

AFRICUNIA LOGISTICS TANZANIA



BUSINESS PLAN AFRICUNIA LOGISTICS & TRANSPORTATION IN TANZANIA

The AFRICUNIA LOGISTICS outlines how it will provide quality logistics services, cost-effectively, in and around Tanzania. The goal is to cover logistics in the eastern part of the African continent and later worldwide.

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EXECUTIVE SUMMARY

AFRICUNIA Logistics is owned by Chancellor Nzenwa Founder and President and its board of Directors, who has extensive experience in the transportation industry. Initially, AFRICUNIA will focus on transporting freight by road and as well as an independent contractor for other companies. One of the keys to success in the logistics industry is to find a niche and dominate it, which is why ultimately AFRICUNIA LOGISTICS will specialize in fast and cost-effective deliveries. The Company seeks to raise interest in its freight trucking business and with the financial and practical support, Tanzania and the countries around it will have various transportation solutions. By showing that the Company has a well-thought-out plan, AFRICUNIA believes that businesses and financial institutions will recognize the potential in this endeavor and will support it. AFRICUNIA LOGISTICS can be launched for approximately \$25,000,000 largely representing the cost for 200 conventional trucks transportation via road in and around the Tanzania but especially cross boarder to the neighboring countries. The start-up costs plan to initially serve as an contractor for larger companies, organizations and government and in need of transportation services. The Company expects to fund the start-up costs through an investment and personal contributions. Within three years, AFRICUNIA LOGISTICS will employ around 400 Tanzanians and is looking to expand to 1'000 in the next 3 years.

We invest the funds in road transportation to provide reliable, seamless and time effective services in and around Tanzania and Africa at large.

Business Plan Purpose

Introduction

In today's highly competitive environment, formal business planning is an essential element in achieving business success. A well-written business plan is primarily a communication tool used to obtain financing. In certain instances, particularly with our early-stage company, this business plan also serves as a strategic plan.

This business plan describes our story and how we intend to grow. AFRICUNIA LOGISTICS management team has made an in-depth analysis of its opportunities and weaknesses, and it has concluded that the company has an excellent chance to succeed.

Guidance from Outside Professionals

AFRICUNIA LIMITED has sought legal assistance and advisors to develop the AFRICUNIA LOGISTICS concept. We will maintain an active management involvement in every aspect of the daily operations. This plan reflects our vision.

Six Objectives of AFRICUNIA LOGISTICS

1. Estimated \$ 25 million investment;
2. Massive local employment;
3. Transportation and logistics service improvement in and around Tanzania
4. Training of local professionals;
5. Track and direct growth, security tracking with new technologies;
6. Create benchmarks for measuring success.

AFRICUNIA LOGISTICS is the creation of an easy logistic experience.

Large transportation companies enjoy economies of scale as regards purchasing and the ability to provide a more extensive service. Transportation is one of the oldest businesses in the world and as the economy in Tanzania is fast growing more logistics will be required. The transportation business can never go extinct because logistics is essential in nearly all business sectors.

Trucking are the vital links that connect imported, manufactured and cultivated goods to final consumers.

Ideal Property Location

The location of the AFRICUNIA LOGISTICS headquarter will be in Dar es salaam while the truck parc and a logistic office in Mbezi Industrial Area, Aricana, Plot 108, Kunduchi Ward, Kinondo District, Dar Es Salaam, Tanzania. There will be sufficient space to parc, service and maintain the trucks. AFRICUNIA LOGISTICS will have different offices in different cities in the country in order to be easily accessible for our customers.

Online platform with new technologies will be available for individual customers for a seamless transportation experience with office/home pickup and delivery.

For the road transportation AFRICUNIA LOGISTICS will partner and work with the local aviation companies in order to help them transport the arrived goods to its destination. There are 58 airports in Tanzania and more than 300 private airstrips owned by mining companies and tour operators, which AFRICUNIA LOGISTICS will be able to conclude transportation agreements.

The AFRICUNIA LOGISTICS will connect with the main Indian Ocean ports which are Dar es Salaam, Mtwara, and Tanga. Minor seaports serving coastal traffic include Lindi, Kilwa Masoko, Mafia Island, Bagamoyo, Pangani, and Kwale. From the main ports in Tanzania where the vessel can be loaded and de-loaded and will be in need of transportation to the port or to local final destination.

With the increasing demand for shipping services that offer reasonable prices and promise convenience, speed, and reliability, no other time could be better than now for

taking a plunge into the shipping business. The industry is growing and rapidly changing - thanks to the increasing dependence on online shopping. The business ideas in the logistic industry are highly capital intensive and competitive. However, it is one of the most profitable businesses in the transportation sector.

Mission Statement

AFRICUNIA LOGISTICS mission is to earn the reputation as one of the leading airfreight, trucking and shipping companies in Tanzania and Africa at large. AFRICUNIA LOGISTICS will bring solution to overrated transportation costs and quick availability all over the country. Furthermore, important partnership will be concluded to fill the gap where there are missing logistic solution on ground. AFRICUNIA LOGISTICS will:

- Partner with National and international e-commerce businesses that are in need of logistics solutions.
- Warehouses, shopping centers and agricultural product import and export delivery from the port and the customs around and in Tanzania.
- Create massive local employment and professional trainings in the logistic sector.
- Remain price competitive and bring solutions to the general logistics challenges in Africa at large.

Company Business Plan Objective

Our plan objectives are:

AFRICUNIA LOGISTICS shall fill a niche of one stop shop in the logistics sector and implement new security and tracing technologies in the logistics field. Combined with a competitive pricing to help control the material cost inflation, for example food prices because of expensive transport costs etc. For investors in Tanzania and attract an export rather than an import-behavior transportation costs, should maintain an encouraging price structure. Therefore, financial planning is a primary goal and starts with a deep project business planning and implementation.

COMPANY SUMMARY

Company Ownership

AFRICUNIA LOGISTICS is a vision and a mission of AFRICUNIA. Since 1995, the management has had extensive experience in creating and managing organizations in the transportation and logistics sector. The president and founder of AFRICUNIA has been involved in development-oriented companies in different African countries.

All board members of the company have over 30 years' experience in developing successful start-ups and projects all over the African continent which empowers and improve the populations standard and the Tanzanian economy.

Key Advisors to the Company

AFRICUNIA has additional high qualified key staff members and advisors to assist during the implementation, development, planning and initial planning phases. They include specialists in the logistics sector. Furthermore, AFRICUNIA is highly interested to partner with local professionals and companies in the various concerned fields.

Management & Organizational Summary

AFRICUNIA will manage with its professionals all aspects of the business and service development to ensure effective customer responsiveness and management quality. AFRICUNIA will join and partner with the Tanzanian Transportation sector, Tanzanian (TTB), East Africa Tourism and Tanzania Investment Center (TIC) in order to have maximum of local advice and guidance.

Corporate Implementation Plan

Phase I

This phase involves implementation and development of AFRICUNIA LOGISTICS. Acquire the 200 trucks and trailer for Container transportation and deliveries. Implementation of the headquarter, offices and truck parc in Mbezi Industrial Area, Aricana, Plot 108, Kunduchi Ward, Kinondo District, Dar Es Salaam, Tanzania. AFRICUNIA LOGISTC will hire in the first phase of implementation around 600 local employees in the various field such as logistics manager and planner, drivers, truck mechanics, truck parc managers, cleaners etc.

Phase I will be implemented by 2023 and will help produce the ROI in the second part of the year.

Phase II

The implementation of further offices in different cities in and around Tanzania. Agents will be used to collect smaller loads and bring them to collection points. This will increase the customer base and the brand. In same time a strong marketing strategy will be applied in order to push the growth rapidly. Phase II will also serve to strategize and modify sectors that more is expected. AFRICUNIA LOGISTICS should be able to buy 5 new trucks per in order to drive a steady improvement and increase of the market position as a logistic company in and around Tanzania. We will implement and market our technology in the tracing and tracking sector for trucks and goods as well. Then sell these services to other logistic companies. AFRICUNIA LOGISTICS shall evaluate its profit in all the sectors and always strategize to employ mor workers and buy more trucks or bring in new transportation means such as buses, or touristic yacht and private jet. Also determine if a facility expansion is warranted. AFRICUNIA LOGISTICS anticipates additional support staff would be needed at the proper time (Phase II). This Plan does not contain funding needs for this Phase.

AFRICUNIA LOGISTICS OVERVIEW

Road transport is the most widely used form of transport in Tanzania, carrying over 90% of the passengers and 75% of the freight traffic in the country. The road network in Tanzania currently comprises 86,472 kilometers of roads, of which 12,786 kilometers are trunk roads, 21,105 kilometers are regional roads and the remaining 52,581 kilometers are district, urban and feeder roads. This is the perfect situation as there are not enough transportation companies in and around Tanzania. Especially the countries around Tanzania which don't have access to the port are dependent mostly dependent on trucks transportation to import goods. AFRICUNIA LOGISTICS is working over 18 years in different African countries and transportation is definitely lacking behind compared to other continents.

All over the transportation industry has a massive employment potential for the country and has reached incredible numbers of job creation all over the world. AFRICUNIA LOGISTICS will as well offer young people unemployed to become a professional in the large logistic sector. From administrative logistic coordinator etc. the list of various job direction is large.

Competitive Advantage

AFRICUNIA LOGISTICS, has an advantage to offer all kind of transportation solution which is road, air and sea. Therefore, the customer can choose between time, cost and combined services with technical tracking/tracing solutions including insurances to secure the goods.

Quality Service. Customers will be provided with courteous, prompt, and dependable services. The Company will develop a reputation for timely deliveries and intends to build upon that.

Competitive rates. The Company will be able to provide competitive rates for our customers because we have low-cost inputs. Package handling. By maintaining dependable and safe equipment, AFRICUNIA LOGISTICS will ensure that there is no damage. Jubilee Insurance in Tanzania will be concluded for the logistics purpose as soon as operation starts.

Another major competitive advantage for the Company is the vast industry experience and solid international connections for import/export companies.

Most importantly, AFRICUNIA LOGISTICS will establish a competitive edge through its clear focus on on-time deliveries. Technical security soft and hardware systems, communication systems with the drivers on the road, operational choices and strong marketing material and strategies, will all be oriented around this satisfactory goal of the customers. Therefore, making the customers more assured of on-time delivery with AFRICUNIA LOGISTICS than with other competitors, they will be more likely to hire the company services.

Industry Keys to Success

1. Timely delivery
2. Quality Management and customer service 24/7
3. Price control and competition due to a massive truck number on the road
4. Employee satisfaction and time control
5. Regular and customer feedback request
6. Tracking and tracing technology
7. Services for pickup and delivery points
8. Flexible and customer oriented
9. Strong online presence with online orders service
10. Connection with global e-commerce for prompt deliveries

MARKET ANALYSIS

Transport costs are high estimated at 1.8USD per km per container against international best practices of 1 USD per km per container. Tanzania is located in the east coast of Indian Ocean, it acts as a logistics gateway to many Central, Eastern Africa and neighboring countries such as Uganda, Burundi, Rwanda, DR Congo, Zambia and Malawi. These countries depend on Dar es Salaam Logistics solution from the port to their destinations. The main way for importing and exporting goods in many developing countries. Tanzania is one among the rapid economic growth in the East Africa region; it has a population of more than 47 million people. It has market size of US\$28 billion. In recent years Tanzania economic growth rate range between 6.6% and 7.2%, that led IMF to group Tanzania as among the fastest growing economy over medium term. For the period of 2012 - 2017 per capita GDP is estimated to grow by 5.7% through starting from low base (African Gathering up, 2013; The World Bank,2014).

The main sectors that contribute development of logistic industry in Tanzania are agriculture (which employs 80% of Tanzanians), mining and manufacturing industry. International trade sector also has a large impact to Tanzanian economy. Its higher rate of development is due to increase in import and export services. Up to 2010 import and export was about 10.8 million tons and transit was about 2.8 million tons, by 2030 this amount is expected to increase to 77.9 million tons for import and export to 15.2 million tons for transit (African Development Bank Group, 2013). Logistic and Transportation sectors are the basis for national development, they are creating platform and building strong base for other sectors to operate efficiently.

Economic and Sustainable Environment

In an effort to improve its economic performance, Tanzania is pursuing economic integration through several bilateral and regional trade protocols. Currently, Tanzania is a member of the Southern Africa Development Community (SADC) and East African Community (EAC) Regional blocks. Also, Tanzania has concluded a customs union with the East African countries, i.e. Tanzania, Kenya and Uganda as a way of facilitating trade amongst the member states. Most of the constrains to cross-border trade and investment are considered to be related to the limited development of transport and communications networks in the region and to inadequacies in the rules and regulations governing trade, payments and investment in different countries.

The EAC and SADC member states are trying to address this bottleneck. Under EAC, a number of common transport and communications programs and projects aiming at simplifying transport and communications in the region are being developed. Among the major contribution of the cost of inputs and consumer goods as well as the price of traded goods, is the cost of transport whereby in the region is high and approximated to be four to five times as compared to that in developed countries. For landlocked countries, the cost accounts for 30 - 40 per cent of the price of goods. Low levels of the intra-regional trade in the region are a result, of among other things poor transport and communications infrastructure. It is the desire of Tanzania to reduce transportation costs with the objective of achieving competitiveness, poverty alleviation, and sustainable development.

One of the main objectives of Tanzania's Development Vision 2025 and those of EAC and SADC partner States is to attain faster economic growth in order to reduce and in the long run eradicate poverty. The major thrust is towards: -Improving Road and rail network; Improving marine and air transport; Minimizing border posts delays and Reducing insurance costs.

Emission friendly choices to meet all the transportation needs is one of the visions of AFRICUNIA LOGISTICS. We offer a number of service options for minimizing and/or avoiding logistics-related emissions, waste and other environmental impacts during the supply chain.

Geographical/Competitive Environment

AFRICUNIA LOGISTICS works in transportation in the delivery to the final destination. The geographical location is very good. Dar es Salaam Port in Tanzania is surrounded by eight landlocked countries, including Uganda, Rwanda, Burundi, Congo, Zambia, Malawi, and Zimbabwe. Zanzibar and part of Mozambique. Road infrastructure is very good in Tanzania. Now, the government is building up the roads which is making it easier to transport.

Within the framework of the master plan, a truck route is specifically designed to restrict heavy trucks from entering the city. The large volume of trucks servicing the port and its immediate area are a major cause of congestion and needs to be addressed as port-related congestion permeates throughout the city and affects the smooth flow of traffic over a wide area. With the Morogoro road being the main conduit for truck traffic—between the port and destinations along both the central and Uhuru corridors—it carries heavy truck flows and therefore it would be preferable to restrict truck traffic to an inland container depot located along the route. The proposed Kisarawe ICD would meet this requirement as it is adjacent to Morogoro road and is designed to facilitate the movement of containers to and from the port by a dedicated rail shuttle link. The facility would therefore remove a considerable proportion of truck traffic from accessing the port. The proposed truck route would restrict the bulk of truck movements to the Nelson Mandela ring road and the major radial long-distance routes joining it.

Source: AFDB Organization

Legal/Political Environment

Corruption is one of the major obstacles facing investors in Tanzania, even though less severe than in neighboring Kenya. Tanzania's ranking in Transparency International's Corruption Perception Index 2012, though high at 102 out of 174 countries, is better than that of most of its African peers. Furthermore, the lack of efficiency within state institutions and the goods markets as well as an overall lack of business sophistication add to the challenge of domestic productivity growth. Access to finance is another bottleneck to the development of the private sector.

Overall, Tanzania's infrastructure performs well compared to its African peers, but quality is still poor and has a negative impact on the economy's productive capacity. Infrastructure in Tanzania has witnessed impressive investment in recent years and there is more to come. Transport and utilities infrastructure projects worth US\$19 billion are in the pipeline. Many of these projects are expected to be financed by donors (in the form of loans), while the rest will be financed by the Government or via bilateral agreements with other countries such as China, which is currently funding railway rehabilitation projects.

Source: PWC Tanzania

Technology Environment

Computer programs greatly simplify the financial recordkeeping for today's businesses. AFRICUNIA LOGISTICS will need to watch its expenses and income closely to make sure amendments can be done with immediate effect. By utilizing the existing software packages available in the logistic industry, including tracing and tracking security, controlled working hours systems and truck maintenance records. Fuel controlling with distance tracer to control costs and expenses, utilizing top-of-the-line trucking software that tracks information detailing the location of all GPS-tagged trucks and the status of deliveries, including expected arrival times for pick-up or delivery. Customer database and accountant tools for invoicing and statistics.

COMPETITIVE ENVIRONMENT

In Tanzania there are a lot of logistics companies from small companies to giants. This is a list of some competitors:

- Bhanji Transport LTD
- Jones Logistics Limited
- Labedan Insurance Brokers
- Sino Logistics Co Ltd
- Primefuels Tanzania Mwanza Depot
- Primefuels Tanzania Geita Office
- Primefuels Tanzania Kigoma Office
- TNT Express Tanzania
- Arusha Travel Agency
- Geamos Company (LTD)
- A.K Transport Co. LTD
- Destination Tanzania Cargo Logistics
- SAS Logistics LTD
- Continental Reliable Clearing (Tanzania) Co. Ltd

- Ostrich Transport & Logistic Company Ltd.
- AGS International Movers Tanzania Dar Es Salaam
- Merzario Tanzania Limited
- Integrity Logistics Tanzania Limited
- Zamzam Road Haulage Limited
- Globeflight Tanzania Airport office
- Simba Logistics Limited
- Network Consul Logistics Company Limited
- Huper Tanzania Limited
- Asas Transporters Co. Ltd
- Tanzania Shipping Agency Ltd.
- Dar Es Salaam Rapid Transport Agency
- Bravo Logistics Tanzania Limited
- Choice Shipping Tanzania
- Tanzania Road Haulage (1980) Limited
- Marine Services Company Limited Headquarters
- Al Sharqi Tanzania Ltd
- Great Lakes Freight Ltd
- Marine Services Company Limited Headquarters
- Dodoma Transport Agency Limited
- Specialized Hauliers Tanzania Limited
- Overland carriers & E. Awadh company
- Gulf Badr Group Tanzania
- Marine Services Company Limited Headquarters
- MSC Tanzania
- Abood Group
- Rais Shipping Services Tanzania LTD
- Transcargo Limited
- Petro Logistics Limited
- Swift Motors Limited
- Mohamood Mohamed Duale Transporters Ltd
- Kilimanjaro Truck & Transportations
- Johnson Cargo Transport
- Bolloré Transport & Logistics Tanzania

Even if AFRICUNIA LOGISTICS has a lot of competitors there is still a huge need for more transportation solutions in the country. The demand is growing as there are more and more import and export from and to Tanzania and with the number of e-commerce the tendency and need is rapidly growing.

Market Research

Transportation is crucial for supporting industrial development to ensure sustainability as reflected in the National Development Plans, sectorial policies, and Regional and International Conventions Strategies. However, transportation systems (water, air, rail, road and pipeline) in Tanzania have high costs and low-quality services due to the high backlog of infrastructure maintenance and rehabilitation. Research in transportation systems should focus on infrastructure development, transportation equipment technologies, and efficient logistics and transport operations.

Source: Tanzanian COSTECH

Trucking services are crucial to the development of African economies. Access to regional markets is very sensitive to the efficiency of trucking services, as these are the dominant mode of transport. More efficient transport services and increasing trucking industry productivity are crucial to the development of various industries, such as horticultural products, including fresh fruit, vegetables and flowers.

Efficiency in logistics services is also crucial to regional trade integration: if trucking services are not efficient, the economic impact of infrastructure investments is limited.

There has been a noticeable price reduction of long-distance trucking services along the Northern Corridor (the corridor from Mombasa, Kenya, to Uganda, Rwanda, Burundi, eastern DRC).

The integration of trucking services is moving fast in East Africa (along the Northern Corridor), with three-quarters of trucks serving Rwanda foreign-owned.

Trucking fleet characteristics and management have improved tremendously and are now comparable to those of South Africa, which has the most developed market in sub-Saharan Africa.

The facilitation of border clearance processes has played a major role in improving fleet productivity.

Summary of Opportunities and Threats in the Environment

Strengths

1. Extensive owner experience and knowledge of the trucking industry.
2. Competitive pricing
3. Long-term contracts with major suppliers/companies
4. Premium quality service and on-time delivery/pickup

Weaknesses

1. Start-up, customer base has and trust to be built up
2. Professional staff/employees needed to achieve the high-level services
3. Partnership need to be concluded

Opportunities

1. Increase sales opportunities beyond other transportation companies
2. Strategic alliances offering resources for referrals and marketing strategies
3. Ability to grow quickly because of increases in market demand
4. Take advantage of the fact that many trucking companies don't have the needed investment at hand.

Threats

1. Likely entry of potential new competitors
2. Possible new regulations
3. Rising costs of fuel, maintenance and repairs
4. Bad roads that makes driving a truck difficult/impossible

STRATEGY & IMPLEMENTATION

The logistic industry in Tanzania is driven by high demand, building up reputation and recurring businesses, so for the first two years AFRICUNIA LOGISTICS will need to practice aggressive marketing to attract new customers/partnerships. The marketing strategy is subject to change upon customers/partner feedback and ratings.

Marketing Strategies

Target Markets—Geographical:

The focus is promoting strategy on the following areas:

- Web Presence—Establishing a strong web presence with an informative website.
- Reputation—Building and maintaining an on-time strategy that commands revenue slightly over the industry average
- Target Market—Targeting
- Emphasis on service – AFRICUNIA LOGISTICS will differentiate itself by providing premium services to its customers. It will establish new business by offering competitive prices and flexibility for clients and partners in need.
- Build a relationship-oriented business – Building long-term relationships with customers will be a strong attribute.

Target Markets - Consumer:

- E-Commerce and big shop supplier
- Diverse industries like hospitality and other large businesses in the country
- Unsatisfied customer from bad performances of other logistic companies
- Seaport customs agencies which need transportation to the final destination
- Local retail shop supplies
- Export to neighbor countries
- Agricultural product transportation

Positioning and Product Strategy

The strategy of AFRICUNIA LOGISTICS is to consolidate excellent customer service with timely deliveries and a competitive pricing structure. The Company's goal in the next 2 years is to compete with other big players in the industry and into direct contracts with international importer/manufacturers and other business entities in need of freight delivery services to their customers.

Distribution Strategy

AFRICUNIA LOGISTICS will feature:

- Low Distribution Costs
- Fast Delivery
- Optimal Payload Utilization Quick Turnaround Times
- Proper Route Planning and Analysis
- Fuel Efficiency
- Security of the goods with online tracing

Pricing Strategy

AFRICUNIA LOGISTICS will have contractor agreement with various companies that need deliveries. In many ways, pricing is dependent upon the company being serviced. The average rate for this type of service is approximately \$1.50 per km. The Company will be able to charge competitive rates, as it has minimal overhead compared to its competition. The Company will attempt to rapidly achieve awareness of its business in Tanzania and surrounding countries in the first year, followed by marketing for further countries like contractor that importing goods from India etc. AFRICUNIA LOGISTICS will seek to position itself not necessarily as the most inexpensive carrier, but as a carrier with the best service and on-time secured record.

Service and Support Philosophy

Additionally, The Company intends to continually develop a number of referral and contractual relationships with retailers, distribution companies, and freight brokers. Since these businesses are regularly seeking trucking services which they can rely on.

AFRICUNIA LOGISTIC want also help the people in need and will offer transportation help for people in need like orphanages, elderly people and widows. The company plans to have free transportation programs for this purpose.

PROMOTION STRATEGY

Promotion strategies will vary depending on the target market segments. Given the importance of word-of-mouth referrals among all market segments when choosing a logistic company, our efforts are designed to create awareness and build referrals. A cost-effective campaign focused on direct marketing, publicity, our frequent customer and partner reward program, and advertising is being proposed.

Marketing Plan

New Business Segment

A direct marketing (direct mail) package consisting of a tri-fold brochure, letter of introduction, and reply card will be sent to a list of potential customers.

The brochure and letter introduce AFRICUNIA LOGISTICS, stresses the importance of having a trustworthy and on-time delivery logistic company at hand, which are careful with the load and security a priority. Providing information on our logistic and technology services. The company describes what sets us apart from other logistic provider. The initial mailing may contain a promotional offer: the opportunity to receive a 10% discount on the first delivery or with 9 deliveries you will be offered one for free.

Approximately two months after the mailing, an additional letter shall be sent. The potential customers would be asked to address any questions and the follow-up would remind them to watch our promotion video which gives them an insight of the company and its management. Customer service 24/7 is another priority of AFRICUNIA LOGISTICS.

The company will also go into local TV/Radio and billboard advertisement to increase visibility. The local marketing agents will seek strategic places to advertise to new companies and place banners and stickers in the main cities of Tanzania. AFRICUNIA LOGISTICS consider developing a one-page newsletter to be mailed quarterly to past customers and prospects in the database. The newsletter can be used to update clients on special offers and news about the company through our article writer and PR manager.

Publicity and Public Relations

A news release will be sent to area newspapers and magazines announcing the launch of AFRICUNIA LOGISTICS and its services. Logistic industry professionals searches will be conducted to secure the best services and the HR department will publicly announce it in and around Tanzania. The PR Manager will also need to do press releases in the neighbor countries and seek for Indian customers.

AFRICUNIA LOGISTICS will join the Tanzanian Investment Center and other organizations in the logistic sector. Increasing awareness and building customer base around the world.

Advertising

Advertising is utilized primarily to attract new customer/partners and serves to build awareness and name recognition of the logistic company in general, which is important for word-of-mouth referrals. Periodic advertising in target market area newspapers will give AFRICUNIA LOGISTICS name recognition benefits. From quarter page ads announcing its benefit and on-time delivery in line-up to business card-sized logo ads.

- Restaurant Placemats—Opportunities exist for a business card-like ad to be placed on the paper placemats used in area restaurants (shelf-life of the ad is about six months), or for special offers taking place at a certain period. An example would be getting on the area restaurant placemats (about 9,000 in six months) or getting on the special offer for specific locations or neighbor countries and free packages from a certain km distance we offer some for free. Placemat advertising will reach business and seaport and customs area.

- Additional places to post flyers/business cards or for a business card ad include bulletin boards in public buildings and playbills for potential customer/partners.

Evaluation & Control Strategies

Objectives have been established for AFRICUNIA LOGISTICS so that actual performance can be measured. Thus, at the end of its first year, AFRICUNIA LOGISTICS should have:

- \$5,520,000 in total revenue
- Anticipate 85% daily booked up truck average

Each subsequent year new objectives will be set for these benchmarks and actual performance will be measured against them. If actual performance falls short of objectives, investigation will be made into the cause, and plans will be adjusted accordingly.

In addition, it is recommended that AFRICUNIA LOGISTICS keep track of the source of all new customers ("Where did you hear of us?") in order to measure the effectiveness of each type of promotion strategy. Each subsequent year's budget should adjust spending toward the types of promotion that reach the most, new clients.

Customer satisfaction is most directly reflected in the year-to-year customer retention percentage. All lost customers should be investigated to find out why they left. A customer satisfaction survey will take place after delivery from all customers and will be evaluated, measure taken every 3 months.

FINANCIAL PLAN

The Project Funding Summary for AFRICUNIA LOGISTICS:

Project Funding Summary

Buying the trucks and trailer	\$10,500,000
Insurances and permits	\$ 500,000
Building and land lease	\$ 4,850,000
Employees and Social security	\$ 2,800,000
Fixtures, Build-Out and Furniture	\$ 250,000
Truck maintenance equipment	\$ 1,500,000
Security technology GPS/camera etc.	\$ 800,000
Marketing Promotions	\$ 950,000
Office supplies and soft and hardware	\$ 750,000
Five Months Working Capital	\$ 450,000
Total	\$23,350,000

Phase 1 Funding Amounts

Initial development costs for the start-up of this new logistic and services company are listed below. These schedules are also listed in the Ten Year Proforma.

The following schedule highlights the anticipated developmental costs:

Classification Cost

Licenses	\$ 71,000
Architect Fees	\$ 55,500
Accounting	\$ 5,500
Marketing, PR & Advertising	\$110,000
Engineering & Permitting	\$105,000
Office Expense	\$ 90,000
Founders (Contractor)	\$120,000
Legal	\$ 15,000
Total	\$572,000

The development of AFRICUNIA LOGISTICS will require the full-time talents of the management. Phase II growth amounts will be developed and sought at a later date, based upon needs to be determined at that time.

Financial Plan Assumptions

The following assumptions will be incorporated into AFRICUNIA LOGISTICS proforma statements.

The performance of the subject is projected to stabilize in the third year of operation. A summary of the logistic projected performance through stabilization is presented below. A complete 5-year hotel pro forma and cash flow analysis is presented as well.

	Year 2023	% of Rev	Year 2024	% of Rev	Year 2025	% of Rev
Occupancy of Truck	70.0%		75.0%		85.0%	
Average Daily Rate	\$300 (2023 \$)		\$320.18		\$337.85	
Rev	\$206.10		\$230.53		\$253.39	
Total Revenue	\$21,907,073	100%	\$25,517,474	100%	\$28,769,593	100%
<i>Department Expenses</i>	<i>\$11,784,372</i>	<i>54%</i>	<i>\$13,474,592</i>	<i>53%</i>	<i>\$14,872,724</i>	<i>52%</i>
Gross Operating Profit	\$10,122,701	46%	\$12,042,882	47%	\$13,896,869	48%
<i>Unallocated Departments</i>	<i>\$6,485,533</i>	<i>30%</i>	<i>\$6,766,893</i>	<i>27%</i>	<i>\$7,059,531</i>	<i>25%</i>
Logistics Profit	\$3,637,168	17%	\$5,275,989	21%	\$6,837,337	24%
<i>Other Deductions</i>	<i>\$2,454,762</i>	<i>11%</i>	<i>\$3,077,651</i>	<i>12%</i>	<i>\$3,692,437</i>	<i>13%</i>
EBIDTA	\$1,182,407	5%	\$2,198,337	9%	\$3,144,900	11%

- All operating costs are based on AFRICUNIA LOGISTICS management research of similar operating companies.
- Automated informational and logistics control systems will reduce AFRICUNIA LOGISTICS staff requirements.
- Developmental start-up costs are amortized over a 3-year period.
- Truck routing Rate at 85%, G & A overhead and operations costs are calculated on an annual basis.
- Truck parc manager and founder's salary is based on a fixed salary expense basis.
- All fixed and variable labor costs should rise annually at 2.5% per year.
- All revenues are figured to rise annually at five percent. Fixed annual, administrative, and office expenses rise at an annual rate of 0,5 %.



FORECAST AND CASH FLOW	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027
Months	12	12	12	12	12
Booked Trucks	37,230	39,420	41,063	41,063	41,063
Available Trucks	54,750	54,750	54,750	54,750	54,750
Booked Trucks	68.0%	72.0%	75.0%	75.0%	75.0%
Average Daily Rate	\$303.08	\$320.18	\$337.85	\$344.61	\$351.50
RevPAR	\$206.10	\$230.53	\$253.39	\$258.45	\$263.62
<i>Department Revenue</i>					
Trucks	\$11,283,706	\$12,621,631	\$13,872,913	\$14,150,372	\$14,433,379
Cross boarder	\$2,095,135	\$2,970,408	\$3,432,154	\$3,535,119	\$3,641,172
Services	\$838,054	\$1,142,465	\$1,470,923	\$1,515,051	\$1,560,502
Special requests	\$6,141,757	\$6,995,754	\$8,224,574	\$8,553,557	\$8,895,699
<i>Special services</i>	\$9,074,946	\$11,108,627	\$13,127,651	\$13,603,726	\$14,097,373
Telephone/Internet	\$38,742	\$41,431	\$43,589	\$44,025	\$44,465
Truck parc	\$209,513	\$319,890	\$392,246	\$404,014	\$416,134
Shop	\$41,903	\$91,397	\$98,062	\$101,003	\$104,033
Truck maintenance services	\$1,215,506	\$1,531,538	\$2,010,143	\$2,110,651	\$2,216,183
Truck wash	\$335,222	\$411,287	\$490,308	\$505,017	\$520,167
Total Revenue	\$22,199,537	\$26,125,801	\$30,034,912	\$30,918,807	\$31,831,735
<i>Department Expenses</i>					
Trucks	\$3,610,786	\$3,912,706	\$4,161,874	\$4,245,111	\$4,330,014
Maintenance	\$1,780,864	\$2,376,326	\$2,745,723	\$2,828,095	\$2,912,938
Equipment	\$544,735	\$685,479	\$882,554	\$909,031	\$936,301
Oil and spare parts	\$4,913,406	\$5,036,943	\$5,757,202	\$5,987,490	\$6,226,989
<i>Total Truck maintenance</i>	\$7,239,005	\$8,098,748	\$9,385,479	\$9,724,615	\$10,076,228
Telephone/Internet	\$38,742	\$41,431	\$43,589	\$44,025	\$44,465
Truck parc	\$104,757	\$159,945	\$196,123	\$202,007	\$208,067
Shop	\$37,712	\$82,257	\$88,255	\$90,903	\$93,630
Truck parts	\$1,033,180	\$1,225,230	\$1,507,608	\$1,582,988	\$1,662,137
Other	\$16,761	\$20,564	\$24,515	\$25,251	\$26,008
<i>Total Department Expenses</i>	\$12,080,944	\$13,540,882	\$15,407,443	\$15,914,900	\$16,440,550
Gross Operating Profit	\$10,118,594	\$12,584,919	\$14,627,469	\$15,003,907	\$15,391,186
<i>Unallocated Departments</i>					
General and Administrative	\$2,464,864	\$2,602,280	\$2,745,723	\$2,828,095	\$2,912,938
Repairs and Maintenance	\$1,754,788	\$1,824,979	\$1,897,979	\$1,973,898	\$2,052,854
Sales and Marketing	\$1,688,263	\$1,738,911	\$1,791,078	\$1,844,811	\$1,900,155
Utilities	\$731,162	\$760,408	\$790,824	\$822,457	\$855,356
<i>Total Unallocated Departments</i>	\$6,639,077	\$6,926,579	\$7,225,605	\$7,469,261	\$7,721,302
Logistic Profit	\$3,479,517	\$5,658,340	\$7,401,864	\$7,534,646	\$7,669,883
<i>Other Deductions</i>					
Management Fee	\$665,986	\$783,774	\$901,047	\$927,564	\$954,952
FF&E Rep and Capital	\$665,986	\$1,045,032	\$1,501,746	\$1,545,940	\$1,591,587
Expenditure Reserve					
Property Taxes	\$1,125,509	\$1,391,129	\$1,671,673	\$1,721,823	\$1,773,478
Insurance	\$116,986	\$121,665	\$126,532	\$131,593	\$136,857
Permits & Licenses	\$21,649	\$22,082	\$22,523	\$22,974	\$23,433
Equipment Rental	\$45,020	\$46,371	\$47,762	\$49,195	\$50,671
<i>Total Other Deductions</i>	\$2,641,136	\$3,410,053	\$4,271,283	\$4,399,090	\$4,530,978
EBIDTA	\$838,381	\$2,248,287	\$3,130,581	\$3,135,556	\$3,138,906
Depreciation/Amortization	\$5,570,888	\$9,415,552	\$6,877,505	\$5,352,159	\$5,388,443
Interest Expense	\$561,957	\$0	\$1,642,240	\$1,775,158	\$1,756,781
Tax Expense	-\$1,946,275	-\$2,574,399	-\$1,634,659	-\$1,028,468	-\$1,015,395
NOI	-\$3,348,189	-\$4,592,866	-\$3,754,504	-\$2,963,293	-\$2,990,924
Senior & Construction ROI Service	\$561,957	\$0	\$1,844,218	\$2,011,874	\$2,011,874
Total ROI Payments	\$561,957	\$0	\$1,844,218	\$2,011,874	\$2,011,874
Before Tax Cash Flow to Equity from Operations	\$276,424	\$2,248,287	\$1,286,363	\$1,123,683	\$1,127,032
Total Tax Payments	-\$1,946,275	-\$2,574,399	-\$1,634,659	-\$1,028,468	-\$1,015,395
Total After Tax Cash Flow to Equity	\$2,222,699	\$4,822,686	\$26,898,807	\$2,152,150	\$2,142,426

RESUME

AFRICUNIA LOGISTC with its management has demonstrated experience in business and sales organization development. Developed and secured funding for own organization, author of several successful start-ups, business and market development plans. Has expertise in customer retention programs, sales training seminars, project planning, benchmark analysis, and forecasting and budgeting. Designed and implemented computer applications including customer database service frequency schedules, truck routing, customer retention surveys, accounting and commission salary programs, fintech projects such as financial transactions services, e-commerce etc.

The subject development presents joint venture partners with an opportunity to invest alongside the successful AFRICUNIA LOGISTICS fund in a profitable iconic transport development in Tanzania, an economically diverse international gateway market. The land on which the subject development will be constructed has the necessary lease agreement. Despite the volatile economic environment, the project is well-positioned to succeed given the strong management, ideal logistic industry situation in and around Tanzania and fundamental strength of the Tanzanian import and export economy growth. The development is expected to generate a before-tax IRR of 18.7% to common equity investors, with a 50% probability of IRR upside.

