



ASTRA | valuations

Your Reference: XXX
Our Reference: XXX
Date: 23 March 2021

ATTENTION: MRS NAZLIE ABRAHAMS

XXX
P.O. Box 1826
CAPE TOWN
8000

VALUATION

CORNER OF DE BEERS AVENUE AND FORSYTS ROAD, THE TRIANGLE, SOMERSET WEST

FOR

xxx



PREPARED BY

S.E. Jacobs

Professional Associated Valuer

Reg. No. 4626



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 at 01 June 2021. Forecasts and budgets provided to us were for the period of 01 July 2021 to 30 June 2022
- 1.2 Our market research was done during the period of 01 March 2021 and 21 March 2021

2. DATE OF INSPECTION: 03 March 2021 and 08 March 2021

3. TITLE DEED INFORMATION

We had sight of the relevant Title Deed, which indicates the Subject Property being held as follows:

- 3.1 Registered Description: Stellenbosch Division
- 3.2 Title Deed No. of Subject Property:
- 3.3 Registered Owner of Subject Property: Acucap Investments (Pty) Ltd
- 3.4 Registered Erf Extent of Subject Property: 60 161m² or 6.0161 hectares
- 3.5 Date of Purchase: 22 February 2012
- 3.6 Purchase Price:
- 3.7 Mortgage Bonds:
- 3.8 Servitudes Noted: The following servitudes are registered against the Title Deed of the Subject Property:
- 1.) No structure or improvements shall be constructed within a distance of 20m from the national road reserve
 - 2.) No direct access to or egress from the national road reserve will be allowed
 - 3.) The property may not be transferred without the consent of The Triangle Property Owners Association
 - 4) It is also subject to 4 servitudes in favour of The City of Cape Town:
 - a) 20m stormwater servitude along its north-eastern boundary
 - b) 12.5m wide stormwater servitude along its south-eastern boundary
 - c) 6m wide general services servitude along its southern eastern boundary



d) According to K509/2017, it is subject to a pipeline servitude, 6m wide

We believe that the above-mentioned servitudes have a limited impact on the current development on the Subject Property

5) Two leasehold areas are registered on the SG-Diagram of the Subject Property. Lease Area 1 has an extent of $\pm 3,420\text{m}^2$ (location of the storage facility) and Lease Area 2 has an extent of $\pm 23\text{m}^2$ (security kiosk at storage facility). Although both of these lease areas were approved by the Surveyor General on 23 October 2015, these were never registered at the Deeds Office

4. TOWN PLANNING CONDITIONS AND LOCAL AUTHORITY INFORMATION

- 4.1 **Local** City of Cape Town: Helderberg Administration
- 4.2 **Zoning:** General Business B4
- 4.3 **Primary Uses** Business premises, dwelling house, second dwelling, boarding house, flats, place of worship, institution, hospital, place of assembly, place of entertainment, hotel, conference facility, multiple parking garage, amongst others



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

- 4.4 **Consent Uses** Adult shop, adult entertainment business, adult services, motor repair garage, expo-centre, informal trading, transport use, service station, amongst others



4.5

Table 1: Town Planning Parameters	
Land Use:	Permitted
Zoning:	General Business B4
Coverage:	100%
Height:	25m
FAR/Bulk:	3.0
Building Lines:	None
Parking:	6 bays per 100m ² of GLA. Two bays per 100m ² of industrial space. Approx. 879 bays required with ±882 bays provided
Comments:	The use of the current improvements conforms to town planning requirements

4.6 Municipal Valuation

The municipal valuation is based on the valuation roll dated 02 July 2018. According to this, the Subject Property has a municipal value in the order of **R130,000,000**. 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 Somerset West, together with the suburbs of Gordon's Bay and Strand, are commonly referred to as the Helderberg Basin. This area is located ±45km from Cape Town Central Business District ("CBD " and can be accessed by means of the N2 National Road (runs through the central part of the area in a west/east direction), as well as the R44 Regional Road (traverses in a north/south direction through the central part of the area). Collectively, the region is defined by the various mountains slopes, white beaches and historic wine estates that can be found here
- 5.2 The area comprises extensive residential and commercial components. Prices for residential properties here vary between ±R400,000 for entry level apartments to ±R22,000,000 for upmarket dwellings. The area essential comprises two commercial nodes. The first node is the CBD of Somerset West that can be found alongside Main Road in Somerset West. Buildings here are mostly of the older type, and comprises various strip commercial facilities with offices/apartments on the upper floors. Due to the age of this area, parking is generally problematic



Figure 2: Google Map with Subject Property in red

- 5.3 The Subject Property is located in a popular commercial node of Somerset West known as The Triangle. This area has the R44 Regional Road and the N2 National Road as its northern, eastern and western boundaries with De Beers Avenue forming its southern boundary. The flagship development of this node is the popular Somerset Mall, which is a regional shopping centre with a gross lettable extent of $\pm 69,000\text{m}^2$ and comprises around 200 shops. There are also other developments here which includes the Helderberg Centre (Subject Property), Broadway Auto Centre (showrooms), The Hub (factory shops), Tiger, Wheel & Tire fitment centre, McDonald's drive-through restaurant, Somerset Value Centre (retail development with tenants such as Food Lover's Market, Sportsman's Warehouse, etc.), Decor Centre (retail development), Melcksloot Village (retail development), The German Shopping Centre, Mr Price retail outlet as well as the recently developed The Sanctuary Shopping Mall (mixed-use development with retail and offices)
- 5.4 The Subject Property is located towards the south-eastern boundary of The Triangle, at the intersection of De Beers Avenue and Forsyth Road. De Beers Avenue is one of the main access routes to The Triangle and leads directly from the N2 National Road. The Subject Property has a frontage of $\pm 269\text{m}$ onto De Beers Avenue, which adds to its exposure. Vehicular access onto the Subject Property is however only from Forsyth Road, with two ingress/egress points from here. There is only one pedestrian access point from De Beers Avenue. Between the Subject Property and the N2 National Road is the Danie Ackermann Primary School and sports fields, as well as the N2 Road Reserve. Last mentioned is currently overgrown with natural vegetation. This results in average to good exposure from parts of the N2 National Road, which has a positive impact on its marketability

6. SUBJECT PROPERTY

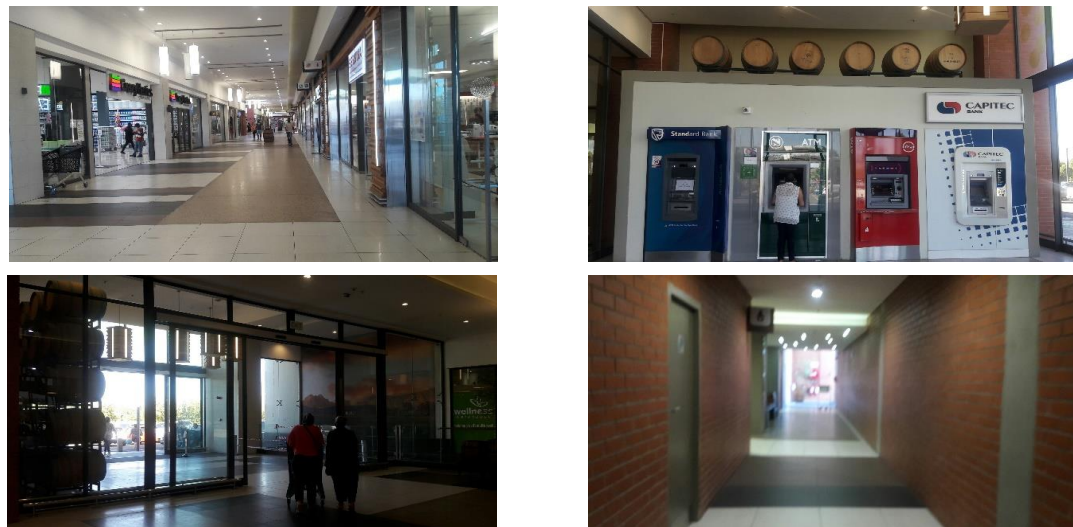
6.1 The Subject Property is improved with a predominantly retail development known as the Helderberg Centre, which officially opened on 24 April 2014. In terms of the SAPOA definition, it can be classified as a Community Centre. It has a gross lettable area of $\pm 21,191\text{m}^2$ which points to a building efficiency of $\pm 89\%$. This can be regarded as fair with Checkers Hyper being the anchor tenant in the development. Of the gross building area, $\pm 17,220\text{m}^2$ is used for retail with the remainder ($\pm 6,490\text{m}^2$) used as a multi-storey, self-storage facility. The development has a plastered brick construction with aluminium window frames and a concrete roof. Internal finishes and design is described as having a modern Cape Winelands theme. Approximately 882 parking bays are provided, which indicates a ratio of one bay per $\pm 24\text{m}^2$ of lettable area. This can be regarded as good, especially as a large component of the improvements offer industrial-type accommodation



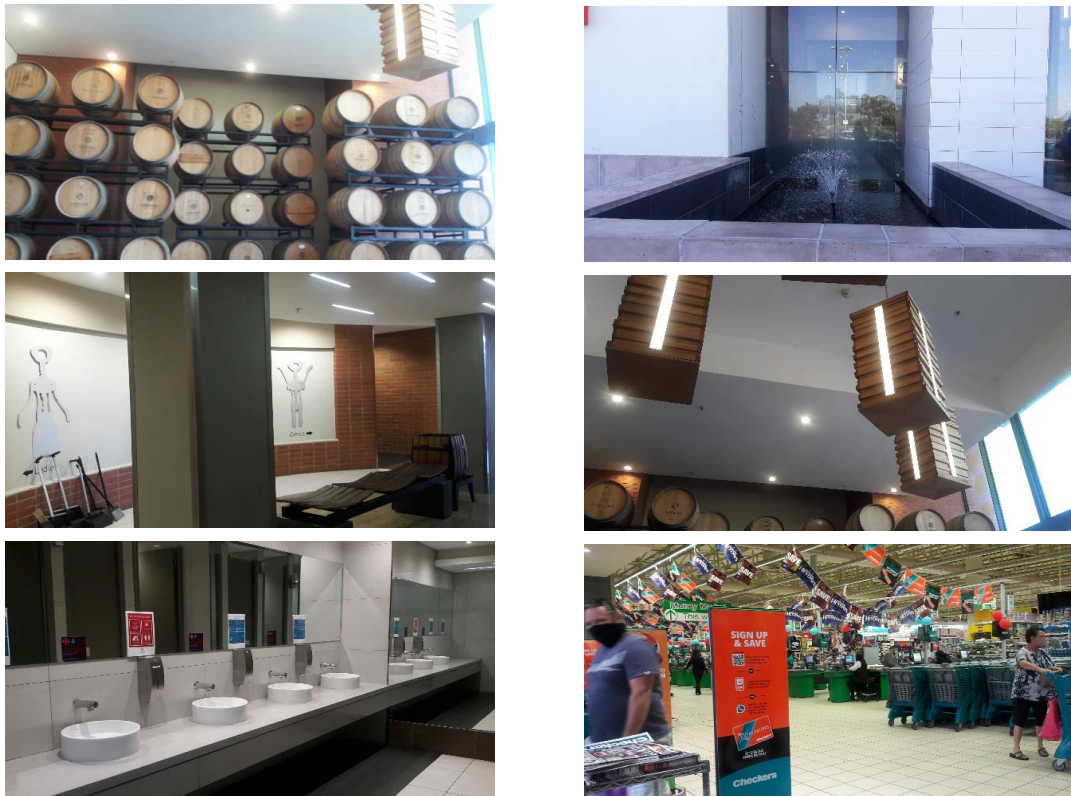
6.2 The triple storey storage facility has its own, secured entrance in the Helderberg Centre. A security kiosk is also established here. Due to security reasons, we could only access a part of the facility. We will assume that the remainder of the building is in a similar state of repair to the areas inspected. According to the manager, the facility comprises ± 517 storage units, offering 32 different unit extents, ranging between $\pm 2\text{m}^2$ to $\pm 37\text{m}^2$. Accommodation on the ground floor comprises a showroom, administration areas and ablution facilities. Access to the upper floors are by means of two lifts and three staircases. Internal finishes generally comprises tiled and bare concrete floors, plastered brick and drywalls as well as concrete ceilings



6.3 Access to the retail component can be gained by means of three entrance points. Two of these consist of lobby areas located towards the western side of the building, whereas the third is a pedestrian access point situated towards the southern part of the development. The ATM's are located at the first entrance, art-like features in the second entrance, with the third entrance leading past the communal ablution facilities. There is a central passage way that leads to ± 25 retail units, ranging in lettable extents of between $\pm 4\text{m}^2$ to $\pm 8,759\text{m}^2$



6.4 Internal finishes are tenant specific and comprises a combination of ceramic tiles, porcelain tiles, laminated flooring, bare concrete and carpeted floors, plastered brick walls and drywall partitioning and concrete ceilings. All of the retail units also have shopfront windows that faces onto this central passage area. The communal ablution facilities have upmarket sanitary ware. Overall, the improvements are in a good state of repair with only routine maintenance required. The parts of the site that are not improved are largely tarred and accommodates various demarcated, free parking bays. Sections of the site are also planted with trees that adds to its appeal. Three of the sites' boundaries are secured by means of steel fencing



7. CONSTRUCTION EXTENTS

	Description	Bldg. Extent	Let. Extent
7.1	Shopping Centre	17 220m ²	21 191m ²
7.2	Storage Facility	6 490m ²	
7.3	Security Kiosk	23m ²	
	Total	23 733m²	21 191m²



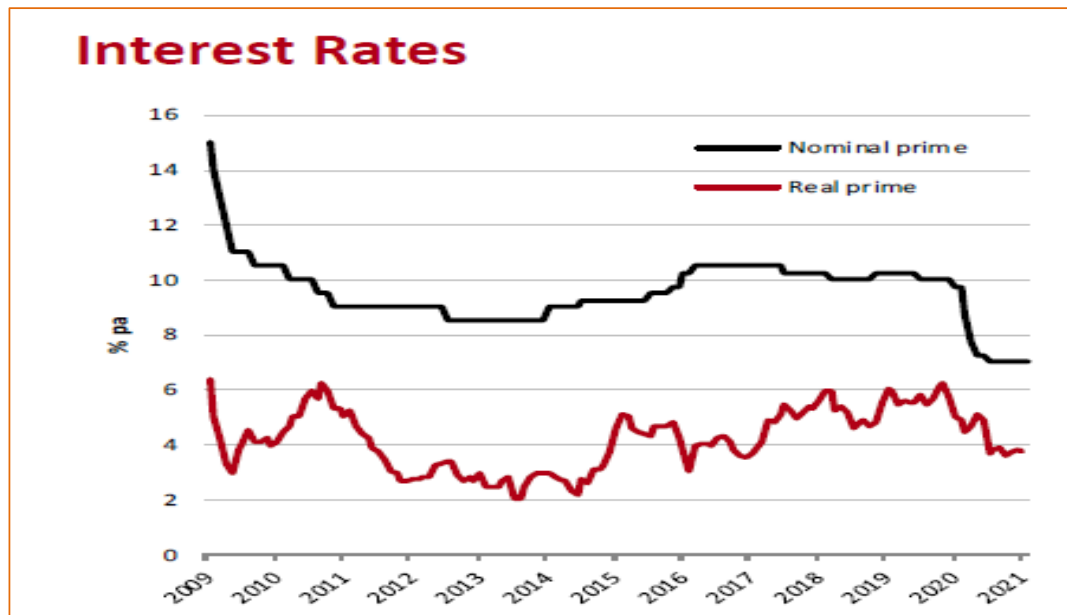
8. REPLACEMENT COST FOR INSURANCE PURPOSES:

Retail	17 220	m ²	@	R	10 500	per m ²	R	180 810 000
Storage	6 490	m ²	@	R	4 500	per m ²	R	29 205 000
Security Kiosk	24	m ²	@	R	8 000	per m ²	R	192 000
SUB-TOTAL:	23 710	m²					R	210 207 000
OTHER IMPROVEMENTS:								
Surrounding Works							R	6 300 000
Add for professional fees / plan scrutiny fees:					12%		R	25 224 840
Add for demolition and removal costs:					3%		R	6 306 210
Sub Total							R	248 038 050
Plus VAT @ 15%					15%		R	37 205 708
Total insurance cover required:							R	285 243 758
SAY:				(Based on	R 12 030	/m ²)	R	285 240 000

9. MARKET TENDENCIES

9.1 An economic brief by the South African Council for Shopping Centres during March 2021 provides the following update on the retail market in South Africa. Weak growth and well-contained inflation results in the possibility of another interest rate cut going forward. However, the South African Reserve Bank eased policy during 2020, which results in some uncertainty if another interest rate cut will have a significant impact on our economy. Latest data up to the end of January 2021 shows that financial conditions have gradually improved since late 2019/early 2020. Consumer inflation increased to ±3.2% year-on-year in January 2021 from 3.1% in December 2020

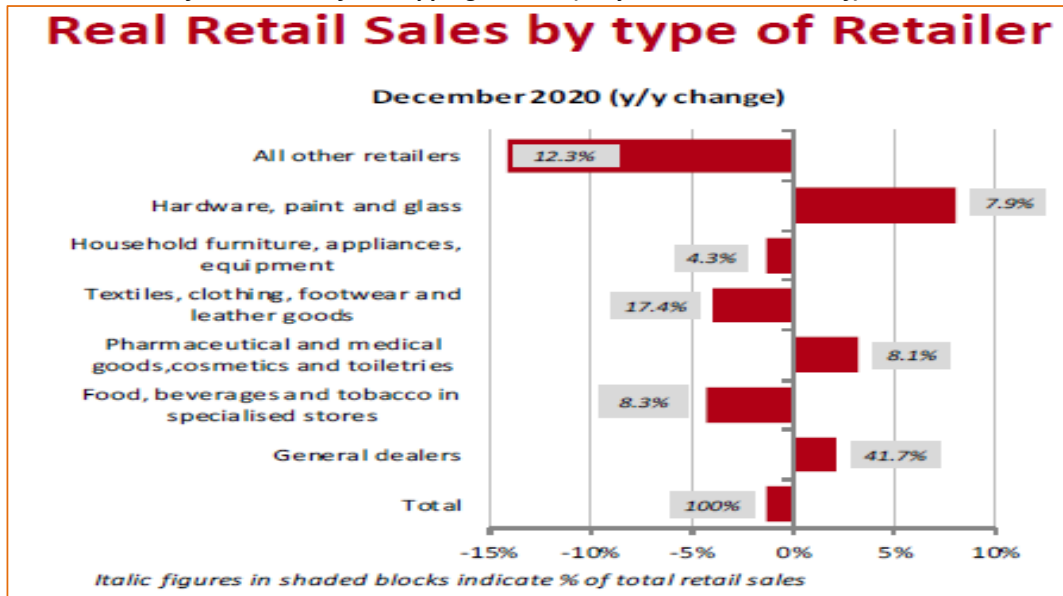
Source: South African Council for Shopping Centres (May 2021 Economic Brief)





9.2 After having recorded month-to-month increases for four months since August 2020, December 2020 showed a month-to-month decline of $\pm 0.8\%$. On a year-on-year basis, sales were down $\pm 1.3\%$ in December 2020, while the total real value of sales in 2020 was $\pm 6.9\%$ down on the 2019 figures. For 2020 as a whole, all seven type of retailers showed negative year-on-year growth rates. The main contributors were all "other retailers" (negative 28.3%), as well as retailers in the textile, clothing, footwear and leather goods sectors

Source: South African Council for Shopping Centres (May 2021 Economic Brief)



9.3 According to the SAPOA Retail Trends Report (September 2020), trading density remained under pressure in the third quarter of 2020. Annualised trading density declined by $\pm 13.4\%$ year-on-year to September 2020. The spend per head increased by 6.9% in September 2020, while foot count was down $\pm 19\%$ compared to the same period last year. SAPOA reports that this additional spend per head was not enough to offset the fewer number of visits, with a significant uptake in e-commerce activity also having an impact on physical retail performance. During the hard lockdown period, larger retail developments came under the most pressure. Community Centres are seen to have taken some market share from the larger markets as its monthly trading density was back to 2019 levels

Source: MSCI Trading Density - Fourth Quarter of 2020

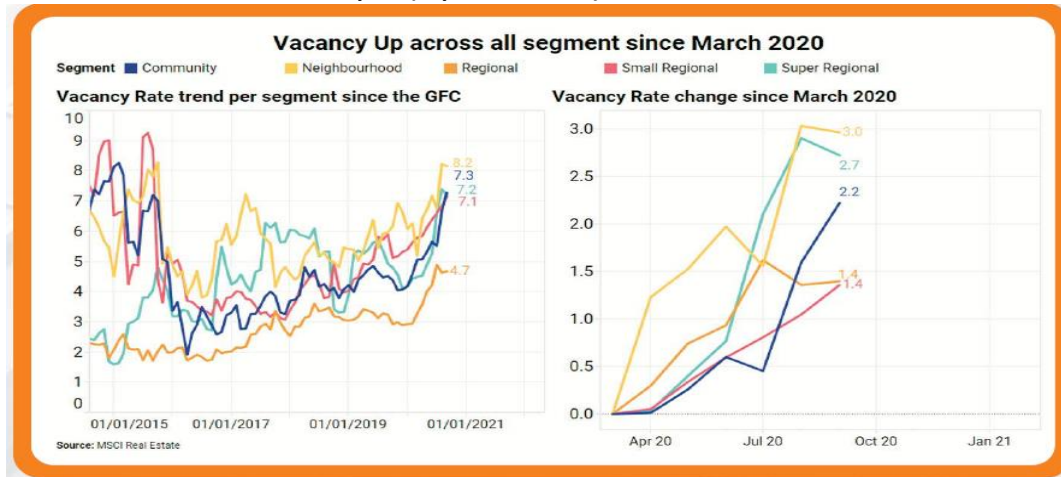
	Index Dec 2019	Index Dec 2020	Trading density Quarterly average	Trading density Annual average	Trading density growth
	Dec 2010 = 100	Dec 2010 = 100	R/m ² /month	R/m ² /month	% y/y
Super Regional	136.2	128.0	3,687.4	2,588.9	-20.4
Regional	135.1	128.1	3,055.3	2,304.2	-15.6
Small Regional	132.2	124.4	2,839.8	2,180.2	-14.1
Community	161.2	167.7	4,247.0	3,358.1	-6.1
Neighbourhood	146.9	143.3	3,784.0	3,271.4	-8.3





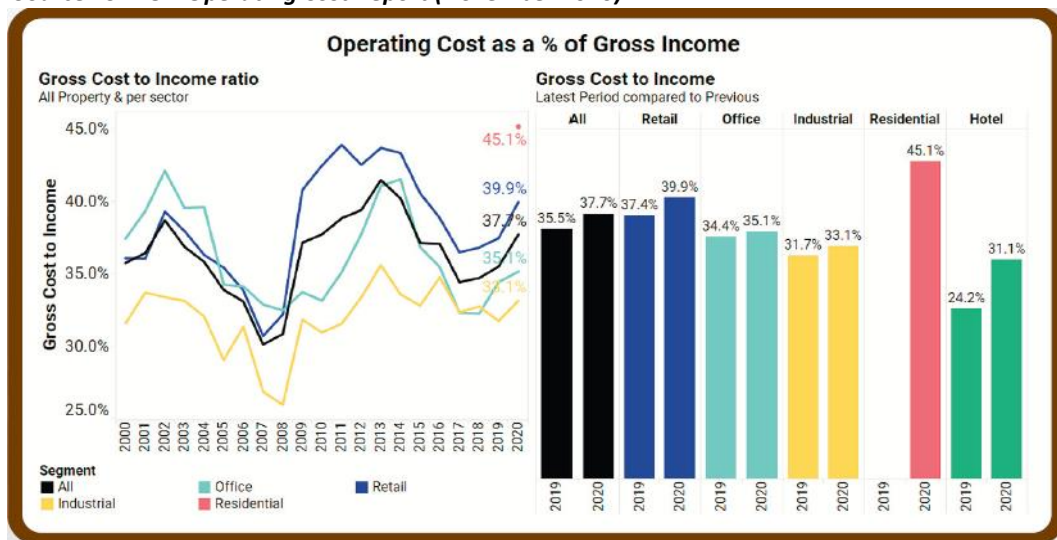
9.4 The average vacancy rate of more than 100 shopping centres surveyed was recorded at $\pm 6.9\%$ during September 2020. On a segment level, the lowest vacancy rate was recorded in the Regional Shopping Centre category at $\pm 4.7\%$. The Super Regional and Neighbourhood Centres segments have seen the largest increase in vacancy rates

Source: SAPOA Retail Trends Report (September 2020)



9.5 The SAPOA Operating Cost Report (November 2020) points to total operating costs equalling to $\pm 37.7\%$ of gross income on an All Property level. Although all property sectors saw their gross cost to income weaken, the retail sector experienced the largest change. The hotel and retail sectors experienced the largest impact as the pandemic-enforced lockdown stressed occupiers ability to meet their rental obligations. This resulted in the net cost to income ratio of the retail sector increasing to $\pm 29.7\%$ during the first six months to June 2020

Source: SAPOA Operating Cost Report (November 2020)





9.6 The SAPOA Cap & Discount Rate Report (November 2020), reports on the fact that the overall capitalisation rate is now lower than what it was from 2012 through to 2014. Although there is some uncertainty at present, overall capitalisation rates have stayed consistent at between $\pm 9,5\%$ and $\pm 9,7\%$. Traditionally perceived as a high-risk investment, convenience retail could outperform in a post-Covid retail landscape, as this sector comes to grip with a combination of social distancing and constrained retail spend. Capitalisation rates of between $\pm 7\%$ and $\pm 10\%$ are currently reflected for Community Shopping Centres, with an average of $\pm 8.31\%$ indicated

Source: SAPOA Cap & Discount Rate Report (November 2020)

Market Cap Rate				
Property Type	MIN	MAX	MED	AVE
Super Regional Shopping Centre >100,000m2	6.50%	8.00%	7.25%	7.28%
Regional Shopping Centre: 50-100,000m2	7.25%	8.50%	7.50%	7.75%
Small Regional Centre: 25-50,000m2	7.25%	9.75%	8.12%	8.15%
Community Shopping Centre: 12-25,000m2	7.00%	10.00%	8.20%	8.31%
Neighbourhood Shopping Centre: 5-12,000m2	7.75%	11.00%	9.00%	9.00%
Retail Warehouse	8.00%	11.00%	9.63%	9.63%
Stand-alone Retail unit	8.25%	11.05%	10.00%	9.74%

10. LEASE DETAILS

10.1 We were provided with all the lease agreements applicable to the Helderberg Centre. As mentioned earlier, Checkers Hyper is currently the anchor tenant in the development and occupies $\pm 42\%$ of the gross lettable extent and responsible for $\pm 53\%$ of the annual rental income. Their current lease is for a 10-year period, which expires on 31 March 2024. A rental in the order of R958,826 is currently paid, which is subject to an annual escalation rate equal to the average of CPI for the preceding 12 months, with a minimum of 5% and a maximum of 8%. Checkers Hyper can renew the lease for three successive periods of 5 years each

10.2 A 2% turnover rental also forms part of the Checkers Hyper lease. Based on the audited turnover figures provided to us, this turnover rental has not been activated as yet. There has however been a gradual increase in their turnovers for the last three years, which bodes well for this anchor tenant renewing their lease upon expiry. Please see below-figures as provided:

Turnover for 01 July 2017 to 31 June 2018:	R	341 400 178
Turnover for 01 July 2018 to 31 June 2019:	R	351 720 892
Turnover for 01 July 2019 to 31 June 2020:	R	407 093 355

10.3 In terms of lettable extent, Stor-Age occupies the second largest area. We were not provided with a lease for this tenant, with only an addendum being made available. The tenant advised that only a shell is leased from the owners, with all installations of the storage units undertaken by themselves. In terms of this addendum, a monthly rental in the order of R108,240 per month is currently paid, which indicates a rate of $\pm R14.47$ per m²

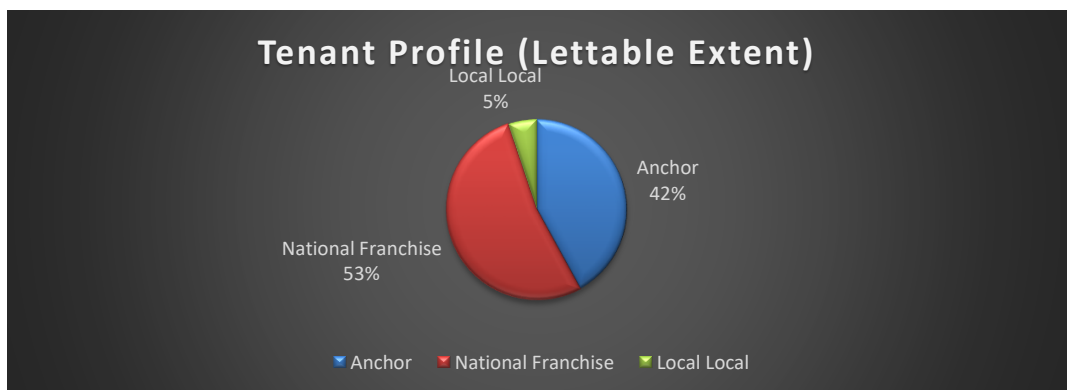
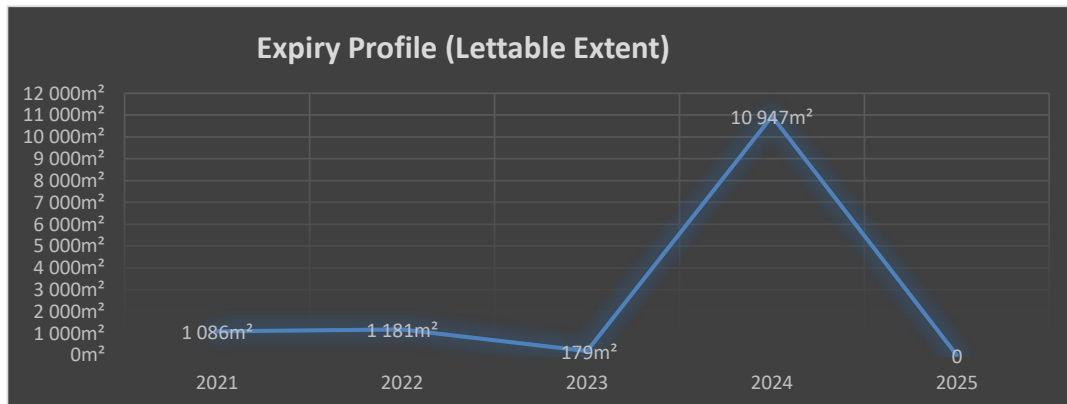
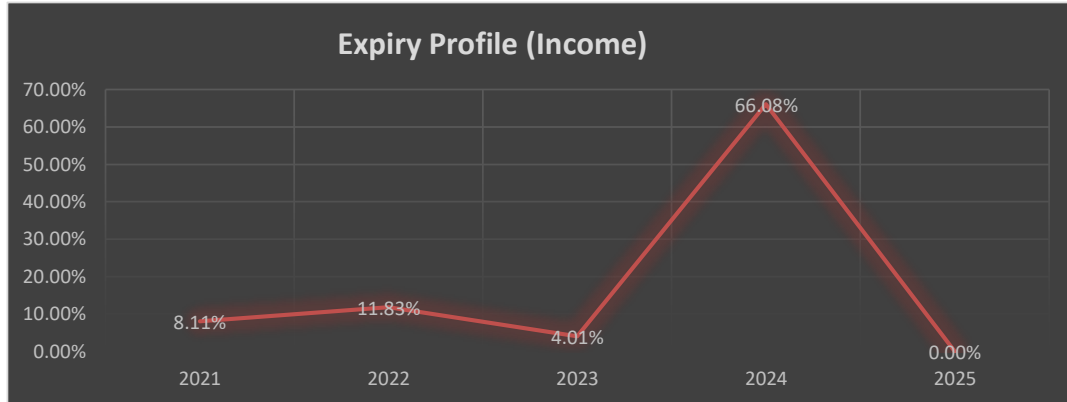


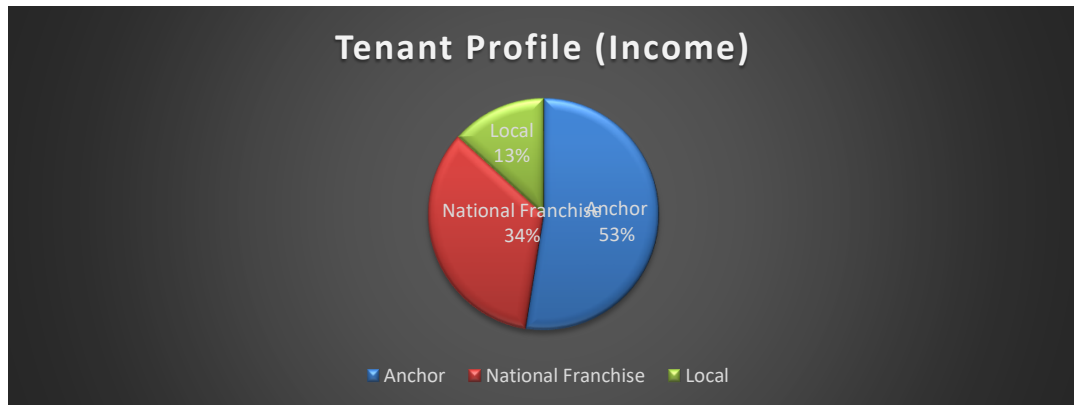


- 10.4 Market rental for these types of facilities are usually determined by a percentage an operator can afford to pay. Although requested, the tenants were not willing to divulge any financial information/management accounts to us. Due to this, as well as the lack of financial information provided of this facility, we will use the current rental as reflected in the existing lease in our calculations
- 10.5 The remaining tenants occupy lettable areas of between $\pm 4\text{m}^2$ to $\pm 1,716\text{m}^2$, with rentals of between $\pm R75.82$ to $\pm R1,107$ per m^2 paid. An average through rental in the order of $R90$ per m^2 is indicated, and although this appear low, it has to be considered that $\pm 35\%$ of the lettable area comprises industrial space. The rental paid depends on extent, location within the Helderberg Centre, proximity to the two entrances leading to Checkers Hyper, finishes and front/depth ratio. In our view, the contract rentals paid can be deemed market related and will be applied in our valuation
- 10.6 All the tenants are currently liable for their municipal consumption costs and internal maintenance. The tenants are also responsible for a pro-rata share of the rates and taxes, with $\pm 63\%$ of this expense recovered. Other recoveries include air-conditioning and lease charges, which will be allowed for in our calculations. Although a turnover-rental clause is included in most of the leases here, these do not appear to have been activated as yet
- 10.7 Based on the current tenancies in place, $\pm 1,086\text{m}^2$ of lettable extent or $\pm 8,20\%$ of annual rental expires during 2021. Most of these agreements are currently being renewed with new lease terms being discussed. Although there are no vacancies at present, one of the units (Shop 17) is currently being renovated for a new tenant (K Bell). Even though this new lease was requested from the current owner (Growthpoint), we were not provided with this as yet. A market related rental has therefore been applied to this unit
- 10.8 The lease with the anchor tenant expires during 2024 which could be considered a drawback. However, due to the current increasing turnovers for the last three years as well as increasing pedestrian traffic and trading densities at the Helderberg Centre, we believe that it is likely that this tenant will renew upon expiry
- 10.9 A positive aspect is the fact that local tenants accounts for $\pm 5\%$ of the total lettable area or $\pm 12\%$ of annual rental income, with national franchise tenants taking up the remainder. To a large degree, this ensures sustainable future cashflow, especially in these uncertain times, which has a downward impact on risk
- 10.10 We have also been provided with the foot traffic comparisons as well as trading densities for the last three years. From this, it can be seen that the Helderberg Centre has seen constant growth, even during the times of the Covid-19 pandemic. Although there has been a gradual increase in trading densities here, this is still below the average ($\pm R3,358$ per m^2) for Community Centres as indicated by MSCI (December 2020)



10.11 Please see below some performance indicators for the Helderberg Centre:





Month	2018 Turnover	2018 Trading Density	2019 Turnover	2019 Trading Density	2020 Turnover	2020 Trading Density	2021 Turnover	2021 Trading Density
January			33 115 776	1 561	36 826 208	1 736	37 098 977	1 749
February			30 667 644	1 446	33 378 124	1 574		
March			42 410 743	2 000	53 113 735	2 504		
April			31 514 768	1 486	30 607 971	1 443		
May			30 564 798	1 441	39 072 140	1 842		
June			41 190 420	1 942	48 146 544	2 270		
July	27 809 068	1 311	31 118 868	1 467	37 973 846	1 791		
August	28 721 072	1 354	32 122 261	1 515	37 272 226	1 757		
September	35 554 354	1 676	40 794 914	1 924	45 385 986	2 140		
October	29 986 947	1 414	33 448 779	1 577	38 901 923	1 834		
November	35 021 947	1 651	37 323 098	1 760	39 875 340	1 880		
December	58 797 147	2 772	65 623 172	3 094	70 875 476	3 342		
Average T/O	35 981 756	1 697	37 491 270	1 768	42 619 126	2 010		
Growth Y-Y	2,76%		4,20%		13,68%			



Helderberg Centre Foot Traffic Comparison Totals				
Monthly				
Month	2018	2019	2020	2021
January	273 423	247 504	240 501	322 392
February	236 468	240 596	226 157	302 589
March	244 517	239 971	158 332	
April	233 819	233 792	144 427	
May	243 222	238 963	135 001	
June	220 689	258 225	313 026	
July	250 185	241 657	320 660	
August	237 944	268 744	327 228	
September	239 971	265 003	310 970	
October	256 714	240 582	329 757	
November	276 976	262 469	325 547	
December	425 156	281 351	417 899	
Average	261 590	251 571	270 792	312 491
Growth Y-Y	-1,53%	-3,83%	7,64%	

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: Somerset Square Location: Corner Main and Gordon Roads GLA (±m ²): 274m ² Rate per m ² : ±R 300.00 per m ² Exposure: Good Front/depth: Good Quality: Inferior Condition: Renovated	
Remarks:	
Somerset Square is a retail development located in the CBD of Somerset West. Although it is a somewhat dated development, it has recently been renovated to provide upmarket facilities. The development is anchored by Checkers and has an average foot traffic count of ±180,000 shoppers per annum. This rental unit has an excellent location in the centre, adjacent to the main entrance of the anchor tenant	
Rental Evidence No. 2	Image
Description: Waterstone Village, Somerset West Location: Corner of R44 and Main Road GLA (±m ²): ±6m ² to ±4,078m ² Rate per m ² : ±R70 per m ² to ±R1,070 per m ² Exposure: Good Front/depth: Varies Quality: Similar Condition: Excellent	
Remarks:	
These units are located in an upmarket retail development with good exposure alongside two busy roads. It is known as Waterstone Village and has a gross lettable extent of ±20,450m ² . The development is anchored by Pick 'n Pay and Woolworths, with ±69% occupied by national tenants. Rentals achieved in this development depends on extent, location within the development, finishes, etc. An average through rental of ±R190 per m ² is indicated for the retail shops only	



Rental Evidence No. 3	Image
Description: Showrooms Location: Urtel Crescent, The Triangle GLA ($\pm m^2$): 437m ² Rate per m ² : $\pm R$ 125.36 per m ² Exposure: Inferior Front/depth: Good Quality: Inferior Condition: Modern	
Remarks: It comprises an upmarket showroom, located towards the western edge of The Triangle. Although the unit has an excellent exposure to vehicular traffic being located alongside the R44, pedestrian traffic here is limited. The improvements have modern finishes and fittings	
Rental Evidence No. 4	Image
Description: Factory Shop Location: 5 Dynagel Road, The Interchange GLA ($\pm m^2$): 710m ² Rate per m ² : $\pm R$ 96.00 per m ² Exposure: Good Front/depth: Good Quality: Inferior Condition: Good	
Remarks: The rental property has an inferior location opposite The Triangle, in a predominantly industrial extension of Somerset West. This unit does however a good location in The Interchange, with excellent exposure from the R44. The rental property comprises a triple-storey factory shop that is in a good state of repair with high quality finishes and fittings	

Due to the Covid-19 pandemic, there has been limited recent transactions of retail developments during the last 12 months. Due to this, our market research will be extended to both dated transactions as well as transactions in other suburbs and provinces. These are as follows:

TABLE 3: TRANSACTIONS OF RETAIL DEVELOPMENTS	
Transaction No. 1	Image
<p>Description: Erven 15927 and others Somerset West Location: Main Road, Somerset West Erf Extent: 75 577m² Price Paid: R637 000 000 Purchase Date: 11 May 2018 GLA (±m²): 20 450m² Ave. Rental ±R 172 per m² Yield (%): ±7.53% Rate per ±R 31 149 per m² Development: Waterstone Village</p>	
<p>Remarks: The transaction comprises a retail shopping centre that is located at the busy intersection of the R44 Regional Road and Main Road in Somerset West. It is known as Waterstone Village and has comparable gross lettable area. It is anchored by Woolworths and Pick 'n Pay, with ±69% of the mall anchored by national tenants. At the time of the transaction, there was only one vacant retail unit of ±28m². Furthermore, it had a trading density of ±R6,411 per m² which is well above the average for Community Shopping Centres</p>	
Transaction No. 2	Image
<p>Description: Ptn 81 of Farm No. 794 Stellenbosch RD Location: 2 Nibblick Way, The Triangle Erf Extent: 44 412m² Price Paid: R386 000 000 Purchase Date: 11 May 2018 GLA (±m²): 16 515m² Ave. Rental Unknown Yield (%): ±7.25% Rate per ±R 23 373 per m² Development: The Sanctuary</p>	
<p>Remarks: The transaction has a comparable location in The Triangle, at the intersection of the R44 and De Beers Avenue. It is improved with an upmarket retail and office development, which is anchored by Woolworths and Pick 'n Pay. It has a smaller lettable extent of ±16,515m² and was completed during October 2016. The development is commonly known as The Sanctuary and has a triple storey height, consisting of ±8,000m² of retail space, ±6,000m² of AAA-grade offices and a ±2,000m² Virgin Active gymnasium. A positive aspect of the development is its location alongside a rehabilitated waterbody, which adds to its appeal</p>	

Transaction No. 3	Image
<p>Description: Erf 10800 Constantia Location: No. 238 Main Road, Tokai Erf Extent: 25 101m² Price Paid: R180 000 000 Purchase Date: 03 April 2020 GLA (±m²): 7 698m² Ave. Rental ±R 183 per m² Yield (%): ±8.59% Rate per ±R 23 383 per m² Development: Tokai Junction</p>	
<p>Remarks: It is located in the sought after suburb of Tokai, within close proximity to the popular Blue Route Shopping Mall. It has a highly visible location close to the intersection of Main and Tokai Roads, with its exposure further enhanced being on an elevated erf. The property is improved with a single storey retail development that is anchored by Pick 'n Pay. Other national tenants here include Cash Crusaders, Crazy Store and Pepkor, to name but a few. Although this property has good exposure to passing vehicular traffic, pedestrian traffic is however limited. At the time of the transaction, it had a ±4.8% vacancy in terms of income and the improvements were in a good state of repair</p>	
Transaction No. 4	Image
<p>Description: Retail development Location: Atterbury Road, Faerie Glen, Pretoria Erf Extent: 118 556m² Price Paid: R1 124 763 333 Purchase Date: 30 June 2020 GLA (±m²): 54 767m² Ave. Rental ±R 209 per m² Yield (%): ±9.52% Rate per ±R 20 537 per m² Development: Atterbury Value Mart</p>	
<p>Remarks: The transaction is improved with a retail development known as Atterbury Value Mart and is regarded as one of the largest factory retail outlet destinations in Gauteng. It has a street-frontage of nearly 1km and consists of around 90 stores with 20 factory outlets. The development is anchored by Builder's Warehouse, Checkers and Sportsman's Warehouse, with a number of international brands occupying factory shops here. There is also an average of ±6,000,000 shoppers to this development annually. The purchase price includes a rental guarantee (capped at R5,000,000) to the purchasers for a period of 24 months against any reversions of rental income</p>	



13. VALUATION CONCLUSIONS

Please see attached **Annexure A** for the valuation calculations of the Subject Property. The details of which are as follows:

- 13.1 Based on the before-mentioned research, lease analysis and conclusions, a total monthly rental in the order of R1,929,444 is determined, or **R23,153,330 per annum**. After allowing for a **5%** long-term vacancy, a gross annual income of **R21,995,663** is reflected. In terms of the budgets and projections provided, additional income in the form of a car-guard and court income (total of R168,000) is generated from the facility, which has also been included in our calculations. As mentioned, $\pm 63\%$ of the rates and taxes, air-conditioning costs and lease charges are recovered from the tenants, which totals $\pm R964,598$. With consideration of the before-mentioned, a gross annual income in the order of **R23,128,261** is indicated
- 13.2 Budgeted expenses were provided to us for the year under review. Although this has largely been used, market expenses have also been applied where deemed necessary. With this, a total annual expenditure of **R6,148,158** is reflected, which in turn indicates an income/expense ratio of **$\pm 26.58\%$** or **$\pm R24.18$ per m² per month**. Although this can be regarded as low for retail developments, it has to be considered that a significant part of the improvements comprises an industrial component. Once this is deducted, a net annual income in the order for **R16,980,110** is calculated
- 13.3 The analysed market evidence indicate expected initial yields of between $\pm 7.25\%$ and $\pm 9.52\%$. With our determination of the capitalisation rate for the Subject Property, we have considered the current location of the Subject Property in The Triangle, which is a popular retail node with limited vacancies at present. This, together with its tenant profile, quality and condition of the improvements as well as its increasing trading densities and foot count (even during the Covid-19 pandemic), we believe a capitalisation rate in the order of **8.5%** can be deemed fair and has been applied in our calculations
- 13.4 From this, a value in the order of R199,766,003, say **R200,000,000** is indicated, which in turn reflects a building rate of $\pm R9,427$ per m². Although this is well-below the building rates as indicated by the listed transactions (between $\pm R20,537$ per m² and $\pm R31,149$ per m²), it has to be considered that a large part of the improvements offer industrial accommodation. The value determined is in line with the recent purchase price of the Subject Property (R200,000,000 dated 12 January 2021) and will therefore be certified with this report

14. VALUATION CONDITIONS

- 14.1 It is essential to note that although we will endeavour to include the potential impact that the Covid-19 virus might have on property values, it is at this point in time not yet possible to fully quantify such impact. Our valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA of the Royal Institution of Chartered Surveyors Red Book Global. Consequently, less certainty - and a higher degree of caution - should be attached to our valuation than would normally be the case



- 14.2 Some of the leases that are expiring during the year under review is currently in the process of renewal. Our valuation will assume that upon these renewals, there will be no significant differences between the rentals paid or lettable extents occupied. Should this not be the case, we reserve the right to amend our valuation
- 14.3 In the offer to purchase, some of the leases as well as the building plans provided, the Subject Property is referred to as Portion 123 of Farm 794 Stellenbosch RD. With our research, this property does not appear to exist. The correct property description is Portion 77 of Farm No. 794 Stellenbosch RD and we recommend that the Offer To Purchase be updated with the correct property details

15. VALUATION SUMMARY

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 **R200,000,000 (Two Hundred Million Rand)** to be a true and fair assessment of its current open market value

The signatory/ies to this document hereby confirms that he / they has / have no present or contemplated interest in this or any other properties or any other interests, which would affect the statements or values contained in this valuation report. The valuation enclosed herewith was therefore undertaken on a completely independent basis

A handwritten signature in black ink, appearing to read "S.E. Jacobs", is written over a light blue horizontal line.

S.E. Jacobs
Professional Associated Valuer
Reg. No.: 4626
for Astra Valuations

Date of Signature: 23 March 2021



Annexure A: Valuation Calculations							
Income for the period 01 July 2021 to 30 June 2022:							
Shop No.	Tenant	Rate per m ²	Extent (±)	Lease Expiry	Escalation	Monthly Rent	Annual Rent
1	Checkers Hyper	R110.81	8 759m ²	31-Mar-24	4.89%	R 970 554	R 11 646 653
2	Stor-Age	R14.47	7 481m ²	30-Jun-37	7.50%	R 108 240	R 1 298 876
	Shoe City	R146.07	330m ²	30-Apr-22	6.00%	R 48 202	R 578 424
5	Crazy Plastics	R96.46	1 716m ²	30-Apr-24	6.00%	R 165 489	R 1 985 862
7	Checkers Liquors	R277.13	155m ²	30-Apr-24	6.50%	R 43 011	R 516 131
10	Moroccan Cut	R256.35	64m ²	30-Nov-21	8.00%	R 16 330	R 195 955
10B	Cell World	R383.04	42m ²	30-Apr-23	8.00%	R 15 896	R 190 754
11	About Cats and Dogs	R473.73	89m ²	31-Mar-23	8.00%	R 42 257	R 507 079
14	Dealz	R113.87	646m ²	30-Jun-21	0.00%	R 73 593	R 883 119
15	Café Mia	R254.86	126m ²	31-Mar-24	7.00%	R 32 036	R 384 429
18	Torga Optical	R403.07	79m ²	31-Mar-22	7.50%	R 31 682	R 380 178
19	King Pie	R320.50	80m ²	30-Nov-22	8.00%	R 25 672	R 308 068
20	Home Etc	R296.77	161m ²	31-Mar-24	7.00%	R 47 899	R 574 783
21	The Crazy Store	R261.83	194m ²	31-Mar-22	0.00%	R 50 665	R 607 979
25 & 26	Bernina Somerset West	R152.15	158m ²	31-Dec-22	7.00%	R 23 964	R 287 568
ATM	Nedbank	R1 037.20	4m ²	31-May-23	6.00%	R 4 460	R 53 520
ATM	ABSA	R1 107.63	4m ²	30-Apr-22	7.00%	R 4 874	R 58 483
ATM	Capitec Bank	R962.22	4m ²	31-Mar-23	6.00%	R 3 849	R 46 187
14 A & B	Elegance Fabrics	R75.82	302m ²	28-Feb-22	0.00%	R 22 881	R 274 575
3	Dial-A-Bed	R111.42	215m ²	30-Jun-21	0.00%	R 23 955	R 287 458
6	Doctors @ Helderberg	R402.63	67m ²	30-Sep-20	0.00%	R 26 775	R 321 295
8	The Biltong Master	R634.76	20m ²	31-Mar-26	8.00%	R 12 695	R 152 342
9	Cell We Care	R524.43	30m ²	31-Mar-24	8.00%	R 15 943	R 191 312
10A	Leather Boutique	R266.09	40m ²	31-Mar-21	0.00%	R 10 750	R 129 000
12	The Tailor	R273.00	40m ²	31-Dec-23	8.00%	R 10 920	R 131 040
13	Montagu Trading Co.	R577.30	35m ²	31-Mar-22	0.00%	R 20 321	R 243 852
16	Wellness Select	R265.85	120m ²	31-Mar-21	0.00%	R 31 928	R 383 136
24	Discount Books (Eagle)	R120.84	157m ²	31-May-21	6.00%	R 18 924	R 227 086
ATM	Standard Bank	R1 088.88	4m ²	31-May-23	6.00%	R 4 682	R 56 186
17	K Bell (Market Rent)	R300.00	70m ²	Unknown	Unknown	R 21 000	R 252 000
Totals			Retail Area 21 191m²			R 1 929 444	R 23 153 330
		Average Through Rental per m²	R91	Less: Vacancies	5.00%	R 1 157 666	
				Subtotal:		R 21 995 663	
				Add: Additional Income:		R 168 000	
				Recoveries:		R 964 598	
				Gross Annual Income		R 23 128 261	



Annual Expenditures:		Est. Rate	R	6 148 151
Rates & Taxes: Actual Municipal Value	R130 000 000	0.012117	R	1 575 210
Advertising & Marketing			R	113 370
Meter Reading			R	112 935
Refuse (Unrecovered)			R	7 000
Security			R	1 096 469
Hygenic Services			R	77 719
Cleaning Contracts			R	606 550
Pest Control			R	11 983
Air-conditioning			R	39 232
Fire-Equipment Servicing			R	174 996
Garden Maintenance			R	92 027
The Triangle Home-Owners Association Levies			R	269 042
Maintenance Fee		0.18%	R	446 468
Insurance		0.12%	R	297 646
Auditing		0.75%	R	173 462
Management Fee		4.50%	R	1 040 772
Generator Maintenance			R	13 270
Value Calculations:				
Net Income			R	16 980 110
Capitalised at		8.50%	R	199 766 003
Add: Contributing Value of Turnover Rental			R	-
Value			R	199 766 003
Value, Say			R	200 000 000
Rate per building m²			R	9 427
Income vs Expenditure as %				26.58%
Expenditure as monthly building rate per m²			R	24.18



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 rental, 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 and rental determination with our report is defined by the International Valuation Standards Council (2020) 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

01 July 2021