

GRUMETI | RESERVES
SERENGETI | TANZANIA

Singita



Arusha Operations

Arusha • Tanzania

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Legend

GRL	Grumeti Reserves Limited
SGR	Singita Grumeti Reserves
OA	Arusha Operations for SGR
GA	Grumeti Air
GC	Grumeti Construction
GF	Grumeti Fund

Executive Summary

An internal review recommended an enhancement of the GRL Arusha operations, citing the need for an upgraded facility in order to improve efficiencies and enhance security for the Grumeti Group as a whole. A transformed and more streamlined operation in Arusha would allow OA to be professionally equipped to support operations in the Serengeti, including six Singita Lodges, Grumeti Fund and Grumeti Construction.

The Arusha operation requires a home for support services, such as Procurement, Travel and Finance, but also for a commercial operation, Singita Connect, which provides road transfers and meet and assist services in Arusha and Kilimanjaro. The Arusha operation also has close ties with another commercial operation, Grumeti Air, with its base in Arusha, whose revenue is significant and the air charter and scheduled services continue to grow.

GRL is therefore, seeking land in Arusha to invest in the development of offices and a warehouse, in order to fully support the Grumeti group of companies in Tanzania and to enable GRL to continue with its obligations as an investor and to further enhance the wider group project in Tanzania. The preferred land is situated at Mawalla Heritage Park in Arusha, where GRL has rented a property for a number of years and would now like to cement the relationship with TIC and use and occupy the land through derivative rights. The plot numbers at Mawalla Heritage Park are: 175/2, 175/3, 175/4 and 175/5.

GRL is very proud of the relationship that it has enjoyed with the Tanzania Investment Centre over the years and the company is also fortunate to benefit from strong working relationships with its many partners, including the Ministry of Natural Resources and Tourism, TAWA, TAWIRI, TANAPA, Tanzania Revenue Authority, TCAA and NEMC among many others and looks forward to the opportunity to further grow and strengthen these bonds. GRL greatly appreciates all the assistance that TIC provides the Grumeti group of companies in Tanzania and requests that GRL be granted a Certificate of Incentives from TIC in order to execute and fulfil this new investment opportunity in Arusha.

Introduction

Grumeti Reserves Limited, a Tanzania private limited liability company trading under the name Singita Grumeti Reserves incorporated on the 28th of October 1993 with Certificate of Incorporation No. 2388, is located in northern Tanzania and consists of long-term tourism and land rights held by SGR and related parties as a combination of Certificates of Titles/Rights of Occupancy, Game Reserve Concessions, and Wildlife Management Area and Derivative Rights from the Local Communities.

The operations of SGR are conducted through a Public Private Partnership (PPP) model with three levels of Government - Central Government (the Ministry of Natural Resources and Tourism as represented by the Director of Wildlife); Local Governments (Bunda and Serengeti Districts Councils); as well as the Village Councils of Makundusi, Nyichoka, Nata, Robanda and Park Nyigoti. SGR's activities include the operation of seven star tourist lodges, wildlife conservation and investment in community development projects within the greater Serengeti ecosystem.

Background

The project was initially established in 2002. GRL's investment from 2002 to 2009 under the Public Private Partnership model, as well as its corporate social responsibility initiatives, led to its award of Strategic Investor Status (SIS) by the National Investment Steering Committee (NISC) on the 13th July 2010. It is our understanding that GRL was the first hospitality organisation in Tanzania to be granted this status. The SIS application and its award followed the successful implementation of a project registered under Tanzanian Investment Centre (TIC) Certificate of Incentives, No. 030 061 – 01 on 13 September 2005.

With the SIS in place, Grumeti undertook to expand its operations further with the development of 3 new lodges in 2011 and 2012 – Serengeti House with 8 guests, Explore with 24 guests, and Mara River Tented Camp with 16 guests, and the construction of the first Hillside Lodge in 2014 and 2015. The combined value of these development projects over this 5-year period exceeded USD \$18 million.

The project has grown from 1 lodge with 12 beds 2004 to 6 lodges with 124 beds in 2021. Capital investment in the project since 2002 exceeds \$100 million (Tsh 154 billion), with a further \$243 million (Tsh 470 billion) sustained in accrued operational costs, bringing the total commitment to over \$343 million (Tsh 624 billion).

Accomplishments

Following the award of the Strategic Investor Status (SIS) in 2010 and Special Wildlife Investment Concession Area (SWICA) in 2022, it is Grumeti's belief that it has fulfilled and indeed exceeded its obligation as an investor, as described in more detail below.

- Grumeti has invested more than \$100m since inception, growing the product from 1 lodge with 12 beds in 2004 to 6 lodges with 124 beds in 2021.
- Awarded No 1 Hotel in the World 2016, 2015, 2012, 2011
- Awarded No 1 Safari Lodge in Africa in 2021 and 2016

- Awarded World’s Leading Safari Lodge in 2022
- Attraction of people of influence to Tanzania, including many celebrities, “permanent” members of the Forbes 400, and high profile business leaders associated with the world’s leading brands
- Marketing and promotion of the “green season” and Tanzania as a year-round destination
- Extensive coverage and exposure in the world’s leading travel publications
- Strong online social media presence (Facebook, Instagram, Twitter) – upwards of 300 000 followers
- Development of a Cookery School teaching world class culinary skills in the Serengeti
- Over the past 5 years, Grumeti has undertaken significant refurbishment projects at 4 of its 6 lodges, and has also expanded and renewed its aviation fleet:
 - Sabora Tented Camp, full redesign and rebuild in 2020 with project spend of more than \$3.8m
 - Sasakwa Lodge, full refurbishment in 2019/2020 with a project spend of \$2.8m.
 - Sasakwa Lodge Hillside Suite, development of an exclusive premier suite at Sasakwa Lodge in 2019, in response to market feedback, project spend of \$850 000
 - Faru Faru Lodge, refurbished in 2018, project spend of \$2.3m
 - Serengeti House, extended and refurbished in 2016, project spend of \$2.75m
 - The purchase of two new Cessna Caravan aircraft in 2017 and 2019 at a combined cost of \$5m and a King Air 350 aircraft in 2022 at a cost of \$5.5m, procured to enhance and extend Grumeti Air’s operations, which in turn are designed to improve and simplify access to the lodges for Grumeti guests.
- Since 2003, Grumeti Reserves and the Grumeti Fund have provided sustainable employment opportunities for a great many Tanzanians, with the payroll currently standing at approximately 800 permanent local staff.
- Capital investment in the project since 2003 exceeds \$100 million, with a further \$243 million sustained in accrued operational costs thus bringing the total commitment to over \$343 million.
- The value of the company’s contribution to government – in the form of taxes, licenses, levies and fees to various bodies including the TRA, TAWA, Ikona WMA and the Serengeti District Council – is also significant and totaled in excess of \$5.8m (over Tsh 13 billion) for 2019.

Since inception, the following fees, taxes and levies have been paid over:

- Assorted fees paid to the Wildlife Division \$8.85m (Tsh 15.6 billion)
- Trophy fees paid \$4.25m (Tsh 7.6 billion)
- Assorted other concession-related fees \$4.6m (Tsh 8.4 billion)
- Operating taxes (PAYE, Net VAT, WHT, Income Tax) \$34.1m (Tsh 61 billion)
- Other payroll related levies and funds \$12.8m (Tsh 22 billion)
- Ikona WMA concession and bed night fees \$3.1m (Tsh 5.4 billion)
- GR also established a trust fund in favour of the WMA, with a value of Tsh 1.9 billion earning interest at 10% per annum

Arusha Operations

GRL is reliant on its operation in Arusha (OA) as a support and liaison office to the Singita Grumeti properties and departments, Grumeti Fund, Grumeti Construction, Grumeti Air and the Singita Travel and Reservations teams. The main activity areas of OA are procurement, logistics, travel and finance. The OA also fulfils a wide and varied amount of general administration.

Procurement

- Local purchasing for all lodges, camps and departments.
- Liaison with local suppliers.
- Monitoring quality and cost control.
- Development of supplier relationships in Tanzania.

Logistics

- Organising the logistics of supplies.
- Organising the logistics for Singita Grumeti guests, consultants and staff.
- Post and couriers.
- Weekly supply trucks and airfreight to Singita Grumeti.

Travel

- Key link on the ground in Tanzania for the Singita Reservations, Sales and Travel teams.
- Executing all bookings requested by the Singita Reservations and Travel team.
- Planning and preparing itineraries for internal SGR company bookings.
- Liaising with hotels, air charter companies and travel agents for quotes and bookings.
- Advising on visas, medical certificates and other travel related issues.

Singita Connect

- Provides meet & greet service for Singita guests at Kilimanjaro and Arusha airports.
- Provides a Singita road transfer service for Singita guests to/from hotels and airports.

Finance

- Maintaining accounts for Tanzanian based suppliers, air charter companies and hotels.
- Liaison with tax authorities (TRA) as required.
- Local supplier payments for Grumeti Air, Construction, Fund and Reserves.
- Banking activities on behalf of SGR Finance team.
- Inter-linking with SGR Finance Office.

General administration

- Administrative support to all Grumeti Air, Construction, Fund and Reserves.
- Administration of all SGR company vehicle licences.
- Liaison with government departments, industry associations, safari and hotel operators.

Close interface with Grumeti Air

- Grumeti Air reservations for scheduled flights and charters.
- Assisting in the safe and efficient operation of aircraft under Grumeti Air and all Grumeti Air vehicles.
- Assisting in the care and maintenance of all Grumeti Air property and assets.
- Assisting in the financial administration of Grumeti Air.

Grumeti Air

Grumeti Air is based out of Arusha and currently holds a current certificate of incentives, number 202010174 and is closely linked to the GRL operation in Arusha.

Grumeti Air is a small, personalised safari air transfer company, flying between key destinations in the world renowned Serengeti region of northern Tanzania. Founded and managed by a team that has been operating world class tourism lodges and aviation services in the area for over 10 years, Grumeti Air's objectives are primarily safety and adopting a flight timetable that suits the traveller, thus minimising travel time so that our passengers can rather spend their time on the ground exploring the incredible beauty of the Serengeti and enjoying the many wonders that it has to offer.

Grumeti Air offers both scheduled and charter flight options, with its base in Arusha and servicing Kilimanjaro, Ngorogoro, Sasakwa, Lamai and Kogatende on a scheduled basis, with charters throughout Tanzania and to other regional destinations including Rwanda and Kenya. Grumeti Air currently operates Cessna 208 Caravans and a Beechcraft King Air, with plans for the addition of new aircraft in 2023.

Grumeti Air remains deeply committed to development and skills transfer, training up First Officers to Captain positions, and employing locally wherever possible.

Grumeti Fund

The Grumeti Community & Wildlife Conservation Fund Company Ltd (GF) has partnered with SGR to carry out the following tasks which benefit the guests of SGR. First is the promotion of the conservation of wildlife and natural resources in the Singita Grumeti Reserves tourism and land rights area. Second is the participation in the improvement of the welfare of all Tanzanians who contribute directly to the long term survival of Tanzania's wildlife heritage. Third is the elimination of wildlife poaching via launching of anti-poaching campaigns and activities in collaboration with government organizations involved in wildlife management, contiguous communities and other people of goodwill so as to ensure that wildlife on the Singita Grumeti Reserves tourism and land rights area is not endangered. Fourth is the promotion and

support of the education of local citizens on the economic value of sustainable wildlife populations in terms of tourism revenues as opposed to the traditional value of livestock and agriculture.

Grumeti Construction

Grumeti Construction Ltd functions as a wholly owned subsidiary, contracted to Grumeti Reserves Ltd, Grumeti Fund Trust and Grumeti Air Ltd, for new build and alteration construction projects.

The team is able to undertake small to large-scale projects and builds to international standards of the highest quality.

All works are guided by the company's Environmental Committee and aim to minimise impact on the natural environment as much as possible. Sustainable design concepts and materials are incorporated into all projects and serve as the cornerstone of Grumeti Construction's ethos and development approach. The company is committed to neighbouring communities and employs and procures locally wherever possible.

Both training and skills development, and health and safety protocols are at the heart of Grumeti Construction's human resources objectives and drive all operations on site.

Grumeti Construction currently holds a current certificate of incentives, number 202011198 and would be wholly involved in the warehouse and office development project in Arusha.

Singita

SGR, located along the Western corridor of Tanzania's legendary Serengeti National Park (Africa's No. 1 World Heritage Site), was ranked No. 1 in the World in the Conde Nast Traveller Readers' Choice Awards in 2015, as well as the Best Hotel in the World for Service in 2015 by Conde Nast Traveller UK. The property comprises of six distinct, luxurious travel products and experiences managed under contract by the world renowned safari lodge operator, Singita International Ltd (SI) - flagship Sasakwa Lodge, Sabora Tented Camp, Faru Faru Lodge, Explore Mobile Camp and Serengeti House, all of which are situated along East Africa's world-famous wildebeest migratory route, and Mara River Tented Camp, located in a special concession area in the Lamai triangle within the Serengeti National Park.

Singita, which means 'place of miracles' is world-renowned for providing 'the best safari experience in Africa' and serving as guardians and caretakers to the wildlife environment in its custody and the people and animals to which the land is home. The balance of conservation, community, hospitality and passionate, dedicated staff is what sets Singita apart in creating exceptional, once in a lifetime experiences which honour and respect Africa in every way.

Singita was established in South Africa in 1993 with the opening of Ebony Lodge in the Sabi Sand Wildtuin, adjacent to the world famous Kruger National Park – Boulders Lodge followed in 1997 and Singita then expanded into the Kruger Park, opening Lebombo Lodge on a private concession measuring 15,000

hectares on the eastern boundary of the national park. Sweni Lodge followed a year later on the same concession.

In 2006, Singita's signature extended beyond South African borders to Tanzania and Zimbabwe.

Since its inception, Singita has been a consistent winner of prestigious global awards and accolades, and has been voted best hotel in the world over 15 times by various international travel publications and reader surveys.

Arusha Project Overview

The Arusha project will provide a number of benefits, including:

- SGR expects to generate an increased revenue stream from the Singita branded road transfer and meet and greet service, which will be based at the new offices in Arusha.



- Sustainable employment opportunities and therefore, increased revenue to Government.
- A total of 30+ jobs will be created during the construction period.
- Potential for 40+ full time jobs in the next 5 years.
- Development and transformation of a vacant plot of land in a sustainable way.

Financial Summary

The approved budget for this project in Arusha is shown below and a full set of drawings have been prepared by the architect.

	USD
Office remodelling	78,775
Warehouse	284,800
Contingencies	18,179
Professional fees	25,450
Purchase existing offices	494,225
Total	<u>901,429</u>

The funding for this project has been to been secured from SGR's investors will be sufficient to cover the project costs and maintain a cash positive position throughout the project.

The construction period is scheduled to run from Q1 to Q3 2023.

Construction Period

The health and safety of all staff and sub-contractors during the construction period will be paramount, as will protection of the environment and the minimisation of any impact upon existing operations.

A Tanzanian general contractor will be appointed to execute the building site works.

SGR and the contractor will ensure that a fully proactive approach that a safe working environment is created for all employees as per HSE policy. This will also include the promotion and implementation of safety education and training, and the provision of all necessary safety equipment and clothing. Appropriate warning signs, tapes and barriers will be used on site to ensure safety and awareness.

HSE induction courses will be conducted with all workers upon commencement of the project and further regular safety training sessions will be held throughout the construction period to mitigate any risk.

Compliance with all requisite standards of materials and workmanship will be enforced in order to ensure design and specification performance of the facility under construction.

One Planet Living

The project architect has targeted **One Planet Living** sustainable design standards.

One Planet Living is a global initiative based on ten principles of sustainability developed by BioRegional and WWF.

- Zero Carbon

Making buildings more energy efficient and delivering all energy with renewable technologies

- Zero Waste

Reducing waste, reusing where possible, and ultimately sending zero waste to landfill

- Sustainable Transport

Encouraging low carbon modes of transport to reduce emissions, reducing the need to travel

- Sustainable Materials

Using sustainable and healthy products, such as those with low embodied energy, sourced locally, made from renewable or waste resources

- Local and Sustainable Food

Choosing low impact, local, seasonal and organic diets and reducing food waste

- Sustainable Water

Using water more efficiently in buildings and in the products we buy; tackling local flooding and water course pollution

- Land and Wildlife

Protecting and restoring existing biodiversity and natural habitats through appropriate land use and integration into the built environment

- Culture and Heritage

Reviving local identity and wisdom; supporting and participating in the arts

- Equity and Local Economy

Creating bioregional economies that support fair employment, inclusive communities and international fair trade

- Health and Happiness

Encouraging active, sociable, meaningful lives to promote good health and well being

An action plan targeting each of these principles has been drawn up and will be carefully adhered to throughout the project.

Arusha Staffing Structure

Once operational, the OA project will initially employ 30 permanent staff, with an anticipated increase to 40+ staff over the next five years.

- 1 x Head of Operations
- 1 x Procurement Manager
- 1 x Procurement Coordinator
- 3 x Procurement Supervisors
- 2 x Purchasing Officers
- 1 x Travel Desk Coordinator
- 4 x Travel Desk Officers

Financial Projections

GRUMETI | Consolidated Forecast Next 5 Years

RESERVES	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	TOTAL RESERVES
Income	25,928,976	27,873,649	29,964,173	31,762,023	33,667,744	149,196,564
Cost of Sales	3,526,933	3,703,280	3,888,444	4,082,866	4,287,009	19,488,531
Gross Profit	22,402,043	24,170,369	26,075,729	27,679,157	29,380,735	129,708,033
Miscellaneous Income	1,353,324	1,420,990	1,492,039	1,566,641	1,644,973	7,477,968
Opex	20,914,373	21,960,092	23,058,096	24,211,001	25,421,551	115,565,114
Net Profit	2,840,993	3,631,267	4,509,672	5,034,797	5,604,157	21,620,887

Excludes interest and depreciation

AIR	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	TOTAL AIR
Income	5,153,363	5,539,865	5,955,355	6,312,676	6,691,437	29,652,697
Cost of Sales	1,776,656	1,865,488	1,958,763	2,056,701	2,159,536	9,817,143
Gross Profit	3,376,707	3,674,377	3,996,592	4,255,976	4,531,901	19,835,553
Miscellaneous Income	19,433	20,404	21,424	22,496	23,620	107,377
Opex	3,016,314	3,167,130	3,325,487	3,491,761	3,666,349	16,667,041
Net Profit	379,826	527,651	692,530	786,710	889,172	3,275,889

Excludes interest and depreciation

CONSTRUCTION	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	TOTAL CONSTRUCTION
Income	9,702,000	5,000,000	5,375,000	5,697,500	6,039,350	31,813,850
Cost of Sales	7,413,875	3,250,000	3,412,500	3,583,125	3,762,281	21,421,782
Gross Profit	2,288,125	1,750,000	1,962,500	2,114,375	2,277,069	10,392,069
Miscellaneous Income	72,000	75,600	79,380	83,349	87,516	397,845
Opex	1,504,301	1,579,516	1,658,492	1,741,416	1,828,487	8,312,213
Net Profit	855,824	246,084	383,388	456,308	536,098	2,477,702

Excludes interest and depreciation

TOTAL FOR-PROFIT	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	TOTAL FOR-PROFIT
Income	40,784,339	38,413,514	41,294,528	43,772,199	46,398,531	210,663,111
Cost of Sales	12,717,464	8,818,768	9,259,706	9,722,692	10,208,826	50,727,456
Gross Profit	28,066,875	29,594,746	32,034,821	34,049,508	36,189,705	159,935,655
Miscellaneous Income	1,444,756	1,516,994	1,592,844	1,672,486	1,756,110	7,983,191
Opex	25,434,989	26,706,738	28,042,075	29,444,179	30,916,388	140,544,368
Net Profit	4,076,643	4,405,002	5,585,590	6,277,815	7,029,428	27,374,478

Excludes interest and depreciation