



MAJOLA VALUATION SERVICES

MARKET VALUE OF IMMOVABLE PROPERTY

Erf 16832 East London, Eastern Cape Province



Instructed by
AUCTION ONE

Property Owners
METRO GYM & FITNESS CENTRE CC

Property Address
73 Fleet Street, Quigney, East London

Prepared by:

Wandile Majola

Professional Associate Valuer

Member of South African Institute of Valuers

Member of the SA Council for the Property Valuers Profession

1 GENERAL INFORMATION

1,1 Instruction

We were instructed by **Auction One** to determine the open market value of Erf 16832 East London, 73 Fleet Street, Quigney, East London the subject property and to submit a motivated valuation report in regard thereto.

1,2 Date of Instruction

An instruction was received on: **30th January 2026**

1,3 Date of Inspection

The property was physically inspected on: **2nd February 2026**

1,4 Date of Valuation

The effective date of the valuation is: **2nd February 2026**

1,5 Purpose of Valuation

To determine the Open Market Value of the subject property.

1,6 Definition of Market Value/Market Rental

Market Value is defined as:

"The estimated amount for which an asset should exchange on the date of valuation, between a willing buyer and a willing seller in an arm's length transaction after proper marketing, where the parties had each acted knowledgeably, prudently and without compulsion."

If the existing use has not utilised the full potential of the property, then the realistic Open Market Value of the subject property in accordance with its highest and best use will be determined, taking in account that such alternative use must be economically viable, physically feasible and legally permissible.

2 TITLE DEED INFORMATION (SEE ANNEXURES)

We have not had sight of the relevant Title Deed but Deeds Office Enquiries indicates that the property is held as follows:

2,1 Legal Description:

Erf 16832 East London, Eastern Cape Province

2,2 Title Deed number:

T31964/2023

2,3 Registered owners:

METRO GYM & FITNESS CENTRE CC

2,4 Extent of the property:

607 m²

2,5 Date of Purchase by Present Owner:

2023/05/11

2,6 Purchase Price:

[REDACTED]

2,7 Bonds:

The bond was registered on the selected property in 2023/12/18.

2,8 Servitude's, Conditions, Endorsement and Caveats

We did not have sight of the Title Deed and are therefore unable to comment on the effect of servitudes if any, affecting the subject property, the property having been valued as if wholly owned with no account having been taken of any outstanding monies due in respect of mortgage bonds, loans or other charges.

3 LOCAL GOVERNMENT INFORMATION

3.1 Local Authority Information

Buffalo City Metropolitan Municipality

3.1.1 Municipal Valuation

as of 2023/2024

R 5 000 000

3.1.2 Town Planning and Zoning

	PERMITTED	ACTUAL
Zoning	Business Zone 1	Business
Coverage:	100%	95,55% 580 m ²
Height	Unrestricted	Three storey
Building Lines	0m Street; 0m Rear; 0m Side	There are reasonable distances from all site boundaries to the building.
Parking requirements	For the Ground Floor 6 bays per 100m ² GLA.	On street parking.
Comments	As far as could be ascertained, the subject property complies with all the provisions of the current town planning scheme.	

3.1.3 Primary uses

Business premises, supermarkets, bottle stores, town houses, flats, residential buildings, funeral parlours, place of worship.

3.1.4 Consent uses

Commercial workshop, place of assembly, place of instruction, institution, day care centre, service station, hypermarket, place of entertainment, adult shop, mortuary, escort agency.

4 PROPERTY DESCRIPTION

4.1 Land

4.1.1 Locality

The subject property at 93 Fleet Street is located on the R72 (North East Expressway), approximately 2 km from the East London CBD, with convenient access to the N2 national highway and N6 inland route via connecting roads, as well as nearby arterial routes including Esplanade Street and Fitzpatrick Road. Quigney is a central, mixed-use suburb of East London, situated immediately east of the CBD and adjacent to the Indian Ocean beachfront, characterised by a combination of residential accommodation, tourism and leisure amenities, and commercial activity along main routes such as Fleet Street. This central positioning provides good accessibility, exposure and commercial connectivity.

4.1.2 Environment

Quigney is a central, mixed-use suburb of East London, situated immediately east of the CBD and adjacent to the Indian Ocean beachfront, characterised by a combination of residential accommodation, tourism and leisure amenities, and commercial activity along main routes such as Fleet Street.

4.1.3 Topography, Shape and Access

The improvements stand on a generally level rectangular shaped site, which is accessed via a tarred road, and is situated on the main road and arterial route that links East London to other towns.

4.1.4 Services

Water, sewer, electricity, refuse collection and telephone services, are available and connected to municipal lines.

4.1.5 Availability of Amenities

The subject property is well-located relative to everyday amenities, lifestyle and service nodes, enhancing its attractiveness to tenants and supporting market rental assumptions for commercial uses. The close walkability to leisure, retail and transport nodes also contributes positively to the property's income potential, particularly for office, training centre or flexible commercial occupancy.

4.2 Improvements

4.2.1 Structures

The subject property comprises a large triple-storey commercial building, formerly utilised as a health club / fitness centre, with a gross building area of approximately 1 370 m², situated on a 607 m² site.

Ground Floor Accommodation:

The ground floor comprises an entrance and reception area, a transformer room, three offices, and separate male and female change rooms. Additional accommodation includes a cycling classroom and a circuit training area, which occupies the space of a former indoor swimming pool. A stairway linking the ground and first floors includes a computer room located beneath the stair landing.

First Floor Accommodation:

The first floor comprises separate male and female change rooms, a gymnasium area, and a reception / café area with an adjoining kitchen. The female change room provides inter-leading access to a sauna room, which was observed to be non-operational, with portions of the internal wall finishes and timber elements removed.

Second Floor Accommodation:

The second floor comprises a gymnasium area and a change room. Portions of the wooden floor finishes have been removed, exposing the underlying structure.

4.2.2 Construction

The building is of conventional construction, with an asbestos roof covering, aluminium-framed windows, and some timber-framed windows. Internal floor finishes comprise a combination of carpeted and ceramic tiled surfaces, with areas of removed or deteriorated flooring noted.

4.2.3 Condition

The building is generally in fair to poor condition and requires maintenance and upgrading. Repainting is required internally and externally, while the sauna room is dismantled and in a deteriorated state. Certain internal finishes, particularly flooring, are incomplete or removed.

In its current condition, the property is not suitable for immediate occupation or operation as a gym, health club, or fitness centre, without refurbishment and remedial works. An Electrical Compliance Certificate (ECOC) is required.

All fire extinguishers on the property were recently serviced in 2025, ensuring compliance with basic fire safety requirements. It should be noted that there is evidence of asbestos on the property, as the main dwelling has asbestos roof sheets. Appropriate precautions and management are recommended in line with health and safety regulations.

5 **HIGHEST AND BEST USE OF THE SUBJECT PROPERTY**

The highest and best use of the subject property is its continued commercial utilisation. It may either be retained as a specialised gym or health club—taking advantage of the existing layout, finishes, and fittings—or adapted for alternative commercial purposes such as offices, training, or assembly-type functions. Both options are legally permissible, physically feasible, financially viable, and maximally productive.

6 METHOD OF VALUATION

The subject property is considered to have its greatest value as an investment property. Should it be offered for sale in the open market, it would be bought upon an acceptable return on outlay in terms of money, i.e. the income capitalisation method of valuation.

6.1 Income Capitalisation Method

This method of valuation requires the Valuer to determine the net annual income of the property by making certain assumptions such as the property being fully let at market related rentals making allowances for factors such as vacancies, etc. and then making deductions for operating expenses. The net annual income is then capitalised at a market related rate (based on yield returns of similar properties that have traded recently) to produce a market related present day value for the subject property.

Comparable sales in the area

Comparable sale 1.

Legal Description:	Erf 16159 East London
Accommodation Type	Workshop / Warehouse
Erf extent:	2279 m ²
GLA:	2050 m ²
Purchase price:	R7 950 000,00
Purchase date:	2023/09/01
Gross Monthly Income	R102 500,00 / month
Operating Expenses	R30 750,00 / month
Net Annualised Income	R861 000,00 / year
Yield	10,83%
Net Rental (R/m ²)	R35,00 /m ² / month
Gross Rental (R/m ²)	R50,00 /m ² / month
Selling Rate per m ² based on stand size	R3 488,37 / m ²



Remarks: This comparable sample sale is situated within a nearby light industrial suburb of East London known as Arcadia. The sample property comprises a front sales area with small office component and the remainder being workshop and warehouse premises.

Comparable sale 2.

Legal Description:	Erf 14895 East London
Accommodation Type	Retail and Offices
Erf extent:	291 m ²
GLA:	480 m ²
Purchase price:	R2 100 000,00
Purchase date:	2025/05/09
Gross Monthly Income	R27 840,00 / month
Operating Expenses	R7 795,00 / month
Net Annualised Income	R240 358,00 / year
Yield	11,45%
Net Rental (R/m ²)	R42 /m ² / month
Gross Rental (R/m ²)	R58 /m ² / month
Selling Rate per m ² based on stand size	R7 216,49 / m ²



Remarks: The subject property comprises a fairly level mid-block site within central East London. The property comprises double storey main building with part retail fronting Oxford Street.

Comparable sale 3.	
Legal Description:	Erf 14925 East London
Accommodation Type	Retail
Erf extent:	607 m ²
GLA:	600 m ²
Purchase price:	R2 850 000,00
Purchase date:	2024/01/05
Gross Monthly Income	R39 000,00 / month
Operating Expenses	R13 650,00 / month
Net Annualised Income	R304 200,00 / year
Yield	10,67%
Net Rental (R/m ²)	R42 /m ² / month
Gross Rental (R/m ²)	R65 /m ² / month
Selling Rate per m ² based on stand size	R4 695 / m ²



Remarks: This comparable sale is situated on the corner of Oxford Street and Stephenson Street within close proximity to the subject property. The sample sale comprises basic retail warehouse accommodation. All round redecoration was required.

Lettable area research reveals:

	Rental Amount	Location	Comments	Lettable area in m ²	Rental Rate per m ²
1	R91 650,00	21 North Street, East London CBD	Superior condition; CBD location; limited on-site parking.	1410	R65,00
2	R96 000,00	Bonza Bay Road, Beacon Bay (corner site)	Stronger node; main road exposure; adequate parking	1850	R52,00

The above rentals are of Gymsnasiums or Fitness Centres in the area, with similar sizes

Market rental research for gymnasiums and large-format commercial space indicates achievable rentals in the range of ±R50/m² to R65/m², depending on node strength and condition. Adjustments were applied to reflect that the subject property is inferior to Beacon Bay, comparable to secondary CBD fringe locations, and inferior in condition to the CBD comparable. This resulted in the adoption of conservative, floor-specific rentals, consistent with observed market evidence

Market Conditions

Rental demand in East London and the broader Eastern Cape remains strong, particularly for affordable and multi-tenanted properties. Nationwide, residential vacancies are at historically low levels, driven by high interest rates and a shift toward renting over buying. Coastal provinces, including East London, have some of the highest rental demand, especially for budget-friendly units.

In Quigney, sustained demand exists even for older or modestly maintained properties, as tenants seek affordable, flexible accommodation. Low vacancy rates support stable rental income, and the property's multi-unit configuration aligns well with current rental market preferences, particularly for students, young professionals, and lower-income tenants.

A multi-tenanted property as the subject property is well positioned to achieve consistent occupancy and income in the current market.

Market research and application

Market rental research for gymnasiums and large-format commercial space indicates achievable rentals of approximately R50/m² to R65/m², depending on node strength, exposure, and building condition. The subject property's rentals have been adjusted downward from prime and suburban comparables to reflect that it is inferior to Beacon Bay, comparable to secondary CBD fringe locations, and inferior in condition to CBD comparables.

Consequently, conservative, floor-specific rentals were adopted:

Ground floor: R65/m² – reflects high visibility, access, and demand for street-level space.

First floor: R57.50/m² – slightly reduced desirability due to floor level.

Second floor: R50/m² – reflects reduced exposure, accessibility, and current condition.

These rentals were applied to the subject property's multi-tenanted configuration to calculate gross rental income, vacancy-adjusted income, and net operating income, ensuring the derived market value is aligned with observed market evidence.

These rentals are considered market-aligned, sustainable, and achievable under normal market conditions, taking into account the subject property's location, zoning, lawful use, accommodation mix, and overall condition..

Capitalisation rate

The capitalisation rate is the rate of return of an investment asset and is determined from the market. It is generally defined as the rate of interest used to convert forecasted cash flows into real estate investment value. This rate represents the risk of the investment and is affected by rates of return of similar properties, inflation, mortgage rates, etc.

The market value derived from the Income Capitalisation Approach has been considered against prevailing market conditions, comparable investment sales, and rental evidence within East London. Comparable transactions in Arcadia and CBD fringe locations reflect net yields ranging between approximately 10.67% and 11.45%, confirming that investors require double-digit returns for income-producing commercial properties in secondary and mixed-use nodes.

Having regard to the subject property's Quigney location, fair to poor condition, refurbishment and compliance requirements, multi-tenanted income profile, and limited parking, a slightly higher capitalisation rate of 12% has been adopted to appropriately reflect the overall risk profile of the investment.

This rate is considered to represent a balanced market position within the observed yield range, appropriately reflecting both the income-producing potential of the property and the operational risks associated with its use. The adopted 12% capitalisation rate is therefore regarded as the most probable yield that a prudent investor would be willing to accept in the open market for a property of this nature and profile.

Vacancies

Market evidence for similar commercial properties (offices, gyms, training centres and mixed-use buildings) in Quigney, the CBD fringe and secondary East London nodes indicates typical vacancy levels in the range of approximately 5% to 10%, influenced by location, condition, parking, tenant configuration and sub-market demand. Prime suburban nodes such as Beacon Bay generally reflect lower vacancy, while older properties in secondary locations may experience higher levels. A 5% vacancy allowance has been applied to the subject property, which is considered appropriate given its central Quigney location, multi-tenanted configuration, flexible floor plates, and conservative rental assumptions, despite refurbishment and compliance requirements. This allowance adequately reflects normal leasing risk and is regarded as market-aligned, prudent and supportable, without overstating income volatility.

VALUATION SUMMARY

Total annual income	:	R852 240,00	
Provisions for vacancy	:	5%	
Gross annual income	:	R 809 628	
Total expenditure	:	R 349 473	43,16%
Nett annual income	:	R 460 155	
Capitalisation rate	:	12,00%	

9 CERTIFICATE OF VALUATION

Based on the above and after having discussed with fellow Valuer's and Estate Agents active in the area, I, **Wandile Majola**, hereby certify that I have personally inspected the aforementioned property



Wandile Majola
Professional Associated Valuer
Reg. No. 5458/0

2nd February 2026

Date of Signature

12 ASSUMPTIONS, LIMITATIONS AND RESTRICTIONS

12,1 Full Disclosure

This valuation has been prepared on the basis that full disclosure of all information and factors which may affect the valuation have been made to ourselves and we cannot accept any liability or responsibility whatsoever for the valuation, unless such full disclosure has been made. All information as obtained from external sources and which is contributory in determining the value of the subject property is deemed to be correct. Should it subsequently transpire that any such information is incorrect, the Valuer shall have the prerogative to amend the valuation if so required.

12,2 Valuation Standard

This valuation has been prepared in accordance with the guidelines of the South African Institute of Valuers for valuation reports.

12,3 Plans

All plans included within the Valuation Report are supplied for the purpose of identification only and are not necessarily to scale.

12,4 Statutory Notices and Unlawful Use

We have assumed that the property and its value are unaffected by any statutory notice or condition of Title where Title Deeds have not been inspected, and that neither the property nor its condition, nor its use, nor its intended use, is or will be unlawful.

12,5 Structural surveys

We did not undertake a structural survey of the building, nor did we arrange for tests or inspections to be carried out on any of the service installations. We assumed that if any latent errors existed that they would be visible with the naked eye.

12,6 Woodwork and covered structures

We have not inspected the woodwork or other parts of the structure that are covered, unexposed or inaccessible and we are therefore unable to report that such parts of the property are free of rot, beetle or other defects.

12,7 Confidentiality

This valuation is produced exclusively for **HLCB Properties**, and for the specific purposes to which it refers. It may be disclosed to your other professional advisers assisting you in respect of that purpose. We accept no responsibility whatsoever to any parties other than yourselves who make use of this valuation.

12,8 Non-Publication

Kindly note that neither the whole nor any part of this report, nor any reference thereto may be included in any published document, circular or statement, nor published in any way without our prior written approval as to the form or context in which it may appear.

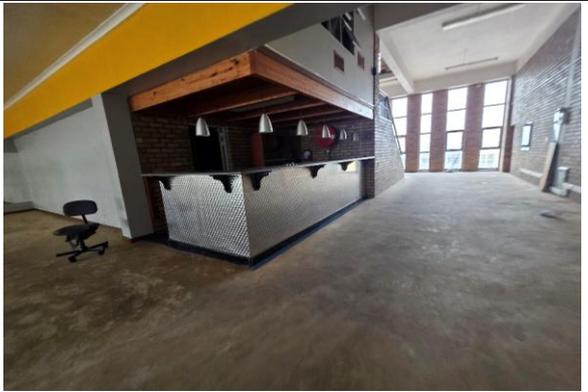
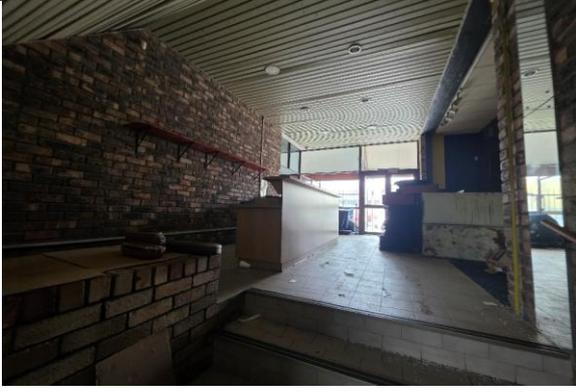
MAJOLA VALUATION SERVICES

Income and Expenditure Calculation

Accommodation & Tenant	Lettable Area / Rooms	Rate per room per month	Monthly income (excl esc)	Annual rental
Gym/ Fitness Centre - 1st Floor	504 m ²	R65,00 /m ² / month	R 32 760	R393 120
Gym/ Fitness Centre - 2nd Floor	488 m ²	R57,50 /m ² / month	R 28 060	R336 720
Gym/ Fitness Centre - 3rd Floor	204 m ²	R50,00 /m ² / month	R 10 200	R122 400
Total Lettable area	1 196 m ²			
Total Building Size	1 370 m ²			
Total/ average	R51,84 /m ²	R 59 /m ² / month	R 71 020	
Sub Total				R852 240
Vacancy factor		5%		R42 612
Gross income				R809 628
Less: Expenditure			Monthly	Annual
Property Rates & Taxes (Estimated)			R 14 863	R178 356
Insurance	0,350%	of gross replacement value	R 5 763	R69 153
Management fee	3,50%	of gross rental income	R 2 486	R29 828
Audit fee	0,350%	of gross rental income	R 249	R2 983
Repairs & maintenance	0,350%	of gross replacement value	R 5 763	R69 153
				R0
Sundries	Say			R0
Total expenditure (excluding escalation)				R349 473
Total expenditure (including escalation)				R349 473
Expenditure / income ratio			43,16%	

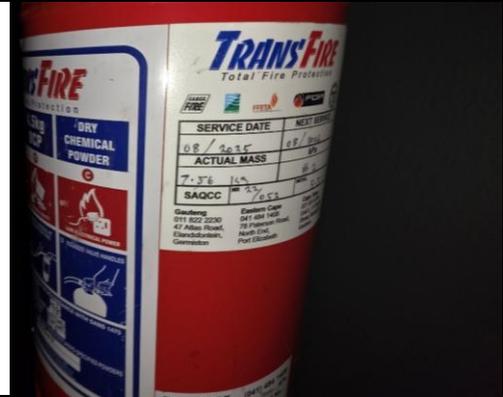
Erf 6669 East London, Eastern Cape Province











Site locality of the subject property



Aerial Locality Photograph of the subject property

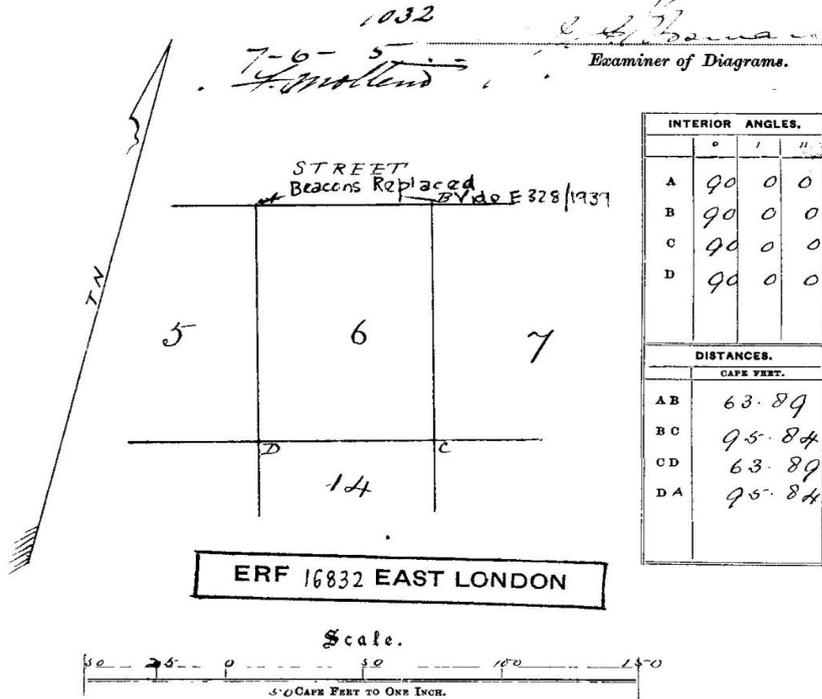


Surveyor General Diagram of the subject property

15

No. 728, 1895.

The numerical data of this Diagram are sufficiently consistent.



The above Diagram, A B C D represents a piece of Land containing 4.2 Square Roods, 45 Square Feet, Cape measure, being Lot No. 6 Block DD situated in Ward No. 2 Town of East London.

Bounded Northward by Street
" Southward " Lot No 14
" Eastward " Lot No 7
" Westward " Lot No 5

Being part of the Land granted in freehold to the Commissioners of the Municipality for the time being of the Town of East London on the 17th December 1889 and vested in the Board of Managers of the Junc Hospital at East London under the provisions of Act 71 of 1892

Origl. Diagram
S.G.O. (copy) Surveyed by me,

No. B. 16.71/18.80

A. E. Hanna
Government Surveyor. M527

EAST LONDON,
15th May 1895.

B. 288-422

I hereby certify that this Diagram belongs to the Deed of Transfer this day made in favour of JAMES BLANK GRENGLADE

Registrar of Deeds Office, King William's Town.

25.12.95 (1895-64A-15)

W. J. C. B. C.
W. J. C. B. C.

In charge of Deeds Registry.

Asst. Registrar
E. L. S. 18
Formerly 668/1861
16832

Zoning Certificate

Buffalo City Metropolitan Municipality
East London, Biko's King William's Town
Province of the Eastern Cape
South Africa

Website: www.buffalocitymunicip.gov.za



Directorate of Spatial Planning and Development
PO Box 81, East London, 5200
Planning and Engineering Centre, 28 Oxford Street,
East London, 5201
Tel: 043 705 2074 | Fax: 043 7535266

Our ref.: 6492/TP	Enq.: R. RAJAH	Your ref.:
Ifayile yethu:	Inibuzo: 043 – 705 2076	Ifayile yacho:

ZONING CERTIFICATE

THIS IS TO CERTIFY THAT ERF 16832 EAST LONDON, 93 FLEET STREET, QUIGNEY, IS ZONED FOR **BUSINESS ZONE 1** PURPOSES IN TERMS OF THE BUFFALO CITY LAND USE MANAGEMENT SCHEME REGULATIONS.

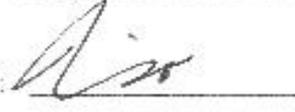
THE BUSINESS ZONE 1 DEVELOPMENT CONTROLS ARE ATTACHED FOR YOUR EASE OF REFERENCE. PLEASE NOTE THE CONSENT USES INDICATED ON THE ATTACHED DEVELOPMENT CONTROLS ARE **NOT PERMITTED** WITHOUT THE MUNICIPALITY'S PRIOR CONSENT.

DISCLAIMER: THIS CERTIFICATE MUST NOT BE CONSTRUED AS AUTHORIZING THE OWNER TO USE THE ERF IN ANY MANNER WHICH IS CONTRARY TO ANY RESTRICTIVE CONDITION OF TITLE, ANY MUNICIPAL BY-LAWS, THE NATIONAL BUILDING REGULATIONS, OR ANY OTHER APPLICABLE LEGISLATION.

INFORMATION BY: R. RAJAH

SIGNATURE: 

CHECKED BY: R. NAIDOO

SIGNATURE: 

DATE: 3 FEBRUARY 2026



BUFFALO CITY METROPOLITAN MUNICIPALITY

Unity in Action. A City Hard at Work



3.9 BUSINESS ZONE I

3.9.1 COLOUR NOTATION: Dark blue

Primary Use: Business premises, supermarkets, bottle stores, town houses, flats, residential buildings, funeral parlours, place of worship.

Consent Use: Commercial workshop, place of assembly, place of instruction, institution, day care centre, service station, shopping centre, place of entertainment, adult shop, mortuary, escort agency.

3.9.2 LAND USE RESTRICTIONS

Floor Factor: Unrestricted

Coverage: 100%

Street Building Line: Zero, subject to 10,0m from centre line of road reserve if the road reserve width is less than 20,0m

Side Building Line: Zero, provided that:

- (a) Buildings on the ground floor may be erected on the lateral boundary of an erf, provided that no openings are provided in such wall;
- (b) Council may lay down side building lines in the interest of public health or in order to enforce any law or right; and
- (c) In the event of the common boundary between the two erven forming the boundary between this zone and a residential zone, the side space applicable to the latter shall apply on both sides of the boundary insofar as it is more restrictive.

Rear Building Line: Zero, provided that:

- (a) Buildings on the ground floor may be erected on the rear boundary of an erf, provided that no openings are provided in such wall;
- (b) Council may lay down rear building lines in the interest of public health or in order to enforce any law or right; and
- (c) In the event of the common boundary between the two erven forming the boundary between this zone and a residential zone, the rear space applicable to the latter shall apply on both sides of the boundary insofar as it is more restrictive.

Parking: For the ground floor - 6 bays/100m² G.L.A. shall be required subject to Section 4.14.1.1 on parking alternatives and Sub-Section 4.14.1.3 on a reduction in parking requirements for the CBD and CBD Fringe Areas. For other storeys, outside CBD and CBD Fringe Areas, parking requirement is to be determined based on the use – as set out in Annexure F.

Loading: As per the Municipality's Traffic Engineering Guidelines, Annexure F and subject to Section 4.14.2.

Height: Unrestricted

3.9.3

PROJECTIONS

In this zone projections, excluding advertising signs approved by the Council in accordance with the provisions of any other law, over streets and building lines shall be limited to minor architectural features and one cantilevered open canopy to within 0,5m of the pavement edge, provided that no portion of a projection shall be less than 3m above the pavement, that there shall be no access from the building to the canopy and that eaves shall not project more than 1m over the space about buildings.