

A decorative vertical bar in a dark green color runs along the left edge of the page. At the bottom left, there is a stylized graphic of grass blades in shades of green and grey, extending upwards and to the right.

BUSINESS PLAN

PROPOSED LODGE
LONG'OSA HILL
SERENGETI NATIONAL PARK

HELIOS LODGES COMPANY LIMITED

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1 Introduction

Helios Lodges Company Limited is part of an international brand under the mother company Agrohold AD that has been registered in Tanzania to invest in the tourism sector of the country. The Company hereby presents a Business Plan for the development of a lodge at Serengeti National Park. The proposed site is a for five-star facility that will be developed to cater to both local and international tourists to Tanzania. This Business Plan presents the investment plan as well as the financial viability of the projects.

1.1 Background of Helios Lodges Company Limited

Helios Lodges Company Limited here referred to as “The Company” was established in 2018 as a limited liability company following incorporation under the Companies Act of 2002 with a Certificate of Incorporation No. 138018806. The company is a daughter company to Agrohold AD, whose offices are located at Sofia, Bulgaria at 1111 Sofia, 67A Postoyanstvo str., UIN 831259024. Agrohold AD is founded in 1995 with a lot of experience in the management of companies with activities in different spheres.

Agrohold AD has an excellent reputation in Europe specifically in Bulgaria where most of its investments and developments are located. The investments are concentrated at the town of Pravets and the Black Sea coast. In the town of Pravets Agrohold AD owns and manages the Pravets Residence, RIU Pravets Resort, Pravets Palace Hotel, Pravets Golf Club, Pravets Sport Complex and Pravets Hunting Area whereas in the Black Sea coast its investments are the RIU Helios, RIU Palace and RIU Paradise hotels – Sunny Beach resort, SUNEО Helios Beach and RIU Helios Bay – Obzor.

The vision of Helios Lodges Company Limited is to become Tanzania's leading hospitality group. In pursuit of this ideal, The Company plans to offer a range of sustainable eco-tourism destinations and products in Tanzania National Parks and the country as a whole. We believe this will bring benefits to the land, the fauna and the community, while delivering an acceptable return on investment.

The mission of the company is to establish a series of well reputable high-end tourist accommodation facilities in Tanzania National Parks; to provide accommodation and operational facilities that make their clients' experiences possible in the most efficient, hospitable, informative, safe and exciting way, without detracting them from the "sense" of place at the outstanding locations of the national parks.

Helios Lodges Company Limited with approval from TANAPA will construct one lodge in the Long'osa Hill, Lobo area of Serengeti National Park that will have 150 beds capacity; another lodge at in Tarangire National Park with 150 beds capacity and; a Permanent Tented Camp (PTC) in Lake Manyara National Park with 50 beds capacity. In total the number of beds The Company will invest in the parks is 350 beds. These tourist accommodation facilities will provide quality services to clients while enhancing their experience to the hidden and unspoiled resources of the three parks.

The company has also acquired land for the development of a 200 beds hotel in the island of Zanzibar.

This is the Business Plan for the proposed 150 beds investment at Long'osa Hill in Serengeti National Park.

2 Market viability and analysis of the project

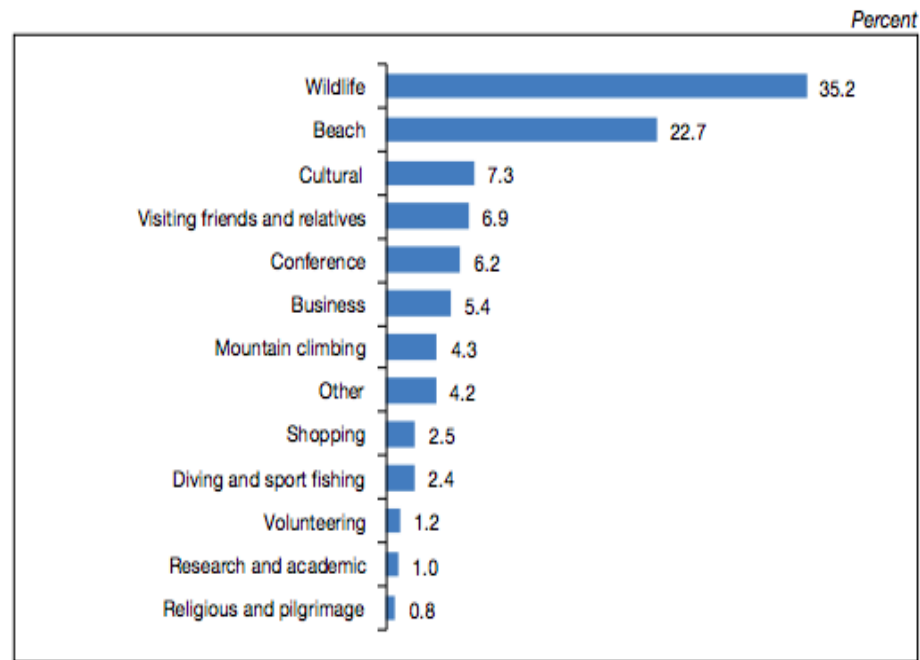
2.1 Marketing Concept

The Company's marketing concept has greater emphasis on its customers and has prioritized their needs. The thrust shall be on meeting the customers' needs of the top-class tourist segment while catering well for the needs of medium and top end clients. All key decisions of the company will be made from the customers' point of view. The purpose of the business is therefore to serve the wants and needs of medium to top class visitors/tourists.

This market concept is informed by research that shows that wildlife tourism continues to be the leading tourism activity in Tanzania. Wildlife related activities are the main tourism activities accounting for about 35 percent (*Tanzania Tourism Sector Survey Report (TTSS,2018)*) as shown in Figure 1.

The Tanzania Tourism Sector Survey report (2018) shows that tourists from the top 15 source markets who preferred wildlife safari came from Netherlands, the United States of America, Switzerland, the United Kingdom, France and Germany accounting for about 69 percent, while majority of visitors from Italy, the United Kingdom, Kenya, Germany, France and South Africa came for beach tourism accounting for about 71 percent (Table 1).

Figure 1. Main tourism activities in United Republic of Tanzania



Source: *Tanzania Tourism Sector Survey Report (2018)*

Visitors from the East African neighboring countries of Kenya and Uganda mainly came for conference and visiting friends and relatives. About 80 percent of visitors who came for mountain climbing were from the United States of America, the United Kingdom, Germany, China, Canada and Switzerland.

Furthermore, about 82.1 percent of visitors who came for cultural and historical attractions are from the United Kingdom, Germany, United States of America, Kenya, Canada, Italy and Australia implying that the

communities adjacent the Serengeti National park can potentially benefit from their diverse cultural and historical endowments. Therefore, the company's chosen marketing concept will take into consideration this information and make it pertinent to this segment.

Table 1. Tourism activities by top 15 source markets in United Republic of Tanzania

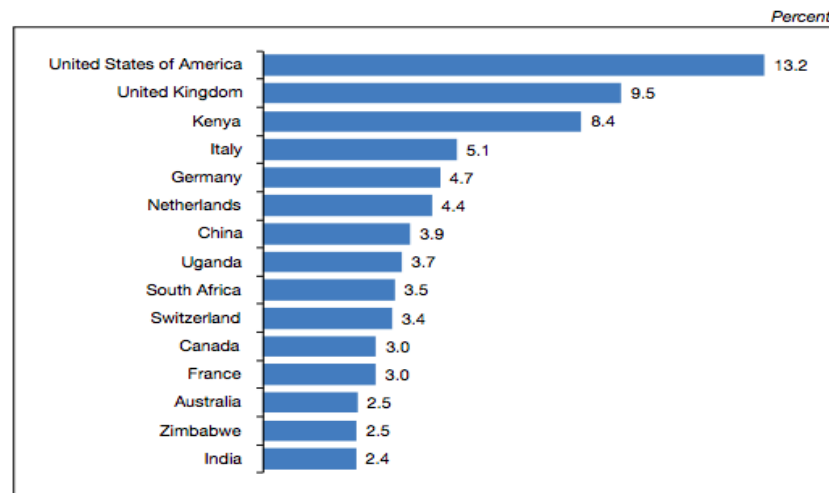
| Country of residence | Tourism activities | | | | | | | | | | | |
|--------------------------|--------------------|----------|------------|-------------------------|------------------------|-------------------|-------|--------------------------|-----------------------|--------------------------------|--------------|----------|
| | Beach | Business | Conference | Cultural and historical | Sport and recreational | Mountain climbing | Other | Religious and pilgrimage | Research and academic | Visiting friends and relatives | Volunteering | Wildlife |
| United States of America | 3.7 | 6.2 | 7.1 | 13.7 | 4.0 | 16.7 | 7.9 | 19.8 | 23.7 | 6.0 | 14.2 | 13.6 |
| United Kingdom | 17.2 | 10.4 | 6.0 | 24.5 | 11.6 | 15.6 | 9.1 | 2.4 | 16.4 | 8.4 | 21.1 | 10.7 |
| Kenya | 9.6 | 41.1 | 20.0 | 10.5 | 34.3 | 0.9 | 29.3 | 53.2 | 13.7 | 45.0 | 1.7 | 1.7 |
| Italy | 19.8 | 2.4 | 1.2 | 6.3 | 12.1 | 1.4 | 2.6 | 3.2 | 1.0 | 1.0 | 9.2 | 4.2 |
| Germany | 9.3 | 3.3 | 4.3 | 14.1 | 7.8 | 13.5 | 3.9 | 1.2 | 4.3 | 3.7 | 7.5 | 8.0 |
| Netherlands | 3.7 | 0.5 | 1.6 | 4.2 | 0.0 | 5.3 | 3.1 | 0.0 | 3.7 | 3.2 | 19.4 | 16.9 |
| China | 4.7 | 4.9 | 5.1 | 5.1 | 1.0 | 11.2 | 3.5 | 0.0 | 3.3 | 0.3 | 0.0 | 7.2 |
| Uganda | 2.1 | 35.8 | 13.3 | 0.9 | 15.5 | 0.2 | 20.5 | 13.5 | 25.4 | 19.1 | 1.1 | 0.4 |
| South Africa | 6.4 | 16.0 | 17.4 | 2.1 | 5.9 | 1.7 | 7.7 | 0.8 | 3.7 | 1.6 | 0.0 | 0.7 |
| Switzerland | 5.1 | 1.6 | 1.4 | 2.5 | 1.0 | 10.0 | 1.6 | 0.0 | 0.0 | 1.0 | 2.2 | 11.9 |
| Canada | 3.6 | 3.2 | 3.6 | 6.8 | 4.4 | 10.9 | 1.7 | 0.0 | 2.0 | 4.7 | 17.5 | 6.6 |
| France | 8.2 | 0.9 | 1.4 | 1.4 | 0.4 | 6.2 | 1.1 | 0.0 | 0.7 | 0.4 | 2.2 | 8.3 |
| Australia | 2.4 | 0.9 | 2.1 | 6.2 | 0.8 | 5.1 | 1.6 | 0.0 | 0.0 | 0.8 | 3.9 | 6.9 |
| Zimbabwe | 0.8 | 58.7 | 6.6 | 0.5 | 0.1 | 0.0 | 1.4 | 1.2 | 0.7 | 0.8 | 0.0 | 0.0 |
| India | 3.3 | 14.1 | 9.0 | 1.1 | 1.2 | 1.4 | 5.1 | 4.8 | 1.3 | 4.1 | 0.0 | 2.9 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Source: *Tanzania Tourism Sector Survey Report (2018)*

2.2 Target Customer Groups

International tourists are the primary targets of the envisaged business particularly those from the United States, United Kingdom and Europe (Italy, Germany, Netherlands and others). TTSS (2018) shows that the top 15 source markets in 2017 accounted for 73 percent of the total visitors covered during the survey where the majority of the visitors were from the United States of America accounting for 13.2 percent followed by the United Kingdom (9.5 percent) and Kenya (8.4 percent) (Figure 2). The list of top 15 had new entrants, namely, India, Netherlands, and Switzerland that replaced Zambia, Spain, and Burundi that were in the top 15 source markets in 2016.

Figure 2. Top 15 Source Markets for the United Republic of Tanzania



Source: *Tanzania Tourism Sector Survey Report (2018)*

2.3 Potential Emerging Markets

Helios Lodges Company Limited will also target international tourists from emerging markets. Statistics revealed that there is an increase in the number of visitors from other regions, particularly the Netherlands, Asia and the Pacific.

The World Tourism Organization predicts that China will be the world's largest source of tourists by 2020. According to the China Outbound Tourism Research Institute (COTRI)'s study, approximately 4.31 million Chinese visited Africa in 2017.

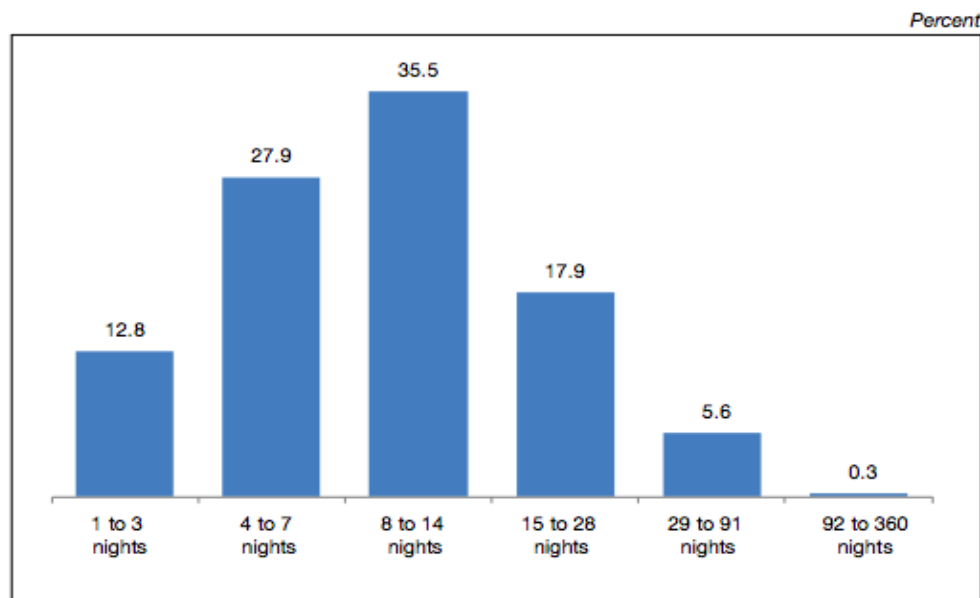
In order to capture this prominent emerging market in China, the Tanzania Tourism Board (TTB) signed a Memorandum of Understanding (MoU) with the Chinese Touchroad International Holdings Group (Touchroad Group). Among other things, the Touchroad Group will assist in marketing Tanzania's Tourist attractions in China. With the Air Tanzania Company Limited finalizing its modalities to launce direct flights from Tanzania to China, it implies that Tanzania is expected to receive more international visitors and thus the demand for more accommodation facilities will increase.

2.4 Visitors Travel Arrangement

International visitors to Tanzania arrange their trips in form of package or non-package tours. Visitors under the non-package tour arrangement recorded 10 nights and those for package tour arrangements recorded 9

nights. MNRT data (Figure 3) indicates that about one-third of the visitors who came to Tanzania spent 8 to 14 nights, followed by visitors who spent 4 to 7 nights accounting for 27.9 percent. Smallest proportion of visitors of less than ten percent spent more than 29 nights (TTSS, 2018).

Figure 3. Distribution of visitors by nights spent, URT



Source: *Tanzania Tourism Sector Survey report (2018)*

Table 2. Percentage of visitors by nights spent, URT

| Nights spent | Percent | | | | | | | |
|--------------|----------------------|--------------------------------|----------|-------------------------|-------------------------|--------------|----------|-------|
| | Leisure and Holidays | Visiting friends and relatives | Business | Meetings and conference | Scientific and academic | Volunteering | Religion | Other |
| 1 to 3 | 5.3 | 18.5 | 40.4 | 24.1 | 11.8 | 1.9 | 47.2 | 42.9 |
| 4 to 7 | 28.8 | 23.0 | 32.9 | 34.6 | 14.8 | 4.7 | 27.1 | 28.4 |
| 8 to 14 | 43.9 | 24.8 | 13.3 | 28.7 | 21.1 | 24.5 | 5.6 | 7.1 |
| 15 to 28 | 19.6 | 18.7 | 5.3 | 9.5 | 23.2 | 41.0 | 13.2 | 14.5 |
| 29 to 91 | 2.3 | 14.4 | 7.5 | 2.9 | 25.7 | 26.4 | 6.3 | 7.1 |
| 92 to 360 | 0.1 | 0.6 | 0.5 | 0.2 | 3.4 | 1.2 | 0.7 | 0.0 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

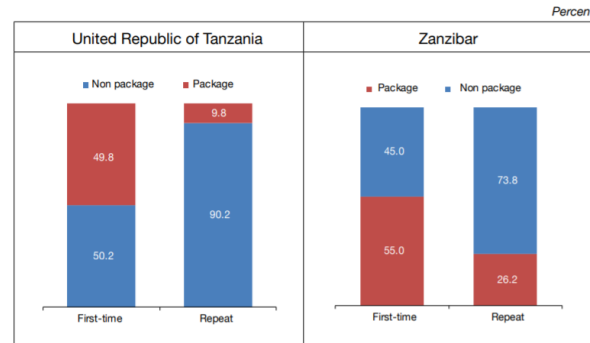
Source: *Tanzania Tourism Sector Survey report (2018)*

MNRT data also indicated that about 44 percent of visitors to URT who came for leisure and holidays spent between 8 to 14 nights while 40.4 percent of business visitors, spent 1 to 3 nights (Table 2). Nearly 50 percent of visitors who came for religious activities stayed for 1 to 3 nights (TTSS, 2018).

About 75% per cent of the visits are first time visitors. First-time visitors have higher preference for packaged tour arrangement, while repeated visitors have higher preference for non-package arrangement (Figures 4 & 5). The dominance of the non-package tour is partly explained by an increase in the number of visitors from neighboring countries, such as Kenya, Uganda and Zimbabwe who mainly came for business, religion and visiting friends and relatives. Those who came under the package tour were mainly from the United States of America, the United Kingdom and Italy (Figure 6). Package arrangements give the tourists more convenience

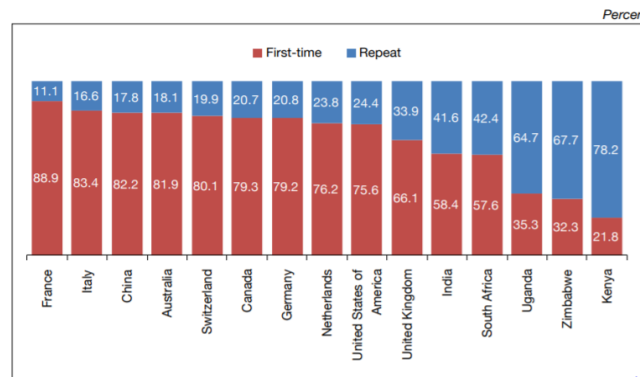
and certainty about what to expect at the destination, therefore packages are more appealing to first-time visitors.

Figure 4. First-time and repeat visitors by tour arrangements, URT



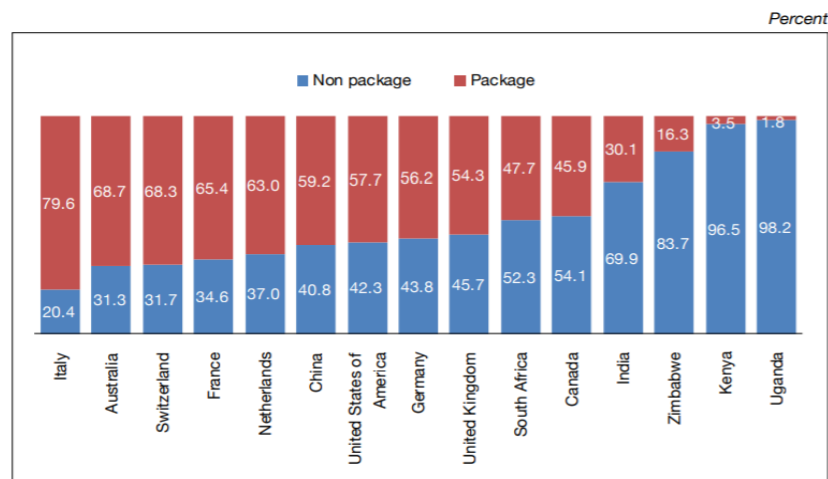
Source: Tanzania Tourism Sector Survey report (2018)

Figure 5: First-time and repeat visitors by source markets, URT



Source: Tanzania Tourism Sector Survey report (2018)

Figure 6: Proportion of visitors of Top 15 source markets by travel arrangement, URT



Source: *Tanzania Tourism Sector Survey report (2018)*

2.5 Visitor expenditure

According to the TTSS (2018), the average expenditure per person per night for visitors who came under the package tour arrangement was USD 411, while those who used non-package tour arrangement spent an average of USD 136 per person per night. Visitors on leisure and holidays were the highest spenders at an average of USD 356 per person per night. Visitors from the United States of America, China, the United Kingdom, Canada, Norway, Netherlands, Italy, South Africa and France spent the most with their average expenditures above the national average of USD 161 per person per night as shown in Table 3.

Table 3: Average expenditure by purpose of visit for top 15 source markets, URT

Value in USD

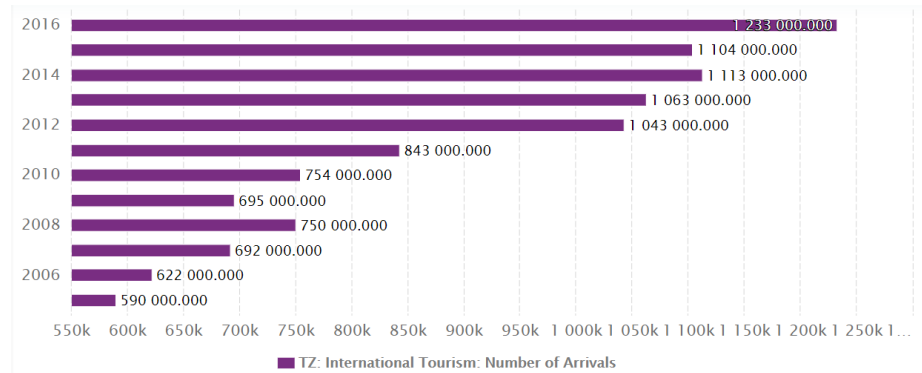
| Country of residence | Purpose of visit | | | | Overall average |
|--------------------------|------------------|----------------------|--------------------------------|-------|-----------------|
| | Business | Leisure and holidays | Visiting friends and relatives | Other | |
| United States of America | 255 | 255 | 161 | 123 | 327 |
| China | 142 | 263 | 111 | 216 | 277 |
| Switzerland | 257 | 165 | 87 | 60 | 230 |
| Canada | 300 | 286 | 227 | 31 | 211 |
| Norway | 72 | 233 | 56 | 181 | 196 |
| Netherlands | 144 | 157 | 75 | 181 | 194 |
| United Kingdom | 243 | 260 | 83 | 78 | 187 |
| South Africa | 133 | 186 | 113 | 156 | 186 |
| Italy | 38 | 104 | 384 | 114 | 183 |
| France | 578 | 188 | 37 | 99 | 166 |
| India | 316 | 283 | 203 | 160 | 151 |
| Zimbabwe | 104 | 151 | 41 | 74 | 132 |
| Australia | 74 | 328 | 81 | 38 | 130 |
| Germany | 202 | 176 | 37 | 72 | 126 |
| Kenya | 120 | 126 | 39 | 102 | 95 |

Source: *Tanzania Tourism Sector Survey report (2018)*

Demand: Estimated Total Demand

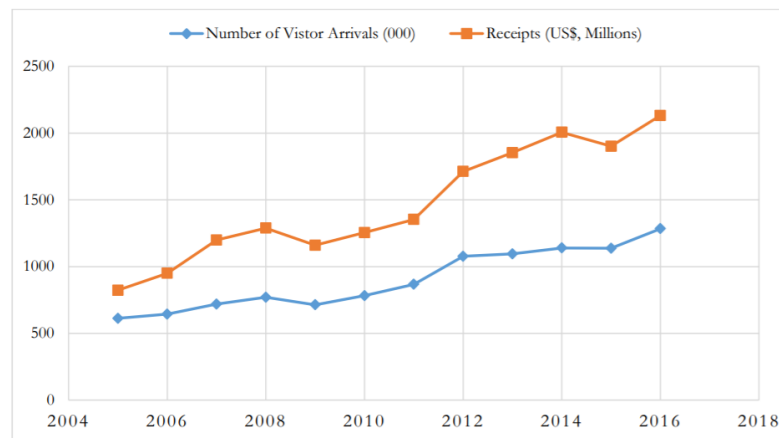
The company expects that the demand for its services will continue to remain strong in the foreseeable future. This is based on the trends depicted by available statistics for example those shown in Figures 7 and 8.

Figure 7: International Tourists Trend in Tanzania, 2005 – 2016



Source: Tourism Statistical Bulletin, 2017

Figure 8: International Visitor Arrivals and Receipts, 2005-2016



Source: Tourism Statistical Bulletin, 2017

2.6 Products and Services

Helios Lodges Company Limited's products and services are 'five star' quality that embrace a variety of related services. These services include and are not limited to:

- High-end accommodation rooms: The rooms will be fashioned to upscale standards portraying the elegance of a top and world-class facility. The proposed number of beds will be 150
- Escorted tours
- Upscale restaurant and bar: The restaurant will service breakfast, lunch, and dinner, seven days a week. The food and drinks offered will be high-quality, upscale cuisine, prepared by professional chefs. The servers will be highly competent and experienced. The bars will be a flexible, small and luxurious, outfitted with couches, etc. for a "lounge" atmosphere. The food offered at the restaurants will be high quality, hot, healthy and wholesome, especially featured with fine presentation. They will be beautifully decorated with leather sofas, chandeliers, side, cabinets, rugs and chests. All alcoholic and non-alcoholic house drinks included
- 24hr electricity supply will be provided predominantly by solar but there will be back-up generators

Other special features:

- Internet access in the common areas
- Laundry services
- Modern 24/7 hot showers and toilets
- Sun-downer dining

- Boutique
- Foreign exchange services
- Safety deposit
- Privately hosted dinners & BBQs
- Well educated, experienced and mannered servers vetted in the ability to provide
- superior customer care.
- The guest area will consist of a welcoming arrivals lounge, general and breakaway lounge area, a bar lounge, dining area, gift shop and plunge pool. Kitchen and administration facilities will be designed to be accessible, yet appropriately removed from the guest experience
- The management approach will be to ensure clean, quiet, safe and tranquil environment coupled with excellent customer care services.

2.7 Quality and Diversity

Helios Lodges Company Limited is committed to offering responsible, sustainable and world-class wildlife viewing experiences. Working in collaboration with its daughter company, Terra Tour Service, it will invite and facilitate guests to explore and understand the amazingly attractive park ecosystems with its great wildlife.

Understanding the intricacies of how the ecosystem works adds the ultimate dimension to the very unique and outstanding wildlife experience. The proposed lodge facilities will encourage its guests to explore and enjoy

diverse wilderness experience famous in Tanzania, the amazing elephants of Serengeti will offer great game viewing experiences.

Escorted game drives and tours will be encouraged for the utmost exclusive and private safari experience with low impact tourism and controlled vehicle density. Walking safaris with armed guides will be arranged for those who wish to experience the wilderness of Serengeti on foot. Nature walks will be kept within the lodge areas and focus entirely on the rich birdlife and little insects inhabiting the area.

Community visits and volunteering opportunities to the local villages will be organized to give interested guests a closer understanding of the proud Tanzania tribes and their heritage.

2.8 Comparison of the Products and Services with Competitors

Helios Lodges Company Limited will match the service quality of the top-class lodges and tented camps in the national parks. At this level of service, the most notable competitor in the area of Serengeti will be Four Seasons Safari Lodge and Singita Sasakwa Lodge. The major difference between Helios Lodges Company Limited and its major competitors will be the quality of service, affordability and authenticity of services and experiences. The proposed development is to be located in a breath-taking scenery in Serengeti National Park which is one of the world's best safari destinations.

Driven by customer care demand and in an attempt to establish a competitive edge, the Helios Lodge Company Limited intends to build world-class facilities with elegant architectural design features like the soaring lobby, massive stone fireplace, walls with handcrafted finishing and the likes. The state-of-the-art rooms will be designed to provide a panoramic view and scenery of some of unique park features and biodiversity, breathtaking glimpse of sunset and sunrise and the charismatic wildlife species that roam Serengeti's wilderness.

The lodge facilities will maintain the highest standards of respect and integrity to guests, flora, fauna, our community, partners, conservation responsibilities and resources. On pricing, the competitors for example, charge about US\$ 1,350 for single rooms per night during peak seasons. Helios Lodges Company Limited rates will be about 40% of the competitors' rates. In this way current clientele remain attracted while creating room for newcomers especially the emerging markets.

2.9 Marketing and Tourists Management Services

The marketing and tourist management aspects will largely be handled by Agrohold AD. Agrohold AD is quite well experienced in this business and has a marketing office in Sofia, Bulgaria. The company currently receives its clients from Europe, America, Italy, Spain, Germany, Japan, China, Mexico, Australia and other areas of the world. The company also has established an extensive local network of services providers and partners.

2.10 Marketing Strategies

The company's tourist facilities will be positioned as an upscale, high-end network in the best top-class hotels, lodges and camps in the region. A reputation and name that is renowned enough to attract international visitors from North America, Europe and elsewhere in the developed and developing world. The proposed lodge will be positioned as a high-end lodge with world-class facilities and services of top-class quality and elegance. The price structure will remain accommodative to the current and prospective clients which range from medium to top-end tourists. This is the key to attracting the needed traffic for sustainable profitability.

The number of promotional possibilities Helios Lodges Company Limited may offer is endless. Depending on the season, it will offer a variety of discounts, promotions, and packages to drive traffic to the facilities. For example, it will provide one-time meal vouchers for visitors, discount rate for the rooms, free Wi-Fi for guests, group discounts, etc. In today's digital world, the Internet and computers are becoming very powerful and effective promotional tools. The target market of the company is the up market and top-class tourist segment. Generally speaking, the selected target market is computer literate and makes wide use of the Internet. Thus, the company's marketing strategy through exploring internet platform as a key promotion tool will be effective thus making it crucial.

Helios Lodges Company Limited has its own website that is linked to that of Agrohold AD. It is an informative, interactive, and fully operational website built professionally (for such things as search engine optimization,

social media integration, website design, etc.). The company will further modernize the website so that it supports live chat to enhance the stronger presence on social media platforms.

The company is strengthening and more intensively leveraging on its marketing networks. The idea is to piggyback on the marketing program and resources of others that are targeting the same markets and are willing to work with the company, thereby extending the marketing reach and effectiveness. The kinds of networks targeted are:

- Helios parent company
- Kempinski
- TANAPA
- NCAA
- Tour operators and receptive operators
- Arusha, Manyara and Dodoma Regional authorities
- Destination management companies in the USA, Europe, Asia and elsewhere
- Packaging partnerships with suppliers of complementary products and services
- Other homemade alliances of like-minded operators willing to work together.

2.11 Proposed development site location and their market potential

Serengeti National Park is located in northern Tanzania. The park is an easy drive from Arusha or Lake Manyara following a surfaced road to within 7km off the main entrance gate. After a visit from the park one can then continue on to Ngorongoro Crater and the Lake Manyara National Park.

The park is most famous for its elephant migration, birding and authentic safari atmosphere. It has some of the highest population density of elephants as compared to anywhere in Tanzania, and its sparse vegetation, strewn with baobab and acacia trees, makes it a beautiful and distinctive location to visit.

Even though elephants are the main attraction, with up to 3,000 in the park during the peak months, visitors to the park in the June to November dry season can expect to see large herds of thousands of zebra, wildebeest and cape buffalo. Other common resident animals include waterbuck, giraffe, dik-dik, impala, eland, Grant's gazelle, vervet monkey, banded mongoose, and olive baboon. Predators in the park include lion, leopard, cheetah, caracal, honey badger, and African wild dog.

Serengeti National Park is one of Tanzania's finest birding destinations, the park has more than 550 bird species, the most breeding species in one habitat anywhere in the world. It is a haven for bird enthusiasts.

2.11.1 Investment potential of the proposed site:

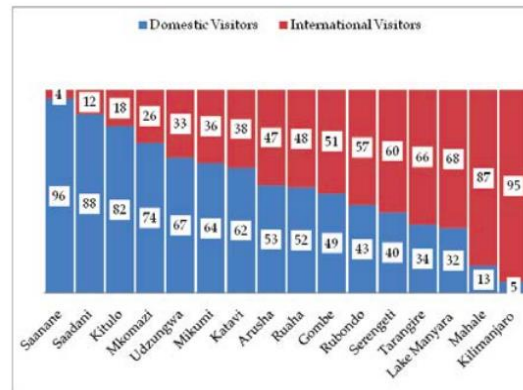
Regarding the market potential of the proposed sites, available data shows that Tanzania particularly service providers located in the Serengeti National Park stand to benefit enormously from international tourism. For instance, by 2017 Serengeti National park was the second most visited national park in the country by both domestic and international visitors with a total of 228,782 visitors (Table 4 & Figure 9). International tourists were more than domestic tourists.

Table 4. Number of Visitors Arrivals at the National Parks in 2017

| S/N | National Park | Residents | Non-Residents | Total |
|--------------|---------------|----------------|----------------|------------------|
| 1 | Arusha | 33,885 | 30,185 | 64,070 |
| 2 | Gombe | 968 | 1,002 | 1,970 |
| 3 | Katavi | 1,910 | 1,190 | 3,100 |
| 4 | Kilimanjaro | 2,731 | 47,772 | 50,503 |
| 5 | Kitulo | 432 | 94 | 526 |
| 6 | Lake Manyara | 56,082 | 118,501 | 174,583 |
| 7 | Mahale | 151 | 983 | 1,134 |
| 8 | Mikumi | 34,413 | 19,274 | 53,687 |
| 9 | Mkomazi | 1,700 | 594 | 2,294 |
| 10 | Ruaha | 12,161 | 11,217 | 23,378 |
| 11 | Rubondo | 427 | 558 | 985 |
| 12 | Saadani | 18,603 | 2,530 | 21,133 |
| 13 | Saanane | 10,088 | 474 | 10,562 |
| 14 | Serengeti | 152,216 | 231,756 | 383,972 |
| 15 | Tarangire | 77,101 | 151,681 | 228,782 |
| 16 | Udzungwa | 5,268 | 2,617 | 7,885 |
| Total | | 408,136 | 620,428 | 1,028,564 |

Source: Ministry of Natural Resources and Tourism (2017)

Figure 9. Percentage Distribution of Visitor Arrivals in Tanzania National Parks in 2017



Source: Ministry of Natural Resources and Tourism (2017)

3 Projected occupancy for the next seven (7) years

The lodge is expected to start operations in 2023 with an occupancy rate of 81.10% to a projection of 90.41% in 2033 as shown in Table 5.

Table 5. Projected occupancy from 2023 to 2033

| SERENGETI OCCUPANCY RATE FORM 2023 TO 2033 | | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| Bednights | 44,400.00 | 44,850.00 | 45,000.00 | 45,300.00 | 46,500.00 | 47,250.00 | 48,000.00 | 49,500.00 | 49,500.00 | 49,500.00 | 49,500.00 |
| Occupancy rate (%) | 81.10 | 81.92 | 82.19 | 82.74 | 84.93 | 86.30 | 87.67 | 90.41 | 90.41 | 90.41 | 90.41 |

4 Cost/Benefit analysis

The investor has considered in detail the technical feasibility and financial viability of embarking on this project. The following is the analysis of the project's costs and benefits.

The capital expenditure of the project sum to a total of USD 20.26 million as seen in Table 6. Seventy percent (70%) of the capital expenditure will be from a bank loan i.e. 14,947,954 as seen in Table 7.

The project has high value-added potential, as its contribution to the national income is quite significant. Projected government taxes and fees on full implementation are projected to be a total USD 482,385 from 2021 to 2031 (Table 13). The annual Corporate Tax Payment (30%) is projected to be a total of USD 42,851,291. Additionally, this project is the source of foreign earnings to the country as all clients will pay in USD.

This project will provide direct employment to a total of about 113 persons and more than 150 indirect employees to the surrounding society (Table 8). The monthly net pay will range from the lowest USD 212 to USD 599. The labour costs amounts to USD 15.18 million.

Additionally, the lodge will market locally made tourism products such as arts and crafts.

4.1.1 Capital Expenditure

Construction costs for the Helios lodge facility as outlined earlier are estimated at USD 20.26 million. These are summarized in Table 6 below.

Table 6: CAPEX - Estimate Cost "USD"

| Detailed New Investment | | | Total cost US \$ |
|--------------------------------|--|--|-------------------------|
| Staff housing | | | |
| SERENGETI | | | 900,000 |
| Total | | | 900,000 |
| | | | |

| | | | |
|--|------------|--------------|-------------------|
| Development of the Lodge | | | |
| SERENGETI | | | 13,000,000 |
| Total | | | 13,000,000 |
| Furniture & Fixtures | | | |
| SERENGETI | | | 2,800,000 |
| Total | | | 2,800,000 |
| Water Development | | | |
| SERENGETI | | | 1,200,000 |
| Total | | | 1,200,000 |
| Energy (incl. solar equipment) | | | |
| SERENGETI | | | 1,000,000 |
| Total | | | 1,000,000 |
| Other Equipment (Fain, Heater etc.) | | | |
| SERENGETI | | | 700,000 |
| Total | | | 700,000 |
| Motor vehicles | Qt. | Value | |
| - Landrover | 2 | 74,000 | 296,000 |
| - Land Cruiser | 1 | 120,000 | 240,000 |
| - Fuso (Van) | 1 | 60,000 | 120,000 |
| Total | | | 656,000 |

| | | | |
|--------------------|--|--|--------------------------|
| Total costs | | | |
| SERENGETI | | | 19,600,000 |
| Motor vehicles | | | 656,000 |
| Total | | | <u>20,256,000</u> |

4.1.2 Financing the Investment plan

Simulation was done for the amount of debt that the project can carry. Helios Lodges Company Limited intends to use both debt and equity to finance the project. The gearing ratio shall be 70% as per Table 6:

Table 7: Financing and Investment plan

| Financing Structure | Total | EQUITY | DEBT |
|-------------------------------------|-------------------|------------------|-------------------|
| Staff housing | 900,000 | 270,000 | 630,000 |
| Room Investment | 13,000,000 | 3,900,000 | 9,100,000 |
| Furniture & Fixtures | 2,800,000 | 840,000 | 1,960,000 |
| Water Development | 1,200,000 | 360,000 | 840,000 |
| Energy (Solar equipment) | 1,000,000 | 300,000 | 700,000 |
| Motor vehicles | 656,000 | 196,800 | 459,200 |
| Other Equipment (Fain, Heater etc.) | 700,000 | 210,000 | 490,000 |
| Total | 20,256,000 | 6,076,800 | 14,179,200 |
| TOTAL CAPEX | 20,256,000 | 6,076,800 | 14,179,200 |
| Accrued Interest | 0 | 0 | 768,754 |
| Total Project Cost | 20,256,000 | 6,076,800 | 14,947,954 |
| Gearing | 100% | 30% | 70% |
| | | | |

4.1.3 Labour Costs

Table 8: Labour costs

| TZS | No | Basic Salaries | Monthly Total | N S S F (10%) | Night Allowances | GROSS PAY | PAYE | NET PAY | Net pay per position in USD |
|----------------------|----|----------------|---------------|---------------|------------------|---------------|--------------|---------------|-----------------------------|
| General manager | 3 | 2,000,000 | 6,000,000 | 600,000.00 | - | 5,400,000.00 | 1,266,300.00 | 4,133,700.00 | 599 |
| Chief Accountant | 3 | 1,500,000 | 4,500,000 | 450,000.00 | - | 4,050,000.00 | 861,300.00 | 3,188,700.00 | 462 |
| Assistant Accountant | 6 | 1,200,000 | 7,200,000 | 720,000.00 | - | 6,480,000.00 | 1,236,600.00 | 5,243,400.00 | 380 |
| Cashier | 12 | 800,000 | 9,600,000 | 960,000.00 | - | 8,640,000.00 | 1,177,200.00 | 7,462,800.00 | 270 |
| Secretary | 6 | 650,000 | 3,900,000 | 390,000.00 | - | 3,510,000.00 | 386,100.00 | 3,123,900.00 | 226 |
| Lodge Managers | 6 | 800,000 | 4,800,000 | 480,000.00 | 3,720,000.00 | 8,040,000.00 | 1,704,600.00 | 6,335,400.00 | 459 |
| Guest Relation | 6 | 500,000 | 3,000,000 | 300,000.00 | 1,860,000.00 | 4,560,000.00 | 660,600.00 | 3,899,400.00 | 283 |
| Chief Cook | 6 | 650,000 | 3,900,000 | 390,000.00 | 2,790,000.00 | 6,300,000.00 | 1,182,600.00 | 5,117,400.00 | 371 |
| Drivers | 8 | 700,000 | 5,600,000 | 560,000.00 | 250,000.00 | 5,290,000.00 | 667,300.00 | 4,622,700.00 | 251 |
| Waiters | 24 | 500,000 | 12,000,000 | 1,200,000.00 | 7,440,000.00 | 18,240,000.00 | 2,642,400.00 | 15,597,600.00 | 283 |
| Lodge Attendant | 12 | 450,000 | 5,400,000 | 540,000.00 | 3,720,000.00 | 8,580,000.00 | 1,162,200.00 | 7,417,800.00 | 269 |
| Security Guards | 12 | 350,000 | 4,200,000 | 420,000.00 | - | 3,780,000.00 | 156,600.00 | 3,623,400.00 | 131 |

| | | | | | | | | | |
|--|-----------------|---------|----------------------------|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------|
| Logistics | 3 | 700,000 | 2,100,000 | 210,000.00 | 930,000.00 | 2,820,000.00 | 492,300.00 | 2,327,700.00 | 337 |
| Mechanics & Technician | 3 | 700,000 | 2,100,000 | 210,000.00 | 150,000.00 | 2,040,000.00 | 264,300.00 | 1,775,700.00 | 257 |
| Stores Officers | 3 | 600,000 | 1,800,000 | 180,000.00 | - | 1,620,000.00 | 159,300.00 | 1,460,700.00 | 212 |
| Sub total | 11 3 | | 76,100,000.00 | 7,610,000.0 0 | 20,860,000.0 0 | 89,350,000.0 0 | 14,019,700.0 0 | 75,330,300.0 0 | 290 |
| <u>Other Government Wage Taxes</u> | | | | | | | | | |
| Skills Development Levy(SDL) | 4.5 % | | 4,363,200.00 | | | | | | 1,90 5 |
| Workers Compensation | 1% | | 969,600.00 | | | | | | 423 |
| N S S F (Employer) | 10 % | | 7,610,000.00 | | | | | | 3,32 3 |
| PAYE | | | 14,019,700.00 | | | | | | 6,12 2 |
| Sub total | | | 26,962,500.00 | | | | | | 11,7 74 |
| Total Salary and Compensation - Monthly | | | 123,922,500.0 0 | | | | | | 54,1 15 |
| Total Tax and PAYE | | | 39.2% | | | | | | |

5 Projected revenue and profits for developer and TANAPA's Tourism Special Concession fee from operations of the proposed investment

5.1.1 Projected key assumptions

The projected profits and loss statement and cash flows are based on the following assumptions:

- i. A financial model is based on the assumption that Helios Lodges Company Limited and TANAPA will enter into at least a 30-year lease agreement for Helios Lodges Company Limited to construct a lodge inside the national park.
- ii. Lodger occupancy rate is pegged at 50% for low season and 75%-90% during high season. This is prudent considering that there are likely to be more tourists for the coming years as evidenced with the incremental rise of visitors to Tanzania due to its high value proposition in tourism attractions and political stability.
- iii. Room rates are at an average of \$ 903 while the average bed rates are 389. These rates are quite conservative compared to the rates of \$ 1,000 charged by similar 5-star establishments in the industry.
- iv. On the one hand, dividend payment does affect the viability of a project. We assumed No Dividend.

- v. Time Horizon: Typically, the time horizon of a project depends on the estimated life of the structures and other long-lived assets. This was estimated by engineers to be at least 30 years with rehabilitations being made after every 5 years.

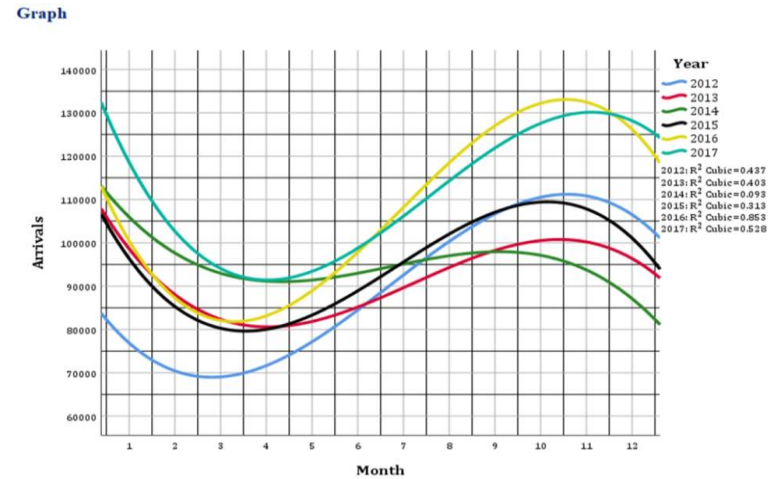
We decided to assume a limited horizon of 10 years for cash flow projection purposes.

- vi. The project will operate as a limited liability company hence subject to corporate tax. This is estimated at 30 percent of the net income. As a foreign investor into tourism industry, there is an opportunity to get some tax exemptions should the company go through the Tanzania Investment Centre (TIC)

5.1.2 Projected revenue

Revenue will be collected in USD mostly from the overseas tourists thus made operation to be USD denomination. The revenue trend on monthly basis has shown the stochastic movement over the months“, mostly associated with seasonality trend performance. The largest drift will be experienced in December - January during the rack rates, with the lowest in April (Figure 10).

Figure 10: Tourist travel pattern in Tanzania between 2012-2017



Source: MNRT, 2017

As shown in Figure 10, tourist seasonally trends follow the same pattern throughout the year from 2012 to 2017 with high number of tourists in the months of September through November, which is the high season and the months of December through April have low number of tourists i.e. the low season. This information was considered when making revenue projections

The revenue projected annually and from 2020 to 2029 is illustrated in Table 9 and Figures 11 & 12.

Figure 11: Annual revenue projection

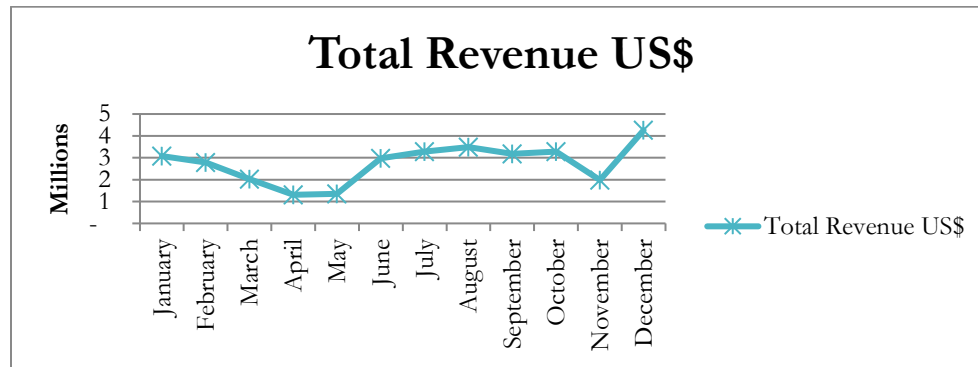


Figure 12: Revenue projection from 2021 to 2030

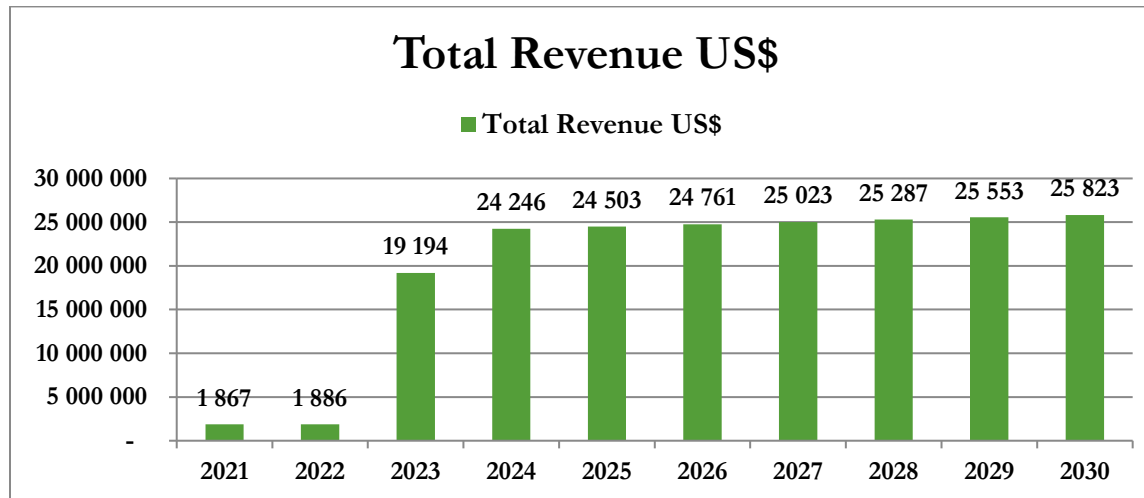


Table 9: Revenue projection

| Revenue "USD" | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|--------------------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| ROOM (B&B) | 1,560,155 | 1,576,853 | 16,046,084 | 20,271,973 | 20,488,486 | 20,707,163 | 20,928,028 | 21,151,101 | 21,376,404 | 21,603,961 | 21,833,793 | 22,065,924 | 22,300,376 | 22,537,172 | 22,776,337 |
| F&B | 148,306 | 149,789 | 1,523,208 | 1,923,050 | 1,942,280 | 1,961,703 | 1,981,320 | 2,001,133 | 2,021,145 | 2,041,356 | 2,061,770 | 2,082,387 | 2,103,211 | 2,124,243 | 2,145,486 |
| OTHER | 158,193 | 159,775 | 1,624,755 | 2,051,253 | 2,071,766 | 2,092,483 | 2,113,408 | 2,134,542 | 2,155,888 | 2,177,446 | 2,199,221 | 2,221,213 | 2,243,425 | 2,265,860 | 2,288,518 |
| Total Revenue US\$ | 1,866,654 | 1,886,416 | 19,194,046 | 24,246,276 | 24,502,532 | 24,761,350 | 25,022,756 | 25,286,776 | 25,553,437 | 25,822,764 | 26,094,784 | 26,369,524 | 26,647,012 | 26,927,275 | 27,210,341 |

5.1.3 Projected profit and loss statement

The project registers significant profit before interest, depreciation and taxes – gradually increasing from **USD 1.87 million** in 2021 to **USD 25 Million** in 2030. The increase is partly due to increase in the occupancy rate and increase in charges – which is projected at 3.5% percent per annum as per consumer price index (See appendixes for more details).

After interest basis; the project is only realizing profit immediately in its first year of inception, this has factored in all financial and economic costs.

5.1.4 Cash flow

The project's cash flow is strong as the gearing ratio for the project is a desirable one with equal distribution of debt and equity. On the basis of the proposed lodge room facilities (room rates income), beverage, laundry, other inflows and outflows assumptions, the project has positive cash flow from on inception. Assuming no investment of the excess cash, the project's net change in cash stand at USD 359 thousands in 2021 and USD 12.49 million in the year 2031 (see Table 10).

Table 10: Cash flow statement

| Cash Flow Statement | | | | | | | | | | | | |
|--|-----------|-----------|-----------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
| "US\$" | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| OPERATING ACTIVITIES | | | | | | | | | | | | |
| Net Earnings | - 238,001 | 277,384 | 1,891,108 | 8,369,328 | 10,677,551 | 10,821,246 | 11,010,163 | 11,198,290 | 11,339,608 | 12,123,058 | 13,080,408 | 13,218,417 |
| Depreciation | - | 141,512 | 875,624 | 2,307,487 | 2,307,487 | 2,307,487 | 2,307,487 | 2,241,887 | 2,176,287 | 2,176,287 | 1,257,537 | 88,787 |
| Working Capital Changes | | | | | | | | | | | | |
| (Increase)/Decrease Accounts Receivable | - | (256,013) | (2,710) | (2,373,752) | (692,916) | (35,146) | (35,497) | (35,852) | (36,211) | (36,573) | (36,938) | (37,308) |
| (Increase)/Decrease Inventories | - | (206,661) | (2,188) | (1,916,161) | (559,342) | (28,371) | (28,654) | (28,941) | (29,230) | (29,522) | (29,818) | (30,116) |
| (Increase)/Decrease Other Current Assets | - | (30,845) | (327) | (285,994) | (83,484) | (4,234) | (4,277) | (4,320) | (4,363) | (4,406) | (4,450) | (4,495) |
| Increase/(Decrease) Accts Pay & Accrd Expenses | - | 261,250 | 2,766 | 2,422,311 | 707,091 | 35,865 | 36,223 | 36,585 | 36,951 | 37,321 | 37,694 | 38,071 |
| Increase/(Decrease) Other Current Liab | - | 30,845 | 327 | 285,994 | 83,484 | 4,234 | 4,277 | 4,320 | 4,363 | 4,406 | 4,450 | 4,495 |

| | | | | | | | | | | | | |
|--|-------------|----------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Net Cash Provided/(Used) by Operating Activities | - 238,001 | 217,472 | - 1,017,616 | 8,809,213 | 12,439,870 | 13,101,081 | 13,289,722 | 13,411,969 | 13,487,405 | 14,270,570 | 14,308,883 | 13,277,851 |
| INVESTING ACTIVITIES | | | | | | | | | | | | |
| Property & Equipment | (1,050,000) | (5,678,000) | (13,528,000) | - | - | - | - | - | - | - | - | - |
| Other | | | | | | | | | | | | |
| Net Cash Used in Investing Activities | (1,050,000) | (5,678,000) | (13,528,000) | - | - | - | - | - | - | - | - | - |
| FINANCING ACTIVITIES | | | | | | | | | | | | |
| Increase/(Decrease) Short Term Debt | - | 657,858 | 529,785 | 4,491,060 | 1,127,387 | 123,659 | 127,658 | 131,836 | 136,200 | 140,759 | 145,521 | 150,500 |
| Increase/(Decrease) Curr. Portion LTD | - | - | - | - | - | - | - | - | - | - | - | - |
| Increase/(Decrease) Long Term Debt | 735,000 | 3,974,600 | 9,469,600 | (1,181,600) | (1,181,600) | (1,181,600) | (1,181,600) | (1,181,600) | (1,181,600) | (1,181,600) | (1,181,600) | (1,181,600) |
| Increase/(Decrease) Common Stock | 553,001 | 1,227,399 | 6,187,508 | (3,782,216) | 1,891,108 | - | - | 0 | (0) | - | - | (0) |
| Increase/(Decrease) Preferred Stock | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends Declared | - | (39,383) | - | (6,478,220) | (10,677,551) | (10,821,246) | (11,010,163) | (11,198,290) | (11,339,608) | (12,123,058) | (13,080,408) | (13,218,417) |
| Net Cash Provided / (Used) by Financing | 1,288,001 | 5,820,474 | 16,186,894 | (6,950,975) | (8,840,656) | (11,879,187) | (12,064,105) | (12,248,055) | (12,385,007) | (13,163,899) | (14,116,487) | (14,249,518) |
| INCREASE/(DECREASE) IN CASH | 0 | 359,946 | 1,641,278 | 1,858,238 | 3,599,214 | 1,221,894 | 1,225,617 | 1,163,915 | 1,102,397 | 1,106,671 | 192,396 | (971,666) |
| CASH AT BEGINNING OF YEAR | | 0 | 359,946 | 2,001,224 | 3,859,462 | 7,458,676 | 8,680,570 | 9,906,186 | 11,070,101 | 12,172,499 | 13,279,170 | 13,471,566 |
| CASH AT END OF YEAR | - | 359,946 | 2,001,224 | 3,859,462 | 7,458,676 | 8,680,570 | 9,906,186 | 11,070,101 | 12,172,499 | 13,279,170 | 13,471,566 | 12,499,899 |

5.1.5 Balance sheet

Basing on proposed investment plan, the resultant financial position of Helios Lodgers Company Ltd is depicted in the balance sheet as represented. With the exceptional of first year of operation, the short term assets is convinced that it can finance the short term liabilities, thus the project is self-sustain the short term and long term liabilities (see Table 11).

Table 11: Balance sheet

| Balance Sheet | | | | | | | | | | | | |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| "US\$" | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| ASSETS | | | | | | | | | | | | |
| CURRENT ASSETS | | | | | | | | | | | | |
| Cash | 359,946 | 2,001,224 | 3,859,462 | 7,458,676 | 8,680,570 | 9,906,186 | 11,070,101 | 12,172,499 | 13,279,170 | 13,471,566 | 12,499,899 | - |
| Accounts Receivable | - | 256,013 | 258,723 | 2,632,475 | 3,325,391 | 3,360,536 | 3,396,034 | 3,431,886 | 3,468,096 | 3,504,669 | 3,541,607 | 3,578,915 |
| Inventories | - | 206,661 | 208,849 | 2,125,010 | 2,684,352 | 2,712,722 | 2,741,376 | 2,770,317 | 2,799,547 | 2,829,070 | 2,858,888 | 2,889,004 |
| Other Current Assets | - | 30,845 | 31,171 | 317,166 | 400,650 | 404,884 | 409,161 | 413,480 | 417,843 | 422,249 | 426,700 | 431,195 |
| Total Current Assets | 959,799 | 5,813,485 | 17,085,310 | 14,777,823 | 12,470,337 | 10,162,850 | 7,920,963 | 5,744,677 | 3,568,390 | 2,310,854 | 2,222,067 | 6,899,113 |
| PROPERTY & EQUIPMENT | 959,799 | 5,813,485 | 17,085,310 | 14,777,823 | 12,470,337 | 10,162,850 | 7,920,963 | 5,744,677 | 3,568,390 | 2,310,854 | 2,222,067 | 2,133,280 |
| TOTAL ASSETS | 1,919,598 | 11,626,971 | 34,170,620 | 29,555,646 | 24,940,673 | 20,325,700 | 15,841,927 | 11,489,354 | 7,136,780 | 4,621,707 | 4,444,134 | 9,032,393 |

| | | | | | | | | | | | | |
|---|--------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| LIABILITIES & SHAREHOLDERS' EQUITY | | | | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | | | | |
| Short Term Debt | - | 657,858 | 1,187,644 | 5,678,704 | 6,806,091 | 6,929,750 | 7,057,408 | 7,189,244 | 7,325,444 | 7,466,203 | 7,611,724 | 7,762,224 |
| Accounts Payable & Accrued Expen | - | 261,250 | 264,016 | 2,686,327 | 3,393,418 | 3,429,282 | 3,465,505 | 3,502,091 | 3,539,042 | 3,576,363 | 3,614,057 | 3,652,128 |
| Other Current Liab | - | 30,845 | 31,171 | 317,166 | 400,650 | 404,884 | 409,161 | 413,480 | 417,843 | 422,249 | 426,700 | 431,195 |
| Current portion of long term debt | | | | | | | | | | | | |
| Total Current Liabilities | - | 949,953 | 1,482,831 | 8,682,196 | 10,600,158 | 10,763,916 | 10,932,074 | 11,104,815 | 11,282,329 | 11,464,815 | 11,652,481 | 11,845,546 |
| LONG TERM DEBT (less current portion) | 735,000 | 4,709,600 | 14,179,200 | 12,997,600 | 11,816,000 | 10,634,400 | 9,452,800 | 8,271,200 | 7,089,600 | 5,908,000 | 4,726,400 | 3,544,800 |
| | | | | | | | | | | | | |
| STOCKHOLDERS' EQUITY | | | | | | | | | | | | |
| Common Stock | 553,001 | 1,780,399 | 7,967,908 | 4,185,692 | 6,076,800 | 6,076,800 | 6,076,800 | 6,076,800 | 6,076,800 | 6,076,800 | 6,076,800 | 6,076,800 |
| Preferred Stock | | | | | | | | | | | | |
| Retained Earnings | - | - | -1,891,108 | - | - | - | - | - | - | - | - | - |
| Total Equity | 553,001 | 1,780,399 | 6,076,800 | 4,185,692 | 6,076,800 | 6,076,800 | 6,076,800 | 6,076,800 | 6,076,800 | 6,076,800 | 6,076,800 | 6,076,800 |
| TOTAL LIABILITIES & EQUITY | 1,288,000.56 | 7,439,953 | 21,738,831 | 25,865,488 | 28,492,958 | 27,475,116 | 26,461,674 | 25,452,815 | 24,448,729 | 23,449,615 | 22,455,681 | 21,467,146 |

6 Projected Timeframe for the developer to recover costs

The developer will start to recover costs from 2025 based on the income statement (see Table 13) but the developer will finish paying the loan in 2034 as per the loan repayment schedule (see Table 12).

6.1 Loan repayment schedule

Table 12. Loan repayment schedule

| Loan Repayment Schedule (USD) | | | | | | | |
|-------------------------------|--|------------|------------|-----------|------------|-----------|------------------|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| 2020 | | -11 | - | 183,750 | 183,750 | 0 | |
| | | -10 | 183,750 | 183,750 | 367,500 | (2,297) | |
| | | -9 | 367,500 | 183,750 | 551,250 | (4,594) | |
| | | -8 | 551,250 | 183,750 | 735,000 | (6,891) | -13,781 |
| 2021 | | -7 | 735,000 | 993,650 | 1,728,650 | (9,188) | 735,000 |
| | | -6 | 1,728,650 | 993,650 | 2,722,300 | (21,608) | |
| | | -5 | 2,722,300 | 993,650 | 3,715,950 | (34,029) | |
| | | -4 | 3,715,950 | 993,650 | 4,709,600 | (46,449) | -111,274 |
| 2022 | | -3 | 4,709,600 | 2,367,400 | 7,077,000 | (58,870) | 3,974,600 |
| | | -2 | 7,077,000 | 2,367,400 | 9,444,400 | (88,463) | |
| | | -1 | 9,444,400 | 2,367,400 | 11,811,800 | (118,055) | |
| | | 0 | 11,811,800 | 2,367,400 | 14,179,200 | (147,648) | -413,035 |
| | | | | | | | 9,469,600 |

| | | | | | | | | |
|-------------|--|-----------|------------|----------|------------|-----------|---|-------------------|
| | | | | | | | | |
| 2023 | | 1 | 14,179,200 | -295,400 | 13,883,800 | (177,240) | | |
| | | 2 | 13,883,800 | -295,400 | 13,588,400 | (173,548) | | |
| | | 3 | 13,588,400 | -295,400 | 13,293,000 | (169,855) | | |
| | | 4 | 13,293,000 | -295,400 | 12,997,600 | (166,163) | - | 686,805 |
| | | | | | | | | -1,181,600 |
| 2024 | | 5 | 12,997,600 | -295,400 | 12,702,200 | (162,470) | | |
| | | 6 | 12,702,200 | -295,400 | 12,406,800 | (158,778) | | |
| | | 7 | 12,406,800 | -295,400 | 12,111,400 | (155,085) | | |
| | | 8 | 12,111,400 | -295,400 | 11,816,000 | (151,393) | - | 627,725 |
| | | | | | | | | -1,181,600 |
| 2025 | | 9 | 11,816,000 | -295,400 | 11,520,600 | (147,700) | | |
| | | 10 | 11,520,600 | -295,400 | 11,225,200 | (144,008) | | |
| | | 11 | 11,225,200 | -295,400 | 10,929,800 | (140,315) | | |
| | | 12 | 10,929,800 | -295,400 | 10,634,400 | (136,623) | - | 568,645 |
| | | | | | | | | -1,181,600 |
| 2026 | | 13 | 10,634,400 | -295,400 | 10,339,000 | (132,930) | | |
| | | 14 | 10,339,000 | -295,400 | 10,043,600 | (129,238) | | |
| | | 15 | 10,043,600 | -295,400 | 9,748,200 | (125,545) | | |
| | | 16 | 9,748,200 | -295,400 | 9,452,800 | (121,853) | - | 509,565 |
| | | | | | | | | -1,181,600 |
| 2027 | | 17 | 9,452,800 | -295,400 | 9,157,400 | (118,160) | | |
| | | 18 | 9,157,400 | -295,400 | 8,862,000 | (114,468) | | |
| | | 19 | 8,862,000 | -295,400 | 8,566,600 | (110,775) | | |
| | | 20 | 8,566,600 | -295,400 | 8,271,200 | (107,083) | - | 450,485 |
| | | | | | | | | -1,181,600 |

| | | | | | | | | |
|-------------|--|-----------|-----------|----------|-----------|-----------|---|-------------------|
| 2028 | | 21 | 8,271,200 | -295,400 | 7,975,800 | (103,390) | | |
| | | 22 | 7,975,800 | -295,400 | 7,680,400 | (99,698) | | |
| | | 23 | 7,680,400 | -295,400 | 7,385,000 | (96,005) | | |
| | | 24 | 7,385,000 | -295,400 | 7,089,600 | (92,313) | - | 391,405 |
| | | | | | | | | -1,181,600 |
| 2029 | | 25 | 7,089,600 | -295,400 | 6,794,200 | (88,620) | | |
| | | 26 | 6,794,200 | -295,400 | 6,498,800 | (84,928) | | |
| | | 27 | 6,498,800 | -295,400 | 6,203,400 | (81,235) | | |
| | | 28 | 6,203,400 | -295,400 | 5,908,000 | (77,543) | - | 332,325 |
| | | | | | | | | -1,181,600 |
| 2030 | | 29 | 5,908,000 | -295,400 | 5,612,600 | (73,850) | | |
| | | 30 | 5,612,600 | -295,400 | 5,317,200 | (70,158) | | |
| | | 31 | 5,317,200 | -295,400 | 5,021,800 | (66,465) | | |
| | | 32 | 5,021,800 | -295,400 | 4,726,400 | (62,773) | - | 273,245 |
| | | | | | | | | -1,181,600 |
| 2031 | | 33 | 4,726,400 | -295,400 | 4,431,000 | (59,080) | | |
| | | 34 | 4,431,000 | -295,400 | 4,135,600 | (55,388) | | |
| | | 35 | 4,135,600 | -295,400 | 3,840,200 | (51,695) | | |
| | | 36 | 3,840,200 | -295,400 | 3,544,800 | (48,003) | - | 214,165 |
| | | | | | | | | -1,181,600 |
| 2032 | | 37 | 3,544,800 | -295,400 | 3,249,400 | (44,310) | | |
| | | 38 | 3,249,400 | -295,400 | 2,954,000 | (40,618) | | |
| | | 39 | 2,954,000 | -295,400 | 2,658,600 | (36,925) | | |
| | | 40 | 2,658,600 | -295,400 | 2,363,200 | (33,233) | - | 155,085 |
| 2033 | | 41 | 2,363,200 | -295,400 | 2,067,800 | (29,540) | | |
| | | 42 | 2,067,800 | -295,400 | 1,772,400 | (25,848) | | |

| | | | | | | | | |
|-------------|--|-----------|-----------|----------|-----------|----------|---|-------------------|
| | | 43 | 1,772,400 | -295,400 | 1,477,000 | (22,155) | | |
| | | 44 | 1,477,000 | -295,400 | 1,181,600 | (18,463) | - | 96,005 |
| | | | | | | | | -1,181,600 |
| 2034 | | 45 | 1,181,600 | -295,400 | 886,200 | (14,770) | | |
| | | 46 | 886,200 | -295,400 | 590,800 | (11,078) | | |
| | | 47 | 590,800 | -295,400 | 295,400 | (7,385) | | |
| | | 48 | 295,400 | -295,400 | 0 | (3,693) | - | 36,925 |
| | | | | | | | | -1,181,600 |
| 2035 | | 49 | - | 0 | 0 | 0 | | |
| | | 50 | - | 0 | 0 | 0 | | |
| | | 51 | - | 0 | 0 | 0 | | |
| | | 52 | - | 0 | 0 | 0 | - | 0 |
| 2036 | | 53 | - | 0 | 0 | 0 | | |
| | | 54 | - | 0 | 0 | 0 | | |
| | | 55 | - | 0 | 0 | 0 | | |
| | | 56 | - | 0 | 0 | 0 | - | 0 |
| 2037 | | 57 | - | 0 | 0 | 0 | | |
| | | 58 | - | 0 | 0 | 0 | | |
| | | 59 | - | 0 | 0 | 0 | | |
| | | 60 | - | 0 | 0 | 0 | - | 0 |
| | | | | | | | | |
| 2038 | | 61 | - | 0 | 0 | 0 | | |
| | | 62 | - | 0 | 0 | 0 | | |
| | | 63 | - | 0 | 0 | 0 | | |
| | | 64 | - | 0 | 0 | 0 | - | 0 |
| 2039 | | 65 | - | 0 | 0 | 0 | | |

| | | | | | | | | |
|--|--|-----------|---|---|---|---|---|----------|
| | | 66 | - | 0 | 0 | 0 | | |
| | | 67 | - | 0 | 0 | 0 | | |
| | | 68 | - | 0 | 0 | 0 | - | 0 |
| | | | | | | | | |
| | | | | | | | | |

6.2 Income statement

Table 13: Income Statement

| <u>Income Statement "US\$"</u> | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|---------------------------------------|-------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue | | | | | | | | | | | | |
| ROOM (B&B) | | 1,560,155 | 1,576,853 | 16,046,084 | 20,271,973 | 20,488,486 | 20,707,163 | 20,928,028 | 21,151,101 | 21,376,404 | 21,603,961 | 21,833,793 |
| F&B | | 148,306 | 149,789 | 1,523,208 | 1,923,050 | 1,942,280 | 1,961,703 | 1,981,320 | 2,001,133 | 2,021,145 | 2,041,356 | 2,061,770 |
| OTHER | | 158,193 | 159,775 | 1,624,755 | 2,051,253 | 2,071,766 | 2,092,483 | 2,113,408 | 2,134,542 | 2,155,888 | 2,177,446 | 2,199,221 |
| Total Revenue | | 1,866,654 | 1,886,416 | 19,194,046 | 24,246,276 | 24,502,532 | 24,761,350 | 25,022,756 | 25,286,776 | 25,553,437 | 25,822,764 | 26,094,784 |

| | | | | | | | | | | | | |
|---|------------------|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Cost | | | | | | | | | | | | |
| General Cost | | - 407,6 59 | - 500,2 78 | - 4,340, 633 | - 5,401, 706 | - 5,455, 756 | - 5,510, 347 | - 5,565, 483 | - 5,621, 172 | - 5,677, 418 | - 5,734, 225 | - 5,791, 600 |
| Government Taxes and Fees | | - 36,70 6 | - 37,99 0 | - 39,32 0 | - 40,69 6 | - 42,12 1 | - 43,59 5 | - 45,12 1 | - 46,700 | - 48,334 | - 50,026 | - 51,777 |
| Labor | | - 213,4 93 | - 649,3 76 | - 1,298, 751 | - 1,363, 689 | - 1,431, 873 | - 1,503, 467 | - 1,578, 640 | - 1,657, 572 | - 1,740, 451 | - 1,827, 473 | - 1,918, 847 |
| Total Production Cost | | - 657,8 58 | - 1,187, 644 | - 5,678, 704 | - 6,806, 091 | - 6,929, 750 | - 7,057, 408 | - 7,189, 244 | - 7,325, 444 | - 7,466, 203 | - 7,611, 724 | - 7,762, 224 |
| EBITDA | | 1,208, 796 | 698,7 73 | 13,51 5,342 | 17,44 0,185 | 17,57 2,782 | 17,70 3,942 | 17,83 3,512 | 17,961 ,332 | 18,087 ,234 | 18,211 ,040 | 18,332 ,560 |
| <u>Less Capital Charges</u> | | | | | | | | | | | | |
| Economic Depreciation | | - 875,6 24 | - 2,307, 487 | - 2,307, 487 | - 2,307, 487 | - 2,307, 487 | - 2,241, 887 | - 2,176, 287 | - 2,176, 287 | - 1,257, 537 | - 88,787 | - 88,787 |
| Facility Fee | - 224,2 19 | | | | | | | | | | | |
| Interest Expenses: Term Loan | - 13,78 1 | - 111,2 74 | - 413,0 35 | - 686,8 05 | - 627,7 25 | - 568,6 45 | - 509,5 65 | - 450,4 85 | - 391,40 5 | - 332,32 5 | - 273,24 5 | - 214,16 5 |
| Interest Expenses: Over Draft | | 72,36 4 | 130,6 41 | 624,6 57 | 748,6 70 | 762,2 72 | 776,3 15 | 790,8 17 | 805,79 9 | 821,28 2 | 837,29 0 | 853,84 5 |
| Net profit Before Tax (Annual) | - 238,0 01 | 294,2 62 | - 1,891, 108 | 11,14 5,708 | 15,25 3,644 | 15,45 8,923 | 15,72 8,805 | 15,99 7,557 | 16,199 ,440 | 17,318 ,655 | 18,686 ,298 | 18,883 ,453 |

| | | | | | | | | | | | | |
|--|----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Corporate Tax Payment (30%) Annual | - | 16,878 | - | 2,776,380 | 4,576,093 | 4,637,677 | 4,718,641 | 4,799,267 | 4,859,832 | 5,195,596 | 5,605,889 | 5,665,036 |
| Net Profit | -238,001 | 277,384 | 1,891,108 | 8,369,328 | 10,677,551 | 10,821,246 | 11,010,163 | 11,198,290 | 11,339,608 | 12,123,058 | 13,080,408 | 13,218,417 |
| Accumulated Profit | -238,001 | 39,383 | 1,851,725 | 6,517,603 | 17,195,154 | 28,016,400 | 39,026,563 | 50,224,853 | 61,564,461 | 73,687,519 | 86,767,927 | 99,986,345 |
| | | | | | | | | | | | | |
| Principle | | 735,000 | 3,974,600 | 9,469,600 | 1,181,600 | 1,181,600 | 1,181,600 | 1,181,600 | 1,181,600 | 1,181,600 | 1,181,600 | 1,181,600 |
| Net Profit-Principle | | 1,012,384 | 2,083,492 | 17,838,928 | 9,495,951 | 9,639,646 | 9,828,563 | 10,016,690 | 10,158,008 | 10,941,458 | 11,898,808 | 12,036,817 |
| Accumulated Reserve After Principle | | 1,012,384 | 3,095,876 | 20,934,804 | 30,430,754 | 40,070,400 | 49,898,964 | 59,915,654 | 70,073,662 | 81,015,120 | 92,913,928 | 104,950,745 |

7 Conclusion

The proposed Serengeti Helios lodge is one of a kind to be constructed in Serengeti National Park. The parent company has experience in hospitality business in other countries; the experience and best practice they bring is strategic for both the developer and the country. This Business Plan established that the cash flows indicated an internal rate of return of 26% for the projected period of 10 years. Assuming 5% as cost of capital, the project

has positive NPV of USD 41.8 million for projected 10 years period. The project is likely to be able to support borrowing at 5% but with repayment period of 15 years.

The ability of Helios to service all its short-term and long-term liabilities is quite good considering the profitability of this project. The international network of the parent company with global financial institutions is very solid and therefore, the company is requesting a long-term lease from TANAPA as per the TANAPA Tourism Investment Manual (2019 – 2024) guidelines which allow for a 30 years lease for lodges so that it can successfully execute this project at Long'osa Hill, Serengeti National Park.