



TRUCKSTOP

AFRICA

**REST
RECHARGE
REFUEL**



**WHAT IS A
TRUCK STOP?**

WHAT IS A TRUCK STOP?

A truck stop is a safe and secure overnight stop for truck drivers, their trucks and their payload. Offering refuelling facilities, repair services and driver amenities, truck drivers and their assistants can rest, recharge and refuel before continuing safely along their journey.



THE NEED FOR A TRUCKSTOP NETWORK

South Africa has a well-developed world class logistics and transport industry from the harbour ports through to warehousing and distribution. The missing link in the logistics chain is a network of well-developed on-road facilities for long-haul road transport.

Truck stops provide a safe place for truck drivers to rest, refuel and recharge overnight. Research indicates that driver fatigue is the main cause of truck accidents, costing the industry more than R18bn every year.

Research indicates that more and better rest areas, regular vehicle safety checks, improved regulation and better integration of on-road facilities (truck stops) and fleet management systems are required. [CSIR]

THE CURRENT LANDSCAPE

South Africa currently has a major shortage of truck stops and those that do exist are not providing acceptable rest facilities and safety measures.

There is no established national truck stop brand, and no immediately apparent investors to provide the necessary capital for the establishment of a national network of truck stops.

EXISTING TRUCK STOPS



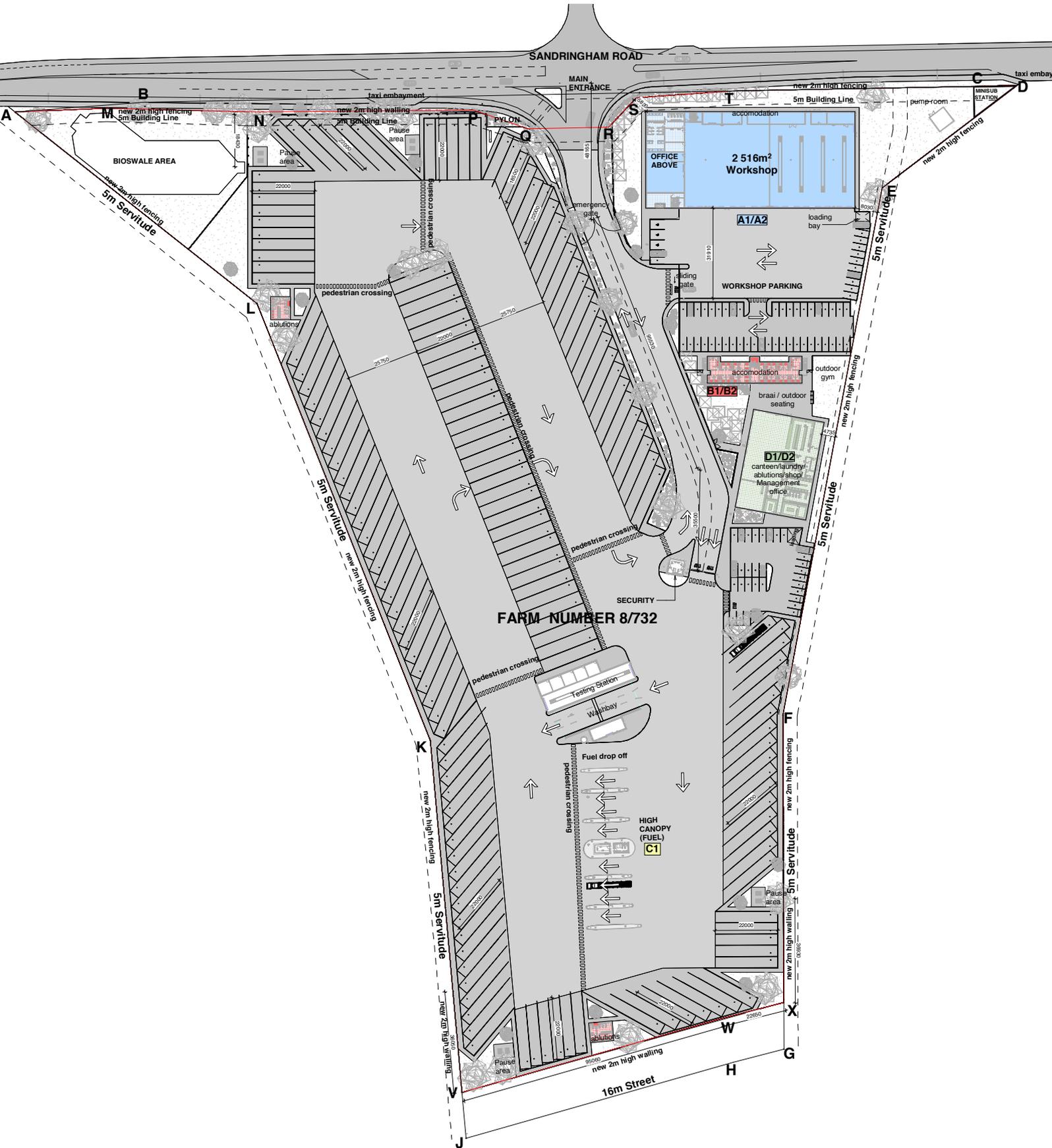
THE INTERNATIONAL LANDSCAPE (United States of America)



JOOSTENBERGVLAKTE



JOOSTENBERGVLAKTE



SITE SELECTION

Sites selection is based on heavy vehicle traffic count, ease of access travelling in both directions along a route, visibility, internal heavy vehicle circulation as well as site typography and geotechnical qualities.

Other considerations include proximity to major cities, borders, and natural stopping points along routes based on travel times.

Located on major transport routes showing high volumes of truck traffic

- Near major cities
- At natural stopping points determined by travel time
- At borders

Sites must be large enough to cater for:

- Anticipated parking requirements
- Diesel pumps (ideally more than 1 brand)
- Ancillary services
- Expansion potential

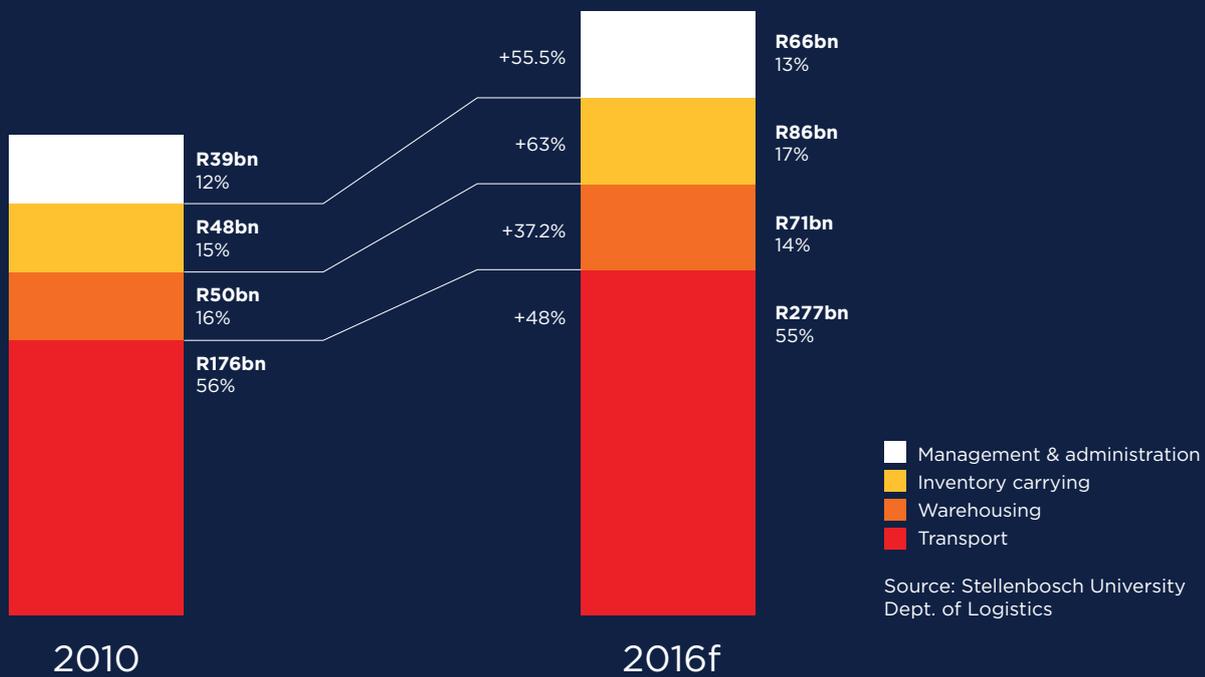
Sites must be visible and easily accessible from major roads. In many cases trucks are currently informally pooling at locations that are natural rest points along major routes.



SOUTH AFRICA'S LOGISTICS AND TRANSPORT ECONOMY

- Represents 12% of SA GDP (R500 billion)
- Transport cost is 55% of logistics cost (R277 billion)
- Road transport contributes 85% (R235 billion) to transport costs

Trends on South Africa's Logistics costs



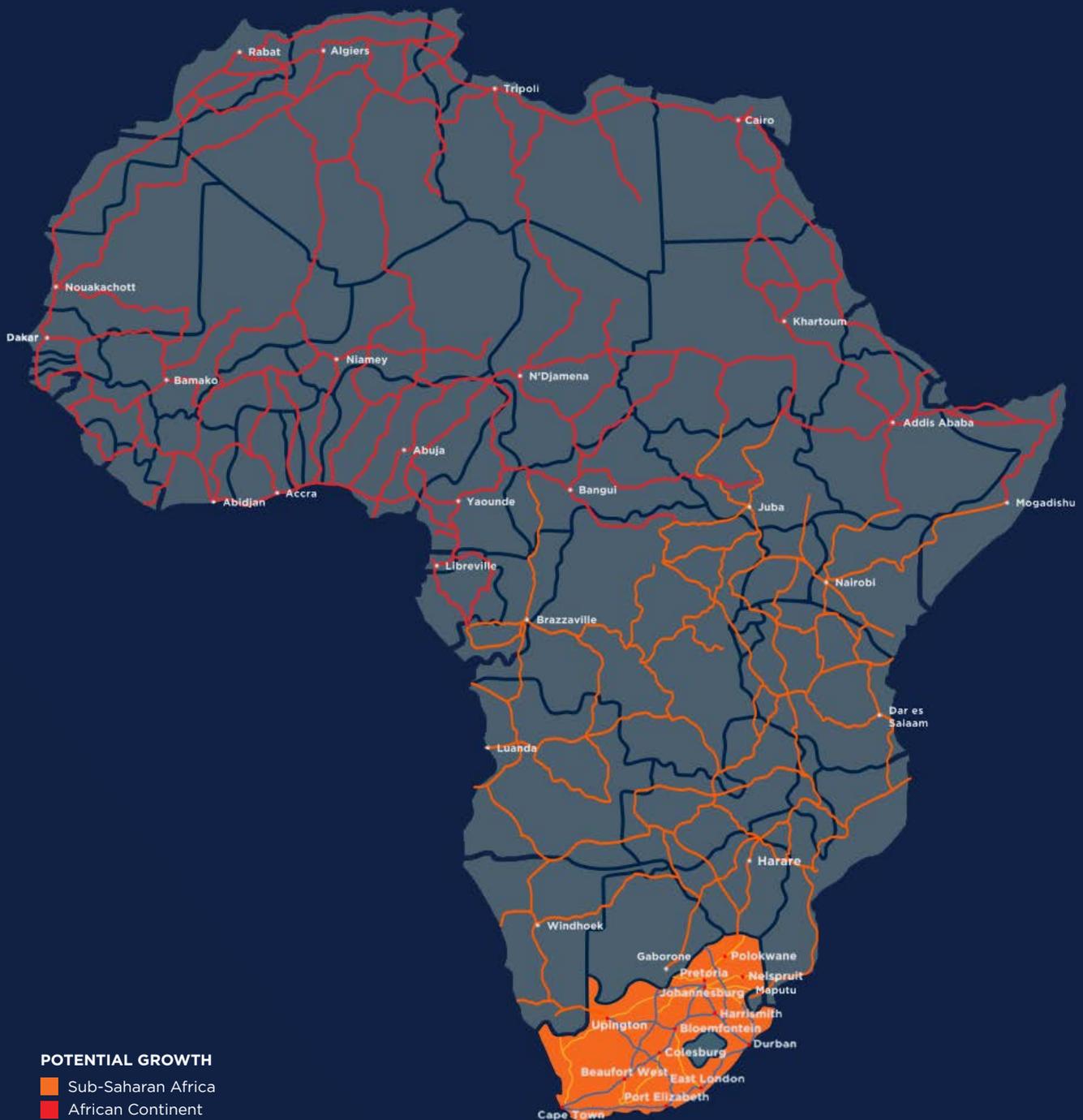
Road vs Rail



THE OPPORTUNITY

THE OPPORTUNITY

- Establish a trusted national brand
- Focus on truck and driver safety and security
- Multi-amenities to meet industry needs
- Mine value added opportunities
- FIRST MOVER ADVANTAGE





PROPERTYSMITH

THE FUND MANAGER

- Commercial property asset managers
 - 10 year asset management record
 - Commercial property fund with gross asset value >R3bn
 - Commercial property fund performance is 14.5% p.a since inception
 - Extensive development experience
 - Extensive project management experience
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THE EXECUTIVE TEAM

Collectively more than 60 years property investment and development experience



IGNATIUS KRUGER

- MBA Honours
- B Eng
- Executive Old Mutual Properties
- Founder Africa Commercial Properties



ANDRE VON BULOW

- B Business Science Honours
- HDip Tax
- CA (SA)
- CEO Listed retail property fund
- CEO PropertySmith



GERALD PORTER

- B Com Honours Accounting
 - Honours Investment Management
 - CA (SA)
 - Treasurer HSBC Sub-Saharan Africa
 - Founder PropertySmith
 - CEO Creditsmith
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TSRF, in consideration of members requirements, identified the need for truck stops:

- TSRF >80 000 members
- Propertysmith has seven year relationship with TSRF
- Mandated by TSRF to explore truck stop opportunities
- 3 year research project together with TSRF
- Secured 3 development opportunities
- Proof of concept:
 - Highway Junction Harrismith
 - Invested for >2 years
 - The largest truck stop in Africa
 - In operation in excess of 10 years



“In order to establish a trusted and recognisable brand, the Truck Stop marketing and branding will encompass the vital principles of safety, innovation and premium facility and service levels.

The positioning of Truckstops Africa as a national brand will create a strong and recognisable brand which endorses standards and encompasses regulations that support the transport and logistics industry.”

VALUED ADDED ITEMS

- Maximising fuel margin
 - Multi-branded high canopies / pumps
 - On road servicing of trucks
 - Creation of efficient logistics hubs
 - Office and warehouse rentals
 - Integration with logistics and transport industry
 - Loyalty programs
 - Insurance
 - Active involvement in shaping future regulation / legislation
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SOCIAL IMPACT

Improved on road facilities and services to ensure the safety and welfare of truck drivers:

- Vastly improved overnight facilities
- Improved nutrition
- Medical care

Temporary and permanent as well as direct and indirect employment opportunities in cities, towns and rural areas along truck routes.



BUFFET INVESTMENT INTO TRUCK STOPS

- October 2017
 - Transaction for 80% stake of Pilot Flying J Truck Stops
 - 750 truck stops across 44 states and Canada
 - Revenue >\$20 billion / year
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INVESTMENT PROCESS AND FINANCIAL TERMS

FUND SIZE

- First phase: R500 million
- Target fund size: In excess of R5 billion
- TSRF commitment - R220 million

STRUCTURE

- En-Commandite partnership will invest in linked debentures issued by the asset owning company

INVESTMENT PROCESS

- Manager has discretion over investment strategy and management of fund
- Will be advised by Investment Committee (min 5 members)

COMMITMENT PERIOD

- Only 5 years

DISTRIBUTION POLICY

Excess cash not required for operations distributed every six months

VALUATION POLICY

- Internal valuations twice a year
- External valuation in February each year

GEARING POLICY

- Initial gearing level 40%-50%
- Target gearing level 50%-60%

TERM

- 7 years plus a period of 2 years to allow for orderly dissolution

Financial Models

Fuel Margin 50 cents, one canopy

20% IRR



Income Streams



* On-site repairs by others
Rental recoveries income (Utilities & other)
Laundromat Income
ATM Rental Income
Lubricant
Air Time

- Smart opportunity
 - Undeveloped market
 - Truckstop Africa is well placed to execute
 - Unique niche with high investment returns
 - High impact SRI spend
 - FIRST MOVER ADVANTAGE
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A grayscale photograph of a person's hand resting on a steering wheel, wearing a plaid shirt. The background is blurred, showing the interior of a vehicle.

REST RECHARGE REFUEL
