

BUSINESS PLAN

THE SERENGETI SMART CITY PROJECT

(SESCI22)

‘Project Investment in Tanzania’

May 2022

Presented by:

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1.0 EXECUTIVE SUMMARY

1.1 **Background**

Most countries in Africa and other parts of the world are promoting tourism and some are resorting to developing smart cities.

Serengeti smart city is a sustainable and innovative city that uses ICT and other means to improve quality of life, efficiency of urban operation and services, and competitiveness, while ensuring that it meets the needs of the present and future generations with respect to economic, social, environmental as well as cultural aspects.

Serengeti Development Company Limited (SDCL) has prepared this Business Plan with a purpose to evaluate the viability of establishing a smart city in Serengeti district of Mara, Tanzania.

1.2 **Proposed project**

SDCL will develop a smart city, which will serve as a place for traditional networks and services in Tanzania that makes efficient use of digital solutions for benefits of citizens and businesses.

A smart city is based on ICT and various physical devices connected to the Internet of Things (IoT) networks that optimizes city operations, services and connect to citizens.

1.3 **Investment plan**

The project investment will include procurement of land and its development for the establishment of smart city. The project will also entail construction of buildings and civil works to accommodate infrastructures for tourism.

Total project costs are estimated at 498 MUSD, which comprises of capital expenditure 150 MUSD and initial working capital 348 MUSD largely for buildings and civil works.

1.4 **Project financing**

The project capital expenditure will be financed through equity financing to the tune of 498 MUSD on buildings and civil works, machinery and equipment, and other tourism infrastructure.

1.5 Proposed Project Financing Equity

The project proposes three phases of financing equity, where phase one financing equity will amount to 150 MUSD. The proposed second phase financing amounts to 348 MUSD while the long-term financing of the project will depend on revolving funds and additional equity from investors, the amount will be determined from sell of goods.

1.6 Project location

The project will be in Serengeti district of Mara region in Tanzania, which is in the North-west of Serengeti National Park (SENAPA) about 300km from Mwanza city center. The project site measuring 40 acres with possible extension to 1,500 acres.

1.7 Project output

SDCL will develop a smart city that conform to international standards. In intent to keep pace with the global innovations, SDCL will make round-the-clock efforts to get the latest technologies for real time city operations, safety and security. The following infrastructures, buildings and services will be in place:

- i. Six hotels of 5-stars level with conference facilities.*
- ii. Shopping mall and local retail market*
- iii. Water supply, sewerage and rain water drainage*
- iv. Apartments and residential villas for rental and sales*
- v. Solid and liquid waste management and power generator*
- vi. Agriculture: greenhouses for horticultural products served in hotels*
- vii. CSR: administration block, security, traffic robots, IT-CCTV and Facial detection for enhance safety and security services*

1.8 Market outlook

There is a very high demand for tourism services in Tanzania, especially in the SENAPA largely influenced by the level of economic and leisure activities. The growing demand for tour and expedition following the Royal Tour Initiatives has seen the number of tourists raising from 500

per day to 1,500 tourists registered at SENAPA. The growing tourism industry in Tanzania is sustainable.

The project main target markets are companies and individual business people engaged in the tourism industry as well as travelers including local and foreigners.

1.9 **Organization and implementation**

The smart city establishment will be complete based on a turn-key project where the infrastructures and buildings will be commissioned to the project owners for operationalization.

The initial construction of the project will take 36-months and this period with additional 24-months is regarded as a grace period, where there is minimal implementation and productivity. Full operations is assumed to commence in sixth year of the project. Upon completion of the implementation works, the project will be under the management of the consortium members.

1.10 **Projected profitability**

The analysis of the profitability for the overall project indicates that the project is a profitable undertaking with short-term returns on investments. The overall gross margins are projected to average 14% and the net margins are projected at 9% over the first 15-years of operations.

1.11 **Projected cash-flows**

The projected cash flow statements indicate that the company will have negative cash balances in the first year of operations, which will be financed by the proposed facilities of 498 MUSD. In the subsequent years the project will register positive cash flows through to the 10th year, which demonstrates the ability of the project to meet its financial obligations.

1.12 **Conclusion and recommendations**

The proposed project will generate value addition to the tourism, agriculture, environmental and energy. The analysis suggests that the project is financially and economically viable and technically feasible. The project will be able to meet its financial obligations from sales revenues.

2.0 SECTION ONE: THE BUSINESS

Serengeti Development Company Limited (SDCL) aims to develop a smart city, which will serve as a place for traditional networks and services in Tanzania and make more efficient use of digital solutions for the benefits of its citizens and available businesses.

This smart city will go beyond the use of digital technologies for better resources utilization and less emissions to protect the environment. It is in our understanding that the concept of a smart city are based on ICT and various physical devices connected to the Internet of Things (IoT) networks to optimize the efficiency of the city operations and services and connect to citizens.

Serengeti smart city is a sustainable and innovative city that uses ICT and other means to improve quality of life, efficiency of urban operation and services, and competitiveness, while ensuring that it meets the needs of the present and future generations with respect to economic, social, environmental as well as cultural aspects.

2.1 Project promoter's legal status

SDCL is a limited liability company under Tanzania's Company Laws. The company is registered with the objectives of, among other things, involving in the tourism industry investments. SDCL has received the following certifications:

- A Certificate of Incorporation no. 152-267-495
- Taxpayers Identification no. 152-267-495

The company will in due course process for other statutory documents such as business license, Environmental and Social Impact Assessment (ESIA) certificate, OSHA and others.

2.2 Description of the business

The proposed project entails establishment of a SMART CITY in Serengeti Township within the Serengeti district council of Mara region in Tanzania. The project aims to promote tourism in the areas of Wildlife, Sports, Medical, meeting and conferences,

Cultural, Agriculture, and Education. That, the project will have three major components: *Infrastructure, Communications and Economic Development.*

The project components will be supported by the crucial building blocks of smart city, which are extended to connected and well maintained infrastructure such as buildings, roads, electricity, water supply and sewerages. The second crucial building block of smart city in communications such as televisual, urban mobility, IT connectivity and digitalization. While, the third component which is economic development has two major crucial blocks, these are **social services** that include agriculture, health, education, hospitality, conferences and recreations (arts and sports), and **security services** such as Artificial Intelligence, robots, CCTV and image detection systems.

The project will invest Four hundred and Ninety Eight Million US Dollars (498 MUSD) over a period of fifteen years. Such investments will include commercial entities and CSR services. The Serengeti smart city will be developed in three phases.

There are many benefits of the smart city to the citizens of Tanzania, such as Public safety and security, reduced environmental footprint, and Operational efficiency. All these will increase productivity and create jobs for the citizens.

2.3 Products/services

Serengeti smart city will have a number of projects divided into infrastructure, communication and economic development. Such products and or services shall target on promoting tourism in Tanzania, making the Western corridor of Serengeti National Park (SENAPA) the hub of tourism in Southern Sahara Africa (SSA). SESCOI22 will provide infrastructure and communication services for the people centered development in SSA, mostly Tanzania.

In making an impact to the community and citizens of Tanzania, SESCOI22 aims to offer the following products and or services as its initial investments in Serengeti district:

A: INFRASTRUCTURE

- i. **Shopping mall and local retail market:** smart city with smart people requires proper places for shopping of goods and food stuff.
- ii. **Water supply, sewerage systems and rain water drainage:** SESCOI22 project will construct a water mine from nearby water source such as underground water, Mara River and possibly Lake Victoria, and pump it to Serengeti Township and nearby villages.

The water project will include the mine, transmission, reservoirs and distributions. Due to weather conditions of Serengeti, water supply systems will include both cold and warm water to the hotels and apartments.

Apart from clean and safe water supply, SESCOI22 will put in place a network of rain water drainage and sewerage systems with water recycling plants, biogas and manure production, and power generation.
- iii. **Power generators:** the SESCOI22 will require robust power for infrastructure, communications and economic development activities. It is critical to have reliable power supply for the sustainability of the smart city.
- iv. **Solid and liquid waste management systems:** garbage collection, processing and recycling is critical for manufacturing of manure, industrial goods and power generation. Apart from keeping the city clean, it will also protect nature and environment.
- v. **Garage and equipment maintenance facilities:** for cars and machine repairs. This will include a metal and plastic tool (such as bolts, screws etc.) factory for cars, machines and all types of equipment.

B: COMMUNICATIONS

- vi. Installation of free street 4&5G WiFi, CCTV and Facial identification for security and safety.
- vii. **Traffic and gate robots:** all roads to the hotels and apartments will have traffic robots for control and organize. All entrances will have digital data management systems for opening and closing of entries, to include billing systems.
- viii. **Teleconference facilities:** for improved communications in tourism and administrative services.

C: ECONOMIC DEVELOPMENT

- ix. **Master plan and design:** the city master plan and design will cover an area of 240 square kilometers. The master plan will attract diversity such as Tanzania tribal heritage taste, Asian (Jewish, Japanese, Chinese and Indian) taste, European taste and General African (Arabic, Southern and Western Africa) taste.
- x. **Corporate and Social Responsibility (CSR):** the government need to ensure security hence the block of ministerial administration (BOMA) needs to be of high quality in Serengeti for robust law reinforcements. This will comprise of the Commissioners' office and residency, state house lodge, leader's club and lounge.

Other structures will include the police station, district competent court of law, firefighting stations and prisons. For organizations and city cleanliness, the Mayor's office will be constructed and equipped for proper service provision.
- xi. **Hotels, apartments and villas:** the government of Tanzania targets to receive six million tourists annually by 2025 where over 70% of them will visit Serengeti national park, the

World's heritage. SESCOI22 project will construct six 5-stars hotels with 150 bed capacity each in Serengeti. Improving accommodation in Serengeti by constructing 3,000 residential apartment and 2,000 real estate housing scheme that has executive houses and villas. The hotels will contain conference facilities for small and medium size conferences.

The estates will contain social services such as dispensaries, schools, supermarkets and play grounds for track and fields, games and sports.

- xii. **Horticulture and Fruits garden tourism facilities:** community supported to grow horticultural products for hotels as out growers.

At the heart of the Serengeti smart city, there will be a fruit garden made to imitate the Adam's paradise that God made during creation of the World. The garden will surround the Manchira dam to attract most tourists who will like to enjoy natural organic fruits in a luxurious garden. Serengeti's weather is conducive such that one can plant a variety of fruits that can be harvested throughout the year.

- xiii. **Public open recreation areas:** will be constructed in Serengeti for public use and children play grounds.

2.4 Market analysis

Serengeti smart city will be a digital city for better resources utilization and less emissions to protect the Serengeti ecosystems. Connected to the Internet of Things (IoT) networks that will optimize city operations and services for the benefits of citizens.

Serengeti smart city will invest in both **Public Services** and **Commercial for Profit** investments. The public infrastructures will be handled to the relevant government institutions for operationalization while the commercial for profit investments will be managed in Joint-Venture between partners.

Public services are key enabler of global economic activity and play an essential role in providing all types of services and commodities. Economic growth is closely associated with good governance and timely service provisions, to include assured safety and security.

The products and services falling into investing in public wellness are critical in promoting human movements and trade within Serengeti smart city. The main product for the SESCOI22 is the tourism facilities and services in Serengeti District.

The demands: during the high season for tourism in Serengeti that happens mainly between May and November of each year, Serengeti receives over 1,500 tourists per day and leave alone those who visited other places in Tanzania.

There is a high demand of accommodation for both tourists and services providers. It is in record that 60% of tourists who visited Serengeti National Park by car, returned by air due to inadequate accommodation in the Western corridor of Serengeti National Park. That accommodation demands are quite high.

The rapid growth of the middle class in the country poses a challenge on increased demands for travels and digital concerns. Public infrastructures for tourism are not good enough to meet this growing demand; leave alone an increased need for digital services.

The SESCOI22 project is confident that with the current production activities around Serengeti National Park and Lake Victoria through Agriculture, Mining, Fishing and manufacturing sector, the demand for luxury and leisure is growing. Investing in tourism infrastructures will stimulate economic growth of Serengeti district and nearby cities, and also will increase the trade volumes in all aspects related to tourisms, trades and manufacturing industries.

The supply: hotels and apartments are links in the supply chain of goods, commodities and services within the tourism industry.

The tourism industry has developed into new business concepts in which multimodal tourism services that were untapped are now increasingly bringing in tourists in Tanzania, such areas include

but not limited to sports, medical, conferencing, leisure, education and game drives.

According to tourism data of Tanzania, by the year 2022 about two million tourists visited Tanzania. It is planned that by 2025, Tanzania will receive Six Million tourists of which 70% are estimated to visit Serengeti. The smart city targets to increase the number of tourists per year to Thirty Million by the year 2050.

2.5 Competition

The trade liberalization that was introduced in Tanzania in the early 1990's increased the number of players in the Tourism Industry, Real Estates, Transportation, Medical and Sports to mention a few.

Kenya posed as an East Africa's tourism power house and demonstrated that is the main destination of tourists travelling to East and Central Africa as is supported by Kenya Airlines.

Easy entry to Kenya with adequate facilities for tourism has not only attracted people to visit Kenya but also has attracted people who visit Tanzania to travel through Kenya. The Nation has been using Tanzania's tourism features like Mount Kilimanjaro and the Serengeti Wildebeests migrations to attract tourists to visit Kenya. This has worked for them, Tanzania need to turn around the practice.

Competition is also expected from other countries, which have heavily invested in tourism such as South Africa, Mauritius and Egypt. Tanzania being the home of Mount Kilimanjaro, with over 300,000 square Kilometers of lands reserved for wildlife and forestry remains to be competitive in the tourism industry.

2.6 TOWS (Threats, Opportunities, Weaknesses and Strengths)

The project is analyzed from the outside aspects, coming into the inner aspects of the owners to meet the potentiality of successful productivity and hence a sound return on investment.

2.6.1 Threats

Political interferences is cited as one of the threats to the project, and is mitigated by active engagement of the government of the United Republic of Tanzania.

Inadequate community engagement and support due to land acquisitions for the project, and SESCOI22 will engage social workers to address this threat prior to launching of the project and throughout the project life.

Natural calamities, such as diseases like COVID-19

Security and hackers

Larger technological gaps open up between smart cities and other cities.

2.6.2 Opportunities

Reliable, available and accessible funding for the project.

High political will for the SESCOI22 project.

Available land for the project in Serengeti district with reasonable costs and procedures on acquisition.

High demand of tourists to visit the Serengeti National Park.

Improved safety and security that attracts more investments

2.6.3 Weaknesses

Serengeti Development Co. Limited is quite a young company with very limited capital investments.

Smart cities have minimal privacy that some people may not like the ideas due to their personal issues.

Requires significant capital investment in technology and has high dependence on technology service companies.

Real estate becomes more expensive, as it is more difficult to build and execute.

2.6.4 Strengths

An ability to borrow with availability and accessibility of equitable funding for borrowing.

Availability of team that is experienced, ready, willing and able to work and make SESCOI22 project a success.

Smart cities have less crime, improved infrastructure, more job opportunities and safer communication.

2.7 Market plan

In general, SESCOI22 project will play a big role in rebranding Tanzania by active engagements of the Public and Private sectors that will put in place expanded infrastructures for productivity.

A smart sustainable digital city with multiple innovative uses ICT and other means to improve quality of life, efficiency of urban operation and services, and competitiveness, while ensuring that security and safety of all citizen is guaranteed.

As a pricing strategy, the smart city will be a place where citizens appreciate value for money with attractive and competitive prices, products and services.

SESCOI22 project will indulge to invest in new technologies to support tourism, production and service provision.

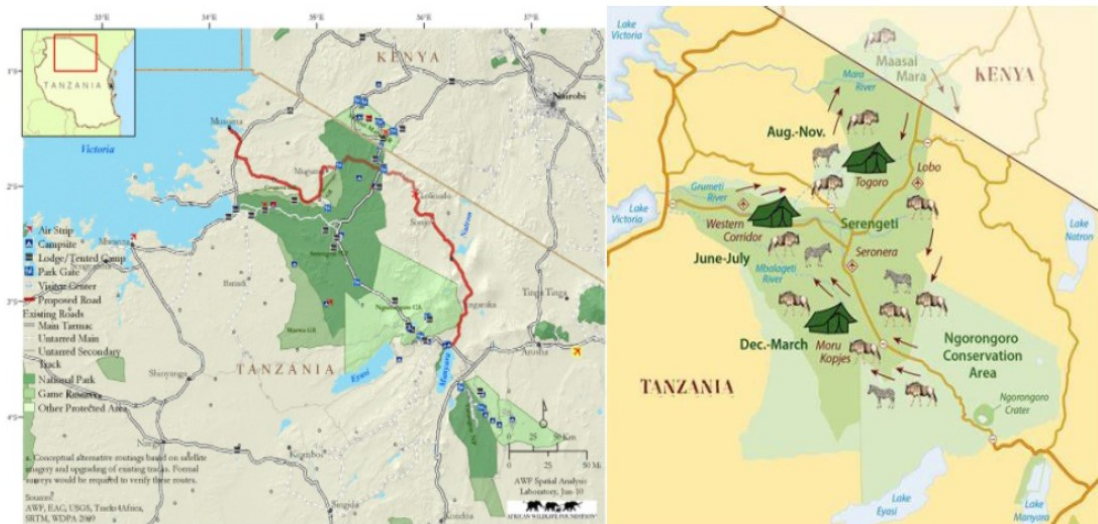
Engaging firms that are experienced in the tourism industry to work together with SESCOI22 project in promoting tourism in Tanzania and production of goods, commodities and services for ensured market supply.

Promotion and advertisements will be branded to differentiate Tanzania with other touristic destinations without offending our competitors. Tanzania will be branded to meet the world classes of tourists using globally well-known firms in tourism industries.

2.8 Location

SESCI22 project headquarters is located at Bomani Street 31603 in Serengeti Township within Mara region of Tanzania. Serengeti Township (formerly known as Mugumu) is found within Latitude: - 1 51'0.00”S and Longitude; 34042'0.00”E in the Mara, Tanzania;

Serengeti district has an area of 10,373 Km² where the National Park (the World’s heritage) is 7,000Km², Grumeti and Ikorongo game reserves 993.4Km² and IKONA-WMA 242.3Km² while the remaining area is for human settlements.



Serengeti District location & ecosystems

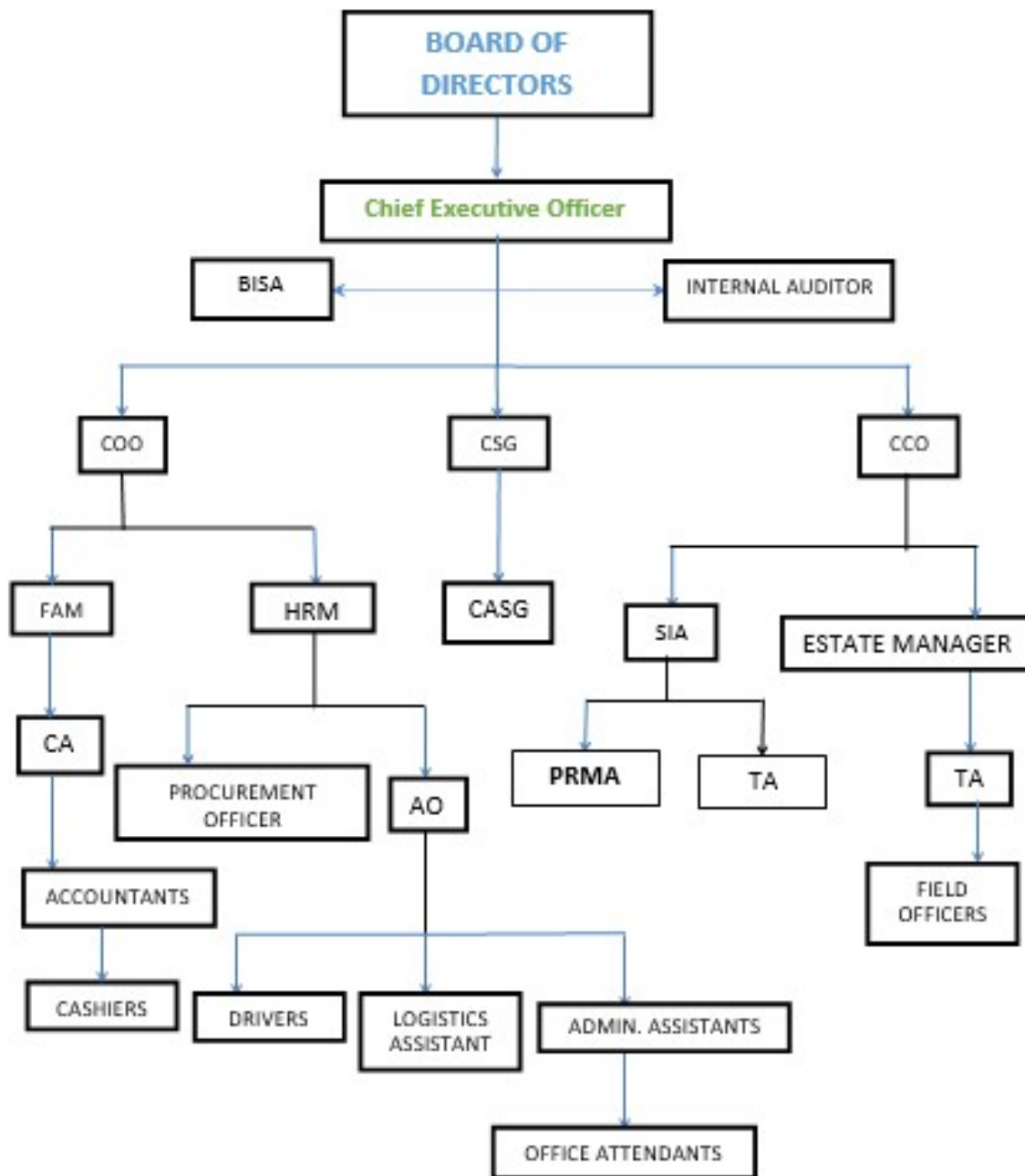
Serengeti Wildebeests Migration

Location plan for the airport in Serengeti

2.9 Management and operations

The project will be under the general management of SDCL Board of Directors. The Chief Executive Officer (CEO) will be in-charge of all matters as assisted by the Chief Commercial Officer (CCO) responsible for all investments, partnership, strategic information, public relations and marketing. The Chief Operating Officer (COO) responsible for all Finance, Human Resources and Administration. While the Company Solicitor General (CSG) will be responsible for all legal matters.

SDCL ORGANIZATION CHART



Serengeti Development Company Limited Staff Members as of December 31, 2022

DEPARTMENT	POSITION	NUMBER OF STAFF
Board of Directors	Board Chairman MR. KIVUMA H. MSANGI	1
	Secretary to the Board of Directors ADV. VERONICA C. LUKANDA	1
	Board Members MR. VICTOR LUTONESHA MR. WILFRED MWITA MR. MARCO B. MALUKA MR. ELIAS D. NYANTITO MR. WAMBURA SUNDAY MR. SIMEON WARYUBA	6
	Chief Executive Officer MR. GEORGE Z. KIHAMBA	1
	Chief Operating Officer MR. JARED N. ORWAKA	1
	Chief Commercial Officer DR. VINCENT B. MASHINJI	1
	Company Solicitor General ADV. VERONICA C. LUKANDA	1
	Human Resource Manager/Secretary to CMT MR. GASPHER R. IRINGO	1
	Internal Auditor MR. SAAD M. IISHABAILU	1
	Business Intelligence and Security Advisor TBD	1
Company Management Team (CMT)		

2.10 Remuneration

The project will pay salaries and wages to the staff at competitive rates with all other benefits as stipulated in the laws of Tanzania, such as lunch at workplace, transport services and other fringe benefits.

2.11 Manpower training on project management

Serengeti Development Company Limited will mostly hire experienced workers so that they can easily adopt the system and good practices involved in efficient running of smart cities. Identification of training needs is critical with installation of contemporary digital systems that training is made relevant.

2.12 Implementation and Operation Plan

2.12.1 Implementing consortium

The project will be implemented by a consortium of three companies, the Serengeti Development Company Limited (SDCL) with 35% equity share, Tanscar Attorneys 30% and Government of Tanzania 35% shares on equity; to all for profit projects during the its lifetime. The projects that have public interests will remain to be grants to the United Republic of Tanzania.

2.12.2 Implementation plan

The project SESCOI22, is in agreement with Tanscar Attorneys to work together and raise funds to the height of 498 MUSD. The constructions and all civil works are subject to signing of contract agreements with respective contractors and building consultants.

Initial constructions and civil works is estimated to take 5 years, followed by the ongoing development of the smart city for another 25 years. The aim is to make Serengeti a city that will serve as Tourism headquarters for the Southern Sahara Africa.

Implementation of the project will be in line with disbursement of funds from the external financiers.

2.12.3 Operation plan

Upon completion of the implementation, SDCL will undertake to assign reputable companies to run the operations of the project. SDCL will focus on continuous quality improvement and customers' satisfactions however, operations will be coordinated centrally to ensure that profits are leveraged to meet equity shares distribution to the consortium.

2.12.4 Risks and uncertainties

Delays in project implementation: a number of factors may be involved to include statutory documentations, funds mobilization and disbursements. There is high levels of commitments among the consortium members to address this risk.

Counterfeits: products that are produced and sold with the intent to deceptively represent its origin, authenticity or effectiveness. Counterfeit products are a dangerous source of unfair competition and financial harm for both the innovative and generic industries.

SDCL will invest considerable resources to ensure a safe supply chain for genuine goods and commodities. Additionally, the Tanzania government through Tanzania Bureau of Standards and other organs, has consistently enforced policies to address counterfeiting problems.

Inflation: a potential risk that inflation might increase at higher rates than projected. This may increase the price of the final products hence reduce the demand for the products. While this risk usually prevails in Developing Countries like Tanzania, the government appears to be committed to continue maintaining the macroeconomic stability and bring inflation further down.

Political risks: the government may from time to time issue new directives, which may negatively impact on the project implementation and operations. This risk is strongly addressed by the fact that the Tanzania government has maintained long-term commitment of involving the private sector in policy decisions.

Managerial risks: management of Serengeti Smart City requires close supervision and expertise in implementation and its operations. SDCL employs staff with varsity experience and results oriented.

3.0 SECTION TWO: FINANCIAL DATA

3.1 **Financial Plan**

3.1.1 Financial goals.

Mainly we examine both commercial profitability and economic viability of the proposed project. Our goals include but not limited to financing the investment costs through equity financing and external financing. SDCL shall obtain funding from lending institutions and possible grants.

3.1.2 Investment plan

Projected Investments and capitals are estimated at 498 MUSD, which include the existing properties like land and others.

Projects, Costs and Description	USD
1. Water supply, sewerage and rain water drainage	44,450,000
2. Construction of six 5-stars hotels in Serengeti to support tourism	240,000,000
3. Construction of apartments and residential villas for rental and sales in Serengeti and nearby cities	128,000,000
4. Solid and liquid waste management and power generation.	22,050,000
5. Construction of community utilities: local city market and shopping malls	13,667,000
6. Agriculture: greenhouses and touristic fruits garden for food supply	10,938,000
7. CSR and Digital: administration buildings, security, traffic robots, IT-CCTV and Facial detection for enhance safety and security services	38,895,000
 TOTAL AMOUNT	 498,000,000

Funding the Project

Project Owner's Equity	126,000,000
Partner's and Other Investment Equities	372,000,000
Subtotal	498,000,000

Fixed Assets Listing

Office set-up and safety	750,000
Land (998 acres)	998,000,000
Motorcycles (4 units)	80,000
Subtotal	998,830,000

Financial Projections Overview

at year 5

Total Revenues	892,315,412
Costs of Sales	3,396,123
Gross Margin	888,919,289
Total Expenses	880,324,473
Income before Taxes	8,594,816
Corporate Taxes 30%	2,578,444
Net Income	6,016,371

Financial Projections Assumptions

1. This transaction is proposed as an assets purchase. Owner equity represents US\$ 126,000,000 plus a 40% increase in Owner's Equity.
2. The projections are for assessing the ability of the creditors to pay their loan. That is to say, a reflection of goods and services in trade.
3. Projected expenses in the Operating Statements are based on projected financial expenses calculated as a percentage (%) of Revenues. Some items such as tools are shown as fixed costs.

3.2 Projected financial statements

3.2.1 Income statement for Serengeti Smart City

ITEM	1 YEARS (US\$)	3 YEARS (US\$)	5 YEARS (US\$)
Revenues			
Sales	4,967,049	19,036,365	892,315,412
Costs of Sale	1,600	2,325,930	3,396,123
Gross Margin	4,965,449	16,710,434	888,919,289
Expenses			
Water supply, sewerage and drainages	35,294,890	6,741,070	2,414,040
Hotels with conference facilities	9,804,685	210,099,687	20,095,628
Apartments and villas	6,794,792	114,000,692	7,204,516
Solid waste management and power generators	16,456,079	4,294,666	1,299,255
Local market and shopping malls	7,675,800	5,160,003	831,197
Agriculture: greenhouses and fruits garden	3,700,000	5,800,000	500,000
General investments: smart administration, safety and security, CCTV and more	12,544,645	18,803,583	7,546,772
Total Expenditures	92,270,891	364,899,701	39,891,408
Profit / Loss before Tax	-87,305,442	-348,189,267	849,027,881
Corporate Tax (30%)	0	0	254,708,364
Net Profit / Loss	-87,270,442	-348,189,267	594,319,517

3.2.2 Cash flow statement for Serengeti Smart City

ITEM	1 YEARS	3 YEARS	5 YEARS
Cash Inflow			
Profit / Loss from preceding years	-87,270,442	-348,189,267	594,319,517
Sales receipts	4,967,049	19,036,365	32,531,619
Understated/Overstated balances	0	48,465,126	0
Equity Issued by Owners	126,000,000	0	0
Cash inflow at end of period	43,696,607	-280,687,776	626,851,136
Cash Outflow			
Pre-operating costs	9,930,820	0	0
Payments for operations	1,985,800	4,928,276	3,467,236
Construction payments	59,410,000	226,909,604	9,900,000
Purchase of new fixed assets	17,820,000	111,393,333	10,313,962
Depreciation on properties	0	5,569,667	8,891,000
Contractual (consultancy & technical supervisions)	3,124,271	16,098,821	16,210,210
Corporate tax (30%)	0	0	254,708,364
Cash outflow at end of period	92,270,891	364,899,701	303,490,772
Net Cash Inflow / Outflow	-48,574,282	-645,587,477	323,360,364

3.2.3 Balance sheet for Serengeti Smart City

ITEM	1 YEARS	3 YEARS	5 YEARS
Assets			
cash	6,409,405	8,594,816	626,851,136
Current assets	4,967,049	19,036,365	25,316,190
Fixed assets	1,757,820	1,752,251	1,752,251
Total Assets	13,134,275	29,383,432	653,919,577
Equity and Liabilities			
Owner's equity cash	126,000	0	0
Payment for operations, insurance and salaries	6,842,916	5,429,928	34,672,360
Payments for cars, equipment and other utilities	5,280,172	14,123,127	78,048,401
Depreciation on properties	0	5,569	8,891
Contractual e.g. Legal & others	475,525	2,739,679	33,482,100
Corporate tax (30%)	0	0	254,708,364
Retained earnings (RE)	321,355	7,085,129	252,999,461
Total Liabilities	13,134,275	29,383,432	653,919,577

3.3 Break-even analysis

Break-even point in sales (BEP) = $[(\text{Fixed costs (Fc)} + \text{Depreciation}) \times (1 - \text{Tax Rate})] / [(\text{Sales revenue} - \text{Variable costs}) \times (1 - \text{Tax Rate})]$. Note that the Tax Rate is the same value in all aspects.

Therefore, Break-even point in revenues (BEP) = $(\text{Fc} + \text{Depreciation}) / (\text{revenue} - \text{variable costs})$

Year at Year 5 (2028)

BEP IN REVENUES $\text{BEP} = 1,752,251 + 8,891 / (250 - 48)$

$\text{BEP} = 1,761,142 / 202$ $\text{BEP} = 8,718.52$

BEP is estimated at approximately US\$8,718.52 / year in revenues. Meaning that the project must maintain its revenues at US\$8,718.52 /year in order to ensure the possibility of covering both fixed and variable costs at all times.

3.4 Return on investment (ROI)

ROI = Net Income less Dividend divided to the sum of Debt and Equity.

Note that during the initial period when recovering owners' equity from the project or repayment period, owners will not receive dividends.

ROI = Net Income / Debt (Investment) + Equity

At 5th year ROI = $594,319,517 / (126,000,000 + 498,000,000) = 95\%$

By the fifth year, the project will be viable with ROI above 40%.

3.5 Conclusion and Recommendation

World tourism trade and production networks are not new. Firms have products with components sourced from around the globe for centuries. Businesses have continuously sought out new markets for their products. What have changed, however, are the speed, scale, depth and breadth of global interactions due to digital revolution.

This plan follows the trends in international tourism trade and investments, which are increasingly organized within so-called global value chains that call for efficient services in the tourism industry.

SDCL proposed investment becomes rational owing to the growing level of competition and customer demands in the Tourism sector for goods and the people.

The assessment for project viability demonstrates that the project is a long-term investment and a profitable venture. In view of our observations it is recommended to the promoters to undertake the project and find an external partner to participate in the co-financing of the project.

4.0 SECTION THREE: SUPPORTING DOCUMENTS

4.1 Resumes

Available on request

4.2 Reference letters

Available on request

4.3 Letter of intent

Available on request

4.4 Certificate of Incorporation

	TANZANIA	C.I  BUSINESS REGISTRATIONS AND LICENSING AGENCY
Certificate of Incorporation of a Company Section 15 No: 152267495 I HEREBY CERTIFY THAT SERENGETI DEVELOPMENT COMPANY LIMITED is this day incorporated under the Companies Act, 2002 and that the Company is Limited. GIVEN under my hand at Dar es Salaam this 14 th day of JUNE TWO THOUSAND AND TWENTY ONE.		
	 PRINC ASST. REGISTRAR OF COMPANIES	