

# Gauteng Petroleum Licensing Awareness Campaign

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# NEF Mandate...

Established by the National Empowerment Fund Act No. 105 of 1998, the NEF is a driver and a thought-leader in promoting and facilitating black economic participation through the provision of financial and non-financial support to black empowered businesses, as well as by promoting a culture of savings and investment among black people.

**The NEF is an agency of the dti and is the only DFI exclusively mandated to grow B-BBEE**

# NEF Investement Funds

- uMnotho
- Strategic Projects Funds
- Rural and Community Development Fund
- **iMbewu Fund- R250k- R15 million**
  - Franchise Finance
  - Contract Finance
  - **Entrepreneurship Finance (incl. service stations)**
    - Established franchise brands
    - Loan funding
    - Funding term 5-7yrs
    - Prime linked interest rates





# Franchise finance- Application requirements

- Signed NEF application form
- Detailed business plan
  - Properly articulate business opportunity
  - Back up with research
  - Identify target market (e.g, residential site, transient site) and demonstrate how you meet their needs
  - Provide breakdown of funding required (purchase price, working capital etc.)
- Franchisor approval (letter of confirmation/ franchise agreement)
- Franchisor docs
  - Non discloser document and financial performance of franchisor required if new franchisor at the NEF
- Lease agreement
- Historical financial performance if existing business
  - 3 year financial statements
  - 5 month most recent financial statements

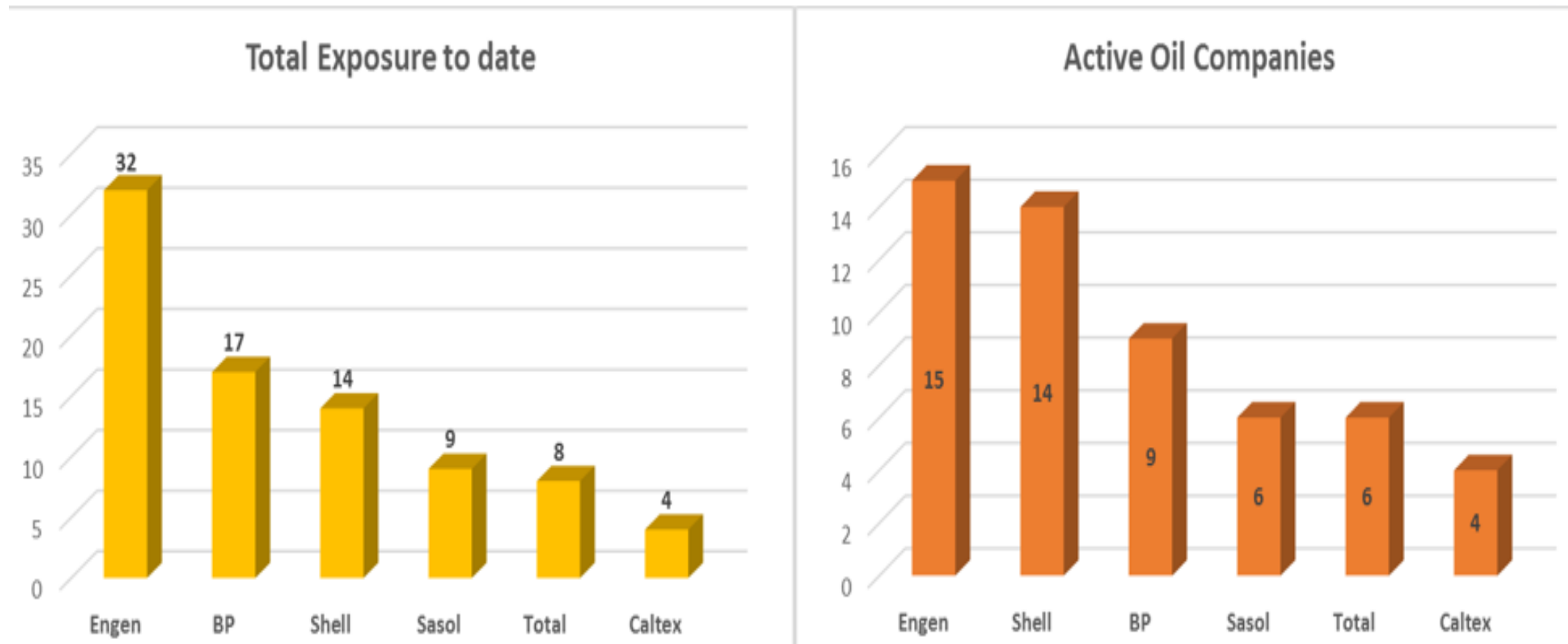
# Franchise finance- Purchase of existing sites

- Purchase and sale agreement
  - Stipulating agreed sale price
  - What is included and excluded from the sale price (e.g. movable assets)
- Seller valuation methodology (basis for seller's asking price)
  - Based on industry practice
  - NEF will also conduct own independent valuation
- Historical performance
  - Most recent 3 year financial statements from seller
  - Most recent 5 month management accounts from seller
  - 3 year fuel volumes and monthly turnovers from oil company
- Ras schedule agreed with oil company
- Retail licence
  - Initially proof of application
  - Actual retail licence will be required prior to disbursement

# Franchise finance- New sites

- Municipal approvals
  - Approved zonings/ building plans
- Regulatory
  - Environmental Impact assessment
  - Site licence
  - Retailer licence
- Feasibility study and traffic count
- Bill of quantities (to quantify development costs)
- Proof of land access
  - Own land- title deed
  - Leased- lease agreement with usufruct for at least period of loan
- Fuel supply agreement with chosen oil company

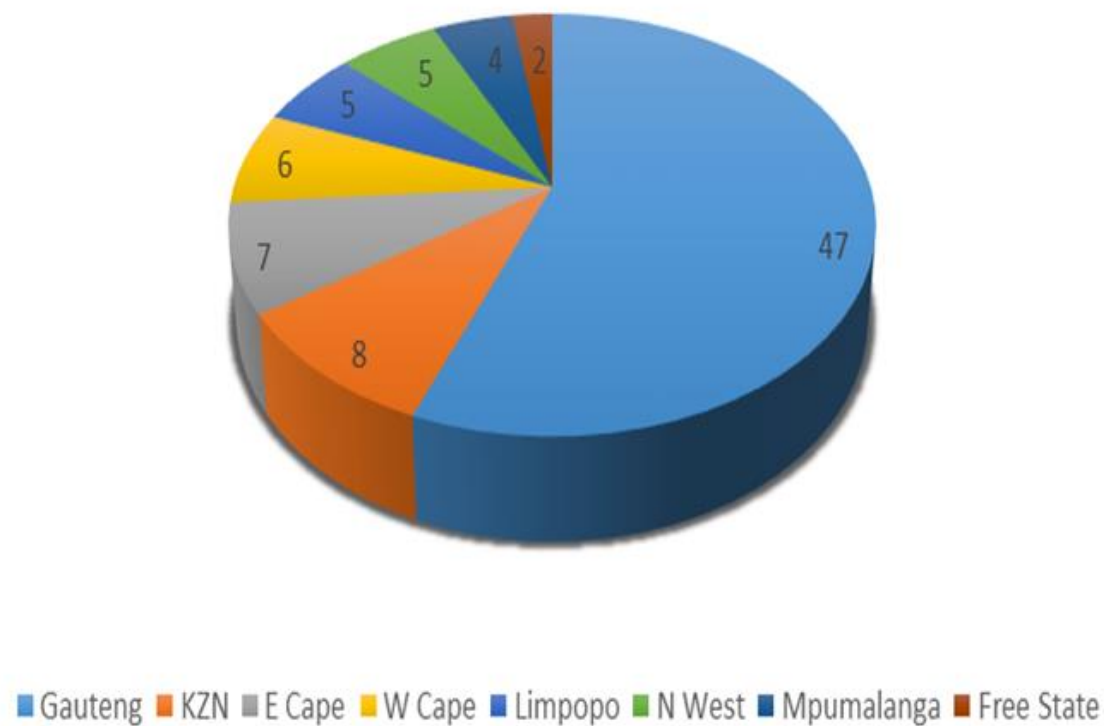
# NEF portfolio of Service station businesses- since inception



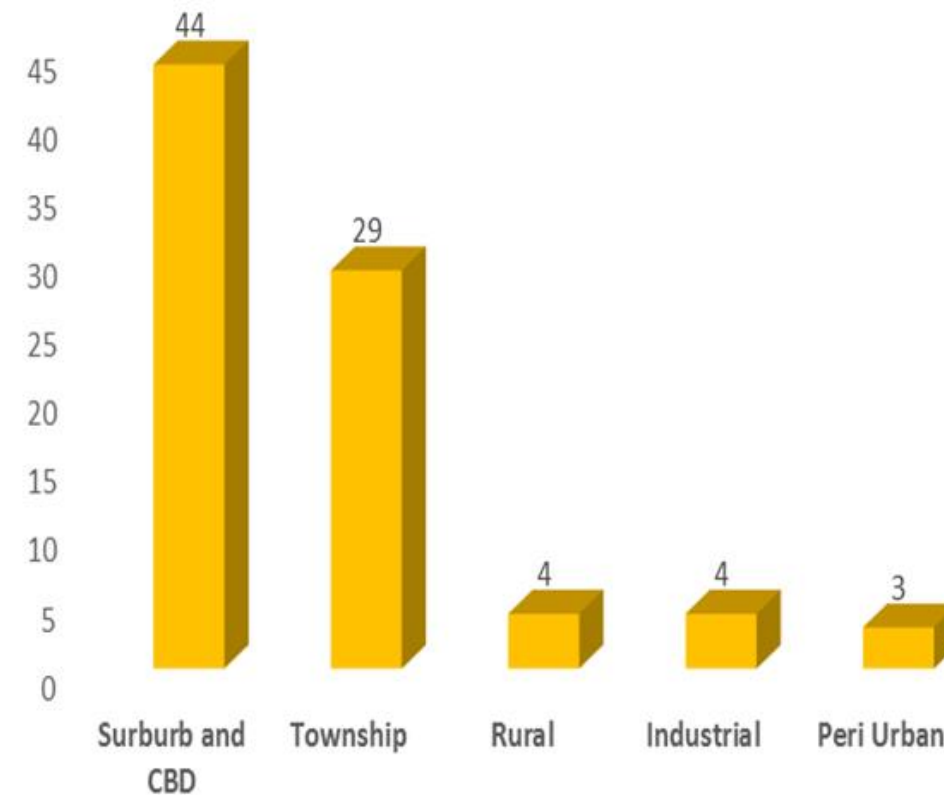


# Geographic spread of NEF service station portfolio

**Geographical Spread**

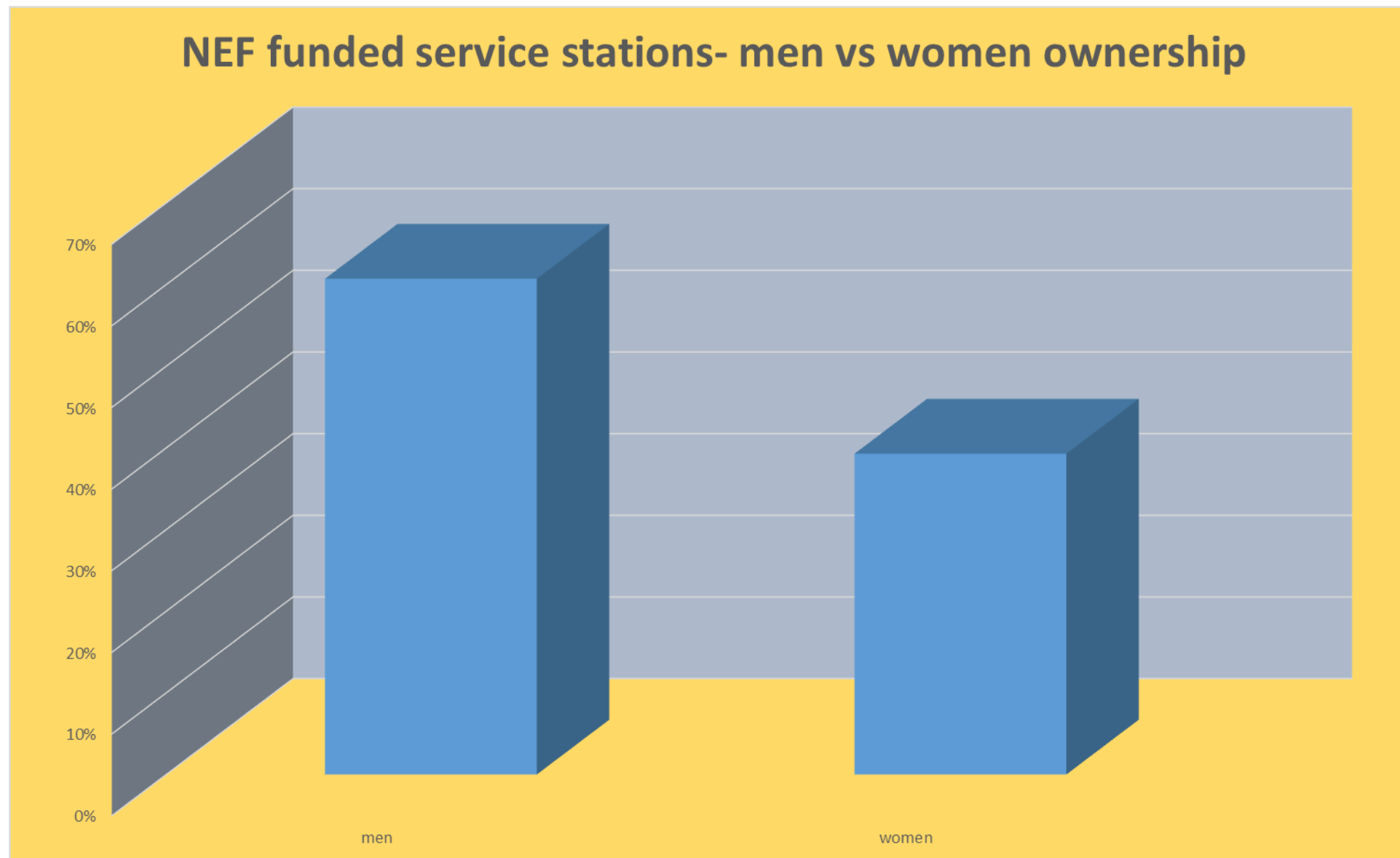


**Portfolio Per Location**





# Geographic spread of NEF service station portfolio



# Current NEF service station oil brand portfolio



Thank you