

TARC the way forward in the AU / RECs /GOVs

Trans Africa Railway Corporation Info for Stakeholders/Investors



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Date 13th June 2022, v06, AU/AUC, Regional Economic Communities (RECs) and Governments
MOT/MOFs and additional Ministries, Cabinets for Parliament approvals

The Strategic Main Steps

<p>Interlock with AU-AUC AIHSRNP PGM Introduction of the Project and ask way forward ✓</p>	<p>HSR Connection of Capitals in SSA Presentation to HE Felix Tshisekedi, DRC AU Chairman 2021</p>
<p>Interlock with AUDA-NEPAD PIDA Program Studied the Detail Scoping Study (DSS 2016-2020) ✓</p>	<p>May 2020 to January 2021 Introduction and analysis for the AIHSRNP from PIDA-PEP Program</p>
<p>AU-AUC to inform all REC's (Regional Blocks) Interlock with all Regional Economic Communities</p>	<p>EAC, CEWA, Southern Africa, ECOWAS from February to March 2021</p>
<p>REC's to inform all SSA Countries Interlock with all 36 SSA Countries in Scope</p>	<p>36 SSA Countries in Scope from February to April 2021</p>
<p>Interlock with AU Propose 300 Bill. EUR (for 24'000 Km); LOI AU Input for PIDA-PEP2 ✓</p>	<p>Commitment of AU with TARC Introduction sent to AUC Director for Energy and Infrastructure</p>
<p>Interlock with MOT/MOF's in each Country/GOV Propose 300 Bill. EUR (for 24'000 Km); Sent 32 LOI/MOUs to MOT/MOFs ✓</p>	<p>Commitment of GOV's with TARC Latest commitment MOU should be done by June 2021</p>

Getting Commitments from Regional Blocks and AU, will be the hardest work



Strategic Elements of Agreement between TARC and Governments

TARC LOI/MOU Elements

1

TARC's Contribution

LOI/MOU (4 REC's)

- :: Provision and mobilization of financial resources for the execution of the HSR project for the REC TARC corridors;
- :: Deployment for design of the REC TARC corridor;
- :: Mobilization for build and deployment of technical and construction consortium for the execution of the project;
- :: Readiness to operate the completed HSR to recoup of investment for at least 35 years (hence DBFOM);
- :: TARC with its strategical partners (including operator) will be ready to present the results for the TFS by the end of this year 2021

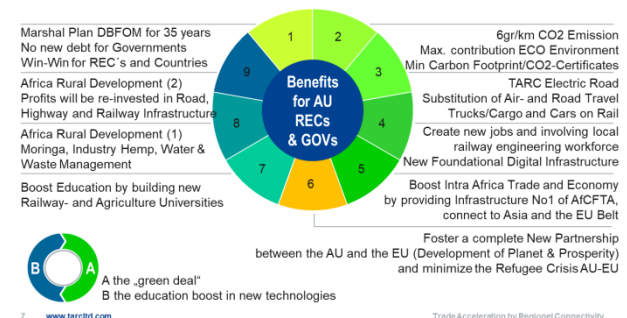
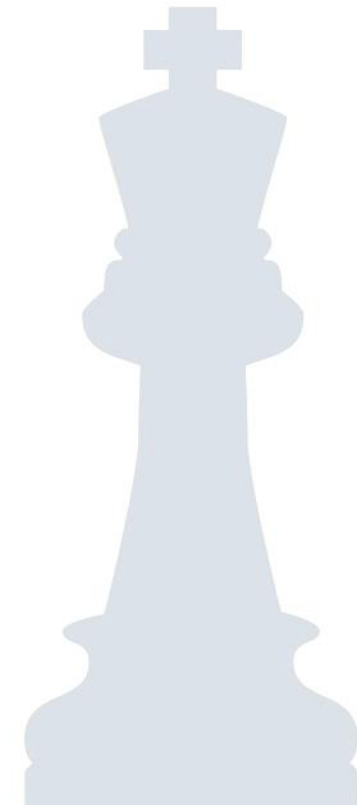
GOV's LOI/MOU Elements

2

GOV's Contribution

LOI/MOU (4 REC's)

- :: Granting of mandate to plan, design and execute the project to TARC;
- :: Granting through members states land approval for HSR route;
- :: Mobilisation of national railway authorities alongside the corridor for collaboration on the project
- :: Opening REC Rail infrastructure to the private operator (TARC).
- :: Countries Contributing to max 15% of the total cost not in monetary terms, but by providing land and infrastructure for the operation of TARC.
- :: 20% Share of TARC in PPP



BENEFITS for AU, Regional Blocks and Governments



Countries

No need to pay investment; ✓
 Land for construction will be
 payed back (15% in 10 years
 with the start of profitability);
 Taxes and Concession Fees
 (first 10 years free);



Regional Blocks

Massive socio economic
 improvement per Region;
 Enhanced Peacekeeping;
 Economy boosting;
 Strong GDP growth;
 New Job creations;



AU

Economy boosting, ✓
 GDP growth;
 TARC will support effective
 High Speed Railway (HSR)
 Regulation, improve *HSE
 and AfCFTA implementation;
 China Penetration will stop



Value Proposition

No additional debt; ✓
 Debt´s IMF, World Bank will be
 payed from Profits of TARC;
 Investments of TARC with
 profits in additional Infra-
 structure (Railway-, Highway
 and Road Development);



Customer Segment

No need to spend money for
 further development and
 maintenance of Railway;
 New Infrastructure HSR-AU;
 Additional Services to cover
 the needs in the future, with
 i.e. „Piggyback“ for cars and
 trucks all over the continent;
 No need of additional
 Highways;



Cost and Revenue

Investment of 300 b. EUR; ✓
 Revenue expected 50 b.
 EUR/Year (after 10 years);
 Positive ROI after 10 years
 in 2037;
 Pay back to Countries with
 Re-Investments in additional
 Infrastructure;

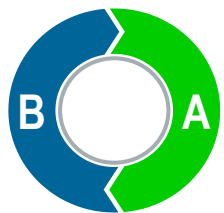
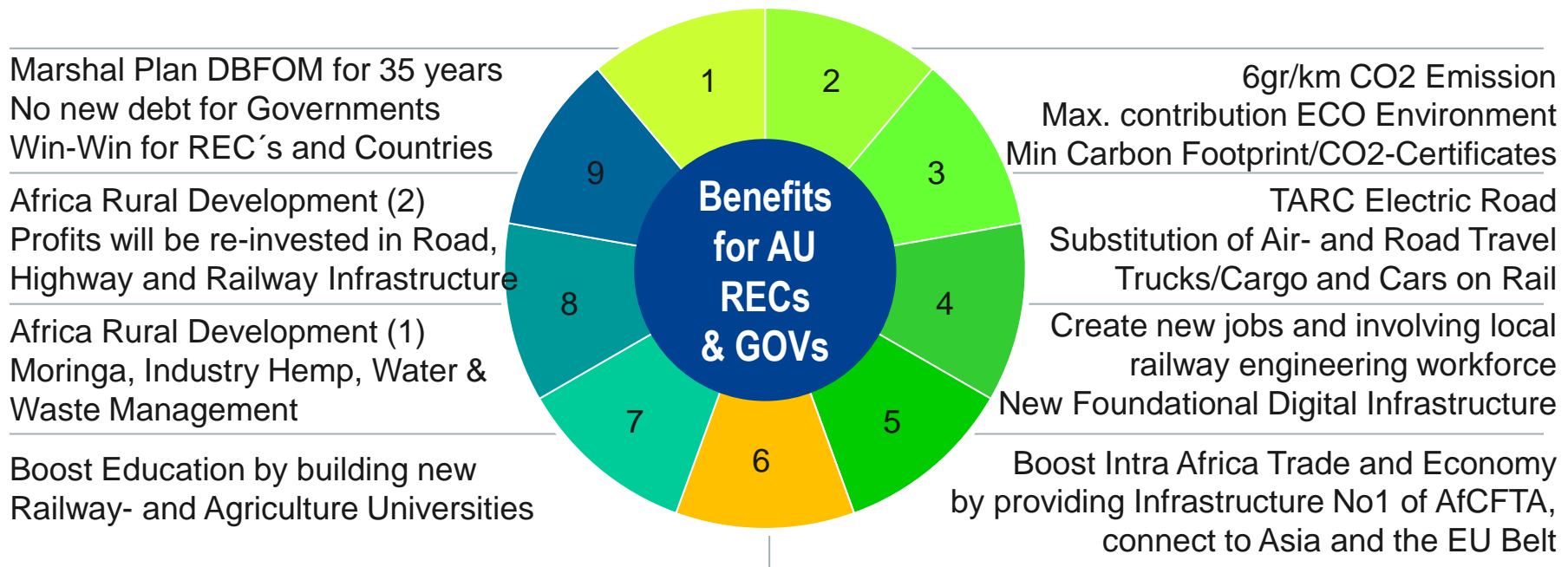
*HSE = Health, Safety and Environment

TARC's Benefits for the AU/AfCFTA/RECs and Governments

*Trade, Agriculture, Rural Development, Capital Management – TARC 1

*Trade Acceleration by Regional Connectivity – TARC 2

*Trans Africa Railway Corporation – TARC 3



A the „green deal“
B the education boost in new technologies

TARC's Key Success Factors and Approach

Commitments of Governments (with MOT/MOFs)

- TARC in-scope GOVs must commit to TARC**
Without commitment of AU/Countries, no TARC
- :: Part of the AU AIHSRNP Master Plan (DSS)
 - :: Part of each Countries Railway Master Plans
 - :: Preparation of Land for Construction
 - :: No pay of Investment, Concession for 35 yrs.
 - :: PPP Model with 80%/20% Share
 - :: TARC must be approved from each Parliament/Cabinet for future assurance



Commitment Investors (Debt Prov. & Equity Investment)

- TARC Debt. Providers and Equity Investors**
Without commitment of Investors, no TARC
- :: Debt. providers can be private and/or EBRD/EIB for Technical Feasibility Study (TFS with 25 Mio EUR)
 - :: Equity providers can be SPACs and/or EIB/Private Equity, Family Offices (300b EUR)
 - :: Recoup of investment with a revenue of 50b EUR per year after 10 years of operation and accelerated by an IPO



Key Drivers of the TARC Initiative are high potential Business Consultants from EU and AU incl. the Diaspora

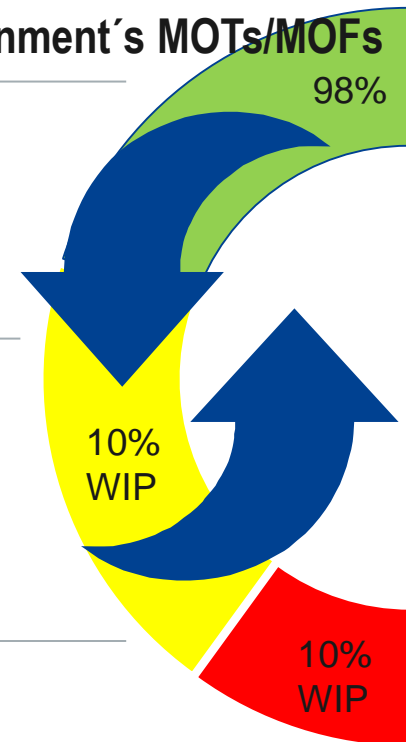
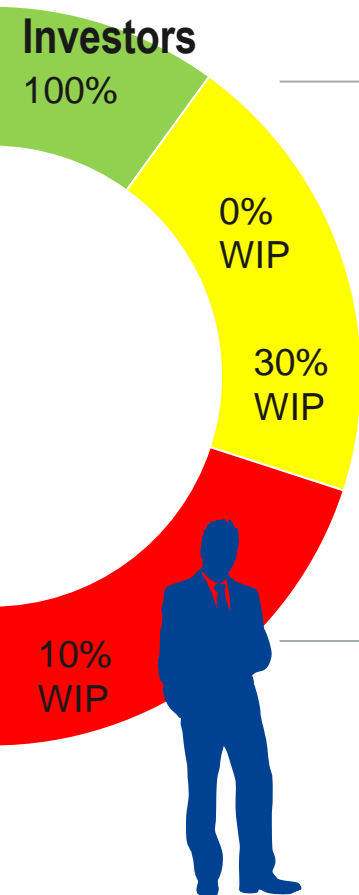
- :: TARC Idea & Business Case has been developed „pro-bono“ as our offer for the AU and EU: 2019-21
- :: Analysis of all Railway Master Plans as well as the AIHSRNP DSS of AU AUDA-NEPAD PIDA PGM
- :: Scoping/Analysis performed in each of the 36 Sub-Sahara Countries in scope of the TARC Back-Bone
- :: Identification and discussion with local Stakeholders and interested Parties/Suppliers
- :: Sent Expression of Interest (EOIs) and Memorandum of Understanding (MOUs) to 32 SSA Countries
- :: In discussion with Ministries of Transport (MOT) and Ministries of Finance (MOF) in each Country
- :: Preparation of TARC Investment and Development Holding SA (Luxemburg), with support of EU/EIB

TARC's Preparedness and Commitment Approach

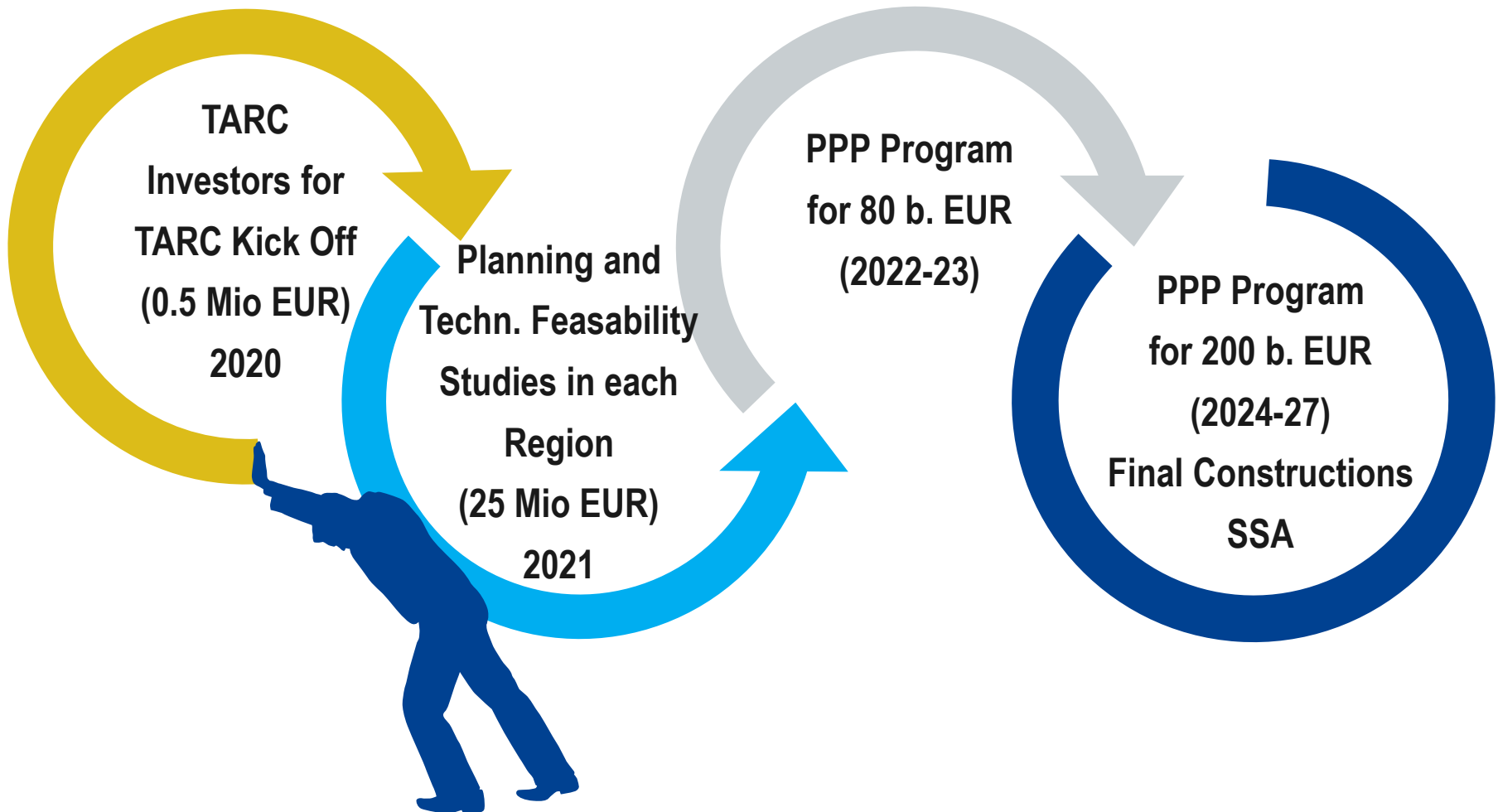
- 1a. TARC's **Business Case** has been prepared from the Core-Team over the last 3 years (May 2019 – May 2022).
- 1b. TARC's Business Case and **ROI is accepted** from our **Transaction-Advisory Morocco** (VC/Financial Gravity Hub) since November 2021

Government's MOTs/MOFs

- 2a. Getting the **commitments of the MOTs and MOFs** in each SSA-Country, by sending the TARC EOI and
 - 2b. Signing the analysed, prepared and full **TARC MOU**,
 - 2c. Getting the commitments on **AU/AUC Level**.
-
- 3a. Preparing the **Financial Framework and Financial Planning** by our Financial Gravity Hub in Morocco
 - 3b. **Building** the needed **financial arm and capabilities of the transformational investment (FDI)** with each national, regional and international economic development/investment body
-
- 3c. **Trigger the needed pre-agreements** for TARC as a private investment (JVA / Multi-Stakeholder Partnership / PPP).
 - 3d. **Start Technical Fesibility Studies (TFS)** in each REC



TARC Financial Management and Perspective



TARC Financial Enablers

Possible additional
Investors can step in
(EU, Countries,
Governments, Banks,
Private Equity Investors)



Kick Off TARC with initial
Investment of 0.5 Mio
EUR per interested
Investor



PPP Solution found and
agreed to proceed with
Investor Management
up to 300 b. EUR total.

Balancing the needs and tactical considerations

Countries

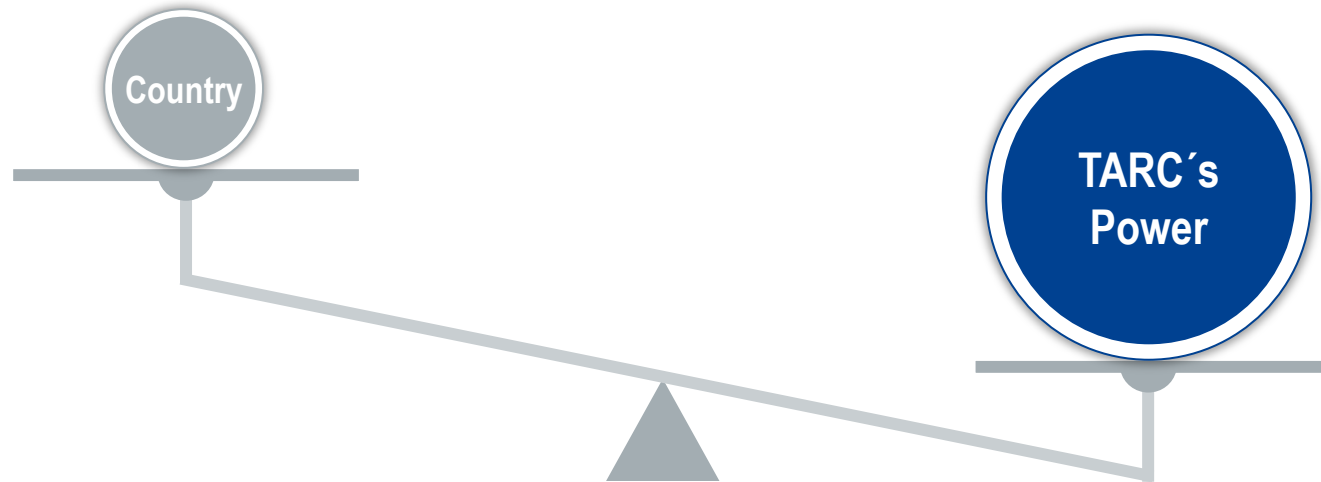
Politics

- :: TARC is not a neo-colonialized project.
- :: TARC is here to balance the needs of each regional block with each country
- :: TARC is here to set-up a new partnership with EU-AU

TARC

Independence

- :: TARC is above the political/commercial bigwigs and is not in the direct scrutiny of multilateral organizations



TARC's Instruments for the Transformation of Africa is based on sound Business and good Regulation and Participation, as well as the Commitments of private Investors with a PPP Model

Thank you
for your attention

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