

## EXECUTIVE SUMMARY

GRUMETI EXPEDITIONS TANZANIA LIMITED was incorporated in Tanzania under the Companies Act. The company was issued with Certificate of Incorporation No. 50938 registered on 4<sup>th</sup> December, 2004. The Company's registered office is Plot 47 Jumuia Area, Ngalo Road, House 16, Sekei Arusha, Tanzania. The Company successfully operates four 5-star lodges and three permanent tented camps in the Northern Tourism Circuit over the last 10 years. The Company is operating its accommodation properties under its registered trade mark LEMALA registered on 14th August, 2012. The Company also has presence in tourism operations in Uganda and Rwanda within East Africa.

The Company's majority shareholder is South African investors. This company long-term strategy is to expand its businesses in East Africa. The Company intends to expand its 5-star accommodation capacity on the Tanzania Tourism Circuit.

Currently, the Company has been granted a concession by the Ngorongoro Conservation Area Authority to establish a permanent lodge near the Easpai area, about 2km from the entrance road into the Crater

The new tourist accommodation facility within the Ngorongoro Conservation Area Authority will enhance the Company's high-end accommodation capacity within the Ngorongoro Conservation Area.

This business plan is for proposed luxury Permanent Tented Camps (PTCs), which will have 20 visitor tent units with a maximum capacity of 40 beds. The PTCs will be constructed in the Ngorongoro Conservation Area.

The Company's plan to invest in these kinds of property are in line with increasing demand for more high-end tourist accommodation facilities in Tanzania's most famous protected areas. This increasing demand is directly related to tourism growth both at international and local levels.

According to the World Tourism Organization (UNWTO) World Tourism Barometer report of May 2024, international arrivals (overnight visitors) reached 97% of 2019 levels in the first quarter of 2024. The Middle East continued to see the strongest relative growth in arrivals, while Africa and Europe exceeded pre-pandemic levels.

In Tanzania, The Tanzania Bureau of statistics report of the year 2023 shows that from January to August 2023, international arrivals increased to 1,131,286 compared to 900,182 who entered the country during the corresponding period in 2022. This is an increase of 231,104 visitors equivalent to 25.7%. Within this period, majority of arrivals came from United States of America with 84,541 visitors, followed by France (72,009), Germany (57,798), United Kingdom (51,505) and Italy (51,056). Meanwhile, for the month of August 2023, majority of arrivals came from Italy (14,986), United States of America (14,416), France (11,997), United Kingdom (9,852) and Germany (9,161).

Target market for the Company would mostly focus on high-end tourist segment from the North America, Australia, Europe, and Asia using its existing marketing channels and partners. In addition to tradition marketing strategies, E-marketing will be done through social media platforms, such as YouTube, Twitter, Instagram, TikTok and Facebook. In addition to these marketing strategies, the Company will be attending high-end shows in different parts of the world.

The Company's projected investment in establishing a permanent within the Ngorongoro Conservation Area is envisaged at US \$ 8.1 million. Financing for the project will be done

through a long-term bank loan. It is anticipated that, if no major changes take place in a negative direction on the above-mentioned assumptions, breakeven point for this proposed investment would take place in year four after commencing operations. It is also assumed that time for break-even point and payback period may be much short if the tourism industry business improves beyond our current expectations.

Financial projections for the proposed investment for a period of five years indicate that; direct economic benefits to the government as corporate tax will be US\$ 2,285,082. Another government benefit will be US\$ 1,499,064, which the Ngorongoro Conservation Area Authority will receive as concession fees. The projected foreign currency earning for the period of five years is anticipated at US \$ 22,969,005.00

The projections of the direct benefits that will be derived from the proposed investment will be realised if the project is implemented as planned and duly supported by the Government of the United Republic of Tanzania and the Ngorongoro Conservation Area Authority. In addition to the direct benefits, there will be indirect benefits that will go to suppliers and tour operators who would be doing business with the Company. Visiting guests and tourists will also get better experience by staying overnight within the Ngorongoro Conservation Area Authority. This experience will involve nature sounds from wild animals and the possibility of seeing nocturnal animals. Solitude in the natural environment will be another benefit.

Concerning the park environment, experience has shown that construction of permanent facilities in national parks has both positive and negative impacts. However, when the adverse impacts are properly mitigated, in the long run, benefits of constructing permanent accommodation facilities for visitors within the park outweigh the adverse environmental impacts. This is because presence of permanent facility in the parks contributes in deterring poaching activities in areas around the permanent facility. Besides that, these facilities generate a very significant amount of revenue that is used to enhance protection of the park resources and other social economic activities in the country. This is reflected in the direct financial benefits that the government and the Ngorongoro Conservation Area will get if the project is implemented, as indicated in the figures provided above.

Detailed financial projections for the project are included in this business plan.

## 1.0 THE BACKGROUND

GRUMETI EXPEDITIONS Tanzania Limited was incorporated in Tanzania on 4th December, 2004. The Company has been engaged in high-end tourist accommodation operations for the past 20 years operating its accommodation properties under its registered trade mark LEMALA. The Company also has presence in tourism operations in Uganda and Rwanda within East Africa. Presently, the Company operates four 5-star lodges and three permanent tented camps in the Northern Tourism Circuit in Tanzania. The company's new tourist accommodation facilities within the will enhance the Company's accommodation capacity within the Ngorongoro Conservation Area; thereby directly increasing revenues to the Ngorongoro Conservation Area Authority and the Government of the United Republic of Tanzania among others.

### 1.1 Company Shareholding structure and Nationality

SHAREHOLDER PARTICULARS	NATIONALITY	SHAREHOLDING
Trans African Holdings (PTY) Limited Johannesburg, Gauteng, South Africa	South African	99.8%
Vintage Africa Limited Nairobi, Kenya	Kenyan	0.01%
Leanne Haigh Arusha, Tanzania	Australian	0.095%
Moses Wafula Masinde, Arusha, Tanzania	Kenyan	0.095%

### 1.2 Business Description

The Company's existing property portfolio establishes it as a leading provider of boutique, beautiful and unusual accommodation in some of the world's most celebrated wildlife regions. Its intimate tented camps, inspiring lodges and private house offer a touch of luxury among the wild savannahs of Northern Tanzania and the wild waters of the River Nile in Uganda.

We are passionate about protecting the environment, supporting our local communities, and empowering women. From sponsoring small businesses to donating to schools and shelters and investing in our staff, almost all of whom come from the surrounding areas, we do everything we can to uplift and protect those around us, including our guests.

#### Why Lemala?

- i. Location, Location, Location - Our portfolio features properties in Africa's most celebrated wildlife regions, ensuring that our guests get as close to the action as possible.
- ii. Our Impact – We are committed to supporting conservation, education and empowerment in the reserves and communities we call home.
- iii. Authentic Experiences - Whether it's game viewing, climbing Kilimanjaro, diving in Zanzibar or just relaxing in a pristine hideaway, we'll help you fulfil your wildest dreams.
- iv. The Spirit of Lemala - Each member of the Lemala team is committed and thrilled to be able to share our properties and experiences with our guests.

Existing Properties under LEMALA brand

The Company's existing properties are an authentic collection of intimate tented camps, inspiring lodges and luxurious private house in Northern Tanzania and Uganda. Our properties are located in the heart of the wilderness, allowing our guests to connect deeply with the environment and experience an authentic safari while still enjoying supreme comfort and service. Open game-drive vehicles, professional guides, first-class cuisine, and year-round game viewing are hallmarks of a Lemala stay.

#### Lemala Lodges

Our 5-star lodges offer spacious suites with private plunge pools and deck baths, well-furnished communal areas, and onsite Melegali Spa. Our luxurious villas are designed to provide a 'home away from home' before and after a safari and feature spacious suites, private terraces, and a swimming pool.



Lemala Mpingo Ridge in Tarangire, Tanzania, sits on top of an escarpment with sweeping views across the perennial Tarangire River and valley below. 15 luxury tents feature breathtaking, uninterrupted views from their private decks, with the lodge raised on a solid platform made from recycled steel.

Guests at Lemala Mpingo Ridge enjoy a real sense of wilderness and excellent game-viewing, with the same outstanding standards of comfort and service that Lemala is renowned for.



With canvas walls, cathedral-like tented ceilings and broad hardwood decks, guests at Lemala Nanyukie can expect a light, contemporary décor with luxurious comfort across the 15 guest tents.

Superbly located in an area of the Serengeti crossed by the thrilling wildlife spectacle of the annual wildebeest migration and a high-density of game-viewing at all times of the year, the camp itself sits on a grassy savanna dotted with rocky kopjes and shaded by ancient giant acacia trees.



Large granite boulders and kopjes are the prominent feature of Lemala Kuria Hills, and each of the 15 spacious, glass-fronted tented suites has been discreetly set amongst the giant rocks to ensure maximum privacy and spectacular views from the open decks.

Lemala Kuria Hills Lodge is remotely located in the Wogakuria Hills of the Northern Serengeti; a scenic region characterized by grassy rolling hills, open woodland and tree-lined watercourses that attract wildlife year-round.



Hamerkop House by Lemala is a beautiful private house perfect for couples, families or small groups travelling together. Each of the three bedrooms includes an ensuite, private veranda, and lounge, and can be booked for private exclusive use or shared. Guests can stay on a bed and breakfast, half-board, full-board, or all-inclusive basis.

Hamerkop House by Lemala is located in the private Kilimanjaro Golf and Wildlife Estate, situated halfway between Kilimanjaro International Airport and Arusha, offering a great place to start or finish your Northern Tanzania safari.

## Lemala Tented Camps

Our semi-permanent and mobile tented camps offer generously sized ensuite tents with outside decks and comfortable communal lounge and dining areas. The perfect accommodation to relax in after a day of game-viewing.



Lemala Mara and Lemala Ndutu offer one authentic mobile tented camp, but in two locations, moving north and south with the seasons. Both camps are set up in sublime locations, offering a high-quality safari experience and ringside seats to the spectacle of the magnificent wildebeest migration year-round.

The nine-tented Lemala Ndutu is in the Ndutu region of the Ngorongoro Conservation Area near the border of the Southern Serengeti; one of the finest locations in Ndutu to see the migration between December and March. While Lemala Mara's 12 tents are set up under large Euclea trees in the heart of the best game viewing area of the Northern Serengeti between June and October.



Lemala Ngorongoro is intimately set in a delightful ancient acacia forest close to the rim of the magnificent Ngorongoro Crater. The property's nine spacious tents are positioned carefully to provide privacy and with minimal impact on the pristine forest environment. Easy access to the crater floor enhances your chances of those unique early morning and late afternoon wildlife experiences. In the evening, guests gather around the campfire to exchange tales of the day's safari.



Lemala Ewanjan is an authentic, intimate tented camp set in a secluded part of the Seronera Valley in Central Serengeti. The Seronera region is an important wildlife transition zone between the southern grasslands and the northern woodlands and is renowned for its year-round game viewing.

The 12 ensuite tents are spacious and comfortable. The private outside decks offer uninterrupted views across the plains during the day and stunning sunsets with no electric lights in sight.

## 2.0 MARKET ANALYSIS

In Tanzania currently, there is an increasing demand for better accommodation facilities that cater for tourist visiting various parts of the country. That demand is much higher where most of the tourists prefer to visit in Tanzania, especially in the northern parks. Demand for high quality accommodation is very high in these tourist destinations, especially during the high and peak seasons. During these times, most of the high end accommodation facilities in these locations are fully booked well in advance.

The following sections provide data showing tourism growth both globally and locally.

### 2.1 Global tourism developments

In 2023, international tourism rebounded to 88 percent of pre-pandemic levels, reaching 1.3 billion arrivals, as reported by UNWTO World Tourism Barometer (January 2024). The year was marked by ongoing recovery from the COVID-19 pandemic, with a focus on

sustainability, technological advancements, and efforts to diversify destinations.

#### Tourism developments in Tanzania

In 2023, tourist arrivals to Tanzania increased by 24.3% to a record-breaking 1,808,205, from 1,454,920 tourists in 2022, 922,692 in 2021, and 616,491 in 2020. Tanzania's tourism receipts reached a record-high USD 3,368.7 million in 2023, compared to USD 2,527.8 million in 2022 (USD 1,310.3 million in 2021). This increase is consistent with the rise in the number of tourist arrivals. In 2020, revenues were down to USD 1 billion as it was severely affected by the Covid-19 pandemic and its impact on international travel, from a peak of USD 2.6 billion in revenues and 1.5 million arrivals in 2019. The sector's contribution to GDP fell from 10.6% in 2019 to 5.3% in 2020 and climbed to 5.7% in 2021. However, given the ongoing fast recovery of the sector, the Tanzania National Business Council (TNBC) forecast that the share of tourism in the country's GDP will reach 19.5% in 2025/26. Europe traditionally accounts for the largest share of arrivals, followed by Asia and the Pacific, the Americas, Africa, and the Middle East. Tanzania's hotel occupancy rate was estimated at 53.8% in December 2019 compared to 44.9% in December 2018. The increase in tourist arrivals in 2023 was attributed to the rebound of travel activity post-COVID. Additionally, it was driven by the continued efforts of the Tanzanian government to promote tourism attractions within and outside the country. "The Royal Tour" Documentary. In April 2022 Tanzania's President Samia Suluhu Hassan unveiled the "The Royal Tour" documentary while promoting FDIs during her official visit to the US. Filmed throughout Tanzania in 2021.

#### Source Markets

In 2022, the United States of America recorded the highest number of 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). Meanwhile, arrivals from Africa were from Kenya (166,324) Burundi (100,851), Zambia (46,787), Malawi (44,438) and Rwanda (44,288). Tourist arrivals from the top 10 countries out of 214 account for 53.2% of all arrivals.

#### Tanzania Tourism Growth Trends

Tanzania's tourism sector experienced significant rebound, reflected by increased tourist arrivals and per capita spending. In 2023, tourism earnings in the United Republic of Tanzania surged by 33.5 percent to USD 3,373.8 million from USD 2,527.8 million in 2022. Correspondingly, international arrivals rose by 24.3 percent to 1,808,205. According to the survey conducted by the Tanzania National Bureau of Statistics; The Bank of Tanzania and under the Ministry of Ministry of Natural Resources and Tourism, Tourism earnings in the United Republic of Tanzania increased by 33.5 percent to USD 3,373.7 million in 2023 from USD 2,527.8 million in 2022, driven by a 24.3 percent increase in the number of international arrivals to 1,808,205 in 2023 from 1,454,920 recorded in 2022.

A significant proportion of visitors to Tanzania arrived under package tour arrangements, with the majority originating from the United States of America, Italy, and Spain. The majority of visitors to Tanzania were first-timers, mainly from Spain, France, Canada and the United States.

Visitors from long-haul source market such as the United States of America, Italy and Germany mostly came to Tanzania for leisure and holidays. A significant proportion of visitors to Tanzania arrived under package tour arrangements, with the majority originating from the United States of America, Italy, and Spain.

The UNWTO (United Nations World Tourism Organization) report indicated that an estimated 285 million tourists travelled internationally in the first three months of 2024, about 20% more than in the same period of 2023. Africa welcomed 5% more arrivals in the first quarter of 2024 than in first quarter 2019, while the Americas practically reached pre-pandemic numbers (99%).

The UN Tourism Confidence Index of January 2024 shows positive prospects for the period May-August 2024. This is the case despite the fact that economic and geopolitical headwinds continue to pose significant challenges to the complete recovery of international tourism and confidence levels.

## 2.2 Market Size and Trends in Tanzania

The Tanzania Bureau of statistics report of the year 2023 shows that from January to August 2023, international arrivals increased to 1,131,286 compared to visitors 900,182 who entered the country during the corresponding period in 2022. This is an increase of 231,104 visitors equivalent to 25.7%. Within this period, majority of arrivals came from United States of America with 84,541 visitors, followed by France (72,009), Germany (57,798), United Kingdom (51,505) and Italy (51,056). Meanwhile, for the month of August 2023, majority of arrivals came from Italy (14,986), United States of America (14,416), France (11,997), United Kingdom (9,852) and Germany (9,161).

## 2.3 The Proposed Investments Market Size and Trend

The NCA (Ngorongoro Conservation Area) is Tanzania's leading tourist destination, accounting for more than half of the country's visitors. The NCA attributes the increase in visitors to the Hon President Samia's efforts after COVID-19 and the Tanzania and The Royal Tour film campaign.

The Ngorongoro Conservation Area (NCA) in Tanzania has seen a surge in tourism in recent years, with record numbers of visitors and revenue. In 2022/23, the NCA received 752,232 visitors, the highest number ever recorded. In the first half of 2023/24, the NCA saw 534,065 visitors, a 10% increase from the same period in the previous fiscal year.

The NCA earned Sh176 billion in revenue during the 2022/23 fiscal year, also a record. The NCA expects to generate Sh260 billion in revenue by 2025. The NCA's tourism industry has recovered quickly after being severely impacted by COVID-19 in 2020/21.

## 3.0 WIC LTD MARKETING AND SALES STRATEGY

In Tanzania currently, majority of tourists still come from famous source markets like the North America and Europe. Recently, the tourism industry in Tanzania has been experiencing an increase in tourist arrivals from emerging economies in Eastern Europe, South America and Asia countries, especially from Russia, China and India.

The primary market penetration strategy is to utilise Grumeti Expedition's existing marketing and sales mechanisms established with partners. The most successful lodge operators are those who have supported the traditional chain, travel agents, operators and wholesalers in-and outbound. Visually enticing brochures will be produced to showcase the product to our existing client base via existing distribution channels and to the broader market via mail-shot, the Internet and at local, regional and international trade shows.

The Ngorongoro Crater is a global tourism icon and developments in the area attract considerable interest from both the trade and public in general. Grumeti Expeditions and its partners will engage with appropriate media to disseminate information on its development plans, progress toward conclusion, its contributions to the tourism and local economies, as well as the brand proposition to be offered.

This will be achieved through publication of advertorial and documentary material on television, news networks, magazines and books, locally, regionally and globally, directed at the primary target markets.

In addition to these marketing strategies, the Company will be attending high-end shows in different parts of the world.

Grumeti Expeditions and its partners have a real opportunity to promote the natural attributes and resources in NCAA via sustainable tourism practice for the benefit of international and domestic travellers and, in due course, to facilitate the achievement of NCAA objectives.

Grumeti Expeditions and its partners believes in:

- Balance and harmony with the natural environment
- Reinvesting in the land, the fauna and the surrounding communities
- Leaving a minimal footprint ecologically
- Being guest-focused
- Providing investors with meaningful return; and
- Empowering its people to live its values.

It is the Company's goal to become one of Africa's leading hospitality groups. In pursuit of this ideal, it plans to offer a range of sustainable eco-tourism destinations and products in Tanzania and the region as a whole. This will bring benefits to the land, the fauna and the community, while delivering an acceptable return on investment to the shareholders.

All camps/lodges will be branded according to their historical and specific situation, special environmental features and recognised regional names. All sites have specific attractors that give them their "sense of place". The environment, regional setting and specific guest activities will be utilised to present a brand with a simple, succinct and clear image. In a heavily penetrated market, the brand will deliver a unique, contemporary African flavour that is proud of its heritage and roots.

#### DISTRIBUTION CHANNELS

Marketing of the product will largely follow a traditional customer relations management (CRM) strategy anchored to the existing capacity of the companies. The identification and implementation of key differentiators largely centred on site, activities, service and hospitality will support this initiative.

#### TARGET MARKETS

With existing offices and representation in South Africa, the United Kingdom, the USA, Australia, China and India, these markets will be the primary targets. The company is currently focusing on generating greater volumes from Europe and other emerging countries. Prospective guests at our camps and lodges will be discerning, informed, socially and environmentally aware, middle-to upper-income individuals or families, looking for an exciting, educational and spiritual (cultural) experience offering value for money.

#### DEMAND

The increasing demand for Tanzania as a destination follows a lull in the late 1990s and it is understood that Africa in general is attracting increased interest, particularly as access, facilities and service levels improve.

Concern over security and health issues, however, remain significant potential constraints to travel in Africa in general.

With sustained political stability and recognised emphasis on tourism as a key growth industry in Tanzania, this is not seen as a potential to the successful promotion of the proposed permanent lodge.

#### COMPETITION

Competition in the region is high, with a range of product differentiated by price and service offering. Competition in the immediate area, however, is not high due to limited or no permanent lodge development in the past.

There are a number lodges and camps established in the broader area. Current operators offer arrange of accommodation, from

- In excess of \$ 1 000.00 per person per night (Grumeti Reserves and & Beyond) to
- As low as \$ 195.00 per person per night (Lobo Wildlife Lodge).

A number of operators occupy camp sites on a seasonal basis. Some of these operators target similar markets. However, these are not seen as direct competition due to the low bed numbers accommodated, as well as the seasonal and niche markets they serve. In considering the above, the Company is confident that the number of beds and rates proposed for this development place our operation in a select niche, accommodating the upper middle segment of the available market, with little or no current or predicted future competition.

## PRICING

From experience out of operating in the market, the historic structures in this price-driven market will be used. Most operators follow the same basic seasonal variation in rates.

Seasons are generally defined as follows:

- Low season: April and May.
- High-season: June, September, November, January and March.
- Peak season: July, August, October, December and February

## NICHE FOCUS

The global trend in the four to five-star plus markets is moving away from consumerism, actively seeking personalised service, differentiation and some innovation and exclusivity.

As global, social and environmental consciousness increases with social media as the major platform for dispersal of information, a well informed and more vigilant traveller is emerging. Currently, travellers generally have huge variety and choice when selecting safari options. The trend is that of travellers with the means to afford an “African safari” are looking increasingly for “value for money” in their choices.

The prospective guest at our camps and lodges will be discerning, informed, socially and environmentally aware middle-to upper-income individuals or families from the USA, the UK or Europe. These guests seek exciting, educational and spiritual (cultural) and interactive experiences offering them the best value for their money.

Grumeti Expeditions believes a niche exists to offer a service-orientated and upper-market, hospitality-based accommodation option at competitive rates. This is due to the limited guest numbers (40) of the proposed permanent camp, a value-for-money proposition, environmentally sound development and operation of a remarkable wilderness-orientated experience with strong scenic value.

## TIMELINE

With a full-season contracting and construction period available for product launch and its inclusion into tour programmes, plus the vast existing market penetration established within Grumeti Expeditions and its trade partners, we anticipate achieving profitability by year three.

## 4.0 TYPE OF DEVELOPMENT

This proposal is driven by Grumeti Expedition’s vision to provide accommodation and operational facilities that make the NCA Ngorongoro Crater experience possible in the most efficient, hospitable, informative, safe in an exciting way, without detracting from the “sense of place” afforded by this outstanding location.

The primary focus is on fulfilling guest expectations and providing the anticipated levels of entertainment, hospitality and service, while showcasing the region. This process starts from the moment the visit or tour is initiated.

The Company believes that understanding the true diversity of the region can only be achieved by visiting a range of destinations, each offering a significantly different perspective. Its vision in establishing a circuit in Tanzania would contribute to a holistic regional experience. In association with local operators, our strategy is to develop a “green” camp and eco-lodge portfolio that offers environmental (site-and region-specific) differentiation and diversity of guest activities.

It aims to provide a package that will be attractive to the upper-income, special-interest, local and international markets. The unique qualities of each site and the site-specific activities in the circuit would encourage extended length of stay (enhanced gross revenue) by providing a more diverse and comprehensive visitor experience.

An established circuit would seamlessly facilitate the varied activities, enabling the region to claim a broader market share, greater exposure and the potential for improved revenue distribution. Our objective is therefore to work towards the establishment of such a circuit under one operational standard; we believe confidence is created in support of a “parent” brand with a unique range of product and activities representative of the whole region.

This lodge development will comprise facilities in support of the establishment and operation of a permanent lodge, and is within the approved limits of acceptable use. By limiting the number of accommodation suites to 20, we have defined an accommodation product which supports individualised service delivery, with very high levels of hospitality and wilderness appeal.

Grumeti Expeditions is committed to making a visit to the magnificent Ngorongoro Crater an unforgettable and stimulating experience. To facilitate this, we plan to design and provide accommodation and operations that are efficient, hospitable, informative, safe and exciting. This type of operation is in keeping with our strategy of low-impact, high-value development across the group. We envisage service levels in line with those expected by the upper end of the international and domestic tourism market. Boutique lodges worldwide have moved away from commoditisation and towards innovative, personalized and flexible service delivery strategies.

Such flexibility removes pressure from supporting tour operators to adhere to a strict timetable, thereby enhancing the guest experience.

The remote location of the site, as well as the available array of diversions and excursion options, suggest an operating and service style that is ostensibly unstructured and relaxing

#### LUXURY ACCOMMODATION SUITES

Facilities will consist of 20 accommodation units of two beds each, totalling 40 guest beds. All units will be ensuite. Two units will be linked to create a “Family room”

The private bathroom and water closet comprised large indoor shower and bath and one hand basin on a vanity top. The bedroom area, accommodating two double beds or one king-size bed, combines with a lounge area opening onto a modest private deck. Each unit is specifically positioned according to natural features on site and orientated to afford maximum privacy and extensive private views of the surrounding environment.

Accommodation is accessed from the central communal facilities by a raised walkway to endure minimal damage to the ground and lowering erosion potential. All pathways are set out to afford appropriate visibility of the immediate surroundings in order to avoid potentially dangerous game, while respecting the visual opportunities and privacy of each accommodation unit. Guests will be escorted to and from their rooms at night, or in the event of potentially dangerous game being nearby.

#### COMMUNAL GUEST AREAS

The communal guest areas will be centrally sited for the best possible views of the surrounding landscape. The guest areas will consist of a welcoming arrival lounge, general and breakaway lounge areas, a bar lounge, dining areas, incorporated into this will be a reception area, boutique, library and guest ablutions. Kitchen and administration facilities will be designed to be appropriately removed from the guest experience

#### ADMINISTRATIVE AND BACK OF HOUSE FACILITIES

All administrative and back-of-house facilities will be specifically located in a dedicated and separated village/yard distant from the guest areas. The office will be closer to the main area but positioned behind and away from line on sight. Back of house facilities will consist of bulk stores, scullery, laundry, staff toilets, generator room, fuel and battery store, gas store,

undercover vehicle parking, workshop, water and waste facilities, workshops, staff and driver/guide accommodation and other service infrastructure.

## ARCHITECTURAL CHARACTER

Key to the success of the architecture of this permanent lodge is the careful integration and identification with the qualities and constraints of the site, in order to extract and maximise available qualities, while minimally impacting on its resources. The natural beauty of the landscape and its inhabitants are envisaged as the focus. The architecture follows this principle and is a series of lightweight structures outfitted over a frame with a composite wooden deck boarded with balustrades. The guest units have been specifically designed for a unique look.

Large aluminium sliding doors and windows couple the architecture with the landscape, but also permit closure comfort in response to specific weather conditions or personal requirements.

Main areas are linked with covered walkway designed from a mixture of wood and glass. The extensive use of glass will allow for the beauty of the natural environment to be seen and admired while keeping the guests safe from inclement weather.

## SENSITIVITY TO THE ENVIRONMENT

All contracts will accommodate the provisions and requirements of any EIA (Environmental Impact Assessment) and the rules and regulations in force by the NCA authorities and landlords (lease agreement). An EIA has been undertaken and approved by the NCA, based on which, a lease agreement has been granted to the Company.

Sensitivity to the environment is a core conceptual driver of the design, and border of animal and man has been carefully considered. The placement of the building elements has been conducted as if viewed through the eyes of “human animal” seeking the optimum place that will provide refuge and opportunity- but not at the expense of the primary inhabitants.

Lemala properties pride itself on the fact that withing 6 months of opening, all their camps have had a full return of wildlife into the camp surrounds. Natural animal activity within the camp is encouraged.

Cutting edge state of the art solar technology with back up noise proofed generators for power. 80% of the camps annual power usage will be provided by solar power so the noise impact on the environment is minimal. Top of the line water treatment plant with reverse osmosis machine provide the best drinking water possible with no need to introduce any plastic bottles of water into our lodges, again minimising the human factor impact on the environment.

Solid refuse is safely stored away from any animals and is removed weekly by supply trucks. Liquid wastes are dealt with by using the appropriately designed water and soakaway pits.

## CONSTRUCTION PHASE DESCRIPTION

### CONTRACTUAL ISSUES

The project will be overseen by local and registered professional draftsmen, engineers and other specialists, as may be required. A principal contractor will be contracted under standard terms to undertake the works. Sub-contracts will be selected by the professional team and will fall under the principal contract, wherever possible.

### PROGRAMME AND PROCESS

All required works will be managed by time, sequence and critical path programming by the project manager. To limit the construction phase and associated impact, full project preparation will be concluded prior to site establishment and commencement of works. The shortest possible construction period will be planned to minimise environmental impact and the cost of unfulfilled revenue potential.

Comprehensive and thorough planning prior to the commencement of works will ensure that the project proceeds according to a strict time schedule. As is normal with such projects, it is

anticipated that the time to conclude the EIA process, and the comprehensive nature of the bid process information already assembled, will ensure a fully prepared and achievable project programme prior to the commencement of construction works.

From conclusion of agreement after EIA approval, subject to favourable conditions for construction, it is anticipated that 12-month period for build, fit out programme. This is broken down as follows:

Activity	Expected Duration in months
Contracting EIA and Design - conducted	7
Site establishment and services installation and construction phase	11
Operational equipment and furnishing	2
Soft opening and final completion	1

#### MITIGATION OF ENVIRONMENTAL IMPACT

Grumeti Expeditions is sensitive to the global significance of the Ngorongoro Crater and NCAA areas. It acknowledges that all development is bound by the provisions of the Environmental Management Act (EMA) of 2004. As a Type a project, we are committed to following due process for the issue of an EIA Certificate prior commencement of development works as per this

Project Proposal.

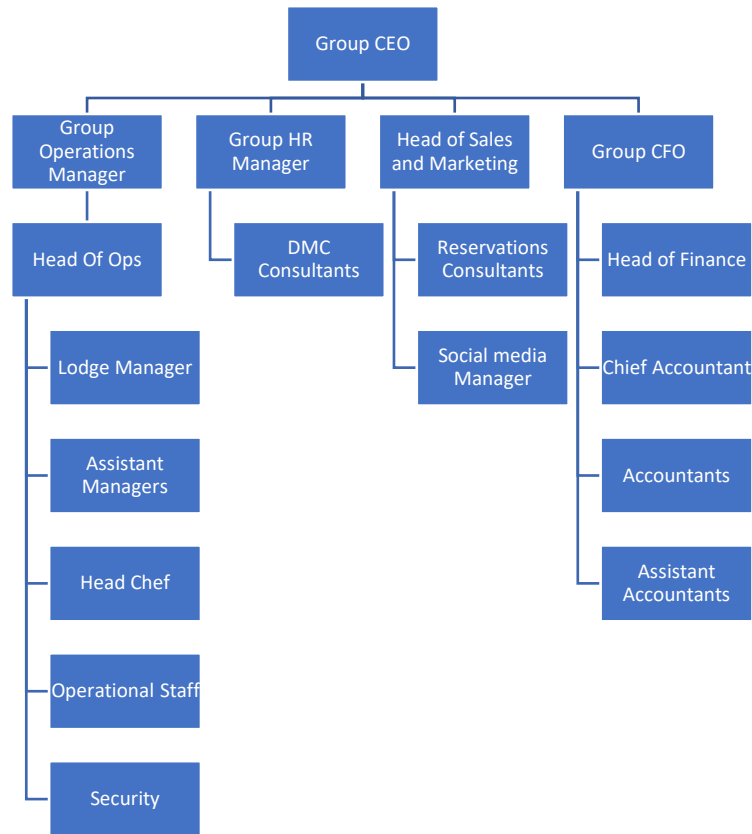
In evaluating this proposal, design, development and operational issues have been considered with appropriate attention to environmental impact and, wherever possible, mitigation measures have been applied. This philosophy aligns with the global principles of environmentally sensitive development and the establishment of a true “eco-camp/lodge”

We have therefore given due consideration to, inter alia:

- National policies and laws that promote the development of improved infrastructure for tourism.
- Establishing the potential for increased employment.
- The potential to improve lifestyles, particularly those of local communities.
- Real benefits to the community, the local and the national economy in terms of revenue and the multiplier effect of the permanent lodge development to other economic sectors.
- Compatibility with the NCAA General Management Plan (GMP) and policies on the location of the lodges and camps.
- Compatibility with international conventions.
- Limiting excessive run-off and soil erosion and rehabilitation of any existing impacts, particularly relating to access roads and to the construction phase.

#### PROJECT ORGANISATION CHART

The Project expects to create 60 direct jobs as per the organigram. The Company has an in-house training and promotion program and will make full use of this facility to employ, train and groom competent staff to manage its Lodge operations.



**5.0 FINANCIAL PROJECTIONS:**

**Factors considered in the financial projection**

Cash flow projects for the proposed investment are based on several assumptions that take into consideration local and global events. Different factors were also considered in line with existing government investment and financial policies, laws and regulations. More specific assumptions are included in detailed cash flow projection at the end of annex III.

**Financial Benefits to the Government, NCAA and Employees**

Detailed projections for the proposed project incomes and expenditure are attached. Results of the financial projection demonstrate how implementation of the proposed project will create a significant amount of social economic benefits. Major beneficiaries throughout the operational phase of the proposed project will be the NCAA; the Government of the United Republic of Tanzania by way of taxes, the shareholders and Tanzanians who would be employed by the Company.

Financial projections for a period of 5 years indicate that: direct economic benefits to the government that to be paid as corporate tax will be USD 2,285,082.00. Another government benefit will be USD 1,499,064.00 that NCAA will receive as concession fees.

Five years of financial projection for the proposed facilities indicate the benefits would be as indicate in table 3

The schedule below details the breakdown of proposed project investment in construction of a permanent camp:

IN US\$

Category	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Total Investment
Buildings	5,046,546			500,000.00			5,546,546.00
Equipment	538,568						538,568.00
Project Development Costs	176,311						176,311.00
Motor Vehicles	393,701			300,000.00			693,701.00
F & F	1,804,579						1,804,579.00
Computer Equipment and Networking	40,295						40,295.00
Working Capital	100,000.00						100,000.00
<b>ANNUAL INVESTMENT</b>	<b>8,100,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>800,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8,900,000.00</b>

### PROJECTED PROFIT & LOSS STATEMENT

Category	Year 1	Year 2	Year 3	Year 4	Year 5
Accommodation Income	2,789,035	4,012,063	4,633,933	5,352,192	6,181,782
Concession Fees	230,400	273,360	300,696	330,766	363,842
Variable operating costs	557,807	802,413	926,787	1,070,438	1,236,356
Gross Margin	2,000,828	2,936,290	3,406,450	3,950,988	4,581,584
Land Rent cost	50,000	54,000	58,320	62,986	68,024
Salaries	212,962	229,999	248,398	268,270	289,732
Fixed operating expenses	471,569	509,294	550,038	594,041	641,564
EBTDA	1,266,297	2,142,997	2,549,694	3,025,691	3,582,264
Depreciation	960,000	960,000	1,010,000	1,010,000	1,010,000
Profit before Tax	306,297	1,182,997	1,539,694	2,015,691	2,572,264
Taxation	91,889	354,899	461,908	604,707	771,679
Profit after Tax	214,408	828,098	1,077,786	1,410,984	1,800,585
Cash Generation	1,174,408	1,788,098	2,087,786	2,420,984	2,810,585

### PROJECTED BALANCE SHEET

Category	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Buildings and other Fixed Assets	8,000,000	7,040,000	6,080,000	5,570,000	4,560,000	3,550,000
Current Assets	100,000	387,430	1,025,086	983,900	1,955,000	3,191,570
Receivables		229,236	329,759	380,871	439,906	508,092
Inventories		45,847	65,952	76,174	87,981	101,618
Cash and Bank	100,000	112,347	629,375	526,855	1,427,113	2,581,860
Current Liabilities	-	275,083	395,711	157,045	227,887	309,710
Trade Payables		275,083	395,711	157,045	227,887	309,710
Total Assets	8,100,000	7,152,347	6,709,375	6,396,855	6,287,113	6,431,860
Shareholders' Equity	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Bank Loans	7,000,000	5,837,939	4,566,869	3,176,563	1,655,838	-
Retained Income		214,408	1,042,506	2,120,292	3,531,275	5,331,860
Total Shareholders' Interests	8,100,000	7,152,347	6,709,375	6,396,855	6,287,113	6,431,860
Total Equity	8,100,000	7,152,347	6,709,375	6,396,855	6,287,113	6,431,860

## PROJECTED CASH FLOW STATEMENT

Category	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Flow Statements						
Balance	-	100,000	112,347	629,375	526,855	1,427,113
INFLOW:						
Owners' Equity	1,100,000					
Bank Loan	7,000,000					
Cash generation		1,174,408	1,788,098	2,087,786	2,420,984	2,810,585
TOTAL INFLOW	8,100,000	1,274,408	1,900,445	2,717,160	2,947,839	4,237,698
OUTFLOW:						
Loan Repayment		1,162,061	1,271,070	1,390,305	1,520,726	1,655,838
Capex	8,000,000	-	-	800,000	-	-
TOTAL OUTFLOW	8,000,000	1,162,061	1,271,070	2,190,305	1,520,726	1,655,838
Balance	100,000	112,347	629,375	526,855	1,427,113	2,581,860

## FINANCIAL FEASIBILITY AND RETURN ON INVESTMENT

Building costs have been estimated on the basis of discussions and research into current building costs and rates in consultation with a Tanzania building contractor. A combination of square metre costs and per-bed development costs has been applied.

Grumeti Expeditions, through its development team, has extensive lodge and camp development experience in east and southern Africa. In conjunction with specialist concept architects, recent similar project costs have been analysed and compared with the costs contained in this document. This "reasonability test" has been generally applied and specifically utilised to provide costs of furniture, fittings and operational equipment of a commensurate standard.

Grumeti Expeditions have established investment criteria based on what the organisation considers being acceptable internal rates of return calculated on a cash flow basis. From year one, occupancy increases incrementally to an annual average of 48% achieved in year five. Net rates increase at 8% per annum.

Operating costs and expenses have been calculated on the basis of current similar operations assuming operating style and service levels.

The development costs and revenue potential in our financial model makes allowance for the further promotional discounts and escalations in rates and costs. We have also provided for a further investment of USD 500 000.00 in year three in order to cover capital improvements and refurbishment.

Based on our cash flow exercise, an internal rate of return of 27,0% is achieved over the initial 12-year term of the lease. It further indicates the potential for profitability within the initial three years of operation.

Whilst returns indicated in the first 12 years are not seen as hugely rewarding, we have confidence in a long-term investment in NCAA and predict significantly better returns in the medium- to longer term. We have confidence in the capacity of our well established global, regional and local marketing and sales capacity to generate increasing occupancies as the region and product offering matures.

## SOCIAL ECONOMICAL ISSUES

Investment into the hospitality sector in the economy provides a safety net and assurance of financial and employment support to benefactor communities. The investment will generate stable flow of income for a long-periods thus supporting the government in creation of employment opportunities. The project is expected to generate 98% direct local jobs and impact over 60 businesses directly through supply chains.

The project will also offer a sense of community engagement as the benefactors also contribute to the growth of the nation and pay taxes as a result of the investment. In its

optimal performance the investments will lender significant annual financial support to local economy to its maturity.

The project will offer o multiple opportunities to the tourism sector and the overall national economy. Harnessing the potentials of the opportunity is key to the development of the Tanzania's tourism sector in the drive to meet visions set by Her Excellency President Samia Suluhu Hassan – Royal Tour initiative and the 5 million tourists target set to be accomplished by 2025.

## RISK MANAGEMENT AND MITIGATION RISK

Different risks are likely to face the proposed Project. However, necessary precautions to alleviate or minimize them will be taken into account during project management and in the operational plan. This plan focuses on the relevant risks management.

### Risk/costs Assessment and Mitigation Strategies

Grumeti Expeditions shall ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures.

### Risks and Uncertainties

Grumeti Expeditions Tz Ltd anticipate facing various risk factors, both internal and external, which could have a material impact on short and long-term performance.

The following are key risks and uncertainties that are faced by the Company:

#### Customer Demand

Spending on tourism is perceived by many people as a lower priority in life choices and therefore it is price sensitive. Moreover, the tourism sector around the world is competitive. The Company serves customers from different countries around the world including Western Europe, North America Asia. This risk has increased because of impact of Covid-19's global impact on economies and movement of people.

This risk is expected to be managed by providing high quality innovative travel products and value-added services, reduction in reliance of traditional markets such as US and diversifying it to Eastern Europe, Asia (specifically Hongkong), Latin America

#### Inflation Risk

There is a potential risk that inflation might raise at higher rates than projected. This may increase the project costs and reduce the capital capacity. Currently the government has undertaken adequate steps to keep inflation below 5 percent. The projections in this study have incorporate inflation adjustments based on the current trends.

#### Political Risks

The government may from time-to-time issue new directives which may impact operations. However, this risk is strongly addressed by the government long-term vision of involving private sector to own and operate commercial projects.

### Liquidity risk

The tourism sector is seasonal business with majority of revenue earned from the high season months. However, there is a constant need of cash for funding daily recurring administrative expenses such as salaries and site maintenance as well as advance payment to key suppliers. There is a risk that if the Company does not carefully manage its cash flows during the low season, it will impact its ability to settle the liabilities as they fall due. This can also jeopardize the Company's reputation among its employees, customers and suppliers. The Company manages this risk by performing periodic review on availability of cash to ensure it remains solvent throughout the year or secure funding from banks or shareholders.

### Mitigation Measures

The following mitigation measures will be taken to address existing and potential tourism risks.

#### Focusing on diverse market and extensive marketing strategy

Grumeti Expeditions, through its existing marketing set-up, targets a wide market, which covers all continents. The company's marketing strategy also involves using different marketing strategies and tools. Another strategy involves collaborating with key stakeholders in the tourism industry both locally and internationally.

#### Offering A unique Tourism Product

The Company targets high paying-clients/high-net-worth-individuals from different parts of the world. This is a very useful strategy because in cases of major economic down fall like in the 2007-2009, it is still possible to get enough customers.

### CONCLUSION AND RECOMMENDATIONS

When compared, long-term costs and benefits of implementing this project, the benefits outweigh the costs in many different ways. Experience has shown that construction of permanent facilities in national parks has some adverse impacts. However, when the adverse impacts are properly mitigated, benefits of constructing permanent accommodation facilities for visitors within the park outweigh the environmental costs. This is because presence of permanent facility in the parks contributes in deterring poaching activities within the park. Besides that, these facilities generate a very significant amount of revenue that is used to enhance protection of the park resources. These facilities are also a very important source of revenue to the government. They also contribute in creating employment both directly and indirectly. This is reflected in the direct financial benefits that the government and NCAA will get if the project is implemented, as indicated in previous sections.

In view of the above stated facts, the establishment of a high-end tented camp within the designated site in the NCAA is environmentally, financially and socially valuable and it should be duly supported.