



DOTCOM TRADING 278 CC Reg number 2008/008384/23 t/a **Petrorex.**
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The improvements on a Service Station Site are specifically designed and build to sell fuel and allied products.
There is actually no alternative use for a Service Station Development.
Therefore an investor's primary interest in a Service Station is its income stream and desirable return on his equity.

The following work method in the preparation of the Assessment was followed;

- Information relating to the Trading area physical / spatial development and existing land uses was obtained by means of interviews and studying of existing reports to obtain a general impression of the Trading Area.
- Information relating the operational and property income of the service station was determined by means conducting a feasibility study.
- All the above information was analysed and incorporated in the assessment report.

The following assessment approaches were followed:

- Modern Capital Budget approach - Discounted Cash Flow (DCF) analysis based on the income stream derived from rent and/or rebates received as well as the operational income stream. The major methods used to make capital budget decisions are presented as, net present values (NPV), internal rate of return (IRR), and the profitability index (PI).
- The Cap rate method was based on a one-year income stream.
- The Goodwill Business Assessment was based on the net operational income stream.

The purpose of the Assessment is to act as a guideline to enable the role players such as the Investor / Financial Institution, Department of Mineral and Energy or the Oil Company to make critical decisions

Compiled by Hannes Pieterse (Dip CIS)
(Commercial and Industrial Specialist.)

DATE _____

PETROLEUM PRODUCTS ACT, 1977 (Act No. 120 of 1977)

REGULATIONS REGARDING PETROLEUM PRODUCTS SITE AND RETAIL LICENCES

The Minister of Minerals and Energy has under sections 28, 2D, 2E and

12C(1)(a) of the Petroleum Products Act, 1977 (Act No. 120 of 1977) made the regulations in the Schedule.

28) A retail licence for a retailing activity that does not qualify in terms of section 2D of the Act, may only be issued after the Controller ; has been satisfied that the retailing activity for which the licence is applied for is economically viable

(1) In determining the economic viability the Controller must ensure that -

(a) the period to be used in the calculation is 20 years;

(b) a discount rate that is to be published by the controller at the end of

(c) the retail margin as reflected in Table 1;

(d) a repayment period of the longest loan, debt or other type of financing excluding equity is not more than 20 years;

(e) the rent specified by the landlord;

(f) the franchise fee payments payable to the franchisor;

(g) any payments due to the landowner in lieu of rehabilitation;

(h) all other payments and guarantees payable to the franchisor;

(i) estimated volumes of petrol and diesel to be sold; February every year.

(j) have once-off payments payable to any person such as those colloquially referred to as "key money" and "goodwill payments";

(k) a fair share of total costs of the operations conducted on that site, being allocated to retailing prescribed petroleum products;

(l) labour costs adjusted annually for inflation;

(m) all factors necessary to properly calculate the net present value

(n) all capital expenditures and incomes have been included in the net present value

(o) all other business assumptions used in the net present value

(p) the net present value calculation has been correctly calculated;

(q) that the real net present value contemplated above is positive;

have been included; present value calculation; calculation are fair and reasonable;

SCENARIO BASED ON MONTHLY BUSINESS INCOME

1 THE INCOME APPROACH

1.1 The Operating Statement

STEP 1

The following assumptions were made

The investor develop the Service Station as a property investment and its monthly business income is based on the income received from the Oil Company.

STEP 2

In this step the expected cash flows forecast must be determine for whole period during which the investment is expected to be held and in this scenario its is for 20 years.

The only source of cashflow is from the leasing side and no sale of the site is foreseen in ten years time.

The operating statement provide the structure of cash flows for income analysis.

POTENTIAL GROSS INCOME (PGI)

PGI is the maximum operational income that the property will achieve

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Fuel Volume sales	TOTAL FUEL SALES P/A	2,872,206	3,044,538	3,227,211	3,420,843	3,626,094	3,843,660	4,074,279	4,318,736	4,577,860	4,852,532
Total operational income (All departments)		4,606,389	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136
Developers income from:											
	Developers profit and land cost	2,987,253	0	0	0	0	0	0	0	0	0
	Oilcompany rental Option A	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136
		4,606,389	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136

LESS VACANCY / BAD DEBTS

Vacancies apply where the property is not fully let or if there is a change of tenant

% of PGI

0.00%	-	-	-	-	-	-	-	-	-	-	0
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EFFECTIVE GROSS INCOME (EGI)

EGI represents the actual gross income that the property would generate

4,606,389	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136
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LESS OPERATING EXPENSES (OE)

OE are all the expenses that need to be incurred for the functioning and maintenance of the property

Total expenses of the property owner (excluding debt services)

2.00%

32,383	32,383	32,383	32,383	32,383	32,383	32,383	32,383	32,383	32,383	32,383
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NET OPERATING INCOME

4,574,006	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753
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SCENARIO BASED ON MONTHLY BUSINESS INCOME

1 THE INCOME APPROACH

1.1 The Operating Statement

STEP 1

The following assumptions were made

The investor develop the Service Station as a property investment and its monthly business income is based on the income received from the Oil Company.

STEP 2

In this step the expected cash flows forecast must be determine for whole period during which the investment is expected to be held and in this scenario its is for 20 years.

The only source of cashflow is from the leasing side and no sale of the site is foreseen in ten years time.

The operating statement provide the structure of cash flows for income analysis.

POTENTIAL GROSS INCOME (PGI)

PGI is the maximum operational income that the property will achieve

		Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Fuel Volume sales	TOTAL FUEL SALES P/A	5,143,684	5,452,305	5,779,443	6,126,209	6,493,782	6,883,409	7,296,413	7,734,198	8,198,250	8,690,145
Total operational income (All departments)		600,000	630,000	661,500	694,575	729,304	765,769	804,057	844,260	886,473	930,797
Developers income from:											
	Operator	0	0	0	0	0	0	0	0	0	0
	Oilcompany rebate	600,000	630,000	661,500	694,575	729,304	765,769	804,057	844,260	886,473	930,797
		600,000	630,000	661,500	694,575	729,304	765,769	804,057	844,260	886,473	930,797

LESS VACANCY / BAD DEBTS

Vacancies apply where the property is not fully let or if there is a change of tenant

% of PGI	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
0.00%	0	0	0	0	0	0	0	0	0	0

EFFECTIVE GROSS INCOME (EGI)

EGI represents the actual gross income that the property would generate

600,000	630,000	661,500	694,575	729,304	765,769	804,057	844,260	886,473	930,797
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LESS OPERATING EXPENSES (OE)

OE are all the expenses that need to be incurred for the functioning and maintenance of the property

Total expenses of the property owner (excluding debt services)

2.00%	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885	17,729	18,616

NET OPERATING INCOME

588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
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**LESS DEBT SERVICE (DS)
PROPERTY OWNER FINANCE**

Development Estimate
Property value estimate

	6,500,000
	1,000,000
	7,500,000
100.00%	9,500,000
0.00%	0
11.75%	
10	
	134,928
	93,021
	41,907

% borrowed capital
% own contribution
Interest rate
Term
Total payment
Interest payment
Capital payment

Interest payment	1,088,264	1,022,415	954,426	871,348	777,373	671,730	552,967	419,448	269,324	100,485
Capital payment	530,872	596,721	674,156	758,206	852,332	958,168	1,077,189	1,211,076	1,361,791	#####
	1,619,136	1,619,136	1,628,582	1,629,553	1,629,704	1,629,898	1,630,156	1,630,524	1,631,115	1,632,408

BEFORE TAX CASH FLOW (BTCH)

This is the revenue generated by the property after debt service

	2,954,870	(32,383)	(41,829)	(42,800)	(42,951)	(43,145)	(43,403)	(43,771)	(44,362)	(45,655)
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TAX (T)

Tax various per property depending on the type of ownership and expenses occur

Rate	30.00%	1,045,723	169,302	189,698	214,622	242,814	274,507	310,136	350,192	395,229	445,881
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AFTER TAX CASH FLOW (ATCF)

This represent the revenue received from the property after all expenses have been paid

	1,909,148	(201,684)	(231,527)	(257,422)	(285,765)	(317,652)	(353,539)	(393,962)	(439,591)	(491,536)
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OPERATING STATEMENT (SUMMARY)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
PGI	4,606,389	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136
less VAC	-	-	-	-	-	-	-	-	-	0
EGI	4,606,389	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136	1,619,136
less OE	32,383	32,383	32,383	32,383	32,383	32,383	32,383	32,383	32,383	32,383
NOI	4,574,006	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753
less DS	1,619,136	1,619,136	1,628,582	1,629,553	1,629,704	1,629,898	1,630,156	1,630,524	1,631,115	1,632,408
BTCH	2,954,870	(32,383)	(41,829)	(42,800)	(42,951)	(43,145)	(43,403)	(43,771)	(44,362)	(45,655)
less T	1,045,723	169,302	189,698	214,622	242,814	274,507	310,136	350,192	395,229	445,881
ATCF	1,909,148	(201,684)	(231,527)	(257,422)	(285,765)	(317,652)	(353,539)	(393,962)	(439,591)	(491,536)

1.2 PROPERTY REVERSION

The second source of cash flow is from the disposition of the investment - THIS OPTION WAS NOT TAKEN INTO CONSIDERATION

ANALYSIS

Expected selling price
Discount rate
Term
Minus Selling Expenses
Net Sales Price (NSP)
Minus Unpaid mortgage
Before tax equity reversion (BTER)
Minus Taxes due from the sale
After tax equity reversion (ATER)

	-
	-
	-
	-
	-
	-

Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
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LESS DEBT SERVICE (DS)
PROPERTY OWNER FINANCE

Development Estimate		6,500,000
Property value estimate	1,000,000	6,500,000
% borrowed capital	100.00%	6,500,000
% own contribution	0.00%	0
Interest rate	11.75%	
Term	10	
Total payment		92,319
Interest payment		63,646
Capital payment		28,673

Interest payment	-	-	-	-	-	-	-	-	-	-
Capital payment	-	-	-	-	-	-	-	-	-	-
	0	0	0	0	0	0	0	0	0	0

BEFORE TAX CASH FLOW (BTCH)

This is the revenue generated by the property after debt service

588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
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TAX (T)

Tax various per property depending on the type of ownership and expenses occur

Rate	30.00%	176,400	185,220	194,481	204,205	214,415	225,136	236,393	248,213	260,623	273,654
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AFTER TAX CASH FLOW (ATCF)

This represent the revenue received from the property after all expenses have been paid

411,600	432,180	453,789	476,478	500,302	525,317	551,583	579,163	608,121	638,527
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Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
600,000	630,000	661,500	694,575	729,304	765,769	804,057	844,260	886,473	930,797
0	0	0	0	0	0	0	0	0	0
600,000	630,000	661,500	694,575	729,304	765,769	804,057	844,260	886,473	930,797
12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885	17,729	18,616
588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
0	0	0	0	0	0	0	0	0	0
588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
176,400	185,220	194,481	204,205	214,415	225,136	236,393	248,213	260,623	273,654
411,600	432,180	453,789	476,478	500,302	525,317	551,583	579,163	608,121	638,527

1.2 PROPERTY REVERSION

The second source of cash flow is from the disposition of the investment - THIS OPTION WAS NOT TAKEN INTO CONSIDERATION

ANALYSIS

Expected selling price	0
Discount rate	0
Term	0
Minus Selling Expenses	0
Net Sales Price (NSP)	0
Minus Unpaid mortgage	0
Before tax equity reversion (BTER)	0
Minus Taxes due from the sale	0
After tax equity reversion (ATER)	0

1.3 DISCOUNTED CASH FLOW ANALYSIS

The DCF is a vital concept, and can be regarded as the most important of all the techniques used in finance. The DCF encompasses the determining of present values, future values and analyzing of unequal cash streams as well as determining net present values (NPV), the profitability index (PI) and the internal rate of return (IRR).

1.3.1 NET PRESENT VALUE (NPV)

The NPV work as follows, it determine the sum of all cashflows (both in and outflows and initial outlay) and discount to a present value at a projected discounted rate of return (cost of capital).

A Based on the property as an investment (excl VAT)

Cashflow (CF)		CF Y0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Invest	9,500,000											
NOI		(9,500,000)	4,574,006	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753
NPV			(4,778,285)	(3,787,563)	(2,940,792)	(2,217,056)	(1,598,478)	(1,069,779)	(617,900)	(231,678)	98,426	380,566
BTCF		(9,500,000)	2,954,870	(32,383)	(41,829)	(42,800)	(42,951)	(43,145)	(43,403)	(43,771)	(44,362)	(45,655)
NPV			(5,961,085)	(5,981,304)	(6,003,626)	(6,023,147)	(6,039,891)	(6,054,267)	(6,066,628)	(6,077,282)	(6,086,510)	(6,094,628)
ATCF		(9,500,000)	1,909,148	(201,684)	(231,527)	(257,422)	(285,765)	(317,652)	(353,539)	(393,962)	(439,591)	(491,536)
NPV			(6,725,000)	(6,850,925)	(6,974,480)	(7,091,893)	(7,203,295)	(7,309,135)	(7,409,817)	(7,505,709)	(7,597,160)	(7,684,560)

Discounted rate @

17.00%

The discounted rate are based on the discounted rate for Service Stations as a property development

(marginal cost of capital, inflation based rate, investment rate)

B Based on the Investors parameters

Cashflow (CF)		CF Y0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Invest	1,000,000											
NOI		(1,000,000)	4,574,006	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753
NPV			2,486,673	3,477,395	4,324,166	5,047,902	5,666,479	6,195,178	6,647,057	7,033,279	7,363,383	7,645,523
BTCF		(1,000,000)	2,954,870	(32,383)	(41,829)	(42,800)	(42,951)	(43,145)	(43,403)	(43,771)	(44,362)	(45,655)
NPV			1,303,872	1,283,653	1,261,331	1,241,810	1,225,066	1,210,690	1,198,330	1,187,676	1,178,447	1,170,329
ATCF		(1,000,000)	1,909,148	(201,684)	(231,527)	(257,422)	(285,765)	(317,652)	(353,539)	(393,962)	(439,591)	(491,536)
NPV			539,957	414,032	290,478	173,065	61,662	(44,178)	(144,860)	(240,751)	(332,203)	(419,603)

Discounted rate @

17.00%

The discounted rate are based on the discounted rate for Service Stations as a income producing development (risk premium, and cost of capital)

1.3 DISCOUNTED CASH FLOW ANALYSIS

The DCF is a vital concept, and can be regarded as the most important of all the techniques used in finance. The DCF encompasses the determining of present values, future values and analyzing of unequal cash streams as well as determining net present values (NPV), the profitability index (PI) and the internal rate of return (IRR).

1.3.1 NET PRESENT VALUE (NPV)

The NPV work as follows, it determine the sum of all cashflows (both in and outflows and initial outlay) and discount to a present value at a projected discounted rate of return (cost of capital).

A Based on the property as an investment (excl VAT)

Cashflow (CF)	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Invest										
NOI	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
NPV	469,927	550,122	622,093	686,682	744,646	796,665	843,349	885,245	922,844	956,586
BTCF	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
NPV	(6,005,268)	(5,925,072)	(5,853,102)	(5,788,513)	(5,730,548)	(5,678,529)	(5,631,845)	(5,589,949)	(5,552,351)	(5,518,608)
ATCF	411,600	432,180	453,789	476,478	500,302	525,317	551,583	579,163	608,121	638,527
NPV	(7,622,007)	(7,565,870)	(7,515,491)	(7,470,279)	(7,429,704)	(7,393,290)	(7,360,612)	(7,331,285)	(7,304,965)	(7,281,346)

Discounted rate @

17.00%

The discounted rate are based on the discounted rate for Service Stations as a property development

B Based on the Investors parameters

Cashflow (CF)	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Invest										
NOI	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
NPV	7,734,884	7,815,080	7,887,050	7,951,639	8,009,603	8,061,622	8,108,306	8,150,202	8,187,801	8,221,544
BTCF	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
NPV	1,259,690	1,339,885	1,411,856	1,476,444	1,534,409	1,586,428	1,633,112	1,675,008	1,712,607	1,746,349
ATCF	411,600	432,180	453,789	476,478	500,302	525,317	551,583	579,163	608,121	638,527
NPV	(357,050)	(300,913)	(250,534)	(205,322)	(164,747)	(128,333)	(95,654)	(66,327)	(40,008)	(16,388)

Discounted rate @

The discounted rate are based on the discounted rate for Service Stations as a income producing development (risk premium, and cost of capital)

1.3.2 PROFITABILITY INDEX (PI)

The profitability index (PI) is merely a value of cash inflows divided by the investment cost its also referred to as the benefit / cost ratio.

	CF Y0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
NOI	(1,000,000)	4,574,006	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753
PI		3.57	5.16	6.75	8.33	9.92	11.51	13.09	14.68	16.27	17.85
BTCF	(1,000,000)	2,954,870	(32,383)	(41,829)	(42,800)	(42,951)	(43,145)	(43,403)	(43,771)	(44,362)	(45,655)
PI		1.95	1.92	1.88	1.84	1.79	1.75	1.71	1.66	1.62	1.57
ATCF	(1,000,000)	1,909,148	(201,684)	(231,527)	(257,422)	(285,765)	(317,652)	(353,539)	(393,962)	(439,591)	(491,536)
PI		0.91	0.71	0.48	0.22	(0.07)	(0.38)	(0.74)	(1.13)	(1.57)	(2.06)
Discounted rate @		17.00%									

1.3.3 INTERNAL RATE OF RETURN (IRR)

The internal -rate of return is defined as the return which will make the present value of the future

cash inflows equal to the present value of the initial investment cost and to the cash outflows

The NPV would be exactly zero if the IRR is used as a discounted rate

If IRR => as the discount rate accept , if =< reject

	CF Y0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
NOI	(1,000,000)	4,574,006	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753
IRR		357%	390%	396%	397%	397%	397%	397%	397%	397%	397%
BTCF	(1,000,000)	2,954,870	(32,383)	(41,829)	(42,800)	(42,951)	(43,145)	(43,403)	(43,771)	(44,362)	(45,655)
IRR		195%	194%	194%	194%	194%	194%	194%	194%	194%	194%
ATCF	(1,000,000)	1,909,148	(201,684)	(231,527)	(257,422)	(285,765)	(317,652)	(353,539)	(393,962)	(439,591)	(491,536)
IRR		91%	80%	71%	64%	5%	26%	#NUM!	#NUM!	#NUM!	#DIV/0!
Discounted rate @		17.00%									

1.3.2 PROFITABILITY INDEX (PI)

The profitability index (PI) is merely a value of cash inflows divided by the investment cost it is also referred to as the benefit / cost ratio.

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
NOI	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
PI	18.44	19.06	19.71	20.39	21.10	21.85	22.64	23.47	24.34	25.25
BTCF	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
PI	2.16	2.78	3.43	4.11	4.82	5.57	6.36	7.19	8.06	8.97
ATCF	411,600	432,180	453,789	476,478	500,302	525,317	551,583	579,163	608,121	638,527
PI	(1.65)	(1.22)	(0.77)	(0.29)	0.21	0.74	1.29	1.87	2.48	3.11

Discounted rate @

1.3.3 INTERNAL RATE OF RETURN (IRR)

The internal -rate of return is defined as the return which will make the present value of the future cash inflows equal to the present value of the initial investment cost and to the cash outflows

The NPV would be exactly zero if the IRR is used as a discounted rate

If IRR => as the discount rate accept , if =< reject

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
NOI	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
IRR	397%	397%	397%	397%	397%	397%	397%	397%	397%	397%
BTCF	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
IRR	194%	194%	194%	194%	194%	194%	194%	194%	194%	194%
ATCF	411,600	432,180	453,789	476,478	500,302	525,317	551,583	579,163	608,121	638,527
IRR	#NUM!	#DIV/0!	#DIV/0!	#DIV/0!	2%	7%	10%	13%	15%	16%
Discounted rate @	17.00%									

2.THE CAPITALIZATION APPROACH

The value of the development using the capitalization rates is based on the market comparison method to determine these rates.

The cap rate analysis are based on a one year income stream and do not take the sale or any renovations into account, which is a limitation.

2.1The Cap Rate = NOI or BTCF or ATCF/(NPV)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
NOI	4,574,006	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753
NPV	(4,778,285)	(3,787,563)	(2,940,792)	(2,217,056)	(1,598,478)	(1,069,779)	(617,900)	(231,678)	98,426	380,566
Rate	-95.72%	-41.89%	-53.96%	-71.57%	-99.27%	-148.33%	-256.80%	-684.90%	1612.13%	416.95%
BTCF	2,954,870	-32,383	-41,829	-42,800	-42,951	-43,145	-43,403	-43,771	-44,362	-45,655
NPV	(4,778,285)	(3,787,563)	(2,940,792)	(2,217,056)	(1,598,478)	(1,069,779)	(617,900)	(231,678)	98,426	380,566
Rate	-61.84%	0.85%	1.42%	1.93%	2.69%	4.03%	7.02%	18.89%	-45.07%	-12.00%
ATCF	1,909,148	-201,684	-231,527	-257,422	-285,765	-317,652	-353,539	-393,962	-439,591	-491,536
NPV	(4,778,285)	(3,787,563)	(2,940,792)	(2,217,056)	(1,598,478)	(1,069,779)	(617,900)	(231,678)	98,426	380,566
Rate	-39.95%	5.32%	7.87%	11.61%	17.88%	29.69%	57.22%	170.05%	-446.62%	-129.16%

2.2The Total Investment = NOI or BTCF or ATCF/ Cap Rat

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
NOI	4,574,006	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753
Rate	48.15%	16.70%	16.70%	16.70%	16.70%	16.70%	16.70%	16.70%	16.70%	16.70%
Investment	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000
BTCF	2,954,870	-32,383	-41,829	-42,800	-42,951	-43,145	-43,403	-43,771	-44,362	-45,655
Rate	31.10%	-0.34%	-0.44%	-0.45%	-0.45%	-0.45%	-0.46%	-0.46%	-0.47%	-0.48%
Investment	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000
ATCF	1,909,148	-201,684	-231,527	-257,422	-285,765	-317,652	-353,539	-393,962	-439,591	-491,536
Rate	20.10%	-2.12%	-2.44%	-2.71%	-3.01%	-3.34%	-3.72%	-4.15%	-4.63%	-5.17%
Investment	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000

2.THE CAPITALIZATION APPROACH

The value of the development using the capitalization rates is based on the market comparison method to determine these rates.

The cap rate analysis are based on a one year income stream and do not take the sale or any renovations into account, which is a limitation.

2.1The Cap Rate = NOI or BTCF or ATCF/(NPV)

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
NOI	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
NPV	469,927	550,122	622,093	686,682	744,646	796,665	843,349	885,245	922,844	956,586
Rate	125.13%	112.23%	104.21%	99.13%	95.98%	94.20%	93.43%	93.46%	94.14%	95.36%
BTCF	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
NPV	469,927	550,122	622,093	686,682	744,646	796,665	843,349	885,245	922,844	956,586
Rate	125.13%	112.23%	104.21%	99.13%	95.98%	94.20%	93.43%	93.46%	94.14%	95.36%
ATCF	411,600	432,180	453,789	476,478	500,302	525,317	551,583	579,163	608,121	638,527
NPV	469,927	550,122	622,093	686,682	744,646	796,665	843,349	885,245	922,844	956,586
Rate	87.59%	78.56%	72.95%	69.39%	67.19%	65.94%	65.40%	65.42%	65.90%	66.75%

2.2The Total Investment = NOI or BTCF or ATCF/ Cap Rat

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
NOI	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
Rate	6.19%	6.50%	6.82%	7.17%	7.52%	7.90%	8.29%	8.71%	9.14%	9.60%
Investment	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000
BTCF	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
Rate	6.19%	6.50%	6.82%	7.17%	7.52%	7.90%	8.29%	8.71%	9.14%	9.60%
Investment	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000
ATCF	411,600	432,180	453,789	476,478	500,302	525,317	551,583	579,163	608,121	638,527
Rate	4.33%	4.55%	4.78%	5.02%	5.27%	5.53%	5.81%	6.10%	6.40%	6.72%
Investment	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000

2.3 The overall capitalization rate must satisfy the returns of the Lenders and the Investors

% Finance x return on finance	100.00%	11.75%	11.75%
% Equity x return on equity	0.00%	17.00%	0.00%
Overall capitalization rate			11.75%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
NOI	4,574,006	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753
Rate	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%
Price	38,927,713	13,504,283	13,504,283	13,504,283	13,504,283	13,504,283	13,504,283	13,504,283	13,504,283	13,504,283
BTCF	2,954,870	-32,383	-41,829	-42,800	-42,951	-43,145	-43,403	-43,771	-44,362	-45,655
Rate	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%
Price	25,147,834	(275,596)	(355,988)	(364,257)	(365,542)	(367,190)	(369,388)	(372,518)	(377,546)	(388,555)
ATCF	1,909,148	-201,684	-231,527	-257,422	-285,765	-317,652	-353,539	-393,962	-439,591	-491,536
Rate	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%
Price	16,248,065	(1,716,460)	(1,970,441)	(2,190,823)	(2,432,046)	(2,703,419)	(3,008,842)	(3,352,872)	(3,741,196)	(4,183,283)

2.4 Return on Investment ROI

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Investment										
Deposits	0	0	0	0	0	0	0	0	0	0
Own equity	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
NOI	4,574,006	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753
ROI	457.40%	158.68%	158.68%	158.68%	158.68%	158.68%	158.68%	158.68%	158.68%	158.68%
BTCF	2,954,870	-32,383	-41,829	-42,800	-42,951	-43,145	-43,403	-43,771	-44,362	-45,655
ROI	295.49%	-3.24%	-4.18%	-4.28%	-4.30%	-4.31%	-4.34%	-4.38%	-4.44%	-4.57%
ATCF	1,909,148	-201,684	-231,527	-257,422	-285,765	-317,652	-353,539	-393,962	-439,591	-491,536
ROI	190.91%	-20.17%	-23.15%	-25.74%	-28.58%	-31.77%	-35.35%	-39.40%	-43.96%	-49.15%

PROPERTY VALUE / RESIDUAL VALUE

	CF Y0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cashflow (NOI)											
INVESTMENT	9,500,000	-9,500,000	4,574,006	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753	1,586,753
Land	1,000,000										
Discounted rate @	17.00%										
NPV	956,586										
IRR	20.36%										

2.3 The overall capitalization rate must satisfy the returns of the Lenders and the Investors

% Finance x return on finance
 % Equity x return on equity
 Overall capitalization rate

	100.00%	11.75%		11.75%						
	0.00%	17.00%		0.00%						
	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
NOI	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
Rate	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%
Price	5,004,255	5,254,468	5,517,191	5,793,051	6,082,704	6,386,839	6,706,181	7,041,490	7,393,564	7,763,242
BTCF	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
Rate	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%
Price	3,502,979	3,678,128	3,862,034	4,055,136	4,257,893	4,470,787	4,694,327	4,929,043	5,175,495	5,434,270
ATCF	411,600	432,180	453,789	476,478	500,302	525,317	551,583	579,163	608,121	638,527
Rate	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%	11.75%
Price	3,502,979	3,678,128	3,862,034	4,055,136	4,257,893	4,470,787	4,694,327	4,929,043	5,175,495	5,434,270

2.4 Return on Investment ROI

Investment
 Deposits
 Own equity
 NOI
 ROI
 BTCF
 ROI
 ATCF
 ROI

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Deposits	0	0	0	0	0	0	0	0	0	0
Own equity	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
NOI	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
ROI	58.80%	61.74%	64.83%	68.07%	71.47%	75.05%	78.80%	82.74%	86.87%	91.22%
BTCF	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181
ROI	58.80%	61.74%	64.83%	68.07%	71.47%	75.05%	78.80%	82.74%	86.87%	91.22%
ATCF	411,600	432,180	453,789	476,478	500,302	525,317	551,583	579,163	608,121	638,527
ROI	41.16%	43.22%	45.38%	47.65%	50.03%	52.53%	55.16%	57.92%	60.81%	63.85%

PROPERTY VALUE / RESIDUAL VALUE

Cashflow (NOI)
 INVESTMENT
 Land
 Discounted rate @

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
INVESTMENT	588,000	617,400	648,270	680,684	714,718	750,454	787,976	827,375	868,744	912,181

NPV
 IRR

4.OPERATIONAL GOODWILL / BUSINESS ASSESSMENT.

- The market value of s Service Station is customarily determined on:
- A pay back period was based on the operational Income derived from Fuel and Other sales / income.
 - Rebates receive do not form part of the operational income.
 - Owners remuneration, cost of finance and taxes payable were excluded.
 - Monthly Operational rental to the Landlord was adjusted to the market related rentals.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income										
Fuel	1,927,205	2,144,979	2,387,362	2,657,133	2,957,390	3,291,575	3,663,522	4,077,501	4,538,258	5,051,081
Shop	871,236	932,035	987,957	1,047,234	1,110,068	1,176,672	1,247,273	1,322,109	1,401,436	1,485,522
Other	471,479	499,768	529,754	561,539	595,232	630,946	668,802	708,930	751,466	796,554
	3,269,920	3,576,782	3,905,072	4,265,907	4,662,689	5,099,192	5,579,597	6,108,540	6,691,160	7,333,157
Expenses										
Salaries and wages	1,265,607	1,354,200	1,448,994	1,550,424	1,658,953	1,775,080	1,899,336	2,032,289	2,174,549	2,326,768
Other	1,685,597	1,804,796	1,927,792	2,059,981	2,202,172	2,355,260	2,520,241	2,698,223	2,890,444	3,098,285
Less Operational Owner salary	180,000	192,600	206,082	220,508	235,943	252,459	270,131	289,041	309,274	330,923
Less Rental	955,008	1,016,876	1,077,888	1,142,562	1,211,115	1,283,782	1,360,809	1,442,458	1,529,005	1,620,746
Less Cost of finance	0	0	0	0	0	0	0	0	0	0
Rental adjustment / market related	30.00%	980,976	1,073,034	1,171,522	1,279,772	1,398,807	1,529,758	1,673,879	1,832,562	2,007,348
	2,797,172	3,022,555	3,264,337	3,527,107	3,812,873	4,123,856	4,462,515	4,831,576	5,234,062	5,673,332
Available nett income	472,748	554,227	640,735	738,799	849,816	975,336	1,117,082	1,276,964	1,457,098	1,659,825
GOODWILL PRICE / PAY-BACK PERIOD										
	MONTHS									
Minimum	24.00	945,496	1,108,454	1,281,470	1,477,599	1,699,632	1,950,673	2,234,165	2,553,928	2,914,195
Maximum	36.00	1,418,244	1,662,681	1,922,205	2,216,398	2,549,448	2,926,009	3,351,247	3,830,892	4,371,293
Average	30.00	1,181,870	1,385,568	1,601,838	1,846,999	2,124,540	2,438,341	2,792,706	3,192,410	3,642,744
Goodwill Price										
ROI										

4. OPERATIONAL GOODWILL / BUSINESS ASSESSMENT.

The market value of s Service Station is customarily determined on:

- A pay back period was based on the operational Income derived from Fuel and Other sales / income.
- Rebates receive do not form part of the operational income.
- Owners remuneration, cost of finance and taxes payable were excluded.
- Monthly Operational rental to the Landlord was adjusted to the market related rentals.

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Income										
Fuel	5,889,561	6,555,081	7,295,805	8,120,231	9,037,817	10,059,091	11,195,768	12,460,890	#####	15,436,164
Shop	1,574,653	1,669,132	1,769,280	1,875,437	1,987,963	2,107,241	2,233,675	2,367,696	2,509,758	2,660,343
Other	185,173	196,283	208,060	220,544	233,776	247,803	262,671	278,431	295,137	312,845
	7,649,386	8,420,496	9,273,145	10,216,212	11,259,557	12,414,134	13,692,114	15,107,017	#####	18,409,352
Expenses										
Salaries and wages	2,489,641	2,663,916	2,850,391	3,049,918	3,263,412	3,491,851	3,736,281	3,997,820	4,277,668	4,577,104
Other	3,309,410	3,551,024	3,813,120	4,097,836	4,407,589	4,745,106	5,113,476	5,516,204	5,957,271	6,441,206
Less Operational Owner salary	354,087	378,873	405,394	433,772	464,136	496,626	531,389	568,587	608,388	650,975
Less Rental	1,717,990	1,821,070	1,930,334	2,046,154	2,168,923	2,299,059	2,437,002	2,583,222	2,738,216	2,902,508
Less Cost of finance	0	0	0	0	0	0	0	0	0	0
Rental adjustment / market related	30.00%	2,294,816	2,526,149	2,781,944	3,064,864	3,377,867	3,724,240	4,107,634	4,532,105	5,002,160
	6,021,790	6,541,147	7,109,725	7,732,692	8,415,809	9,165,513	9,989,000	10,894,321	#####	12,987,632
Available nett income	1,627,596	1,879,350	2,163,420	2,483,520	2,843,748	3,248,622	3,703,115	4,212,696	4,783,371	5,421,720
GOODWILL PRICE / PAY-BACK PERIOD MONTHS										
Minimum	24.00	3,255,192	3,758,699	4,326,840	4,967,040	5,687,496	6,497,243	7,406,229	8,425,392	9,566,741
Maximum	36.00	4,882,788	5,638,049	6,490,260	7,450,560	8,531,244	9,745,865	11,109,344	12,638,089	#####
Average	30.00	4,068,990	4,698,374	5,408,550	6,208,800	7,109,370	8,121,554	9,257,787	10,531,741	11,958,427
Goodwill Price		4,068,990	4,698,374	5,408,550	6,208,800	7,109,370	8,121,554	9,257,787	10,531,741	11,958,427
ROI		40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%