



# APPRAISAL CORPORATION

Your Reference: Afine Valuations  
Our Reference: AC220055E  
Date: 04 May 2021

ATTENTION: MR. A. LOUBSER

Afine Investments (Pty) Ltd  
Unit 4602 Greenways  
8 Wentworth Close  
Strand  
7140

**VALUE DETERMINATION:  
ERF 1439 PROTEAPARK EXTENSION NO. 1, IQ DIVISION, NORTH WEST  
SITUATED ON THE CORNER OF PRESIDENT THABO MBEKI WAY AND BOVEN STREET,  
PROTEAPARK, RUSTENBURG**



Prepared By:

R.E. Jackson  
Pr Val (MIVSA)

J.F. du Toit  
Pr Val (FIVSA)



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Strand  
7140

Your Reference: **Afine Valuations**

Our Reference: **AC220055E**

Date: **04 May 2021**

Dear Sir

**VALUE DETERMINATION: ERF 1439 PROTEAPARK EXTENSION NO. 1, IQ DIVISION, NORTH WEST**

1. Further to your instruction received on 31 March 2021, a value determination on the above-mentioned property is enclosed herewith. For ease of reference, Erf 1439 Proteapark Extension NO. 1, IQ Division, North West will be referred to as "**the Subject Property**" in the remainder of our report.
  
2. This report will be dealt with in two sections, i.e.:
  - 2.1 **Introductory Section** (pages 1-7): Includes a covering page, letter of transmittal, appraisal certificate, assumptions and limiting conditions, definitions and date of valuation.
  
  - 2.2 **General Report** (pages 8-20): A discussion of the Neighbourhood Area, market tendencies and research, the value calculations and conclusion.
  
3. We trust that this submission meets with your requirements. Please do not hesitate to contact us should you have any enquiries in this regard.

Yours sincerely,

A handwritten signature in black ink, appearing to read "R.E. Jackson".

**R.E. Jackson**  
**Pr Val (MIVSA)**

A handwritten signature in black ink, appearing to read "J.F. du Toit".

**J.F. du Toit**  
**Pr Val (FIVSA)**



## APPRAISAL CERTIFICATE

We the undersigned certify that,

1. This report has been prepared in conformity with recognized standards of appraisal procedure and ethics. To the best of our knowledge and belief the statements contained in this report are correct.
2. Opinions stated are based on a full and fair consideration of all the pertinent factors available. The statements are subject to the Assumptions and Limiting Conditions stated in this report.
3. We have no present or contemplated interest in this or any other property or any other interests, which would affect the statements or values contained herein. Neither the employment nor compensation are contingent upon reporting predetermined or specified amounts of value.
4. A personal inspection of the Neighbourhood Area and the Subject Property was done. An investigation was also done of other comparable market data to assist us with the value.
5. There are **20** Pages, **3** Figures and **2** Tables, which all are essential to the report.
6. Words importing any one gender in this report shall also include the other, words importing the singular shall include the plural and vice versa and words importing persons shall include partnerships, bodies corporate and companies they represent.
7. In our opinion, a willing buyer will pay a willing seller the following amount in the open market, for the particular property (**Erf 1439 Proteapark Extension No. 1, IQ Division, North West**), at the date of our value determination (**30 April 2021**):  
  
**R 19,100,000** (Nineteen Million One Hundred Thousand Rand)
8. All mapping and photography was conducted by Appraisal Corporation.
9. The valuation excludes Value Added Tax (VAT).



10. This valuation does attempt to factor in the potential impact that the Covid-19 pandemic might have on property values. It is however at this point in time not possible to quantify such impact with certain accuracy. This will only become more measurable in forthcoming years as we progress through the recovery of this pandemic.

A handwritten signature in black ink, appearing to read "R.E. Jackson".

**R.E. Jackson**  
**Pr Val (MIVSA)**

A handwritten signature in black ink, appearing to read "J.F. du Toit".

**J.F. du Toit**  
**Pr Val (FIVSA)**

for

**Appraisal Corporation**  
**Date: 04 May 2021**  
**Place: Cape Town**



## **ASSUMPTIONS AND LIMITING CONDITIONS**

Neither all nor any part of this report shall be conveyed to the public or anybody/person other than the addressee or his principals through advertising, public relations, news sales or any other media, without the written consent of:

**Jacques Francois du Toit or Robyn Elizabeth Jackson of Appraisal Corporation.**

This particularly pertains to the value conclusion, the identity of the appraiser/s or any reference to the professional appraisal organisation to which I/we belong. No responsibility is assumed for matters legal in nature. Information provided by property owners, parties to sales and others are assumed reliable but its accuracy is not guaranteed. This value determination has been prepared on the basis that full disclosure of all information and factors, which may affect the valuation, has been made to ourselves, and we cannot accept any liability or responsibility whatsoever for the value determination, unless such full disclosure has been made. We emphasise that we have not carried out a structural survey of the improvements, nor have we examined them for signs of timber infestation, and accordingly, cannot be responsible for possible defects.

We have not carried out investigations on site in order to determine the suitability of ground conditions and services for any future proposed development. Our value determination is on the basis that these aspects are satisfactory.

We have assumed that there is no contamination, other than that associated with its existing usage, affecting the property or neighbouring property, which would affect our value determination. However, we reserve the right to review our value, should it be established subsequently that contamination, other than that associated with its existing usage, exists at the property or on any neighbouring land.

## **DEFINITIONS**

The value determination with our report is defined by the International Valuation Standards Council (2020) as:

### **Open Market Rent:**

*“Market Rent is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

### **Open Market Value:**

*“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

**Highest and Best Use:**

*"The highest and best use must be physically possible (where applicable), financially feasible, legally allowed and result in the highest value. If different from the current use, the costs to convert an asset to its highest and best use would impact the value."*

The Fair Value of an asset according to the IASB is defined as follows:

**Fair Value:**

*"The amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction" (IAS 16)".*

*"IFRS 13 defines Fair Value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."*

Value determination is made for the purpose as stated and should not be used for any other purpose.

**TERMS OF REFERENCE**

The purpose of this report is to determine the current Open Market Value of the Subject Property, which is required for the proposed listing of Afine Investments (Pty) Ltd on ZARX.

**DATE OF VALUATION**

30 April 2021



## GENERAL REPORT

### VALUE DETERMINATION: ERF 1439 PROTEAPARK EXTENSION NO. 1, IQ DIVISION, NORTH WEST

#### 1. INSTRUCTION

- 1.1 We have been instructed by Mr Anton Loubser of Afine Investments (Pty) Ltd to undertake a current open market valuation of the Subject for the purpose as stated under the *Terms of Reference*.
- 1.2 Our market research was undertaken during the period of April 2021.

2. **DATE OF INSPECTION:** 25 April 2021

#### 3. TITLE DEED INFORMATION

The Title Deed indicates that the Subject Property is held as follows:

Subject Property Description:	Erf 1439 Proteapark Extension No. 1, IQ Division North West.
Title Deeds:	T109286/2002.
Registered Owner:	Investment Facility Company Three Three Six (Pty) Ltd.
Extent:	2,737m <sup>2</sup> or 0.2737ha
Date of Registration:	6 September 2002
Date of Purchase:	16 July 2002
Purchase Price:	R77,520
Mortgage Bonds	B77330/2002 for the amount of R3,500,000 in favour of Nedcor Bank Ltd. B77331/2002 for the amount of R3,500,000 in favour of Sasol Oil (Pty) Ltd (" <b>Sasol</b> "). Within the Notarial lease it indicates that the Bank Bond will rank prior to this bond.
Servitudes Noted:	The following relevant conditions in current title deed: (i) Subject to a 2m wide servitude in favour of the local authority for municipal purposes. This needs to be along a boundary other than a street boundary. No buildings or large-rooted trees are permitted in this area. (ii) K5182/2002 is a Notarial Lease in favour of Sasol. The lease will further be discussed in par. 9. (iii) K5183/2002 is a pre-emptive right in favour of Sasol. This is a condition as part of the lease regarding Sasol's right to acquire the property.



(iv) K5184/2002 is a servitude of restraint in favour of Sasol. This is in terms of the bank bond and Sasol bond on the property.

#### 4. TOWN PLANNING CONDITIONS AND LOCAL AUTHORITY INFORMATION

4.1 **Local Authority:** Rustenburg Local Municipality.

4.2 **Zoning:** We have not received a copy of the zoning certificate. We were however able to confirm with the Municipal Townplanner (Elvis) that the property has a "Special" zoning which specifically notes a petrol station, car wash and ancillary uses.

4.3 **Municipal Valuation:** The municipal valuation is based on the valuation roll dated 01 July 2020. According to this, the Subject Property is valued at R10,400,000 and is rated on a Business and commercial tariff. This value is not market related.

#### 5. NEIGHBOURHOOD AREA

5.1 Proteapark is a sort after residential node located  $\pm 3.8$ km south-west of Rustenburg CBD, at the foot of the Kgaswane mountain nature reserve. The N4 National Road intersects the suburb providing for good accessibility. It is bordered by the suburbs of Geelhout Park to the north-east and Boschdal and Safari Tuine to the south. In close proximity to the CBD, most amenities are available with the Waterfall Mall commercial precinct in close proximity and a number of well know schools in the immediate vicinity which include Kloofview Primary School and Hoerskool Bergsig.

5.2 With the initial township layout, the property was identified as open space park. The immediate surrounds are predominately middle-income, freehold residential properties.

5.3 In assessing the location of a service station a visibility, accessibility, traffic and trade analysis ("VATT") was conducted. The property is developed to its highest and best use.

##### 5.3.1 **Visibility: Good**

Property has a corner position and is bordered by three streets, namely Olive Lane with a  $\pm 38$ m street frontage, Boven Street with  $\pm 69$ m street frontage and President Thabo Mbeki Way with a  $\pm 38$ m street frontage. President Thabo Mbeki (previously Smith Street) is a thoroughfare from the residential suburbs south of the N4 National Road through to the CBD and Boven Street provides access to the N4 National Road. These last two mentioned route intersect at the Subject Property at a four-way stop. The site does not have any street boundary walls and allows for signage onto the kerb.

Figure 1: Google Imagery Indicating Location of Subject Property (red)



Figure 2: Aerial Imagery of Subject Property (red)



5.3.2

**Accessibility: Good**

The site has access off all three bordering streets. Boven and President Thabo Mbeki Way are double carriage routes with no island providing access to both traffic directions. The access point from Olive Lane, a secondary route is used mainly for the car wash facility. Gravel parking on the road reserve of Boven allows for easy access to the ATM facilities on the property.



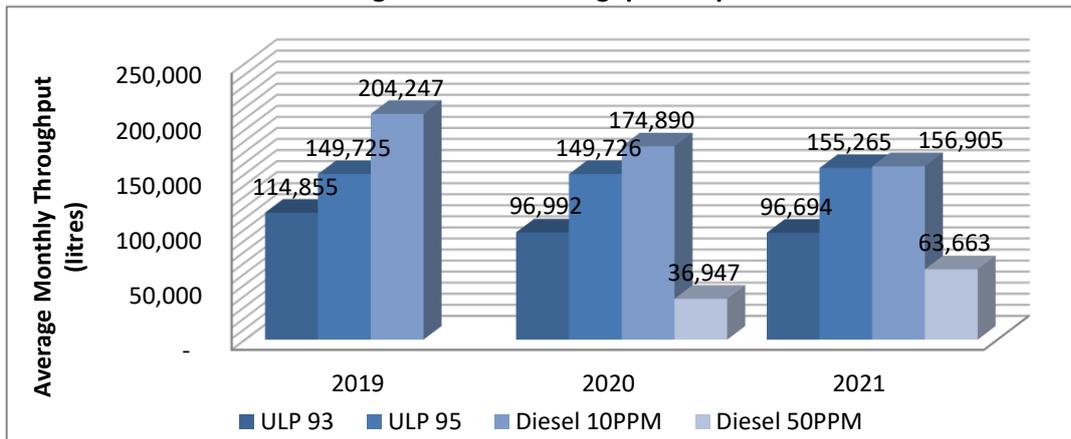
5.3.3 **Traffic: Average to Good**

No traffic count was supplied. Traffic is mainly day-time commuters traveling to the shopping centre, work in CBD and schools in the immediate vicinity, with a large catchment area.

5.3.4 **Trade: Good**

In close proximity to the property is a Caltex ( $\pm 425m$ ) and an Engen  $9\pm 1.3km$ ). Both are located at retail neighbourhood centres. We were provided with the fuel sales for the years July 2019 to March 2021. A year period is noted from July to June. A decline is noted from 2019 to 2020 which may have been brought about by Covid-19 Pandemic and subsequent lockdown regulations which would have affected the four months of 2020, however this was only marginal at  $\pm 2%$  year-on year-decrease. The site brought in Diesel 50ppm in 2020 which has seen a good uptake. This has increased the current monthly average throughput to pre-Covid levels. Total average monthly fuel sales amounted to  $\pm 468,2683l$  during 2019 (pre-Covid throughput), indicating a good performing site. In 2020, an average monthly throughput of  $\pm 458,555l$  was achieved, indicating a  $\pm 2%$  decrease. However over the nine month review of 2021, a  $\pm 3%$  improvement from the previous year is noted at throughput levels of around  $\pm 472,528l$ .

Figure 3: Fuel Throughput Graph



6. SUBJECT PROPERTY

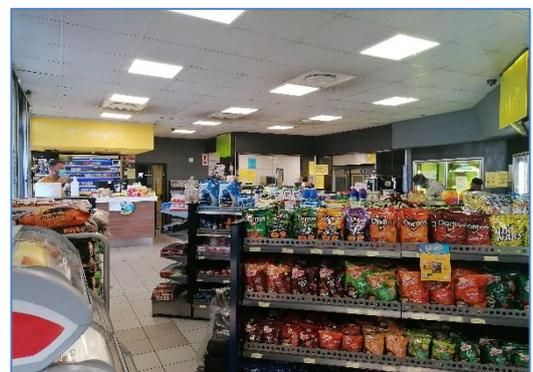
The site is improved with a Sasol-branded service station.

6.1 **Convenience Store**

External Walls:	Plastered brick with feature yellow tile cladding.
Internal Walls:	Plastered brick.
Roof:	Mono-pitched IBR.
Window Frames:	Aluminium.
Floors:	Concrete.
Floor Coverings:	Ceramic tiles and concrete.
Ceilings:	Suspended board.
Condition:	Average.

Comments:

Convenience store is a single storey building with ceiling to floor shop front windows and a sliding door entrance protected with Trellidor. Accommodation comprises an open retail area with fitted fridges, pay kiosk counter, and a take-away counter with back kitchen. Kitchen has tile clad walls, a walk-in fridge and stainless steel counter with sink and built-in cupboards. The back-end yard is enclosed with plastered brick walls, a steel-bar gate, covered with corrugated iron roof sheeting and has a paved surface. Adjacent to the yard is the on-site generator. Located on exterior is a Capitec ATM. In addition, there are two portable ATMs, namely Nedbank and ABSA.



Comments:

Two administration offices to the rear of the pay kiosk counter and fronts onto the forecourt. With separate access is the attendees accommodation which comprises a rest kiosk fronting the forecourt, male and female ablution facilities which include locker, ablution and shower facilities. Public ablution facilities are also located by the attendees ablution facilities.

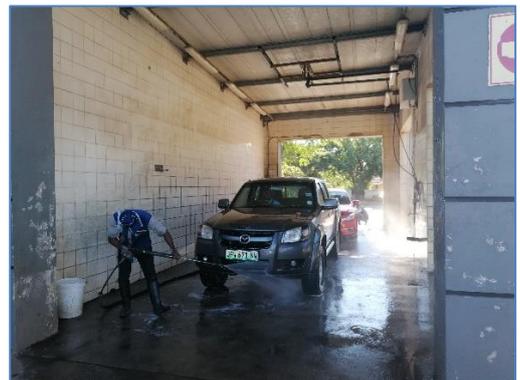


6.2

**Car Wash**

External Walls:	Plastered brick.
Internal Walls:	Plastered brick with ceiling to floor splash tiles.
Roof:	Mono-pitched IBR, branded blue
Window Frames:	Aluminium.
Floors:	Concrete.
Floor Coverings:	Bare concrete.
Ceilings:	Suspended board.
Condition:	Average.

Comments: Located alongside the western boundary of the site. It has a canopy shaped roof. There are four double shade-cloth canopies which are used for the vacuuming and drying of vehicles. In addition there are two thatch-roof lapas which are used for waiting areas for patrons.



**6.3 Canopy and Forecourt**

External Frame:	Aluminium.
Rust:	None.
Roof:	Mono-pitched IBR sheeting.
No. of Islands:	4
No. of Pumps:	.4 pumps each with 8 nozzles each (four petrol, four diesel)
Surface:	Brick and concrete paved.
CCTV Cameras:	Yes.
Condition:	Good.



**7. APPROXIMATE BUILDING EXTENTS**

	Description	Bldg. Extent (±)	Rentable (±)	
7.1	Shop	238m <sup>2</sup>	160m <sup>2</sup>	(Rental extend excludes attendees accommodation and offices)
7.2	Attached ATM	5m <sup>2</sup>	5m <sup>2</sup>	
7.3	Enclosed yard	100m <sup>2</sup>	100m <sup>2</sup>	
7.4	Car Wash	63m <sup>2</sup>	63m <sup>2</sup>	
	<b>Sub-total</b>	<b>406m<sup>2</sup></b>	<b>328m<sup>2</sup></b>	
7.5	Forecourt Canopy	410m <sup>2</sup>	410m <sup>2</sup>	
	<b>Total (Excl. Canopy)</b>	<b>815m<sup>2</sup></b>	<b>738m<sup>2</sup></b>	

**8. MARKET TENDENCIES**

The Covid-19 lockdown and weak economy have had a negative impact on the property sector, specifically for commercial and industrial markets. Brokers are reporting that many prospective tenants are not committing to leases or are signing leases with a shorter duration. They also report that rentals have declined on the back of higher vacancies and that the investment market is subdued. The current economic crisis has caused a slight upwards shift in yields that investors expect from their property investments. This is however mitigated by a more favourable interest rate regime. This resulted in a marginal decrease in capitalisation rates for commercial property, averaging ±8.5% to ±9.5%. Properties in prime and central locations are still trading at lower yields, with properties in secondary nodes trade at higher yields. Specialised trading properties generally trade at a slight risk margin above this.



## 9. LEASE DETAILS

- 9.1 We received a copy of the headlease in place with Sasol ("**tenant**") for the entire premises. This notarial lease has been registered against the deed of the property (K5182/2002).
- 9.2 The lease entitles the tenant to the exclusive use and occupation of the development as of the first streaming (fuel sale) day. The owner has developed the site for its current use and in accordance with tenant specifications. Fuel and retail equipment as well as signage is provided by the tenant and remains under the tenants ownership. A condition of restraint is in place in favour of Sasol for the duration of the lease, prohibiting non-service station uses and the prohibition of dealing of any other petroleum products other than those supplied by Sasol. There is also a pre-emptive right in favour of the tenant if the property is to be disposed of and first right of refuse to be re-let to Sasol on termination of the lease.
- 9.3 In terms of this agreement, the lease is for a 25-year period which commenced on 1 October 2002 and expires 30 September 2027. The initial ten years rental was a repayment of the of a capital amount spent, plus interest. As of the 11th anniversary, a fixed rental of R20,000 (excl. VAT) per month is indicated for the remaining 15 years, with no escalation. Around 6.4 years of this lease is remaining before it will revert to market rentals. Due to this peppercorn rental the bulk of value of the property vest in its value at reversion to market rental, as at lease expiry.
- 9.4 This is a fully-repairing lease with the tenant responsible for municipal consumption costs, rates and taxes, insurance and maintenance.

## 10. VALUATION METHODOLOGY

- 10.1 The main focus of a valuation exercise is to interpret how the market will view and react to a property. This pertains to its value attributes (i.e. marketability), as well as factors such as affordability, who the most likely buyer would be and how this buyer would determine value.
- 10.2 With a business property as an investment, the income such a property can generate (rental) is usually the main feature. In such a case the most apt method to determine value would be the *Market Data Approach of Indirect Comparison* (also known as the Income Method). This method determines the net normalised annual income of the property, assuming the property is fully let at market related rentals, and market escalations, with an allowance made for vacancies (where applicable). Market related operating expenses are deducted, resulting in a net annual income which is then capitalised at a market related rate. The capitalisation rate is determined from the market (i.e. the rate at which similar assets have traded recently), and is influenced by: rates of return of similar properties, risk, obsolescence, inflation, market rental growth rates, rates of return on other investments, as well as mortgage rates



- 10.3 The long-term lease in place, at well below market rentals, impact negatively on value. We compared the contract rentals to market rentals, with market rentals based on the premise of the RAS Model (par. 12). With 6.4-years remaining on the lease, a Discount Cashflow Analysis ("DCF" was applied to account for this income stream. The utilisation of the DCF valuation method comprises the determination of the net rental income for the remaining lease period, discounted to the date of valuation, before liberation of the income stream at market proxies. A capitalised exit value is furthermore calculated on the estimated market rental reversion at the end of the lease period, discounted to the date of valuation.
- 10.4 With our value determination of a service station, the Regulatory Accounting System ("RAS") for the petroleum sector must be considered, which was implemented on 4 December 2013. A window period for all existing agreements was also allowed for, to have all agreements reviewed according to the Act. The Act, which has now been approved, provides details to determine appropriate margins for the following items:
- Wholesale
  - Coastal storage
  - Handling
  - Secondary storage
  - Distribution
  - Return on assets for the benchmark service station ("BSS")

## 11. MARKET RESEARCH

- 11.1 Service stations are considered specialised properties, which do not frequently trade or in the case of a transaction, is difficult to compare due to the heterogeneity of ownership-types and agreements in place. Our market research therefore included dated transactions and those with different geographical locations. These indicate service stations transact on average within a capitalisation rate range of between  $\pm 8.75\%$  and  $\pm 10.5\%$ .
- 11.2 Extracts from the SAPOA Capitalisation and Discount Rate Report: November 2020:



Market Cap Rate					
Property Type	MIN	MAX	MED	AVE	
Retail	Super Regional Shopping Centre >100,000m2	6.50%	8.00%	7.25%	7.28%
	Regional Shopping Centre: 50-100,000m2	7.25%	8.50%	7.50%	7.75%
	Small Regional Centre: 25-50,000m2	7.25%	9.75%	8.12%	8.15%
	Community Shopping Centre: 12-25,000m2	7.00%	10.00%	8.20%	8.31%
	Neighbourhood Shopping Centre: 5-12,000m2	7.75%	11.00%	9.00%	9.00%
	Retail Warehouse	8.00%	11.00%	9.63%	9.63%
	Stand-alone Retail unit	8.25%	11.05%	10.00%	9.74%
	Other	9.00%	12.00%	10.50%	10.69%

Exit Cap Rate					
Property Type	MIN	MAX	MED	AVE	
Retail	Super Regional Shopping Centre >100,000m2	6.50%	8.50%	7.50%	7.56%
	Regional Shopping Centre: 50-100,000m2	7.50%	9.00%	8.13%	8.21%
	Small Regional Centre: 25-50,000m2	7.75%	10.25%	8.50%	8.57%
	Community Shopping Centre: 12-25,000m2	7.50%	10.50%	8.50%	8.80%
	Neighbourhood Shopping Centre: 5-12,000m2	8.00%	11.50%	9.00%	9.41%
	Retail Warehouse	7.25%	11.50%	10.50%	10.23%
	Stand-alone Retail unit	8.50%	11.55%	10.50%	10.34%
	Other	9.50%	13.00%	12.38%	11.63%

Market Discount Rate					
Property Type	MIN	MAX	MED	AVE	
Retail	Super Regional Shopping Centre >100,000m2	11.50%	13.50%	13.25%	12.95%
	Regional Shopping Centre: 50-100,000m2	12.14%	14.00%	13.13%	12.90%
	Small Regional Centre: 25-50,000m2	12.10%	15.50%	13.55%	13.29%
	Community Shopping Centre: 12-25,000m2	12.00%	15.28%	14.00%	13.64%
	Neighbourhood Shopping Centre: 5-12,000m2	12.50%	15.35%	14.50%	14.11%
	Retail Warehouse	12.50%	15.50%	14.00%	14.19%
	Stand-alone Retail unit	12.75%	15.75%	14.00%	14.29%
	Other	11.33%	17.50%	15.00%	14.66%



- 11.3 The risk inherent in income producing properties is the degree of certainty that the income stream will be realised despite the uncertainty of the future, and therefore the higher the risk factor, the better the return the investor will require, i.e., the capitalisation rate. The Subject Property has a long-term lease in place with a blue-chip tenant, Sasol, who has a vested interest in the site and at a rental threshold well below an open market rental. This significantly mitigates the risk to lease revenue and security of tenancy. In addition, the location of the Subject Property in an area with short-medium term development potential in view of the surrounding developments, would positively influence the future income-generating potential of the site. For this reason, a capitalisation rate towards the lower end of the market parameters and SAPOA capitalisation benchmarks for property type "other" (non-conventional commercial property), would apply to the Subject Property.
- 11.4 Our terminal or exit capitalisation rate is based on a 1% increase on the current capitalisation rate, due to the inherent risk of the uncertainty placed around a future date of disposal.
- 11.5 SAPOA records a range of between  $\pm 11.33\%$  and  $\pm 17.5\%$  for discount rates for non-conventional property. Considering the lease covenant we believe the Subject Property should trade at a discount rate towards the lower end of these margins.

## 12. MARKET RENTAL & VALUE DETERMINATION

- 12.1 To determine the rental for the petrol station component, the retail margin derived from fuel sales is calculated as per the RAS model for petrol. In terms hereof, the current regulated petrol margin is **221.6c per litre**. With consideration of this, the retail fuel margin is divided between the operator, oil company and landlord according to categories of investment into the operational and capital expenditure, as well as an entrepreneurial cost. The model is based on the "Benchmark Service Station" Matrix which is dated December 2020. With this, a rental percentage of  **$\pm 32.2\%$**  is indicated (inclusive of 100% of Entrepreneurial Cost) and will be applied to the fuel sales. The diesel margin is unregulated and the retailer charges an average of **175c per litre**. Based on this RAS model and current fuel sales, the following rental can be applied to the forecourt portion of the Subject Property:

<b>Table 1: RAS Calculation of Forecourt Rental</b>			
<b>Description</b>	<b>Petrol</b>	<b>Diesel 10ppm</b>	<b>Diesel 50ppm</b>
Present Dealer Margin	R 2.2160	R 1.5798	R 1.2998
Average Monthly Throughput (litres)	250,000	180,000	50,000
Monthly Revenue	R 554,000	R 284,364	R 64,990
Percentage of Retail Margin	32.17%	32.17%	32.17%
Rental per litre (Rental Factor)	R 0.7128	R 0.5082	R 0.4181
Sub-Totals of Rental Payable	R 178,200	R 91,469	R 20,905
<b>Total Monthly Forecourt Rental</b>	<b>R 290,573</b>		
<b>Total Monthly Rental Per Litre</b>	<b>R 0.9686</b>		



- 12.2 For a market rental of the Forecourt on the Subject Property, we considered an average monthly throughput of  $\pm 250,000$ l for petrol,  $\pm 180,000$ l for diesel, 10ppm and  $\pm 50,000$ l for diesel 50ppm, based on the throughput trends over the previous three years. With this, a monthly rental of R290,573 is determined for the forecourt, inclusive of attendees offices, ablutions and rest canteen.
- 12.3 In addition, a market rental for the remaining retail component on the property is to be determined. With consideration of the extent, exposure, finishes and condition of the retail unit on the Subject Property, we deem a rental in the order of **R250 per m<sup>2</sup>** market related, inclusive of yard space. This translates into a rental of R40,059 per month. We were provided with the turnover for the C-store, which indicated an average turnover over the three year reviewed period of  $\pm R948,482$  per month. The rental of R40,059 per month amounts to approximately 4.22% of monthly turnover, an acceptable ratio.
- 12.4 In addition a rental of  $\pm R60$  per m<sup>2</sup> is determined for the car wash, as well as rental for the three ATM's.
- 12.5 Based on the before-mentioned market evidence and analysis, the following market rental is deemed fair for the Subject Property:

Description	Lettable m <sup>2</sup> or litres	Rental per m <sup>2</sup> or per litre	Monthly Rental	Total Annual Rental
Forecourt: (Petrol)	250,000l		R 178,200	R 2,138,400
Forecourt: (Diesel 10ppm)	180,000l		R 91,469	R 1,097,625
Forecourt: (Diesel 50ppm)	50,000l		R 20,905	R 250,857
Retail	160m <sup>2</sup>	R 250.00	R 40,059	R 480,708
Enclosed Yard	100m <sup>2</sup>			R -
Car Wash	63m <sup>2</sup>	R 60.00	R 3,763	R 45,158
ATM	3.00		R 9,000	R 108,000
<b>Potential Monthly Income</b>			<b>R 343,396</b>	<b>R 4,120,748</b>

- 12.6 Our estimate of market rental is in the order of R343,396. Considering the effective period commencing 1 May 2021, an annual market rental in the order of  $\pm R4,120,748$  is derived, which is well above the current contract rental of R240,000 (R20,000 per month).
- 12.7 As the lease has a remaining period of  $\pm 6.42$  years, we have used a DCF calculation to account for this, with a reversion to market at the end of the lease period. The net present value of the contract rental is computed at R1,130,424. A reversion value of R40,388,277 is calculated at market rental as at the end of the lease, with a net present value of R17,921,123. These total R19,051,547, say **R19,100,000**.



### 13. CONCLUSIONS

- 13.1 The Subject Property is improved with a Sasol-branded service station located in Proteapark, Rustenburg. It has a good location within the residential node, with good visibility located at the intersection of Boven Lane and President Thabo Mbeki Road. It pumps both ULP Petrol and Diesel with a current average throughput of around  $\pm 480,000$ l per month. It has recently introduced Diesel 50ppm which has improved throughput levels.
- 13.2 It has a long term, fully repairing headlease in place, which expires 30 September 2027. The contract rental is considered below market and a DCF to market reversion calculation has been applied. The bulk of value vest in the future reversionary value.
- 13.3 The RAS model has been applied to determine the market rental for the forecourt in addition to the retail rental applied to the convenience store and car wash on the property. A terminal value of R40,388,277 is envisioned with an applied exist capitalisation rate of 10.5%. This takes into account the good throughput and well maintained improvements.
- 13.4 The net present value of the remaining contract lease and reversion to market rental at the end of the lease period indicates a value in the order of R19,100,000

**CURRENT MARKET VALUATION:**

<b>R</b>	<b>19,100,000</b>
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**04 May 21**  
Date

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**R.E. Jackson**  
Pr Val (MIVSA)

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**J.F. du Toit**  
Pr Val (FIVSA)