

KAMEL POTTERIES - RENTAL INCOME EXCLUSION MEMO

FOR DUE DILIGENCE

Date: October 21, 2025

Period: October 2024 - September 2025

RENTAL INCOME TO EXCLUDE

TOTAL ANNUAL: R1,141,451

MONTHLY AVERAGE: R95,121

PROPERTY DETAILS

Address: 5 Shaffer Street

Tenant: FINFLOOT PTY LTD

Lease Type: Commercial

Status: NOT INCLUDED IN SALE

MONTHLY RENTAL BREAKDOWN

Month	Amount (R)	Status
Oct 2024	95,121	Received
Nov 2024	95,121	Received
Dec 2024	95,121	Received
Jan 2025	95,121	Received
Feb 2025	95,121	Received
Mar 2025	95,121	Received
Apr 2025	95,121	Received
May 2025	95,121	Received
Jun 2025	95,121	Received

Month	Amount (R)	Status
Jul 2025	95,121	Received
Aug 2025	95,121	Received
Sep 2025	95,121	Received

IMPACT ON P&L;

As-Reported (Xero):

- Total Revenue: R10,445,061
- Including Rental: R1,141,451
- Rental as % of Revenue: 10.9%

Normalized (For Buyer):

- Total Revenue: R9,303,610
- Rental Income: R0
- Pure Operating Revenue

REASON FOR EXCLUSION

1. **Property Not in Sale:** Building remains with seller
2. **Separate Asset:** Not part of business operations
3. **Independent Income:** Not related to pottery business
4. **Buyer Impact:** Will not receive this income stream

NORMALIZATION CALCULATION

```

Total Revenue (Xero): R10,445,061 Less: Rental Income (R1,141,451)
----- Normalized Revenue: R9,303,610

Gross Profit (Xero): R4,605,591 Less: Rental Income (R1,141,451)
----- Normalized Gross: R3,464,140

```

KEY POINTS FOR BUYER

■ Critical: This rental income will NOT transfer

- Buyer gets pottery business only

- Property stays with seller
- No rental income in future cash flows
- Valuation based on operations only

DOCUMENTATION

Available for review:

- Lease agreement with FinFlood
- Property title deed
- Rental receipts
- Bank deposits

CERTIFICATION

This rental income is:

- ✓ Clearly identified
- ✓ Properly excluded
- ✓ Not transferable
- ✓ Documented separately

Memo Adjustment: -R1,141,451

Prepared for: Due Diligence Review