



# ASTRA | valuations

Your Reference: 405462/008/00 - Aconcagua 38 Investments (Pty) Ltd  
Our Reference: xxx  
Date: 30 January 2024

ATTENTION: MRS NAZLIE ABRAHAMS

xxx  
P.O. Box 1826  
CAPE TOWN  
8000

## VALUATION OF REMAINDER ERF CAPE TOWN

LOCATED AT CLAREMONT  
FOR  
xxx



PREPARED BY

S.E. Jacobs  
Professional Associated Valuer  
(MIVSA)

J.H Viljoen  
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 01 February 2024. For ease of reference, Remainder Erf 94864 Cape Town 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 24 January 2024 and 30 January 2024.

2. **DATE OF INSPECTION:** 24 January 2024

## 3. TITLE DEED INFORMATION

We had sight of the relevant title deeds, with a Windeed enquiry indicating the Subject Property to be held as follows:

3.1 Registered Description: Remainder Erf Cape Town

3.2 Title Deed No. of Subject Property:

3.3 Registered Owners of Subject Property: R0.00

3.4 Registered Property Extent: 2 040m<sup>2</sup>

3.5 Date of Purchase: 12 December 2019

3.6 Purchase Price:

3.7 Mortgage Bonds: i.f.o. Investec Bank Ltd

3.8 Servitudes Noted: We did not have access to the title deeds of the Subject Property. Therefore, our valuation will assume that no onerous conditions are contained herein that may impact the value determined. If this is not the case, we reserve the right to amend our valuation

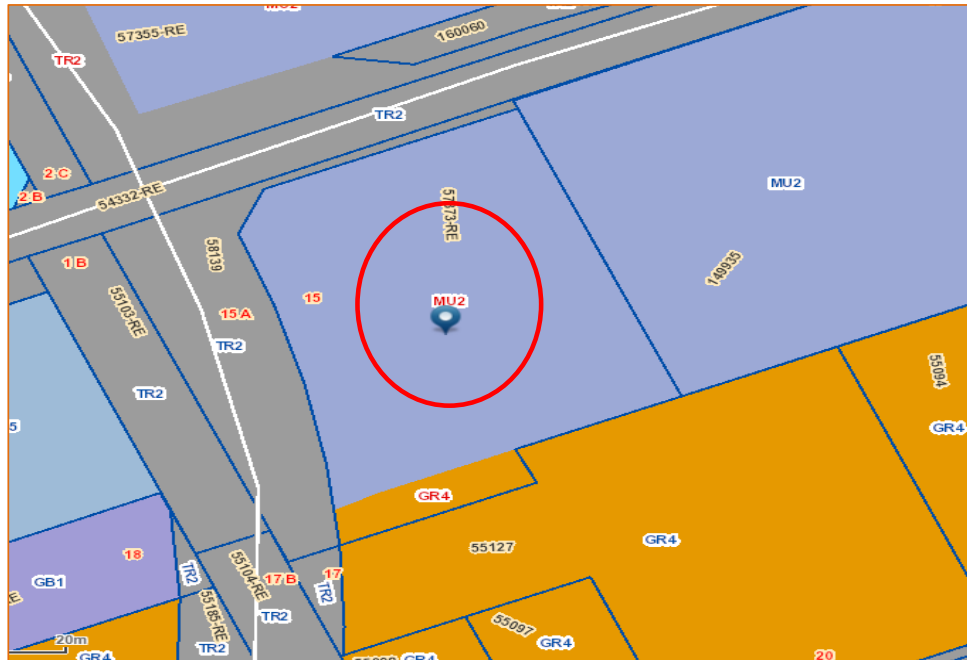
## 4. TOWN PLANNING CONDITIONS AND LOCAL AUTHORITY INFORMATION

4.1 **Local Authority:** City of Cape Town

4.2 **Zoning:** Mixed Use 2 and General Residential 4



**4.3 Primary Uses** Business premises, industry, dwelling house, second dwelling, boarding house, flats, place of instruction, place of worship, institution, hospital, place of assembly, place of entertainment, hotel, conference facility, service trade, authority use, utility service, rooftop base telecommunication station, multiple parking garage, private road, open space and filming



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

**4.4 Additional and Consent Allowed:** Adult shop, adult entertainment business, adult services, informal trading, expo-centre, scrap yard, motor repair garage, warehouse, freestanding base telecommunication centre, wind turbine infrastructure, transport use, helicopter landing pad, service station and recycling centre

**4.5**

Table 1: Town Planning Parameters	
<b>Land Use:</b>	<b>Permitted</b>
Zoning:	Mixed Use 2
Coverage:	100%
Height:	25m
FAR/Bulk:	4.0
Building Lines:	None
Parking:	No parking required
Comments:	<b>The improvements comply with town planning regulations</b>

**4.6 Municipal Valuation**

The municipal valuation is based on the GV2022 valuation roll. According to this, the Subject Property has a municipal value in the order of **R0**. 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 Claremont, located  $\pm 11$ km from Cape Town CBD, is a popular residential and commercial area. It has business, commercial, and light industrial nodes, mostly along or relatively close to major arterial roads, for example, Main and Imam Haron Roads. One of the main reasons for its popularity is its good accessibility, bordering the M3-Freeway (Union Avenue), M5-Freeway (Kromboom Parkway), Kromboom and Wetton Roads. Public transport is readily available alongside most main routes

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

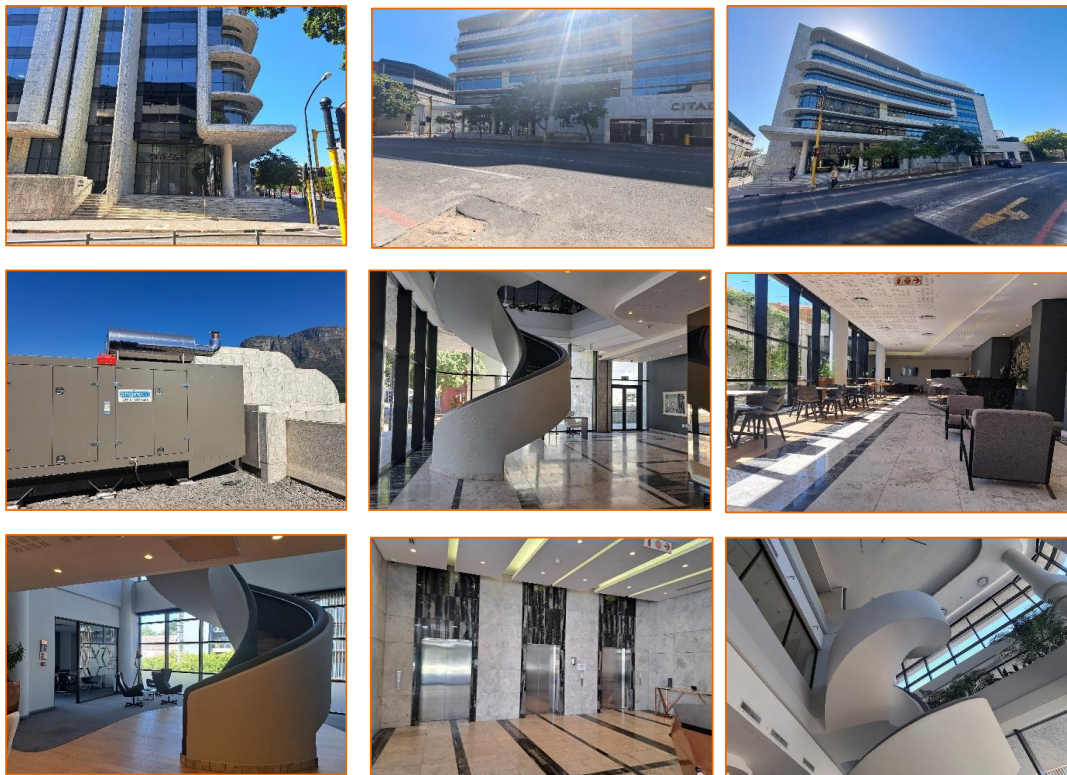


- 5.2 Claremont is a well-established mixed-use suburb. Due to its proximity to Cape Town CBD and easy accessibility, many national companies have established themselves here. The immediate Neighbourhood Area comprises primarily commercial properties, including offices and shops. Residential, mostly high-density and student accommodation is also common here. Main Road is regarded as the nucleus of the Claremont CBD. Smaller businesses generally operate along arterial roads close to Main Road
- 5.3 The Subject Property is located at the busy intersection of Cavendish and Warwick Streets, directly opposite the popular Cavendish Square. Access to the multi-level basement parking area can be gained from Cavendish Street, with pedestrian access possible alongside Warwick and Cavendish Streets

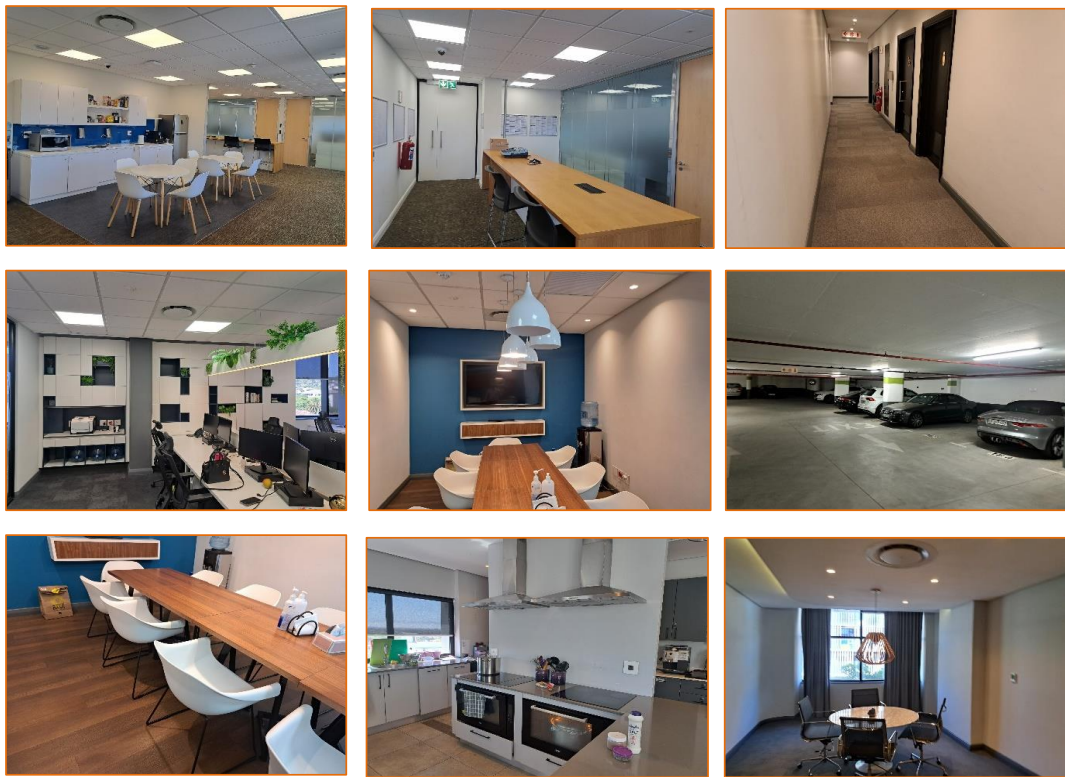
**6. SUBJECT PROPERTY**

6.1 As mentioned, the Subject Property is located at a busy intersection in a popular part of Claremont, directly opposite Cavendish Square. This results in good exposure and access. Although the improvements (designed by Robert Silke and Partners) were constructed in 2016, they still have an upmarket design and modern appeal. It comprises a multi-level basement parking (accommodating ±238 parking bays) and five floors of P-grade offices above this. A positive aspect is that the building has a 4-star green rating. The building is a reinforced concrete structure with plastered brick (cladded entirely in pale Namibian granite on the two street-facing facades) and glass infill, aluminium window frames, and a flat concrete roof. It is one of the first stone panel buildings in Claremont, designed in the architectural style of mid-20th cities. This sets it apart from most office buildings in the broader Neighbourhood Area, which has a positive influence on its marketability

6.2 Additional features of the building include glare control on all floor-to-ceiling windows, a central air conditioning system (HVAC plant), fire sprinklers throughout the building, an appealing helical staircase that results in a modern feel, a private entertainment courtyard, and a 140-seat raked auditorium. The building is fitted with high-end access control, which includes a biometric face recognition system for certain areas. Three lifts service the building, providing access to the five office floors as well as the basement parking area. Additional facilities include storage rooms, two 400 KVA generators, and a water purification system



6.3 Accommodation on the ground floor comprises an appealing foyer with a security desk, an auditorium, and various conference rooms for communal use. The foyer provides access to the lifts and internal staircases leading to the upper floors. The office spaces on the first to fifth floors are classified as 'P-Grade' and include dry-walled and glass-panelled offices, reception areas, boardrooms, and kitchenettes. Flooring comprises a combination of marble, porcelain tiles, timber and carpets. It is fitted with suspended ceilings and fire sprinklers. Each floor has the use of communal bathrooms, featuring modern facilities with high-quality sanitary ware with porcelain finishes. Communal kitchens are available on some of the floors, while other areas have separate canteens/kitchens. These spaces share similar finishes, including granite and "Caeserstone" countertops, melamine cabinets, and fitted appliances



**7. CONSTRUCTION EXTENTS**

7.1	Description	Imp. Extent	Let. Extent
	Offices/Balconies	8 151m <sup>2</sup>	6 893m <sup>2</sup>
	Basement	3 021m <sup>2</sup>	238 bays
	<b>Total</b>	<b>11 172m<sup>2</sup></b>	<b>6 893m<sup>2</sup></b>



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

P-Grade Offices	7817	m <sup>2</sup>	@ R	18 000	per m <sup>2</sup>	R	140 706 000
Parking	3021	m <sup>2</sup>	@ R	8 500	per m <sup>2</sup>	R	25 678 500
Balconies	334	m <sup>2</sup>	@ R	10 500	per m <sup>2</sup>	R	3 507 000
<b>SUB-TOTAL:</b>	<b>11 172</b>	<b>m<sup>2</sup></b>				<b>R</b>	<b>169 891 500</b>
<b>OTHER IMPROVEMENTS:</b>							
Site Improvements						R	200 000
Add for professional fees / plan scrutiny fees:			12%			R	20 410 980
Add for demolition and removal costs:			5%			R	8 504 575
<b>Sub Total</b>						R	199 007 055
<b>Plus VAT @ 15%</b>			15%			R	29 851 058
<b>Total insurance cover required:</b>						R	228 858 113
<b>SAY:</b>			(Based on	<b>R 20 485</b>	/m <sup>2</sup> )	<b>R</b>	<b>228 860 000</b>

**9. MARKET TENDENCIES**

9.1 According to the SAPOA Office Vacancy Survey (Q4 2023), the overall vacancy rate was ±15.2%, which is down from the quarter before, but still well-above COVID-19. The steadily improving occupancy points to a negative real asking rental growth as these are coming in at a cost to topline income. Slowing development activity is also viewed as a reason for this slightly improving vacancies. The current quarter of 2023 saw improved vacancy rates for Prime, A and B-grade offices. The City of Cape Town currently has the lowest overall office vacancy rate at ±7.5%.

**Figure 3: Source | SAPOA Q4 2023 | Office Vacancy By Grade**

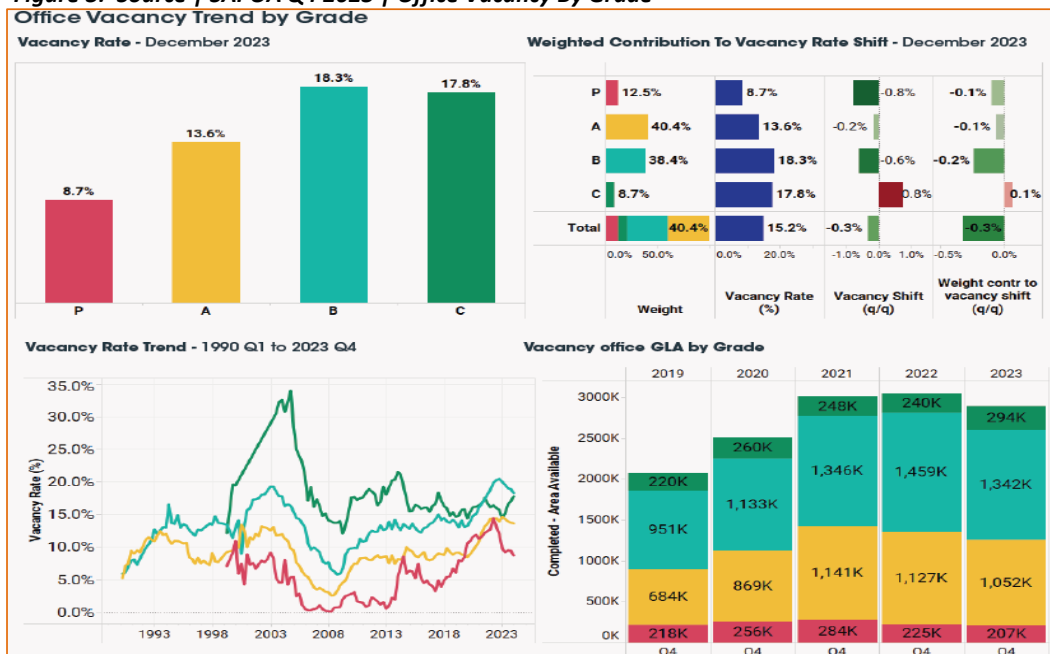




Figure 4: Source | SAPOA Q4 2023 | Office Rentals By Node

Region & Node	Total Rentable Area (m²)	Area available for leasing (m²)	Vacancy Rate (%)	Previous Quarter's Vacancy			Gross Asking Rentals (R/m²)			Committed New Developments		
				3 months ago	6 months ago	9 months ago	MIN	MAX	MED	Total Rentable Area (m²)	Area Available for leasing (m²)	Gross Asking Rent
<b>Bellville</b>												
P	10 600	-	0,0%	0,0%	0,0%	6,4%	-	-	-	-	-	-
A	383 279	8 961	2,3%	3,4%	4,2%	4,3%	120	200	153	-	-	-
B	152 116	11 767	7,7%	8,9%	8,7%	8,8%	60	145	115	-	-	-
C	10 500	1 846	17,6%	17,6%	17,6%	17,6%	75	75	75	-	-	-
<b>Total</b>	<b>556 495</b>	<b>22 574</b>	<b>4,1%</b>	<b>5,1%</b>	<b>5,6%</b>	<b>5,8%</b>						
<b>Claremont</b>												
P	8 400	-	0,0%	5,0%	5,0%	5,0%	-	-	-	-	-	-
A	66 636	6 128	9,2%	9,5%	12,9%	9,2%	170	310	213	-	-	-
B	50 086	8 713	17,4%	7,5%	3,6%	3,6%	130	220	173	-	-	-
C	10 968	2 177	19,8%	23,5%	14,1%	14,1%	110	240	128	-	-	-
<b>Total</b>	<b>136 090</b>	<b>17 018</b>	<b>12,5%</b>	<b>9,6%</b>	<b>9,1%</b>	<b>7,3%</b>				<b>5 949</b>	<b>3 664</b>	<b>360</b>
<b>CBD Cape Town</b>												
P	66 080	1 978	3,0%	3,3%	7,6%	12,8%	200	227	214	-	-	-
A	360 623	17 711	4,9%	7,2%	6,3%	9,0%	145	185	165	-	-	-
B	523 700	74 256	14,2%	14,2%	14,7%	17,1%	85	185	130	-	-	-
C	97 576	13 100	13,4%	13,4%	13,3%	14,3%	65	200	98	-	-	-
<b>Total</b>	<b>1 047 979</b>	<b>107 045</b>	<b>10,2%</b>	<b>11,0%</b>	<b>11,2%</b>	<b>13,8%</b>				<b>4 870</b>	<b>4 870</b>	
<b>Rondebosch/Newlands</b>												
A	86 706	8 806	10,2%	9,1%	12,1%	10,7%	135	220	195	-	-	-
B	13 100	-	0,0%	15,8%	0,0%	9,8%	-	-	-	-	-	-
<b>Total</b>	<b>99 806</b>	<b>8 806</b>	<b>8,8%</b>	<b>11,0%</b>	<b>10,5%</b>	<b>10,4%</b>						
<b>Century City</b>												
P	77 928	-	0,0%	0,0%	0,0%	3,8%	-	-	-	-	-	-
A	248 961	19 703	7,9%	10,5%	11,4%	12,0%	120	200	158	-	-	-
B	46 591	5 458	11,7%	11,7%	11,7%	19,4%	100	140	125	-	-	-
<b>Total</b>	<b>373 480</b>	<b>25 161</b>	<b>6,7%</b>	<b>8,5%</b>	<b>9,1%</b>	<b>11,2%</b>						

9.3 According to the Rode Report (2023:4), although the office market had a better 2023, it remains the worst of the 3 major non-residential categories. However, these appear bleak in real terms. Research by Rode found that A+, A and B-grade office space combined in decentralised nodes was ±14,4% in the 4th quarter of 2023, better than the ±15,2% in the 4th quarter of 2022. Since 2022, Cape Town has been the clear standout of the four major cities. In this node, decentralised A-grade office rentals increased by ±6% year-on-year in the 4th quarter of 2023, ending the year ±5% higher than pre-COVID 19. Market rentals rose by ±10%, thereby outpacing inflation, the only major city to do so

Figure 4: Source | Rode 2023Q4 | Office Capitalisation Rates

Best location	Grade A: Multi-tenant			Grade A: Leaseback			Grade B: Multi-tenant			Grade C: Multi-tenant		
	Mean	SD	n	Mean	SD	n	Mean	SD	n	Mean	SD	n
Cape Town CBD	10,0	0,3	5	9,8	0,2	5	11,3	0,9	5	11,9	0,7	4
Bellville CBD	11,3	0,8	2	11,1	0,6	2	12,1	1,1	2	13,0	1,0	2
Bellville Tyger Valley	10,8	-	1	10,8	-	1	10,8	0,4	3	11,7	0,5	3
Century City	10,0	0,3	5	9,8	0,2	5	11,5	0,7	4	12,0	-	1
Westlake	10,3	0,3	2	10,2	0,2	3	12,6	0,3	3	13,8	0,8	2
Claremont	10,2	0,2	3	10,0	0,0	3	11,0	0,4	3	11,8	0,4	3

9.4 There is currently a good demand for office space in Claremont. This good demand is mainly due to its central location, availability of most amenities, easy accessible via public transport and the number of good schools in the surrounding areas. Due to its age, there are limited new developments that have taken place. The new office developments are largely old buildings that have either been demolished

or extensively renovated





- 9.5 The Subject Property is one of the few P-grade office developments with a 4-star green rating in Claremont. Due to this, our research was extended to other areas with similar office features. With this, it was found that A and P-grade office rentals vary between  $\pm R170$  to as high as  $\pm R310$  per  $m^2$  for newly developed buildings with upmarket features. Parking is limited in the area. Therefore, buyers/tenants are prepared to pay premiums for properties with secured parking

## 10. LEASE DETAILS



- 10.1 Three tenants currently occupy the Subject Property. The largest occupant (Citadel) is also one of the owners of the Subject Property. Although not provided, we believe that there is currently an internal lease in place. As per the information provided by the broker, these tenants are selling their share (33,3333%) to the client (Aconcagua 38 Investments (Pty) Ltd) and will then simultaneously be entering into a leaseback with the client. No details of this lease or terms hereof were provided; therefore, we cannot provide any comment hereon. Due to this, a market-related gross rental of **R275 per  $m^2$**  to the offices, **R82.50 per  $m^2$**  for the balcony, **R149 per  $m^2$**  to the storage and **R1,800 per month per parking bay** will be applied in our calculations
- 10.2 The second tenant is JP Morgan, for which we received a signed lease. It commenced on 01 August 2023 and expires on 31 July 2028. A 7% annual escalation is in place and is subject to standard lease terms. In terms of this lease, only a pro-rata share of the rates and taxes, as well as CID levies, are recovered from this tenant, and this additional income will be included in our calculations. A gross rental of **R271.58 per  $m^2$**  is currently paid for the offices, **R83.84 per  $m^2$**  for the balcony, **R149 per  $m^2$**  for the storage, and **R1,800 per month per parking bay** will be applied in our calculations. Based on the listed market evidence, this rental is deemed market and will be applied in our calculations
- 10.3 The last tenant is Perpetua, for which there is no lease at present. We were only provided with a rental proposal, with similar rental rates as paid by JP Morgan applied to the offices they currently occupy. As we believe that these rentals are market-related, they will be used in our calculations. As we were only provided with a rental proposal, we cannot comment on the lease duration or escalation rates in place

## 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: Showrooms/Offices/Industrial Location: No. 18 Main Road, Claremont GLA (±m <sup>2</sup> ): 4 454m <sup>2</sup> Asking Rental: ±R 220.00 per m <sup>2</sup> Park. Rent: Included in rent Efficiency: Inferior Location: Similar Quality: Inferior Condition: Good	
<b>Remarks:</b> This rental property has a good location at the intersection of Main and Vineyard Roads. Although it is a dated building, it has an upmarket design and appeal. The rental property is located on the ground floor and comprises showrooms/retail and the remainder industrial accommodation. Minimum rental benchmark	
Rental Evidence No. 2	Image
Description: A-B Grade Offices Location: No. 11 Imam Haron Street, Claremont GLA (±m <sup>2</sup> ): 3 633m <sup>2</sup> Asking Rental: ±R 160.00 per m <sup>2</sup> Park. Rent: Included in rent Efficiency: Inferior Location: Inferior Quality: Inferior Condition: Average	
<b>Remarks:</b> This market evidence has an inferior location in Claremont. It forms part of a dated office development, with internal finishes and fittings being of inferior quality. In light hereof, the rental rate is deemed a minimum value proxy	

Rental Evidence No. 3	Image
<p>Description: A-Grade Offices Location: No. 16 Dreyer Street, Claremont GLA (<math>\pm m^2</math>): 1 119m<sup>2</sup> Asking Rental per <math>\pm R</math> 240.00 per m<sup>2</sup> Park. Rent: No Parking Efficiency: Inferior Location: Similar Quality: Inferior Condition: Shell</p>	
<p>Remarks: This rental evidence is located on the first floor of a dated double-storey commercial building. It has a comparable location within walking distance of the popular Cavendish Square. The rental property currently has no finishes, with a tenant installation allowed. Due to its inferior appeal, finishes and the fact that it has no parking, results in this rental being a minimum benchmark of value</p>	
Rental Evidence No. 4	Image
<p>Description: A+ Grade Offices Location: No. 170 Main Road, Claremont GLA (<math>\pm m^2</math>): 888m<sup>2</sup> Asking Rental per <math>\pm R</math> 170.00 per m<sup>2</sup> Park. Rent: R1,200 per basement bay Efficiency: Inferior Location: Similar Quality: Inferior Condition: Excellent</p>	
<p>Remarks: This building was completed in 2016 and comprises inferior-quality office space. It is located on the second floor and comprises a reception, various offices, a full kitchen, and shared ablution facilities. Due to its inferior quality offices, the rental rate is deemed a minimum value proxy</p>	
Rental Evidence No. 5	Image
<p>Description: P-Grade Offices Location: No. 1 Osborne Road, Claremont GLA (<math>\pm m^2</math>): 881m<sup>2</sup> Asking Rental per <math>\pm R</math> 310.00 per m<sup>2</sup> Park. Rent: R1,800 per basement bay Efficiency: Similar Location: Similar Quality: Similar Condition: Excellent</p>	
<p>Remarks: This building has a comparable location directly opposite the Subject Property. It is improved with a recently completed, green-rate P-grade office building, that has a similar appeal and quality of finishes. However, the fact that is a new development results in it being a fair to maximum rental benchmark</p>	

Due to the unique nature of the improvements on the Subject Property and the limited sales of similar properties, our research was extended to dated office transactions, as well as those located in other suburbs. Find below transactions that assisted in our value determination of the Subject Property, with adjustments made where deemed necessary:

<b>TABLE 3: TRANSACTIONS OF INCOME-PRODUCING PROPERTIES (OFFICES)</b>	
<b>Transaction No. 1</b>	<b>Image</b>
<p>Description: Section 1000 Bridgewater One                      Location: Sable Road, Century City                      Erf Extent: N.a.                      Price Paid: R106 600 000                      Purchase Date: 26 May 2023                      GLA (±m<sup>2</sup>): 4 504m<sup>2</sup>                      Yield (%): ±9.42%                      Rate per GLA: ±R 23 668 per m<sup>2</sup>                      Location: Inferior</p>	
<p>Remarks:                      These offices form part of the recently completed Bridgewater One mixed-use development located in the popular Century City Precinct. It comprises contemporary residential apartments, a hotel, and 3 state-of-the-art office buildings. The rental evidence forms a level in one of these office buildings. Due to its smaller improvements, the purchase price is deemed a minimum benchmark of value</p>	
<b>Transaction No. 2</b>	<b>Image</b>
<p>Description: Erf 7149 Montague Gardens                      Location: No. 17 Bridge Way, Century City                      Erf Extent: 4 751m<sup>2</sup>                      Price Paid: R203 000 000                      Purchase Date: 26 September 2022                      GLA (±m<sup>2</sup>): 6 830m<sup>2</sup>                      Yield (%): ±8.49%                      Rate per GLA: ±R 29 722 per m<sup>2</sup>                      Location: Inferior</p>	
<p>Remarks:                      This transaction is improved with a newly developed, 4-star green-rated building that is located in Century City. It is known as Sable Corner and comprises a building with a curved façade resulting in good views. Other features include a roof deck function area, fully air-conditioned, and upmarket finishes and fittings. Due to its comparable extent, similar quality finishes, but inferior location, the purchase price is deemed a minimum indication of value. Transaction dated</p>	

Transaction No. 3	Image
<p>Description: Erf 160685 Cape Town Location: No. 10 Mill Street, Newlands Erf Extent: 1 496m<sup>2</sup> Price Paid: R56 500 000 Purchase Date: 20 March 2020 GLA (±m<sup>2</sup>): 2 865m<sup>2</sup> Yield (%): ±9.50% Rate per GLA: ±R 19 721 per m<sup>2</sup> Location: Care Cross Building</p>	
<p>Remarks: The transaction has a good location between Mill Street and the railway line. It is improved with a part 3/4 storey A-grade office building that was tenanted by Care Cross. These tenants subsequently vacated the premises, with a new tenant taking up most of the space. Two bays per 100m<sup>2</sup> of offices are provided, with additional parking available on land adjacent to it. Due to its smaller extents, the purchase price is deemed a minimum benchmark of value</p>	
Transaction No. 4	Image
<p>Description: Sections 1 and 2 Great Westerford Location: No. 240 Main Road, Rondebosch Erf Extent: N.a. Price Paid: R900 000 000 Purchase Date: 13 September 2022 GLA (±m<sup>2</sup>): 31 943m<sup>2</sup> Yield (%): ±9.29% Rate per Building ±R 28 175 per m<sup>2</sup> Development: Great Westerford</p>	
<p>Remarks: This property has an excellent location alongside Main Road in Rondebosch. It is improved with the landmark "Great Westerford" office block. It has a P-grading and has additional features such as an on-site Bistro, gymnasium, landscaped gardens, modern communal areas with upmarket finishes, on-site creche, communal boardrooms, and it has the use of more than 1,000 parking bays. Due to its significantly larger extent, the purchase price is deemed a maximum value benchmark</p>	
Market Evidence No. 5	Image
<p>Description: The Rubik Location: No. 17 Loop Street, Cape Town CBD Erf Extent: N.a. Price: R203 287 000 Purchase Date: Asking GLA (±m<sup>2</sup>): 5 303m<sup>2</sup> Yield (%): ±7.15% Rate per Building ±R 38 334 per m<sup>2</sup> Development: The Rubik</p>	
<p>Remarks: This market evidence comprises the commercial component of the newly developed Rubik development in Cape Town CBD. It comprises green-rated, P-grade offices (levels 12 to 17) and two retail units on ground level. According to the broker, there has been some interest in the commercial component, but no formal offers have been received yet. Due to this, the asking price has been viewed with circumspect</p>	



### 13. CONCLUSIONS

- 13.1 With consideration of the above-listed market evidence, the current through-rental rental of **±R323 per m<sup>2</sup>** is deemed market for the Subject Property 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 R2,223,412 is determined, or **R26,731,589 per annum**. After allowing for recoveries (**±R232,464**) and a **3%** long-term vacancy, a gross annual income of **R26,155,131** is reflected. We were provided with expense figures and opted to apply these and market-related norms in our report. These include actual rates and taxes, management fees, cleaning, security, fire-sprinkler maintenance, gardening and generator contracts, security, audit fees, and insurance. A total annual expenditure of **±R6,239,296** is reflected, indicating an income/expense ratio of **±23.85%** or **±R75.43 per m<sup>2</sup> per month**. This ratio can be regarded as fair for office buildings. A net annual income in the order of **R19,915,835** is calculated
- 13.3 The listed market evidence indicates expected initial yields between **±7.15%** and **±9.50%**. Market Evidence No. 5 indicates the lowest yield but as this property has not yet been sold, this yield has been viewed with circumspect. The remainder of the confirmed transactions reflect expected initial yields of between **±8.49%** to **±9.50%**. Transaction No. 2 indicates the lowest yield and is for a newly developed, P-grade and green-rated building in Century City. The highest yield is for an older A-grade office building in the neighbouring suburb of Newlands. With consideration of the listed market evidence, a market-related capitalisation rate of **9.0%** is deemed fair and will be applied in our valuation calculations. With this value in the order of R221,287,055, say **R221,300,000** is determined and will be certified in our report
- 13.4 **We have been advised that the Subject Property currently is subject to a share transaction. The client (Aconcagua 38 Investments (Pty) Ltd) currently owns 66.6666% of the property, with Citadel Investment Services (Pty) Ltd owning the remainder. From the information provided, the client is paying R94,000,000 for the remaining shares from Citadel Investment Services, pointing to a total value in the order of R282,000,000 for the Subject Property. In turn, Citadel will lease the property back from the client**
- 13.4 **Based on contract/market rentals and expenses, this total purchase price of R282,000,000 indicates an expected initial yield of **±7,01%** or **±R40,911 per lettable m<sup>2</sup>**. This is significantly higher than the current value determined by us (**R221,300,000**) and outside of the parameters depicted in the above-listed market evidence. As mentioned, a leaseback will be entered, and it could be that the details of this lease will point to or support this price. But as no further information was made available, we cannot comment on the potential impact this lease will have on the value determined herein. We recommend that should the lease be obtained and the rentals differ significantly from the information used in our report, we reserve the right to amend our valuation**

### 14. VALUATION CONDITIONS

- 14.1 None



**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>Tenant</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>	
Citadel P-Grade Offices - Market	5509	R 270.00	R 1 487 430	31-Jul-28	R	17 849 160
Citadel - Balcony - Market	155	R 82.50	R 12 788	31-Jul-28	R	153 450
Citadel - Storage - Market	21	R 149.00	R 3 129	31-Jul-28	R	37 548
JP Morgan - P-Grade Offices	374	R 271.58	R 101 571	31-Jul-28	R	1 261 511
JP Morgan - Balcony	100	R 83.84	R 8 384	31-Jul-28	R	104 129
JP Morgan - Storage	11	R 149.07	R 1 640	31-Jul-28	R	20 366
Perpetua - P-Grade Offices	633	R 271.58	R 171 910	Unknown	R	2 062 922
Perpetua - Balcony - Market	79	R 82.50	R 6 518	Unknown	R	78 210
Perpetua - Storeroom	11	R 149.34	R 1 643	Unknown	R	19 713
Citadel - Basement Parking Bays	201	R 1 800.00	R 361 800	31-Jul-28	R	4 341 600
JP Morgan - Basement Parking Bays	5	R 1 800.00	R 9 000	31-Jul-28	R	111 780
Perpetua - Basement Parking Bays	18	R 1 800.00	R 32 400	Unknown	R	388 800
Vacant Parking Bays	14	R 1 800.00	R 25 200	N.a.	R	302 400
<b>Potential Monthly Income</b>	<b>6 893m<sup>2</sup></b>	<b>R322.56</b>	<b>R 2 223 412 (Inc. Parking)</b>			
<b>Potential Annual Income</b>					<b>R</b>	<b>26 731 589</b>
<b>Add: Recoveries</b>					<b>R</b>	<b>232 464</b>
<b>Provision for Vacancies</b>				<b>3.0%</b>	<b>R</b>	<b>808 922</b>
<b>Normalised Annual Income</b>					<b>R</b>	<b>26 155 131</b>
<b>Total Annual Expenses</b>			<b>R 75.43</b>	<b>23.85%</b>	<b>R</b>	<b>6 239 296</b>
Rates & Taxes on GV2022 value of		R 175 000 000	0.014742	(Market)	R	2 579 850
Improvement district rates		R 175 000 000	0.001965	(Market)	R	343 875
Cleaning		R 7 637	x	12	R	91 644
Fire-Equipment Maintenance		R 2 014	x	12	R	24 168
Lift Maintenance		R 9 167	x	12	R	110 004
Gardening Contract		R 5 539	x	12	R	66 468
Generator Services		R 22 000	x	12	R	264 000
Air-conditioning Maintenance		R 24 396	x	12	R	292 752
Security		R 81 863	x	12	R	982 356
Insurance	0.11% of Replacement Cost				R	218 908
Management	3.50% of Normalised Income				R	935 606
Audit Fees	0.10% of Normalised Income				R	26 155
Maintenance	0.150% of Replacement Cost				R	298 511
Sundries Expenses					R	5 000
<b>Net Annual Income</b>					<b>R</b>	<b>19 915 835</b>
<b>Capitalised Net Annual Income at :</b>				<b>9.00%</b>	<b>R</b>	<b>221 287 055</b>
Add: Value of potential bulk developable land					<b>R</b>	<b>-</b>
<b>Total Value</b>					<b>R</b>	<b>221 287 055</b>
<b>Say</b>					<b>R</b>	<b>221 300 000</b>





Taking due consideration of all relevant factors, Stanford E. Jacobs and Jan Viljoen, on behalf of Astra Valuations, in our capacity as Professional Associated Valuers, consider the above value in the order of R0 to be a true and fair assessment of its open market value

A handwritten signature in black ink, appearing to read "S.E. Jacobs".

**S.E. Jacobs**  
**Professional Associated Valuer**  
**(MIVSA)**  
**for Astra Valuations**  
**Date of Signature: 30 January 2024**

A handwritten signature in black ink, appearing to read "J.H. Viljoen".

**J.H. Viljoen**  
**Professional Associated Valuer**  
**(MIVSA)**



## 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 (**Remainder Erf 57373 Cape Town**), at the date of our value determination (**24 January 2024**):

**R 221 300 000**                      **(Two Hundred and Twenty One Million Three Hundred Thousand 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

A handwritten signature in black ink, appearing to read "Stanford E. Jacobs".

**Stanford E. Jacobs**  
**Professional Associated Valuer (MIVSA)**

For

**Astra Valuations**

Date:        **30 January 2024**

A handwritten signature in black ink, appearing to read "J.H. Viljoen".

**J.H Viljoen**  
**Professional Associated Valuer**



## 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**

24 January 2024