,059	194,347	209,135	224,437	240,267	245,072	249,973	254,973	
Landcruiser	585,684	647,181	710,903	776,916	845,284	916,077	989,363	1,009,150	1,029,333	1,049,920	
Other Net Incomes	257,668	282,270	307,752	334,141	361,462	389,742	419,009	427,389	435,937	444,656	
Less: Loss Provision & Discounts	0.5%	-4,294	-4,704	-5,129	-5,569	-6,024	-6,496	-6,983	-7,123	-7,266	-7,411
Total revenues	1,112,268	1,218,464	1,328,463	1,442,374	1,560,311	1,682,387	1,808,723	1,844,898	1,881,796	1,919,432	
Direct Operating Costs											
Fuel Purchases	171,105	192,615	214,916	219,214	223,599	228,071	232,632	237,285	242,030	246,871	
Maintenance & Repair	95,166	106,580	118,149	120,002	121,854	123,707	125,559	127,411	129,264	131,116	
Drivers' Allowances	11,412	12,852	14,316	14,592	14,867	15,143	15,419	15,695	15,970	16,246	
Other Direct Operating Costs	4,795	1,257	1,405	1,432	1,459	1,487	1,514	1,541	1,568	1,595	
Direct Operating Costs	282,479	313,305	348,786	355,240	361,779	368,407	375,123	381,931	388,832	395,828	
Gross Profit	829,789	905,159	979,676	1,087,134	1,198,531	1,313,981	1,433,600	1,462,967	1,492,964	1,523,604	
Gross Margins	75%	74%	74%	75%	77%	78%	79%	79%	79%	79%	
Indirect Operating Costs											
Salaries & Staff Benefits	70,587	79,741	81,304	87,090	88,737	90,383	92,029	93,676	95,322	96,968	
Administrative costs	84,420	97,111	94,966	92,821	92,169	90,801	89,434	88,853	87,486	86,118	
Other Indirect Expenses	8,750	9,803	10,501	10,703	10,854	10,992	11,132	11,289	11,433	11,578	
Indirect costs	163,757	186,655	186,771	190,615	191,759	192,176	192,595	193,818	194,240	194,665	
EBITDA	666,033	718,505	792,905	896,520	1,006,772	1,121,805	1,241,005	1,269,149	1,298,723	1,328,939	
EBITDA Margins	60%	59%	60%	62%	65%	67%	69%	69%	69%	69%	
Less: Depreciation & Amortization	172,875	268,179	266,785	187,772	186,638	146,807	145,883	145,047	144,291	143,607	
Profit Before Int. & Tax	493,158	450,326	526,120	708,747	820,133	974,997	1,095,122	1,124,102	1,154,432	1,185,331	
Loss/Profit on disposal of Property	-	-	-	-	-	-	-	-	-	-	
Less: Interest on Loans											
Medium-term Loan	-	128,517	52,576	0	-	-	-	-	-	-	
Short-term loans	-	-	-	-	-	-	-	-	-	-	
Total Interest Expenses	-	128,517	52,576	-0	-	-	-	-	-	-	
Profit Before Tax	493,158	321,808	473,544	708,747	820,133	974,997	1,095,122	1,124,102	1,154,432	1,185,331	
Profit BT/mv/month	2,989	1,788	2,631	3,937	4,556	5,417	6,084	6,245	6,414	6,585	
Corporation Tax	30%	147,947	96,543	142,063	212,624	246,040	292,499	328,537	337,230	346,330	355,599
Profit/(loss) after tax	345,210	225,266	331,480	496,123	574,093	682,498	766,585	786,871	808,102	829,732	
Net Margin	31%	18%	25%	34%	-	1.00	2.00	3.00	4.00	5.00	
Dividends	0	0	0	0	-	-	-	-	-	-	
Retained Income	345,210	225,266	331,480	496,123	574,093	682,498	766,585	786,871	808,102	829,732	
Net Profit/mv/Month	2,092	1,251	1,842	2,756	3,189	3,792	4,259	4,372	4,489	4,610	
Cumulative Retained Income	345,210	570,476	901,957	1,398,080	1,972,173	2,654,671	3,421,257	4,208,128	5,016,230	5,845,962	

ANNEX 2**MAJESTIC TOUR & SAFARIS ADVENTURES LTD****Projected Cash Flow Statements**

	Amount In TZS '000'										
	Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Inflows											
Equity Financing											
Share Capital		-	-	-	-	-	-	-	-	-	-
Shareholders' Funds		529,623	9,876	-	-	-	-	-	-	-	-
Retained Earnings		-	-	-	-	-	-	-	-	-	-
External Financing											
Medium-term Loan		1,250,000	-	-	-	-	-	-	-	-	-
Short-term loans		-	-	-	-	-	-	-	-	-	-
Creditors & payables		-	-	-	-	-	-	-	-	-	-
Non-operating incomes		1,779,623	9,876	-	-	-	-	-	-	-	-
Revenues											
3- Door Cars		120,285	127,462	134,878	142,540	150,454	158,627	167,068	170,409	173,817	177,294
5-Door Cars		152,925	166,256	180,059	194,347	209,135	224,437	240,267	245,072	249,973	254,973
Landcruiser		585,684	647,181	710,903	776,916	845,284	916,077	989,363	1,009,150	1,029,333	1,049,920
Other Net Incomes		257,668	282,270	307,752	334,141	361,462	389,742	419,009	427,389	435,937	444,656
Less: Loss Provision & Discounts		-4,294	-4,704	-5,129	-5,569	-6,024	-6,496	-6,983	-7,123	-7,266	-7,411
Total Revenues		1,112,268	1,218,464	1,328,463	1,442,374	1,560,311	1,682,387	1,808,723	1,844,898	1,881,796	1,919,432
Total Cash Inflow		2,891,891	1,228,340	1,328,463	1,442,374	1,560,311	1,682,387	1,808,723	1,844,898	1,881,796	1,919,432
Cash Outflows											
Capital Expenditure											
Land, Buildings and Civil works		-	-	-	-	-	-	-	-	-	-
Equipment & Tools		137,500	-	-	-	-	-	-	-	-	-
Office equipment		25,000	-	-	-	-	-	-	-	-	-
Furniture and fittings		15,000	-	-	-	-	-	-	-	-	-
Motor vehicles		1,430,000	-	-	71,500	-	-	78,650	-	-	86,515
Pre-operating costs											
Administrative costs		52,000	-	-	-	-	-	-	-	-	-
Interest During Implementation		-	-	-	-	-	-	-	-	-	-
Other Finance Costs		15,730	-	-	-	-	-	-	-	-	-
Pre-operating costs		67,730	-	-	-	-	-	-	-	-	-
Capital Expenditure		1,675,230	-	-	71,500	-	-	78,650	-	-	86,515
Change in Net Working Capital		104,393	9,876	11,427	10,391	10,898	11,312	11,700	3,456	3,563	3,630
Direct expenses		282,479	313,305	348,786	355,240	361,779	368,407	375,123	381,931	388,832	395,828
Indirect expenses		163,757	186,655	186,771	190,615	191,759	192,176	192,595	193,818	194,240	194,665
Loan Interest Payment		-	128,517	52,576	0	-	-	-	-	-	-
Loan Principal Repayment											
Medium-term Loan		232,011	514,774	590,715	0	-	-	-	-	-	-
Short-term loans		-	-	-	-	-	-	-	-	-	-
Taxation		147,947	96,543	142,063	212,624	246,040	292,499	328,537	337,230	346,330	355,599
Dividend Payment		-	-	-	-	-	-	-	-	-	-
Total cash Outflow		2,605,817	1,249,669	1,332,339	840,370	810,476	864,394	986,605	916,435	932,965	1,036,237
Surplus (Deficit)		286,074	-21,329	-3,876	602,004	749,834	817,993	822,119	928,463	948,831	883,194
Opening Balance		0	286,074	264,745	260,869	862,873	1,612,707	2,430,700	3,252,819	4,181,282	5,130,112
Closing Balance		286,074	264,745	260,869	862,873	1,612,707	2,430,700	3,252,819	4,181,282	5,130,112	6,013,306

ANNEX 3**MAJESTIC TOUR & SAFARIS ADVENTURES LTD****Projected Balance Sheets**

	Amount In TZS '000'									
Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Fixed Assets										
Land, Buildings and Civil work	-	-	-	-	-	-	-	-	-	-
Equipment & Tools	137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500
Office equipment	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Furniture and fittings	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Motor vehicles	1,430,000	1,430,000	1,430,000	1,501,500	-	-	-	-	-	-
Pre-operating costs	155,230	155,230	155,230	155,230	-	-	-	-	-	-
Fixed Assets	1,762,730	1,589,855	1,321,676	1,126,391	938,619	751,980	683,823	537,940	392,893	335,117
Less: Depreciation	172,875	268,179	266,785	187,772	186,638	146,807	145,883	145,047	144,291	143,607
Net Fixed Assets	1,589,855	1,321,676	1,054,891	938,619	751,980	605,173	537,940	392,893	248,602	191,509
Current Assets:										
Cash Balances	286,074	264,745	260,869	862,873	1,612,707	2,430,700	3,252,819	4,181,282	5,130,112	6,013,306
Trade debtors	105,891	116,001	126,473	137,318	148,546	160,168	172,196	175,639	179,152	182,735
Prepayments	11,609	12,876	14,334	14,599	14,868	15,140	15,416	15,696	15,979	16,267
Stocks	11,733	13,140	14,566	14,795	15,023	15,251	15,480	15,708	15,937	16,165
Other Current assets	2,692	3,068	3,070	3,133	3,152	3,159	3,166	3,186	3,193	3,200
Total Current Assets	417,999	409,830	419,312	1,032,718	1,794,296	2,624,419	3,459,076	4,391,511	5,344,373	6,231,674
Current Liabilities:										
Trade creditors	11,609	12,876	14,334	14,599	14,868	15,140	15,416	15,696	15,979	16,267
Payables	6,730	7,671	7,676	7,833	7,881	7,898	7,915	7,965	7,982	8,000
Accrued incomes	4,706	5,156	5,621	6,103	6,602	7,119	7,653	7,806	7,962	8,122
Other current liabilities	4,486	5,114	5,117	5,222	5,254	5,265	5,277	5,310	5,322	5,333
Total Current Liabilities	27,531	30,816	32,747	33,758	34,604	35,421	36,261	36,777	37,246	37,722
Net Current Assets	390,468	379,014	386,565	998,960	1,759,692	2,588,998	3,422,816	4,354,734	5,307,128	6,193,952
Total Net Assets	1,980,323	1,700,691	1,441,456	1,937,579	2,511,673	3,194,171	3,960,756	4,747,627	5,555,729	6,385,461
Financed By:										
Equity Financing										
Share Capital	-	-	-	-	-	-	-	-	-	-
Shareholders' Funds	529,623	539,499	539,499	539,499	539,499	539,499	539,499	539,499	539,499	539,499
Retained Earnings	-	-	-	-	-	-	-	-	-	-
Accumulated Profits	345,210	570,476	901,957	1,398,080	1,972,173	2,654,671	3,421,257	4,208,128	5,016,230	5,845,962
Total Equity	874,834	1,109,976	1,441,456	1,937,579	2,511,673	3,194,171	3,960,756	4,747,627	5,555,729	6,385,461
External Financing										
Medium-term Loan	1,105,489	590,715	-	0	0	0	0	0	0	0
Short-term loans	-	-	-	-	-	-	-	-	-	-
External Financing	1,105,489	590,715	-	0	0	0	0	0	0	0
Total Financing	1,980,323	1,700,691	1,441,456	1,937,579	2,511,673	3,194,171	3,960,756	4,747,627	5,555,729	6,385,461

15.7 Economic Benefits

- The tourism sector has a number of characteristics, which suggest that it can make a significant contribution to the economy of the country including.
 - Generation of foreign currency earnings
 - Create employment
 - generate tax revenues for government; and has an important impact on regional economic activity.
 - Attractive for small and medium sized enterprises and consequently can foster an enterprise economy.
 - Strong linkages to other sectors of the economy; and bring economic benefits to local communities, and
 - It has considerable potential for expansion and increased value added.

Financing Requirements

16.1 Proposed Financing Structure

- The project will be financed through equity and long-term loan. MAJESTIC TOUR & SAFARIS is seeking for external financing to the tune of TZS 1,250 million to part finance the proposed project and the balance will come from the promoters.

16.2 Uses of Funds

The project financing structure is as summarised below:

ANNEX 7				
MAJESTIC TOUR & SAFARIS ADVENTURES LTD				
Sources And Uses of Funds				
	Amount In TZS '000'			
	Year 1	Year 2	Total	USD Equiv.
USD to TZS	2,750.00			
Equity Financing				
Land, Buildings and Civil works	-	-	-	-
Office equipment	25,000	-	25,000	9,091
Furniture and fittings	15,000	-	15,000	5,455
Motor vehicles	180,000	-	180,000	65,455
Equipment & Tools	137,500	-	137,500	50,000
Pre-operating costs	67,730	-	67,730	24,629
Working Capital	104,393	9,876	114,269	41,553
Equity Financing	529,623	9,876	539,499	196,182
External Financing				
Motor vehicles	1,250,000	-	1,250,000	454,545
Pre-operating costs	87,500	-	87,500	31,818
External Financing	1,337,500	-	1,337,500	486,364
Total Financing	1,867,123	9,876	1,876,999	682,545
Exposure				
Equity	28%	100%	29%	29%
External Financing	72%	0%	71%	71%
	100%	100%	100%	100%

16.3 Proposed Terms and Conditions

- The Loan Repayment Schedule is presented in Annex F. The following are the proposed Terms and Conditions for the required loan to finance the project:

Loan Amount	• TZS 1,250,000,000
Moratorium period	• 6-month on Principal
Repayment period	• 3-years on Principal and Interest
Mode of repayment	• Equal instalments payable Quarterly
Interest rate	• Floating rate at 14% p.a.

16.4 Security of the loan

The collateral offered against the requested loan is all assets of the company.

CONCLUSION AND RECOMMENDATIONS

- Tourism is one of the leading economic sectors in Tanzania and has unlimited potential to contribute even more to the development of the country. Blessed with unique natural and cultural attractions, Tanzania is well placed to become a leader of tourism in the region. The sector has, in the past, been relying primarily on wildlife resources as the major attraction, with up to 90 percent of all tourists taking part in wildlife safaris or hunting.
- The growth in the tourism sector in the country is largely a reflection of the measures taken by the governments and the private sector to promote the industry in the international tourist markets. The measures include enhancement of products diversification and quality development, coupled with aggressive marketing of Tanzania's unique tourist attractions worldwide, including the Royal Tour.
- Recently, the need to diversify away from wildlife tourism and develop other attractions has been recognized by both the public and private sectors. The coastal zone is one of the areas that has the vast, untapped potential to attract tourism investment. The opportunities available in the coastal tourism development are the focus of this hotel circuit project.
- The shareholders have undertaken preliminary assessment of the viability of the proposed project, and are confident that this is a long-term investment and a profitable venture. The project will increase national outputs, attract tourists and provide employment opportunities in the country. The project will be in a position to meet its financial obligations from the revenues generated from the project.