



BUSINESS PLAN JULY 2008

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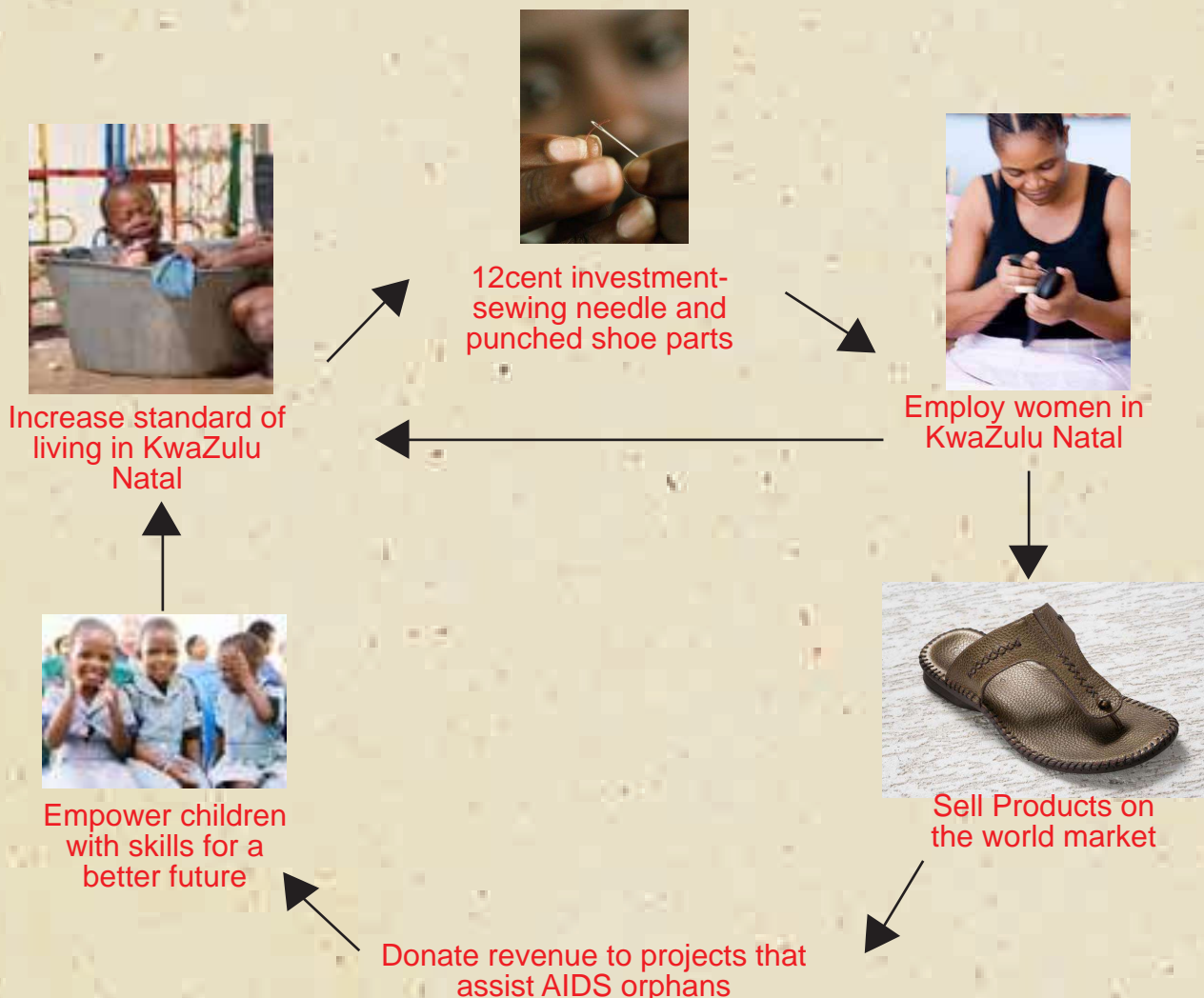
SUMMARY

Soul Of Africa provides sustainable jobs for previously un-employed women in Kwa Zulu Natal. The products the women make are sold in leading world-wide markets and the surplus between direct labour, materials and a small overhead contribution (roughly R54 / £3.8) is transferred to the Charitable Trust whose trustees invest in projects to help children orphaned through AIDS. To date (May '08), it has donated R4,900,000.00 / £350,000.00 to orphans and vulnerable children.

The Soul Of Africa product works for three main reasons:

1. Soul Of Africa has produced and engineered a world class product.
2. Soul Of Africa has established world distribution and marketing.
3. The operation is underpinned by professional local administration, control and accounting.

Soul Of Africa was started in 2004 by Lance Clark of Clarks Shoes and Sarah and Mike Gedye of Froggie Shoes in Durban. The charity's unique model and it's rapid success have attracted collaborations with popular brands like Betula, Next and Tianello. Soul Of Africa is gaining coverage in the media, was used as a model of social enterprise by students at North Eastern University, and in June 2008, was presented as the feature charitable project to 32,000 international Rotary delegates in Los Angeles, CA. The contributions to the Soul Of Africa Charitable Trust from the profits have increased greatly since last year and are expected to continue to grow exponentially.





HISTORY OF THE OPERATION

1.a. Brand and Product:

Soul Of Africa was started by Lance Clark, a sixth generation of the Clarks Shoe Family, and Mike and Sarah Gedye of Froggie Shoes. After visiting South Africa in 2003 and witnessing the plight of the orphans, Lance was inspired to use his experience in the shoe industry to create a sustainable development project. Lance wanted to enable the women in the community to contribute to the relief of the problem of the AIDS orphans rather than hope for external aid. Lance, with the Gedyes, formed a section 21 Soul Of Africa operating company to:

1. Design quality shoes with high handwork content to sell through retail chains UK, USA, Europe etc
2. Train unemployed women to make the shoes
3. Use a percentage of the manufacturing profit to assist orphans and vulnerable children affected by AIDS in South Africa



The Khulani

The first Soul Of Africa shoe, a hand sewn moccasin with a unique shock absorbing heel, was named Khulani after the first orphanage that the organization helped to rebuild. It has proven to be a commercial success and, since 2004, Soul Of Africa has expanded to sell over 30 different styles of shoes in six different countries. Soul of Africa merchandise has also grown to include a football and clothing collection

1.b. Results

Finance Summary (in South African Rands)

	June 04- May 05 R'000	June 05- May 06 R'000	June 06- May 07 R'000	June 07- Apr 08 R'000
Turnover	3.500	8.400	8.210	8.160
Costs				
Raw materials	1.650	2.710	2.630	2.730
Consumables	0.800	0.351	0.320	0.369
Labour	0.258	0.647	0.800	0.846
Distribution	0.130	0.179	0.218	0.268
O/H	0.427	2.310	2.560	2.740
Credits	0.022	-	-	-
Cont. to the Charitable Trust	0.485	2.250	1.680	1.200

£1 = R13.91



Cumulative Finance to May '08

Funds generated by the Trust	8,500,000
From: Direct Donations	2,700,000
SOA Trading	5,450,000
Interest earned	350,000

Distributed / Allocated to:	
Charities	4,900,000
Kept as cash	500,000
Trust expenses	150,000
Used as working capital in SOA	2,950,000

Sales Pairs by Market

	June 04- May 05 R'000	June 05- May 06 R'000	June 06- May 07 R'000	June 07- Apr 08 R'000	May 08- May 09 R'000	June 09- May 10 R'000
Clarks UK	8.735	26.370	9.973	14.912		
Clarks USA	-	4.170	10.178	14.908		
Independent UK	1.844	3.443	3.443	958		
Independent USA	1.356	3.159	-	207		
Australia	-	3.360	382	1.867		
South Africa	10.304	16.302	20.961	19.202		
Italy	-	-	-	1.800		
TOTAL	22.239	56.804	44.927	53,851	60.000	70.000
Amount donated to Charitable Trust (Mil R)	0.485	2.25	1.68	1.20	1.85	2.15

£1 = R13.91



MODEL OF SUSTAINABLE DEVELOPMENT

2.a. Soul Of Africa Company

Soul Of Africa is a section 21 company that manages the operation and generates and transfers funds for the SOA Trust to invest in social programs that assist orphans affected by AIDS.

Froggie Footwear in South Africa, where unemployment is approx 40%, trains previously un-employed and un-skilled women to stitch shoes and footballs. Soul Of Africa provides each woman with a needle and pre-punched leather parts, and pays them a fair wage to make the shoes and footballs. The wage that Soul Of Africa pays the women enables them to provide for themselves and their families, transforming their lives.

Soul Of Africa sells the products the women make on the world market. The products are sold at major retail stores like Clarks USA and UK, Jones Bootmaker, Bata Italy and through independent shoe retailers in South Africa, Australia, England and USA as well as on the internet.



2.b. Soul Of Africa Charitable Trust

Soul Of Africa Trust with independent trustees partners with the Rotary Foundation to select and invest in different projects in KwaZulu Natal that assist AIDS orphans and vulnerable children. By 2010 there will be an estimated 2million AIDS orphans in South Africa.



PROJECTS TO DATE...

KHULANI CHILDREN'S CENTRE

Khulani is the first project that Soul of Africa supported. The orphanage is home to 20 children ages 9-17 who are affected by HIV/AIDS. At Khulani the children are cared for, fed and educated

SHEPERDS KEEP

Soul Of Africa helps to finance Sheperds Keep, a home for abandoned babies from birth to six months old. The home cares for and finds families to adopt these babies.

GRANNY PROJECT

In KwaZulu Natal, there is the highest prevalence and mortality due to HIV/AIDS in the adult population. The result is that the elderly, and in particular, the granmothers, become responsible for the children in the community. To assist these grandmothers, Soul Of Africa refurbishes their homes to accommodate the large number of children and provides them with food. The Granny Projects turned into the idea for the Child Development Care Centres.

CHILD DEVELOPMENT CARE CENTRES (CDCC'S)

Soul Of Africa and Rotary build these centres to care for young children during the day, allowing their family members to work or attend school. The CDCC's provide educational activities, food and healthcare to the children. Older siblings of children who are cared for at the CDCC are also fed when they drop their younger siblings off and pick them up.

FINANCIAL AID FOR PRIMARY SCHOOL LEARNERS

Soul Of Africa provides school fees, uniforms and supplies to over 60 children who could not afford to attend school otherwise.

ORPHAN AID

Soul Of Africa supports Orphan Aid, a program that improves the living conditions of orphans and teaches them life skills. Orphan Aid also provides and delivers food parcels to orphans.

NOAH

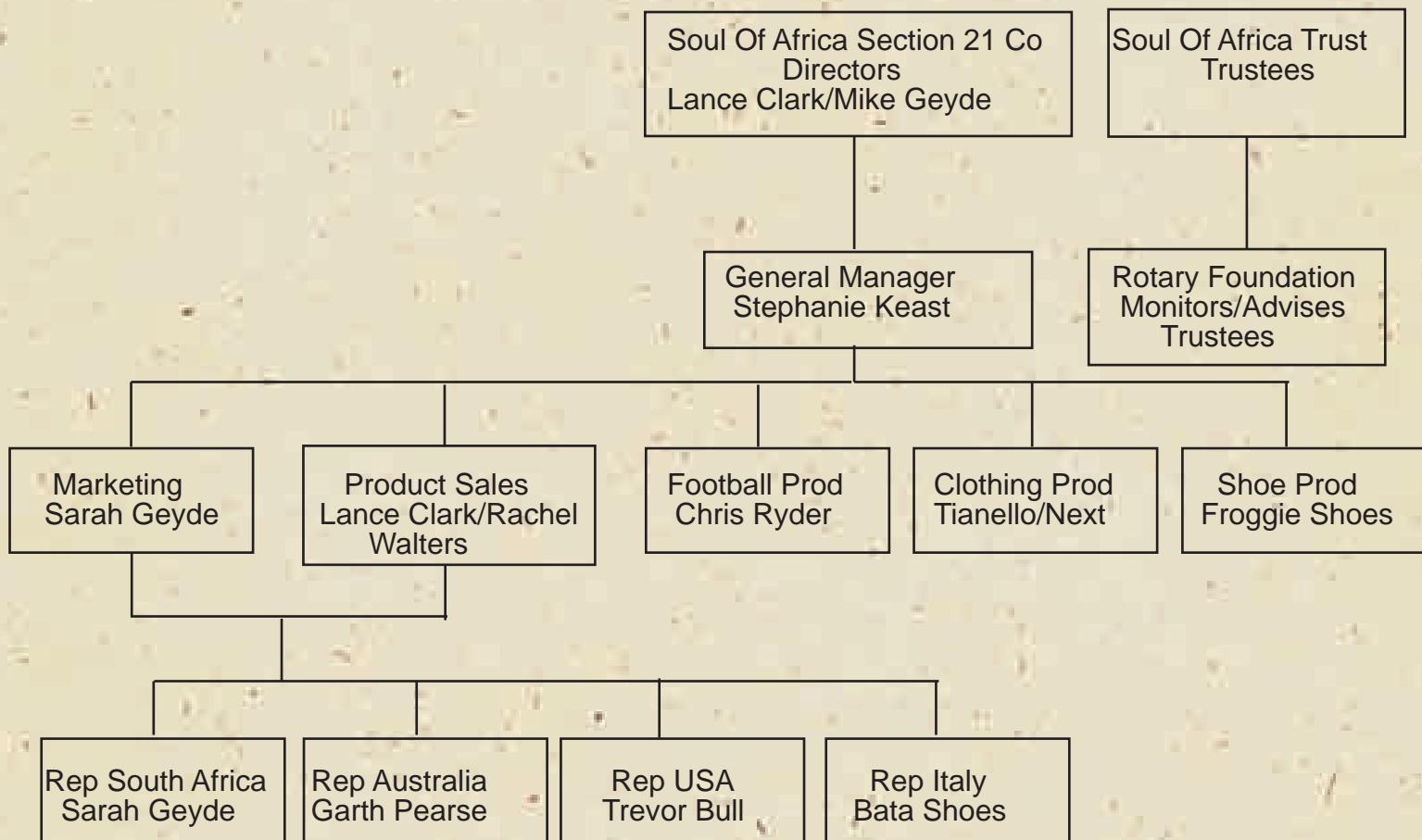
Soul Of Africa has partnered with NOAH (Nurturing Orphans of AIDS for humanity), a program that works to reinforce communities who are already caring for the orphaned children. NOAH assists a group of community leaders to locate orphaned children and register them in the area. The organization then assists the orphans by finding support grants and agencies that can address their specific needs.





ORGANIZATION AND STRUCTURE

Soul Of Africa is comprised of a global network of individuals that are in charge of specific aspects of the organization.





MARKET AND COMPETITION

X Factory
Trade
Retail

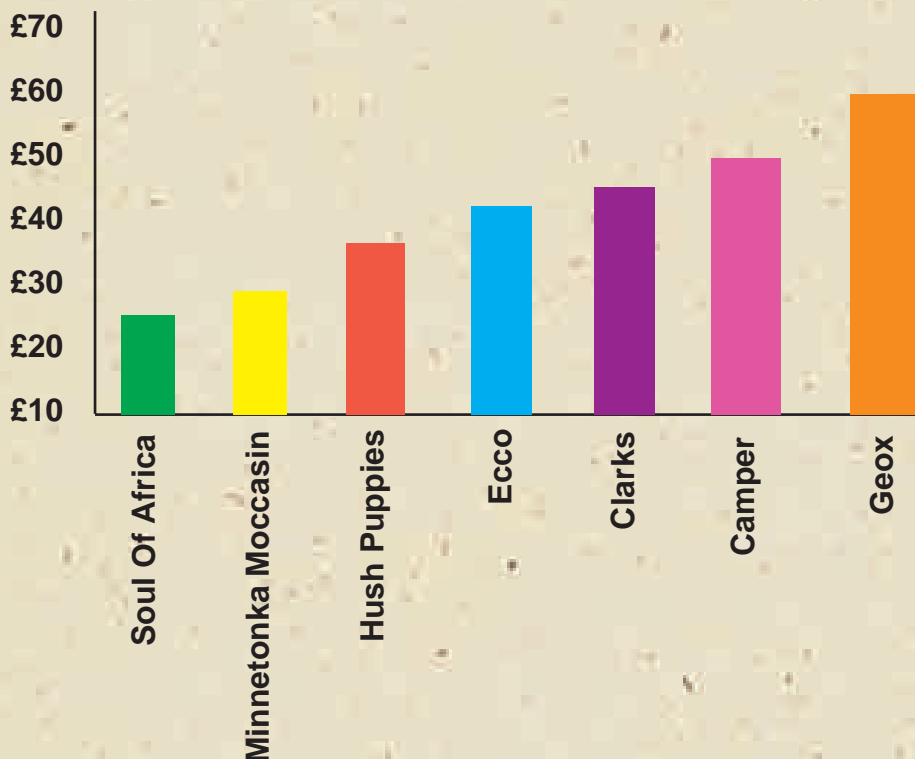
Khulani
£10.51 (R146)
£12.76 (R178)
£29.99 (418)

Boot
£18.97 (R265)
£24.50 (R342)
£49.99 (R698)

Soul Of Africa shoes will remain at a medium price level. The average cost price for a woman's sandal or moccasin is £29 (R405) and the average trade price of a woman's boot is £50 (R698). The average cost price for a man's moccasin or loafer is £35 (R488). The style of Soul Of Africa shoes are competitive with other popular main stream brands.

SHOE MARKET

Retail Price



£1 = R13.91

SOCIAL ENTERPRISE MARKET

Soul Of Africa is one of the first social enterprises in the fashion industry that provides both employment and aid but there are many successful social enterprises in other industries that follow such a model. For example, Cafe Direct pays coffee growers a fair wage and also donates 60% of their surplus to programmes that assist the homeless. The history of this business suggests that Soul Of Africa is following a model that has the potential to be very successful.



SOUL OF AFRICA PRODUCT

5.a. The costing of an average Soul Of Africa Shoe Product (in South African Rands/Pair)

Costing	Average ex Soul Of Africa Price June 07 to May 08
Per Pair	R 180.00
RANDS/PAIR Material	R 60.20
Consumables	R 8.10
Labour	R 18.60
O/H	R 60.20
GP	R 93.10
Distribution	R 5.90
Ex Factory	R 153.00
To Charitable Trust	R 25.50

5.b. Product Details

Soul Of Africa currently produces and sells womens and mens shoes, sandals and boots targeted toward the middle market. All Soul Of Africa products are made from leather. The shoes are available predominantly in natural colours (red, brown, black and beige).

Soul Of Africa has three main criteria for the shoes:

1. High hand work content
2. Softness
3. Flexibility



5.c. Collaborations

In addition to the Soul Of Africa line, the organization has collaborated with other popular designers to form new lines. Betula is currently designing a line of Soul Of Africa shoes to launch for spring/summer 2009. New Wallabee-style shoes are being developed in conjunction with Watson shoes for sale to students. Soul Of Africa also makes footballs. The Soul of Africa footballs are hand-stitched, abrasion resistant and of FIFA standard. The footballs can be customized through branding or placing an AIDS message on the ball. The organization is currently in the process of negotiation with universities in the UK, USA and Canada to sell these balls in campus shops. Soul of Africa also has a clothing line with Tianello in the USA. Sales from Tianello in the first five months was \$147,954US (£84,086 / R1,186,005) with \$11,836US (£6,727 / R94,950) going to charity. Soul Of Africa is about to launch a second clothing line with Next clothing in the UK.

£1 = R13.91



SPONSORSHIP

Initial sponsorship of £30,000 (R419,093) donated from the Clark's Charitable Trust helped to establish the project. Since then, the project has become self-financing. Sponsorship is most needed to fund a world marketing and promotions manager (£40,000 / R558,791 per year) and for a loan to finance working capital as the business grows (£250,000 / R3,492,441 per year).

Soul Of Africa is exploring two main avenues to fundraising. The first is to contact various government departments with a view to fund expansion as a job creating project and to supply hand stitch sites in the highest unemployment areas around Durban. The second is to approach specific private donors to obtain funds to increase publicity about Soul Of Africa, the number of workers and the contribution to the orphans.

MARKETING

7.a. Public Relations

PR and marketing is currently done in-house. As a result of Soul Of Africa's innovative approach to charity, it has gained coverage from a variety of major publications. In July 2007, Newconsumer.com, the UK's hottest ethical lifestyle magazine, featured a piece on Soul Of Africa shoes being stocked and sold by eco-shoe makers, Terra Plana. That same month, Retail-week.com featured a profile on Lance Clark's involvement with Soul Of Africa. Treehugger.com featured an article on the Soul Of Africa footballs on their website in November 2007. The February 2008 edition of Spirit & Destiny magazine named Soul Of Africa the 'Feel Good Fashion Hero of the Month'. Most recently, in June 2008, The Guardian Financial section featured a full page spread on Soul Of Africa.

In the future, implementing focused web campaigns, sponsoring African inspired events in the UK and building more partnerships with retail companies.

7.b. Point of Sale

Soul Of Africa's product sells because it is well designed and comfortable. The product is also desirable because the purchasing of each product has a positive social impact. Soul Of Africa's social impact is unique in the fashion industry; the organization creates employment and provides aid while producing and selling top quality products.

There are a variety of means by which Soul Of Africa products are promoted. The shoes are presented alongside a display that explains the mission of Soul Of Africa. Soul Of Africa also has brochures, pamphlets and a newly developed webpage.





BRAND EXTENSION

8.a. Expansion Past and Forecast

	2007	2008	2009
Women's Shoes	Boot launch	Sika launch Canada launch	Betulla launch University launch Greece launch
Men's Shoes		Canada launch	Greece launch
Footballs			University Line launch
Tianello Clothing		Tianello launch	
UK Clothing		Next launch	Top Shop Handbag launch

8.b. Future Partnerships

Soul Of Africa plans to develop new lines with already established partners and continue to develop partnerships with new brands. A new handbag line for Soul of Africa is to be developed in conjunction with TopShop designer Annagret Affolderbach and the United Nations' Ethical Fashion Forum. To expand the already established operation in South Africa, Soul Of Africa plans to expand the Next line to include children's apparel and a home collection.

8.C. Employment

Through these future collaborations and expanding of the current range Soul of Africa plans to increase employment.

8.e. Finance and Investment

As the project grows and diversifies into different markets, more management is needed to ensure correct fiscal and business practice is maintained. Soul Of Africa plans to obtain funds from social investment firms to use as working capital so that the organization can continue to donate as much as possible to programs that assist AIDS orphans.

