

PANGANI YACHT CLUB LIMITED

FEASIBILITY STUDY

FOR

THE ESTABLISHMENT OF WATER SPORTS ACTIVITIES

IN

PANGANI, TANGA

**SPONSORS:
PANGANI YACHT CLUB LIMITED
P.O. Box109
Tanga**

1.0 EXECUTIVE SUMMARY

1.1 INTRODUCTION

This study examines the viability of establishing Water Sports facility at the Pangani River Delta in the Pangani district in the Tanga region. The project's promoters intend to operate a water sport facility and renovate the river waterfront located on the Pangani River, preserving and enhancing the natural beauty of the coastal area and creating unique spaces that could offer aesthetic appeal and functional benefits for visitors and the local community. The intended project location is still a virgin land with few activities.

1.2 THE PROJECT

Due to the huge potential for boating and other water sports-related activities and the unique features and attractive surroundings offered by the Pangani River, promoters intend to establish a water sports activities for various tourists from outside and inside the country. The project's main activities will be:

- To establish enhanced amenities aiming to create enjoyable and comfortable areas for visitors including bars, restaurants, children's playgrounds, and piers for mooring boats along the river banks.
- To carry river and ocean safaris to Zanzibar and other islands.
- To rent off sailing boats, powered boats, solar-powered boats, and houseboats;
- To carry Safari's expedition to the nearby Saadani National Park and other destinations.
- To carry River boating parties.

1.3 PROJECT BACKGROUND INFORMATION

Pangani Yacht Club Limited is a private limited liability company registered and incorporated under Companies Ordinance 2002) of the laws of the United Republic of Tanzania and was issued with a Certificate of Registration No. 170079191 of 15th November 2024. The initial authorized share capital of the Company is Tshs. 10 million divided into 1000 Shares of Tshs. One Thousand (10,000) each. The shareholders and their percentage holding are as hereunder:

	Name	Nationality	No. Of Share	% Shareholding
1.	Francesco Dal Zennaro	Italian	450	45%
2.	Francesco Aiello	Italian	450	45%
3.	Fadhil Ramadhani Kingu	Tanzanian	100	10%

The promoters are prominent businessmen and are well-known experienced entrepreneurs successfully operating in various businesses as follows:

- i) **Francesco Dal Zennaro** is the Current CEO of TAUR Tanzania Limited and Happy Mole Mining LTD. He has been residing in Tanzania since 2011. He has a family background in boat construction and shipyard since early 1900 in the city of Venice-Italy.
- ii) Captain **Francesco Aiello** is an Italian citizen and has vast experience not only on commercial ships but also and particularly in the tourism industry with high managerial skills and experience.
- iii) **Fadhil Ramadhan Kingu is** a Tanzanian citizen. He is an advocate of the High Court of Tanzania since November 2011 and Managing Partner at Quality Law Attorneys Practicing at his law firm; Quality Law Attorneys in Nzega, Tabora.

1.4 Investment Costs

The project cost is estimated at **USD663,000** which will be contributed by the sponsors:

ITEM	US \$
Fixed Assets	
Land and buildings	114,000
Machinery and Equipment	279,000
Vehicles	100,000
Furniture and Fittings	20,000
Pre-Operational expenses	50,000
Subtotal	563,000
Initial working capital	100,000
GRAND TOTAL	663,000

1.5 FINANCING PLAN

The promoters propose to finance the above investment costs in the following manner:

SOURCE	US \$
Equity	663,000
Total	663,000

1.6 PROJECT LOCATION AND INFRASTRUCTURE

The proposed project will be located at the coastal beaches of Pangani River on Pangani River Delta in Pangani district, Tanga region. The project will also lease a warehouse and the land of about square 140 square meters at Plot no 9, Lumumba Street, Pangani Tanga for the storage of boating equipment. The project will also seek permission from Pangani river basin to build a platform on river Pangani basin as an extension of Pangani Yacht club. The project will be developed as per drawings to be submitted in the near future.

1.7 The Market

Pangani Yacht Club intends to enhance amenities and creation of enjoyable and comfortable areas such as bars, restaurants, children's playgrounds, and piers for mooring boats along the river banks of the Pangani River. This will attract tourists visiting Tanzania, institutions, and individuals who will opt to view the wonders of River Pangani and its surrounding areas. The project will also attract both local and foreign water sports enthusiasts and tourists who will be interested in recreational activities like boat sailing, paddle boarding, windsurfing, water scooters, and fishing. With the help of a proper marketing program, it will certainly attract visitors from Tanzania and abroad. Other market segments that will be offered by the project as a package to tourists are visits to natural unspoiled habitats and its proximity to Saadani National Park and the Marine Park, with boat transfer to the islands of Zanzibar and Pemba. These areas offer a unique destination for tourism and sailors or water sports lovers.

1.8 COMPANY MANAGEMENT

The management of **Pangani Yacht Club Limited** is vested in a Board of Directors which is the policy-making and controlling authority. The day-to-day operations are vested in the hands of the Managing Director who is directly responsible to the Board. The managing director will be assisted by various directorates such as procurement, ICT, Marine operations, Personnel Manager, Transport Officer, Sales Supervisors, and Marine technical Managers. Given their long managerial experience and technical and business background, **Pangani Yacht Club Limited** shareholders possess the proven successful entrepreneurship to promote and rate such an undertaking.

1.9 ANTICIPATED ANNUAL TURNOVER / REVENUE:

Pangani Yacht Club Limited has to be cost-conscious to ensure the project will be profitable and also the services to be provided will meet the highest satisfaction and at acceptable quality levels. The company is projected to have an annual turnover of USD 0.300 million in year five.

1.10 PROJECTIONS

Projected Profit and Loss

The projected profit and Loss Accounts are shown in the appendices. Based on the operating assumptions and costs, with the diversification of its operations, the project will be profitable from year one to year ten

1.9 Projected cash flow

The liquidity performance is shown in the Appendices. These projections take into account the assumed sources and applications of funds over the planned period and show the ability of the company to meet financial commitments and capital expenditure requirements.

1.10 DEVELOPMENT AND SOCIAL IMPACT

The project has several impacts both in social economic and environmental terms;

- a) On completion the project is expected to alleviate the problem of inadequate services in the village of Pangani and the nearby locations.
- b) The project will strive to increase recreation points and perform its activities on a commercial and profitable basis to boost both promoters and National economy incomes.
- c) The project will stimulate agricultural activities within the surrounding area as the market for fresh food supplies including horticultural products i.e., fruits and vegetables.

d) The project will create employment opportunities and be able to supplement government efforts in eradicating or reducing poverty in the area.

(e)The project will preserve natural beauty while making necessary enhancements that align with its surroundings.

1.11 CONCLUSION

It is evident from the financial and economic analysis contained in this report that the proposed project is financially and economically viable. Referred to financial performance aspects, socio-economic aspects, technical aspects and market aspects i.e., high demand for a first-class water sports activity, the project is therefore highly recommended to be given a certificate of incentives for financing implementation with a minimum delay to realize the benefits out of this project i.e., to speed up the economic and social development of this project in Tanga in particular and the Country at large.

2.0 THE PROJECT

2.1 Introduction

The promoters of the project intend to establish water sports activities for tourists from outside and inside the country. River Pangani due to its unique features and attractive surroundings, has a huge potential for boating and other water sports-related activities that the project promoters intend to carry. The new project will be able to enhance the existing facilities, improve accessibility, and incorporate sustainable design elements to minimize the environmental impact.

2.2 Project Description

As part of the project, the following will be included but not limited to;

- a) recreational activities like boat sailing, paddle boarding, windsurfing, water scooter, fishing, and many others.
- b) boat assembling and construction with a new technology based on green energy where the boats will be solar-powered
- c) establishing enhanced amenities aiming to create enjoyable and comfortable areas for visitors including bars, restaurants, children's playgrounds, and piers for mooring boats along the river banks.
- d) carrying river and ocean safaris to Zanzibar and other islands.
- e) renting sailing boats, powered boats, solar-powered boats, houseboats, water scooters and other vessels. The boats to be used in the project will be assembled or built by the promoters.
- f) establishing a workshop for repairs and mooring of third parties' boats.
- g) fishing, spearfishing, snorkeling, canoeing, and other water sports-related activities.
- h) safaris expedition to the nearby Saadani National Park and other destinations.

- i) river boating parties.

2.3 Implementation Schedule

It is planned to implement the project over a maximum of five years period commencing by mid-June 2025. Since most of the items need to be imported and add value to them, then a six-month lead time has been provided for ordering the items. The other critical and determining factors for the timely completion of the project are fund mobilization, the granting of the TIC certificate for the project, and completion of tax exemption procedures, activities which are now expected to take a short time in the spirit to facilitate timely execution of development projects in Tanzania.

3.0 COMPANY PROFILE

3.0 The Company

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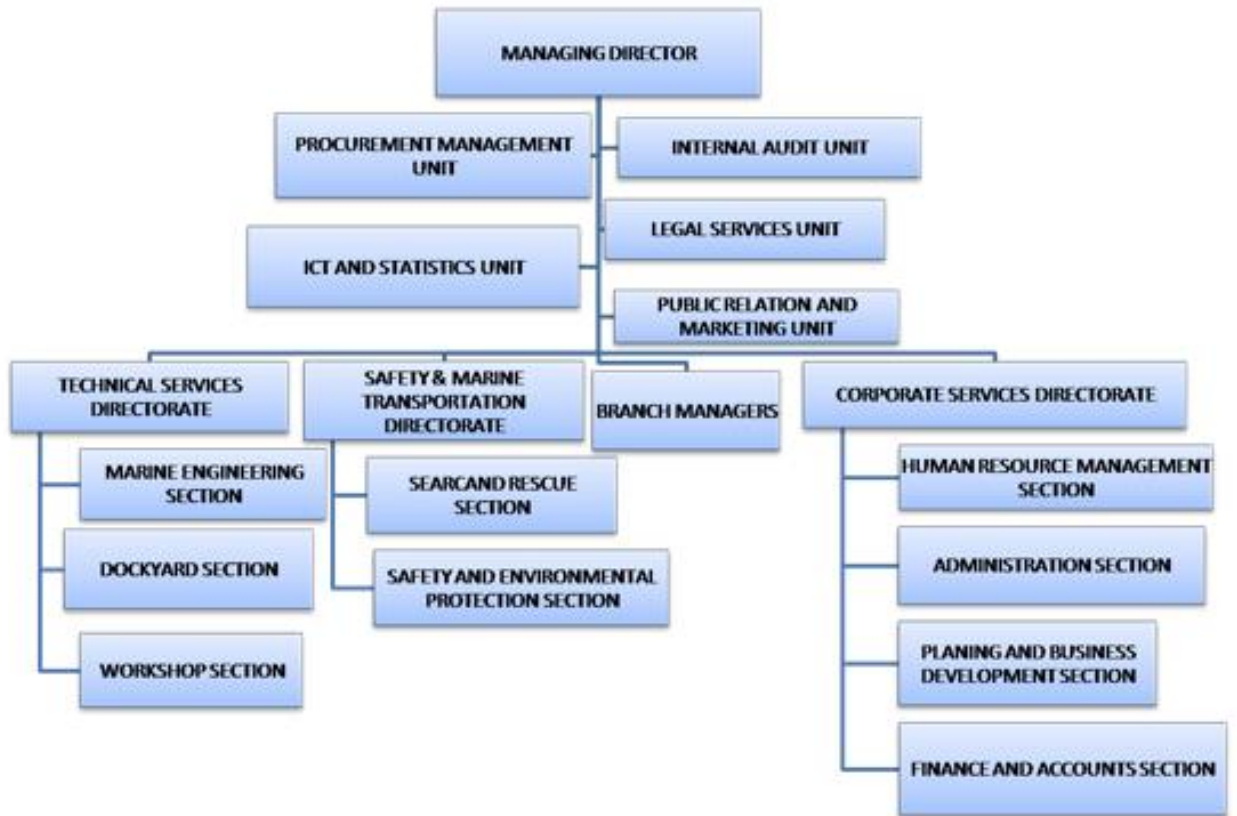
3.2. Management and Organization Structure

Being a private Company, **Pangani Yacht Club Limited** will be managed through a Board of Directors representing the shareholders. The Board appoints reputable and experienced Managing Director and technical personnel who are responsible for the day-to-day operations. The Chairman of the company is appointed by the Shareholders to chair board meetings and to ensure that the top management implements the Company policies as directed by the Board. The company will be managed by a professional management team headed by an experienced Managing Director with adequate experience in water sports and related activities and with an adequate track record in senior-level management.

Pangani Yacht Club Limited will employ about 54 people most of the technicians, boats builders, boat operators, and tour guides.

3.3 THE ORGANIZATION STRUCTURE

The organization structure of Pangani Yacht Club Limited will be as follows;



4.0 MARKET

4.1 BACKGROUND

The tourism sector is one of the thriving industries in Tanzania as well as a major contributor to the country's economy. This is because Tanzania welcomes a large number of visitors and tourists annually. Most of the tourism operating activities are based on well-known wildlife visits and historical sites. The type of tourism operating activity that this company will offer is going to be very unique and it has not been mostly practiced in Tanzania. While the private sector is participating in the expansion of tourism, the government is improving tourism infrastructure in the key destinations roads to the national parks and game reserves. Irrespective of these developments, there is still a severe shortage of other kinds of international tourism facilities such as water sports and canoeing for a significant number of tourists.

4.2 MARKET SEGMENT

The main market segment for **Pangani Yacht Club Limited** will comprise tourists, travel agencies, government departments, diplomatic and foreign missions accredited to Tanzania, companies, individuals as well as project promoters engaged in upcountry and remote areas for operations. Modernization and addition of tourist support projects in general attract potential demand and in particular, such unique tourism activities to be implemented by this project.

4.3 MARKET OPPORTUNITY

The probability for **Tourism projects** to grow in the near future has prompted investors to invest in water sports activities. The project will cater to both local and foreign water sports enthusiasts and tourists.

The facts that attracted the investors mostly are.

- Tanzania is a tourist destination and is among the best in the world. The country is blessed with wildlife resources and river deltas and basins that are considered among the finest attractions.
- The location chosen will offer a natural unspoiled habitat for many tourists and also its proximity to Saadani National Park and the Marine Park makes it a unique destination for tourism and sailors or water sports lovers.
- The project will be located approximately 50 km from the islands of Zanzibar and Pemba and hence will offer the possibility of shore and long boating excursions and sailing.
- Tourism is a growing Sector and at a fast pace hence becoming a leading contributor to the Tanzania economy.
- The number of international tourist arrivals in Tanzania has grown by 24.3% 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,
- By the end of August 2024, Tanzania had received 2,026,378 international tourists—the highest number ever recorded in the country—generating US\$ 3.5 billion in revenue. Tourism now contributes 17.2% to Tanzania's GDP and 29% to Zanzibar's GDP
- The existing peaceful environment and political stability in Tanzania offer a great opportunity for international tourists to visit the country, which has now become a major tourist destination
- The Company will provide excellent activities for divers and boat riders for tourists and water sports enthusiasts who have come a long way to see the prodigious variety of tourism sites including the one which the promoters intend to develop.

- The company will put a proper marketing program which will certainly attract visitors from Tanzania and abroad.

There is a need to include new types of tourism activities if the country is to send the bulk of the expected 2,026,378 visitors and more to tourism attraction destinations. It is for this emerging business opportunity that **Pangani Yacht Club Limited** is introducing a new type of tourism activity in Tanzania.

From the foregoing, it is evident that **Pangani Yacht Club Limited** will find a wide market potential to engage itself in such a wonderful tourism project which will include water-related activities. A conclusion can therefore be drawn that the company will not face any market problems to threaten the investment.

4.1 MARKETING STRATEGIES

The Objective of Pangani Yacht Club is to have high turnover and profits and provide entertainment to the community. To attain the above objective **Pangani Yacht Club Limited** proposes to undertake the following marketing strategies: -

- (a) Place several insertions per year in newspapers, TV, and social media.
- (b) Contract attractive billboards to be placed permanently in prime commercial business areas in Tanga, which give the name of the facility and directions.
- (c) Establish Direct Sales through the following: -
 - Develop sales campaign through the media for clients who have the potential to make use of the facilities
 - Monitoring the marketing plan on a monthly/quarterly basis and pinpoint areas that need attention.
- (d) Preparation and distribution of brochures through various channels to relevant segments. These channels include tour & Travel agents, Airline offices, Embassies etc.

- (e) Promotion and advertising the facilities in different publications both local and abroad.
- (f) Participation in various fairs suitable for and applicable to the tourism, the World Market Trade in London, International Tourist Bureau in Berlin BIT in Italy and Indaba of South Africa.
- (g) Organizing various promotional events e.g., Co-sponsoring Sports events, giving gift etc.

5.0 CAPITAL INVESTMENT AND FINANCING

The cost outlay for completion of the project is currently estimated at **US\$ 663,000** as below:

US\$

ITEM	US \$
Fixed Assets	
Land and buildings	114,000
Machinery and Equipment	279,000
Vehicles	100,000
Furniture and Fittings	20,000
Pre-Operational expenses	50,000
Sub total	563,000
Initial working capital	100,000
GRAND TOTAL	663,000

The bulk of the cost outlay is towards the purchase of Boat equipment followed by office equipment and furniture. The material that will be selected will be ideal for the type of project that the promoter intends to start.

5.1 Projecting Financing

It is intended that the project will be financed by the equity as follows:

S/NO	SOURCE	FOREIGN	TOTAL
1.	Equity	663,000	663,000
2.	Total	663,000	663,000

6.0 FINANCIAL ANALYSIS

6.1 INCOME CALCULATION

It is assumed that the resort will operate for 30 days a month or 365 days per annum. Income is therefore calculated as follows:

YEAR	1 YEAR 80%	2- YEAR 85%	2-YEAR 95%	4 –10 YEAR 100%
INCOME (US\$)	288,000	306,000	342,000	360,000

6.2 DEPRECIATION AND AMORTIZATION

The Capital cost, depreciation, and depreciation charges have been calculated as follows:

ITEM	RATE%
Land & Building	5
Motor vehicles	25
Workshop Equipment	12.5
Office Equipment & Furniture	12.5
Pre-operational Expenses	20
Total	

6.3 Project Profit & Loss Statement

The projected profit and loss statement show that the project will realize the profit before tax from US\$ 37,500 in year one to US\$ 101,300 by the 8th year.

6.4 Cashflow Projections

The projected cash flow indicates that the project will generate enough funds to meet all the other cash commitments, including re-investments as they fall due.

6.5 Socio–Economic Aspects

- e) On completion the project is expected to alleviate the problem of inadequate services in the village of Pangani and the nearby region
- f) The project will strive to increase recreation points and perform its activities on a commercial and profitable basis to boost both promoters and National economy incomes.
- g) The project will stimulate agricultural activities within the surrounding area as the market for fresh food supplies including horticultural products i.e., fruits and vegetables.
- h) The project will create employment opportunities and be able to supplement government efforts in eradicating or reducing poverty in the region.

6.6 Technical Aspects

- (a) The site of the proposed project lies in the prime area where all basic infrastructure including water, electricity, drainage, good transport, and communication network have been provided.
- (b) The architectural and structural designs will conform with the International standard housing specifications for such a project.
- (c)The project will preserve natural beauty while making necessary enhancements that align with its surroundings.

7.0 CONCLUSION AND RECOMMENDATION

It is evident from the financial and economic analysis contained in this report that the proposed project is financially and economically viable. Referred to financial performance aspects, socio-economic aspects, technical aspects and market aspects i.e., high demand for first class water sports games, the project is therefore highly recommended to be given certificate of incentives for financing implementation with minimum delay to realize the benefits out of this project i.e., to speed up the economic and social development of this project in Pangani in particular and the Country at large.

APPENDICES AND ANNEXETURE

PANGANI YACHT CLUB LIMITED INVESTMENT COST

ITEM	US \$
Fixed Assets	
Land and buildings	114,000
Machinery and Equipment	279,000
Vehicles	100,000
Furniture and Fittings	20,000
Pre-Operational expenses	50,000
Sub total	563,000
Initial working capital	100,000
GRAND TOTAL	663,000

PANGANI YACHT CLUB LIMITED

PROPOSED FINANCING PLAN

S/NO	SOURCE	FOREIGN	TOTAL
1.	Equity	663,000	663,000
2.	Total	663,000	663,000

PANGANI YACHT CLUB LIMITED

DEPRECIATION SCHEDULE

	Rate %	Value	1	2	3	4	5	6	7	8	9	10
Land & buildings	5.0	114,000	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700
Boat Equipment & Fittings	12.5	279,000	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	-	-
Motor Vehicles	25.0	100,000	25,000	25,000	25,000	25,000	-	-	-	-	-	-
Furniture/Fixtures	12.5	20,000	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	-	-
Preoperational Expenses	20	50,000	10,000	10,000	10,000	10,000	10,000	-	-	-	-	-
Total		77,700	77,700	77,700	77,700	77,700	52,700	42,700	42,700	42,700	5,700	5,700

PANGANI YACHT CLUB LIMITED
Projected Revenue Schedule

	USD			
YEAR	1 YEAR 80%	2- YEAR 85%	2-YEAR 95%	4 –10 YEAR 100%
INCOME (US\$)	288,000	306,000	342,000	360,000

PANGANI YACHT CLUB LIMITED

Projected Profit & Loss Account

USD

	1	2	3	4	5	6	7	8	9	10
Revenue	288,000	306,000	342,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Cost of Sales	172,800	183,600	205,200	216,000	216,000	216,000	216,000	216,000	216,000	216,000
Gross Profit	115,200	122,400	136,800	144,000	144,000	144,000	144,000	144,000	144,000	144,000
Operating Profit	115,200	122,400	136,800	144,000	144,000	144,000	144,000	144,000	144,000	144,000
Less: Depreciation	77,700	77,700	77,700	77,700	77,700	42,700	42,700	42,700	5,700	5,700
Profit Before tax	37,500	44,700	59,100	67,000	67,000	101,300	101,300	101,300	138,300	138,300
Profit for taxation	37,500	44,700	59,100	67,000	67,000	101,300	101,300	101,300	138,300	138,300
Corporation Tax	11,250	13,410	17,730	20,100	20,100	30,390	30,390	30,390	41,490	41,490
Profit After Tax	26,250	31,290	41,370	46,900	46,900	70,910	70,910	70,910	96,810	96,810
Profit Brought forward	-	26,250	57,540	115,080	161,908	208,800	279,790	350,700	421,610	518,428
Profit Carried forward	26,250	57,540	115,080	161,980	208,880	279,790	350,700	421,610	518,428	615,238

PANGANI YACHT CLUB LIMITED

Projected Cash Flow USD

	0	1	2	3	4	5	6	7	8	9	10
Cash Inflow											
Owners' equity	663,000	-	-	-	-	-	-	-	-	-	-
Sub Total	663,000	-	-	-	-	-	-	-	-	-	-
Revenue Inflows											
Profit Before Tax	-	26,250	31,290	41,370	46,900	46,900	70,910	70,910	70,910	96,810	96,810
Depreciation	-	77,000	77,000	77,700	77,000	52,700	42,700	42,700	42,700	5,700	5,700
Sub Total	-	103,250	108,290	119,070	123,900	99,600	113,610	113,610	113,619	102,510	102,519
Cash Outflow											
Investment & Re-investment	-	-	-	-	-	-	-	-	-	-	-
Sub Total	663,000	-	-	-	-	-	-	-	-	-	-
Revenue Outflows											
Corporation	-	11,250	13,410	17,730	20,100	20,100	30,390	30,390	30,390	41,490	41,490
Sub Total	-	11,250	13,410	17,730	20,100	20,100	30,390	30,390	30,390	41,490	41,490
Net Cash Flows	-	92,000	91,880	101,340	103,800	79,500	83,220	82,220	82,220	60,620	60,620