



# ASTRA | valuations

Your Reference: 255529/066/00 - The Transvaal Street Investment Trust  
Our Reference: xxx  
Date: 27 August 2023

ATTENTION: MRS NAZLIE ABRAHAMS

xxx  
P.O. Box 1826  
CAPE TOWN  
8000

VALUATION  
SITUATED ALONGSIDE OOSTERLAND STREET, DAL JOSAFAT  
FOR  
xxx



PREPARED BY

S.E. Jacobs  
Professional Associated Valuer  
(MIVSA)



## 1. INSTRUCTION

- 1.1 We have been instructed by Mrs Nazlie Abrahams of Investec Private Bank to visit and inspect the Subject Property and to advise you of our opinion of the Open Market Value as of 16 August 2023. For ease of reference, Erf 14382 Paarl will be referred to as "**the Subject Property**" in the remainder of this report
- 1.2 Our market research was done during the period of 16 August 2023 and 26 August 2023

2. **DATE OF INSPECTION:** 16 August 2023

## 3. TITLE DEED INFORMATION

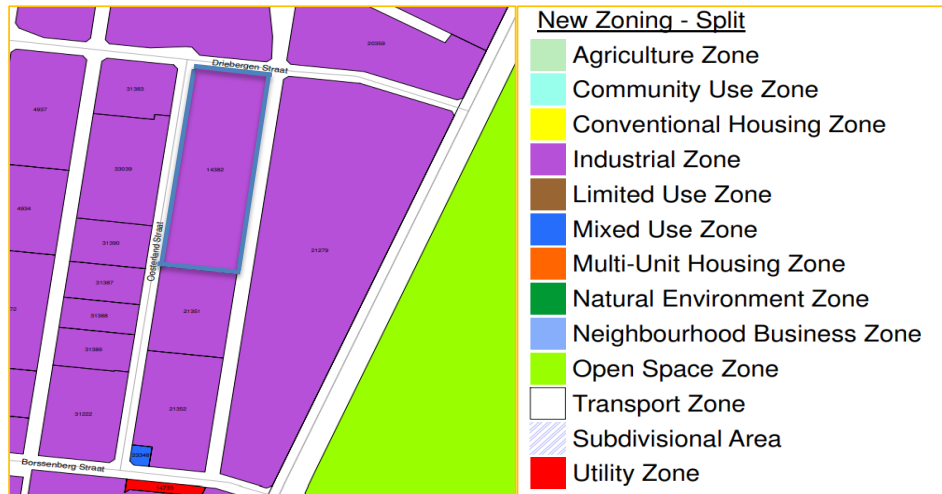
We had no sight of the relevant title deed, with the Windeed enquiry indicating the Subject Property being held as follows:

- 3.1 Registered Description: Erf 14382
- 3.2 Title Deed No. of Subject Property:
- 3.3 Registered Owner of Subject Property: Transvaal Street Investment Trust
- 3.4 Registered Erf Extent of Subject Property: 20 672m<sup>2</sup>
- 3.5 Date of Purchase: 27 September 2019
- 3.6 Purchase Price:
- 3.7 Mortgage Bonds:
- 3.8 Servitudes Noted: We did not have access to the title deed of the Subject Property. Our valuation will however assume that there are no onerous conditions contained herein that may have an impact on the value determined. If this is not the case, we reserve the right to amend our valuation

## 4. TOWN PLANNING CONDITIONS AND LOCAL AUTHORITY INFORMATION

- 4.1 **Local Authority:** Drakenstein Municipality
- 4.2 **Zoning:** Industrial

- 4.3 Primary Uses** Animal Care facility, freestanding mast, freight transport facility, fuel retail, industry, informal trading, light industry, mortuary, passenger transport facility, restaurant > 500m<sup>2</sup>, service depot, shop < 500m<sup>2</sup>, vehicle sales, vehicle services, warehouse



**Figure 1: Electronic Municipal Zoning Map indicating Subject Property in blue**

- 4.4 Consent Uses** Abattoir, adult services, big-box retail, container depot, crematorium, energy generation, function venue, freestanding masts (abutting CH or MUH), indoor sport, intensive animal farming, noxious industry, parking garage, place of assembly, place of entertainment, recycling facility, renewable energy generation, risk industry, shop > 500m<sup>2</sup>, special use, utility plant, vehicle depot

**4.5**

Table 1: Town Planning Parameters	
Land Use:	Permitted
Zoning:	Industrial
Coverage:	75%
Height:	21m
FAR/Bulk:	2.0
Building Lines:	None
Parking:	Warehouse - 1,5 bays per 100m <sup>2</sup>
Comments:	The improvements on the Subject Property does not comply in terms of parking requirements. However, as the improvements were constructed prior to the implementation of the current zoning scheme, it can be said to have a Non-Conforming use

**4.6 Municipal Valuation**

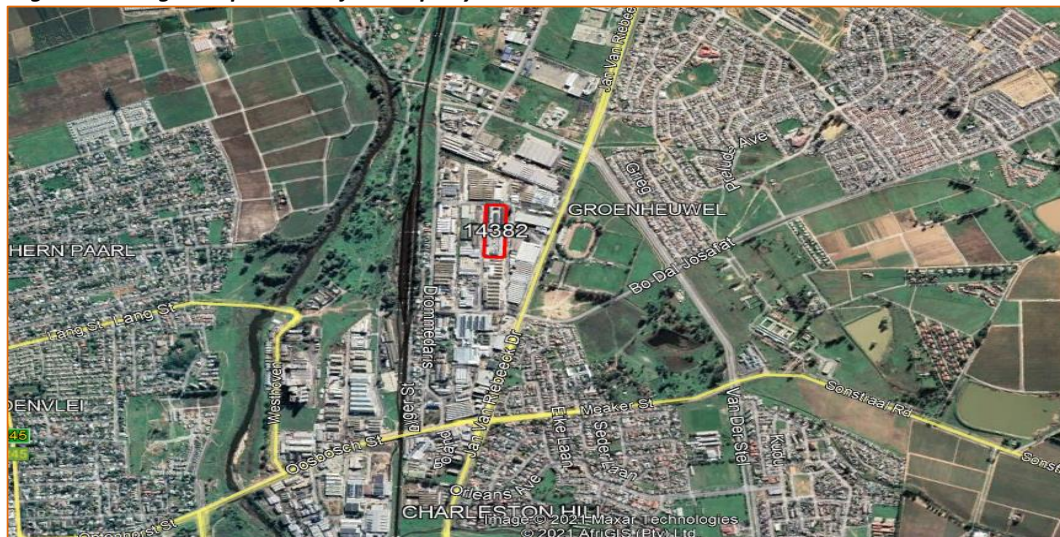
The municipal valuation is based on the GV2020 valuation roll. According to this, the Subject Property has a municipal value in the order of **R0,000**. As municipal values are determined by means of the CAMA (Computer Assisted Mass Appraisal) system, they are not necessarily accurate reflections of open market values



## 5. NEIGHBOURHOOD AREA

- 5.1 Paarl is a town situated approximately 65km to the north-east of Cape Town Central Business District ("CBD"), along the N1 National Road. It is the main centre in the Drakenstein Municipal District, which is a part of the Cape Winelands. Although Paarl has a semi-rural character (surrounded by wine estates and other agricultural properties), it has evolved into a distant suburb of Cape Town over time. This is due to the relatively close proximity to the northern suburbs of Cape Town. Centrally located properties are therefore in good demand, evident in the number of residential estates in the wider area. The town's commercial activity is largely centred around agriculture, most notably wine, this also being one of the main industrial influences here. However, much of this type of usage is done on the farms itself, resulting in an average demand for industrial space in the area. Manufacture and tourism are other industries that are also prominent in the area

**Figure 2: Google Map with Subject Property in red**



- 5.2 The Subject Property is located in the Charleston Hill suburb of Paarl, which is located towards the southern part of the suburb. Jan Van Riebeeck Drive, which is also one of the main routes through the area, effectively divides this suburb into two distinct nodes. To the east of Jan Van Riebeeck Drive is a predominantly rural and residential area catering to middle-income groups. To the west of the before-mentioned road is a predominantly industrial area which forms part of the greater Dal Josafat industrial node
- 5.3 The Subject Property is improved with an industrial development known as Midway Industrial Park. It is located in an extension of Dal Josafat known as Oosterland Park, a well-established and sought-after industrial extension of Paarl. The property has an average location in Oosterland Park, at the intersection of Driebergen and Oosterland Streets. Accessibility can be regarded as good with vehicle access onto the site from the before-mentioned roads. Because this is an old and well-established industrial area, buildings here are generally of the older type, but which have been well-maintained and offer reasonable efficiencies

**6. SUBJECT PROPERTY**

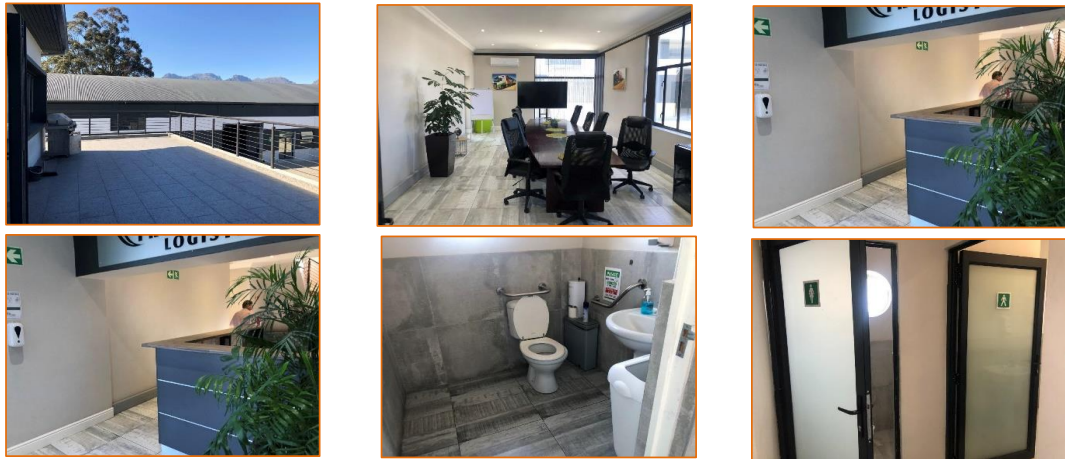
6.1 As mentioned earlier in our report, the Subject Property is improved with an industrial development known as Midway Industrial Park. It comprises seven buildings and offers predominantly industrial accommodation with average to good quality offices. The property was recently renovated, with additions made subsequent to its purchase in September 2019. Due to this, it has a superior appeal to the other typical industrial properties in the area. The parts of the site not improved comprise a paved parking area. There are driveway/security gates along the northern and eastern boundaries. Please find below a brief description of the buildings:

- Building A: Double storey office building with a security kiosk
- Building B: Warehouse with good quality offices
- Building C: Predominantly warehouse with ancillary accommodation
- Building D: Predominantly warehouse with mezzanine level and some offices
- Yard Area E: Concrete paved surface
- Building F1 and F2: Predominantly storage area
- Building G: Warehouse with offices used for truck maintenance
- Building H: Warehouse with good quality double storey offices

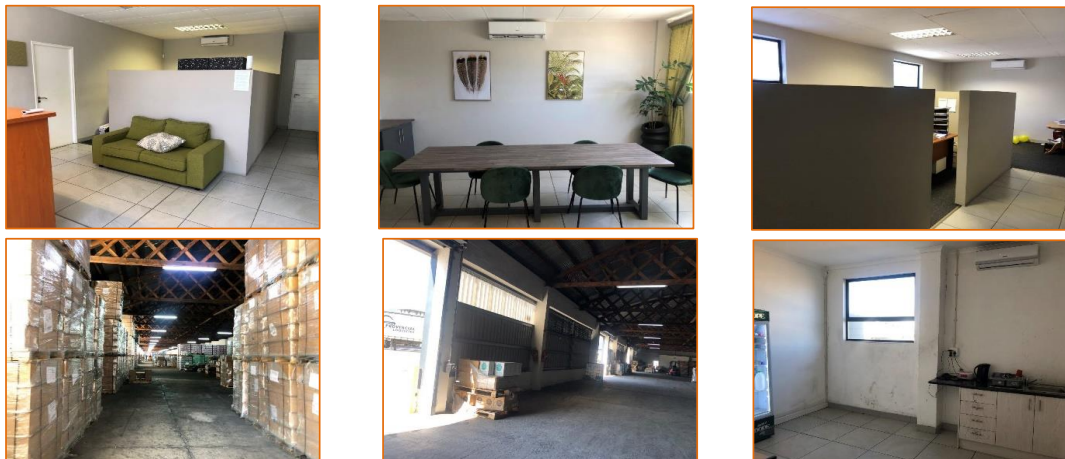
**Figure 3: Google Map with Building Locations**



6.2 Building A is a double storey office block comprising plastered brick walls, aluminium window frames and a curved corrugated iron roof. Accommodation on the ground floor comprises a reception area, boardroom, four individual offices, an open plan office area, kitchen, safe room and male/female ablution facilities. Access to the first floor is by means of an internal staircase and accommodates four small offices, an open plan office area, a balcony and ablution facilities. Internal finishes generally consist of carpeted and tiled floors, plastered brick walls and suspended ceilings. The ablutions and kitchen are equipped with fairly modern finishes and fittings



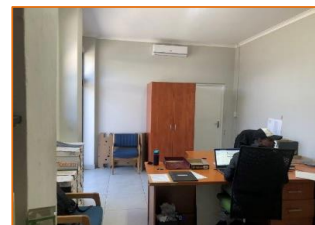
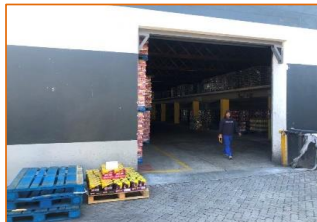
6.3 Building B is a predominantly industrial building with some offices. It has a 1.5-volume height and is a reinforced concrete structure with plastered brick and IBR-cladding infill under a curved corrugated iron roof. The industrial component comprises an elongated warehouse with concrete floors and exposed timber roof trusses. Lighting is using fluorescent lights and translucent panels. The administration component ( $\pm 239\text{m}^2$  included in total extent) accommodates a reception area, boardroom, male/female ablution facilities, kitchen, filing room, three individual offices and two shared offices. Internal finishes comprise ceramic and carpeted floor coverings, plastered brick walls and suspended ceilings. Good quality finishes and fittings with air-conditioning units fitted in parts of the building



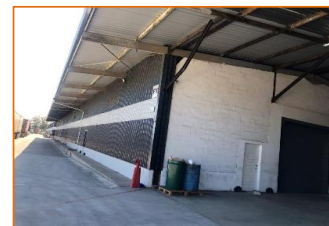
6.4 Building C is a predominantly industrial building comprising a steel portal frame, plastered and painted brick infill walls, and aluminium window frames under a pitched corrugated iron roof. The industrial component offers 1.5 to double volume height and has clear space with concrete floors. Lighting is by means of fluorescent lights and some translucent roof panels. Accommodation comprises a warehouse, two offices, a pause area with a kitchenette and male/female ablution facilities. Internal finishes here are fairly basic and comprise ceramic floor tiles, plastered brick walls and gypsum board ceilings



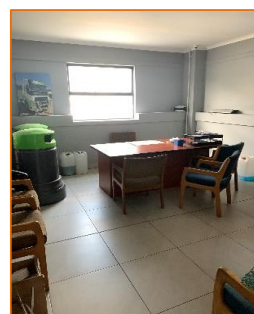
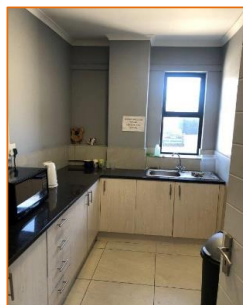
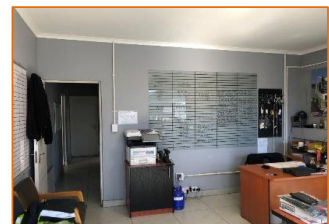
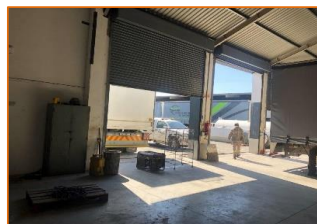
6.5 Building D is a predominantly industrial building with some offices. It has a double volume height and is a reinforced concrete structure with plastered brick and IBR-cladding infill under a curved corrugated iron roof. A concrete mezzanine level is also located here, with a width of  $\pm 7m$ . It consists of largely industrial accommodation with some offices. The industrial component offers good efficiency with exposed timber roof trusses. In addition, three offices and male/female ablution facilities are accommodated here. Internal finishes here comprise ceramic floor tiles, plastered brick walls and gypsum board ceilings



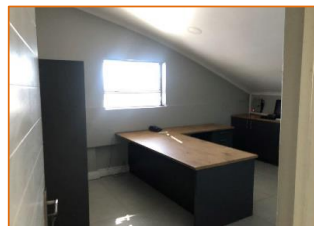
6.6 Building F comprises two buildings, namely F1 and F2. These buildings consist of storage space with a covered area separating the two. It has a steel portal frame with brick and metal cladding under a pitched corrugated iron roof. Access to Building F1 is by means of three roller shutter doors, and Building F2 has two roller shutter doors. Internal finishes comprise bare concrete floors and painted cement block walls with aluminium window frames. These buildings can be regarded as predominantly storage spaces with no offices or ablution facilities



6.7 Building G is a 1.5 volume, predominantly industrial building. It has a steel portal frame with plastered brick infill walls under a pitched corrugated iron roof. The building has a small administration component that accommodates a reception area, kitchen, open-plan office and male/female ablution facilities. Access to the warehouse is by means of three roller shutter doors and has bare concrete floors. Internal finishes in the offices comprise ceramic tiled floors, plastered brick walls and gypsum board ceilings



6.9 Building H is a predominantly industrial building with a double storey office component. It is a reinforced concrete structure with plastered brick walls under a curved corrugated iron roof. The warehouse has bare concrete floors with exposed timber trusses. Accommodation on the ground floor of the administration component consists of a reception area, four offices, ablution facilities, a kitchen and a boardroom. On the first floor, there are three offices, an open plan office, ablution facilities and a store. The warehouse section comprises two roller shutter doors and a separate toilet. Internal finishes comprise tiled flooring in the offices section



**7. CONSTRUCTION EXTENTS**

7.1	Description	Bldg. Extent	Let. Extent
	Building A	406m <sup>2</sup>	324m <sup>2</sup>
	Covered Stoeps	15m <sup>2</sup>	-
	Security Kiosk	10m <sup>2</sup>	-
	Balcony	58m <sup>2</sup>	-
	Building B	2 625m <sup>2</sup>	2 530m <sup>2</sup>
	Building C	1 397m <sup>2</sup>	1 393m <sup>2</sup>
	Building D	3 006m <sup>2</sup>	2 881m <sup>2</sup>
	Yard Area E	-	1 000m <sup>2</sup>
	Building F1 & F2	2 467m <sup>2</sup>	2 361m <sup>2</sup>
	Building G	431m <sup>2</sup>	365m <sup>2</sup>
	Building H	514m <sup>2</sup>	499m <sup>2</sup>
	<b>Total</b>	<b>10 929m<sup>2</sup></b>	<b>10 353m<sup>2</sup> (Excl. Yard Area)</b>



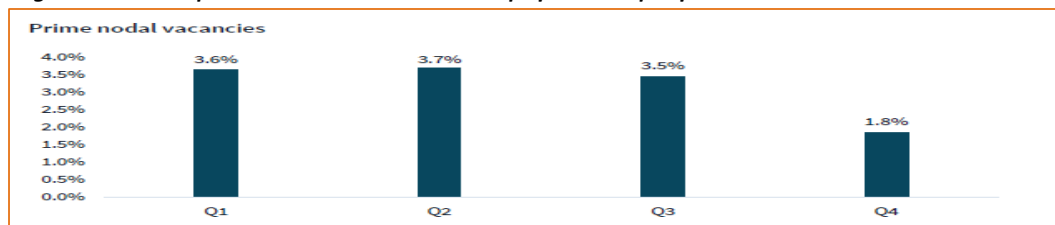
**8. REPLACEMENT COST FOR INSURANCE PURPOSES:**

Building A	406	m <sup>2</sup>	@	R	9 750	per m <sup>2</sup>	R	3 958 500
Covered Stoeps	15	m <sup>2</sup>	@	R	2 850	per m <sup>2</sup>	R	42 750
Balcony	58	m <sup>2</sup>	@	R	5 750	per m <sup>2</sup>	R	333 500
Security Kiosk	10	m <sup>2</sup>	@	R	9 750	per m <sup>2</sup>	R	97 500
Building B	2 625	m <sup>2</sup>	@	R	7 000	per m <sup>2</sup>	R	18 375 000
Building C	1 397	m <sup>2</sup>	@	R	7 000	per m <sup>2</sup>	R	9 779 000
Building D	3 006	m <sup>2</sup>	@	R	7 000	per m <sup>2</sup>	R	21 042 000
Building F1 & F2	2 467	m <sup>2</sup>	@	R	6 000	per m <sup>2</sup>	R	14 802 000
Building G	431	m <sup>2</sup>	@	R	7 000	per m <sup>2</sup>	R	3 017 000
Building H	514	m <sup>2</sup>	@	R	7 000	per m <sup>2</sup>	R	3 598 000
<b>SUB-TOTAL:</b>	<b>10 929</b>	<b>m<sup>2</sup></b>					<b>R</b>	<b>75 045 250</b>
<b>OTHER IMPROVEMENTS:</b>								
Surrounding Works							R	2 820 000
Add for professional fees / plan scrutiny fees:					12%		R	9 343 830
Add for demolition and removal costs:					3%		R	2 335 958
<b>Sub Total</b>							R	89 545 038
<b>Plus VAT @ 15%</b>					15%		R	13 431 756
<b>Total insurance cover required:</b>							R	102 976 793
<b>SAY:</b>			(Based on	<b>R 9 423</b>	/m <sup>2</sup> )		<b>R</b>	<b>102 980 000</b>

**9. MARKET TENDENCIES**

- 9.1 According to JLL's Cape Town Market Overview (April 2023), 2022 was a strong year for its industrial sector. One of the key reasons was the economic growth experienced resulting from the influx of skilled and semi-skilled labour to the province. This translates to the expansion of industries, manufacturing and commerce, which results in an increased demand for factories, warehousing and distribution centres
- 9.2 The second key driver is the availability of quality industrial stock. This is not only due to the availability of developable land but the existing and established industrial areas are strategically located with easy access to transport infrastructure and labour. This has resulted in good rental growth in Cape Town's premier industrial nodes, with larger units (between ±5,000m<sup>2</sup> to ±10,000m<sup>2</sup>) increasing by ±3% to ±4 each quarter. Factors such as rising construction costs, strong demand, and higher debt-funding costs all contributed to elevated rentals

**Figure 3: Source | JLL - Prime Nodal Vacancies | April 2023 | Cape Town Industrial**





- 9.3 The *Rode Report 2023:1* states that the industrial property market is still the best performer of the three major property sectors. This is mainly due to its superior rental growth and low vacancy rates. However, there are signs that the market is starting to slow down, which is indicative of weaker capitalisation rates and slower rental growth. Nominal gross rentals for space of  $\pm 500\text{m}^2$  grew by  $\pm 5,1\%$  in the first quarter of 2023. This is slower than the  $\pm 5,7\%$  growth recorded in the fourth quarter of 2022. In real terms, this means that rentals are slightly declining in relation to the building cost inflation, which is currently at  $\pm 6\%$ . The continued low vacancy rates have boosted the industrial market. It is assumed that landlords have kept vacancies low at the expense of rental levels, as reversion rates on new leases have been negative for most of the REITs. Vacancy rates are low, especially for warehouses linked to logistics, which is mainly due to the strong online sales
- 9.4 There is a fair to good demand for industrial properties in Dal Josafat. Although it is some distance from Cape Town CBD, it has easy accessibility, proximity to labour, and an overall good appeal. Our market research points to industrial rentals between  $\pm R45$  per  $\text{m}^2$  to  $\pm R85$  per  $\text{m}^2$  currently being achieved in the greater Paarl region. The rental achieved will depend on the extent and quality of the finishes, the efficiency of the industrial space on offer, overall appeal and security measures in place. We have been advised that although there is a good demand for both the smaller units and larger warehouse space, the smaller units have a shorter listing period

## 10. LEASE DETAILS

- 10.1 Although the Subject Property is currently improved with numerous industrial buildings, it is currently occupied by one tenant by means of four lease agreements. However, one of the buildings (Building H) is currently being subleased. This sublease will be disregarded from our valuation. These lease agreements are between The Transvaal Investment Trust ("**the landlord**") and Provlog CC ("**the tenant**"). The client provided us with a tenant schedule as well as three of the lease agreements, and this will be used in our valuation. These are standard leases with the landlord responsible for rates and taxes, external maintenance and insurance. The tenant is liable for municipal consumption costs, internal maintenance and any increases in rates and taxes during the lease period. An escalation rate of 8% is currently in place. Details of these four lease agreements are as follows:
- 10.2 Lease No. 1 pertains to the use of Buildings A, C, D and its mezzanine level. It has a total rentable extent of  $\pm 4,598\text{m}^2$  with a rental of R252,698 per month currently payable. A rental rate of  $\pm R54.96$  per  $\text{m}^2$  is indicated, which is deemed market-related and will be applied in our calculations
- 10.3 Lease No. 2 pertains to the use of Buildings F1, F2, G and Yard E. It has a total rentable extent of  $\pm 2,726\text{m}^2$  (excludes the  $\pm 1,000\text{m}^2$  yard area) with a rental of R182,658 per month currently payable. This indicates a rate of  $\pm R67.01$  per  $\text{m}^2$ . Although this is towards the upper parameter for the area, it has been considered that this rental includes a yard area. It is therefore deemed market and will be applied in our calculations
- 10.4 Lease No. 3 pertains to the use of Building B. It has a rentable extent of  $\pm 2,530\text{m}^2$  with a rental of R124,756 per month currently payable. This indicates a rate of  $\pm R49.32$  per  $\text{m}^2$  which can be deemed



market and will be applied in our calculations



- 10.5 Although requested, we were not provided with Lease No. 4. We have however used the information as indicated on the tenant schedule, which pertains to the use of Building H. It has a rentable extent of  $\pm 499\text{m}^2$  with a rental of R31,493 per month currently payable. This indicates a rate of  $\pm R63.11$  per  $\text{m}^2$  which can be deemed market and will be applied in our calculations
- 10.6 Based on the before-mentioned information, a total monthly rental in the order of R591,605 is payable, which points to a rate of  $\pm R57.15$  per  $\text{m}^2$ . From our market research, this through-rental rate is deemed fair for industrial properties in the greater Paarl region

**11. VALUATION METHODOLOGY**

- 11.1 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
- 11.2 In the case of 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

**12. MARKET RESEARCH**

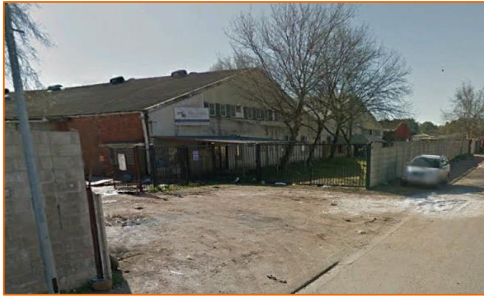

TABLE 2: RENTAL EVIDENCE	
Rental Evidence No. 1	Image
Description: Industrial Building Location: No. 131 Simondium Road, Paarl GLA ( $\pm\text{m}^2$ ): $850\text{m}^2$ Rental per $\text{m}^2$ : $\pm R 65.00$ per $\text{m}^2$ Efficiency: Similar Location: Similar Quality: Similar Condition: Good	
<b>Remarks:</b> Character development with a good location in the popular farming community of Simondium. Internal finishes and fittings are of good quality. It comprises a warehouse with a mezzanine level, offices, ablution facilities and a kitchen. Internal finishes are of a comparable quality compared to the Subject Property. Due to this,	

Rental Evidence No. 2	Image
<p>Description: Industrial Building Location: No. 6 Baird Street, Dal Josafat GLA (<math>\pm m^2</math>): 525m<sup>2</sup> Rental per m<sup>2</sup>: <math>\pm R</math> 50.00 per m<sup>2</sup> Efficiency: Inferior Location: Similar Quality: Inferior Condition: Average</p>	
<p><b>Remarks:</b> It has an inferior location close to the end of a cul-de-sac. The building is inferior and offers standard-grade industrial accommodation with a <math>\pm 1,5</math> volume height. Additional accommodation comprises an administration component (dated offices), and a yard area</p>	
Rental Evidence No. 3	Image
<p>Description: Industrial Building Location: No. 40B Textile Street, Paarl GLA (<math>\pm m^2</math>): 150m<sup>2</sup> Rental per m<sup>2</sup>: <math>\pm R</math> 76.66 per m<sup>2</sup> Efficiency: Inferior Location: Superior Quality: Inferior Condition: Needs maintenance</p>	
<p><b>Remarks:</b> The rental evidence has a good location in an old industrial node of Paarl, directly opposite a residential area, alongside a busy road. Industrial properties here are generally dated, of which this rental evidence is a typical example. However, it has a smaller extent and therefore the rental rate is deemed a maximum yardstick of value</p>	
Rental Evidence No. 4	Image
<p>Description: Industrial Building Location: Zandwyk Industrial Park, Old Paarl Road GLA (<math>\pm m^2</math>): 482m<sup>2</sup> Rental per m<sup>2</sup>: <math>\pm R</math> 85.00 per m<sup>2</sup> Efficiency: Superior Location: Superior Quality: Similar Condition: Newly built</p>	
<p><b>Remarks:</b> The rental evidence forms part of the fairly new Zandwyk Industrial Park. Due to its age, it has a superior efficiency and good quality office space. In light hereof, the rental rate is regarded as a maximum indication of value</p>	



Find attached some transactions that assisted in our value determination of the Subject Property:

TABLE 4: TRANSACTIONS OF INCOME-PRODUCING PROPERTIES (INDUSTRIAL)	
Transaction No. 1	Image
Description: Erf 10793 Paarl Location: No. 130 Jan Van Riebeeck Drive, Paarl Erf Extent: 53 600m <sup>2</sup> Price Paid: R56 500 000 Purchase Date: 10 May 2022 GLA (±m <sup>2</sup> ): 9 080m <sup>2</sup> Yield (%): ±9.12% Rate per Building ±R 6 222 per m <sup>2</sup> Location: Superior	
<p>The transaction has a superior location alongside the busy Jan Van Riebeeck Drive and therefore, has good exposure. When sold, it was improved with smaller, dated industrial improvements that required general maintenance and renovations. However, parts of the building have been demolished and upgraded. In addition to the improvements, significant yard areas have been rentalised to determine an expected yield. Although it has a larger erf and a superior location, it has inferior improvements. Due to this, the purchase price is deemed a fair to minimum benchmark of value</p>	

Transaction No. 2	Image
<p>Description: Erf 28924 Paarl Location: Akmaar Street, Paarl Erf Extent: 4 414m<sup>2</sup> Price Paid: R11 000 000 Purchase Date: 09 May 2022 GLA (±m<sup>2</sup>): 2 750m<sup>2</sup> Yield (%): ±10.20% Rate per Building ±R 4 000 per m<sup>2</sup> Location: Superior</p>	
<p>Remarks: It has a comparable location compared to the Subject Property. It is improved with a dated factory with a neglected appeal requiring general maintenance and renovations. Due to its smaller erf and building extents, the purchase price is deemed an absolute minimum yardstick of value</p>	
Market Evidence No. 3	Image
<p>Description: Unknown Location: Borsenberg Street, Dal Josafat Erf Extent: 12 087m<sup>2</sup> Purchase Price: R32 500 000 Purchase Date: Asking GLA (±m<sup>2</sup>): 5 735m<sup>2</sup> Yield (%): ±9.00% Rate per Building ±R 5 667 per m<sup>2</sup> Location: Inferior</p>	
<p>Remarks: This market evidence has a comparable location in Dal Josafat. It is improved with various character industrial buildings that appear in good condition and well-maintained. Internal finishes and efficiency are however inferior. Due to its smaller improvements, the asking price is deemed a minimum indication of value</p>	

### 13. CONCLUSIONS

- 13.1 As mentioned, there are currently four leases in place with a single tenant with a total through-rental in the order of **R57.15 per m<sup>2</sup>** paid. This is deemed market-related and will be applied in our calculations
- 13.2 Based on the before-mentioned research and conclusions, a total monthly rental in the order of R591,605 is determined, or **R7,477,892 per annum**. After allowing for a **3,5%** long-term vacancy, a gross annual income of **R7,216,166** is reflected. We were not provided with expense figures with market-related norms used in our report. These include market-related rates and taxes, management fees, audit fees, insurance, maintenance and sundries. A total annual expenditure of **R1,330,264** is reflected, which in turn indicates an income/expense ratio of **±18,43%** or **±R10.71 per m<sup>2</sup> per month**. This ratio can be regarded as fair for industrial buildings here. A net annual income in the order of **R5,884,902** is calculated



- 13.3 The analysed market evidence indicates expected initial yields of between  $\pm 9,00\%$  and  $\pm 10,20\%$ . Market Evidence No. 3 indicates the lowest yield ( $\pm 9\%$ ) and is for a property that has not yet been sold. It is currently improved with inferior industrial buildings with a comparable location in Dal Josafat. Transaction No. 2 indicates the highest yield. This property is improved with dated industrial buildings that require an upgrade
- 13.4 With consideration of the nature of the improvements on the Subject Property, the type of finishes and its efficiency as well as current market sentiment, a capitalisation in the order of **9,50%** is deemed fair and will be applied in our valuation calculations. With this, a value in the order of R61,956,859, say **R0** is determined and will be certified in this report

#### 14. VALUATION CONDITIONS

- 14.1 This valuation report may contain confidential and sensitive information and is to be handled by the requestor of the valuation following the terms of the *Protection of Personal Information Act 4 of 2013 (POPI Act)*. All contents in the report are for the client's sole use and may not enter the public domain or be utilised for any purpose other than the motivation of an open market valuation for the Subject Property and are to be viewed and treated accordingly. All market information reflected in this valuation is regarded and treated as confidential. The client intended recipient, and reader of this report, agree to abide by the terms and conditions of the POPI Act and indemnify the Valuer should any confidential information contained within the valuation report be utilised in any form that may, in effect contravene the provisions of the POPI Act



**15. VALUATION CALCULATIONS**

Based on the before-mentioned market evidence and analysis, the following value is deemed fair for the Subject Property and will be certified with our report:

<b>TABLE 5: VALUATION CALCULATION OF SUBJECT PROPERTY</b>						
<b>Description</b>	<b>Rentable Extent</b>	<b>Rental per m<sup>2</sup></b>	<b>Monthly Rental</b>	<b>Lease Expiry</b>		<b>Annual Rental</b>
Buildings A, C, D and Mezzanine	4 598m <sup>2</sup>	R 54.96	R 252 698	28-Feb-25	R	3 194 106
Building B	2 530m <sup>2</sup>	R 49.32	R 124 756	28-Feb-25	R	1 576 917
Buildings F1, F2, G and Yard E	2 726m <sup>2</sup>	R 67.01	R 182 658	28-Feb-25	R	2 308 800
Building H	499m <sup>2</sup>	R 63.11	R 31 493	28-Feb-25	R	398 069
<b>Potential Monthly Income</b>	<b>10 353m<sup>2</sup></b>	<b>R57.15</b>	<b>R 591 605</b>			
<b>Potential Annual Income</b>					<b>R</b>	<b>7 477 892</b>
<b>Add: Recoveries</b>					<b>R</b>	<b>-</b>
<b>Provision for Vacancies</b>				<b>3.5%</b>	<b>R</b>	<b>261 726</b>
<b>Normalised Annual Income</b>					<b>R</b>	<b>7 216 166</b>
<b>Total Annual Expenses</b>			<b>R 10.71</b>	<b>18.43%</b>	<b>R</b>	<b>1 330 264</b>
Rates & Taxes	on GV2020 value of	R 55 000 000	0.01256	(Estimated)	R	690 635
Electricity and Water Communal Areas					R	3 600
Insurance	0.18%	of Replacement Cost			R	161 181
Management	3.00%	of Normalised Income			R	224 337
Audit Fees	0.30%	of Normalised Income			R	21 648
Maintenance	0.25%	of Replacement Cost			R	223 863
Sundries Expenses					R	5 000
<b>Net Annual Income</b>					<b>R</b>	<b>5 885 902</b>
<b>Capitalised Net Annual Income at :</b>				<b>9.50%</b>	<b>R</b>	<b>61 956 859</b>
<b>Value, Say</b>					<b>R</b>	<b>62 000 000</b>

Taking due consideration of all relevant factors, Stanford E. Jacobs, on behalf of Astra Valuations, in my capacity as a Professional Associated Valuer, consider the above value in the order of **R62,000,000 (Sixty Two Million Rand)** to be a true and fair assessment of its open market value

S.E. Jacobs  
Professional Associated Valuer  
(MIVSA)

for Astra Valuations

Date of Signature: 27 August 2023

## VALUATION 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. The 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. 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
6. In our opinion, a willing buyer will pay a willing seller the following amount in the open market, for the particular property (**Erf 14382 Paarl**), at the date of our value determination (**16 August 2023**):

**R 62 000 000                      (Sixty Two Million Rand)**

7. All mapping and photography was conducted by Astra Valuations
8. Value Added Tax (VAT) and the influence thereof is not taken into consideration with this valuation



**Stanford E. Jacobs**

**Professional Associated Valuer (MIVSA)**

**For**

**Astra Valuations**

**Date:        27 August 2023**



## 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

### Stanford E. Jacobs of Astra Valuations

This particularly pertains to the rental and 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 rentals/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 rental 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, or that the premises have been or are being put to any contaminate use

## DEFINITIONS

The open market value and rental determination with our report is defined by the International Valuation Standards Council as:





### **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.”*

### **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.”*

### **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 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 Open Market Value of the Subject Property, for possible mortgage finance

## **DATE OF VALUATION**

16 August 2023