



## MAJOLA VALUATION SERVICES

060 455 3889

Gonubie, East London, Eastern Cape

Wandile@majolavaluationservices.co.za  
info@majolavaluationservices.co.za

### PRESENT DAY MARKET VALUATION



**REMAINDER OF ERF 27395 PTN of ERF 26638 EAST LONDON,  
BUFFALO CITY METROPOLITAN MUNICIPALITY, EASTERN CAPE**

**2A Dirkie Uys Street, Woodbrook, East London, Eastern Cape**

**OWNED BY:**

**DUNASH PROP CC**

**PREPARED BY:**

**Wandile Majola**

**Professional Associated Valuer No. 5847**

**Member of the South African Council for the Property Valuers Profession**

**Member of South African Institute of Valuers**

**Tel: 0604553889**

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## **BASIC INFORMATION:**

### **1.1 VALUATION INSTRUCTION**

We have been instructed to visit and inspect the Subject Property known as REMAINDER OF ERF 27395 PTN of ERF 26638 EAST LONDON, for the purpose of advising on our opinion of the Open Market Value as at 10th July 2024.

### **1.2 PURPOSE OF VALUATION**

To determine the open market value of the subject property as at the effective date of valuation.

Date of inspection  
10 July 2024

Effective date of valuation  
10 July 2024

## **PROPERTY DETAILS:**

### **2,1 LEGAL DESCRIPTION:**

Title Deed information	-	A Deeds Office (Aktex) Enquiry reveals the following:
Registered description	:	REMAINDER OF ERF 27395 PTN of ERF 26638 EAST LONDON,
Registered owner	:	DUNASH PROP CC
Title Deed number	:	T10412/2022
Registered date	:	2023/05/30
Purchase price	:	R 90 000
Purchase date	:	2003/01/21
Extent of land:	:	1634 m <sup>2</sup>
Restrictive Conditions	:	None noted on Aktex report.

### **2,2 PHYSICAL DESCRIPTION:**

Street address	:	2A Dirkie Uys Street, Woodbrook, East London, Eastern Cape
Site description	:	The subject property comprise of a irregular shaped plot, with full municipal services laid on them.
Locality	:	The subject property is situated in an average area of the suburb called Woodbrook, which is situated south of the East London CBD. Woodbrook is one of the Industrial nodes / suburbs of East London
Co-ordinates	:	-33.0382, 27.8769
General type of area	:	Where the subject property is located, it is dominated by residential properties and some business premises.
Availability of Amenities	:	All basic amenities and services are close-by the property and most amenities can also be obtained within a 5km radius, and has easy access on to the N2.

**2,3 LOCAL GOVERNMENT INFORMATION:**

TOWN PLANNING INFORMATION

Local Authority : Buffalo City Municipality

Zoning: : Industrial 1

Primary use : Industry, industrial café, service station, commercial workshop, warehouse, public garage, funeral parlour and mortuary.

Consent use : Rooms to accommodate security guards, caretakers and the like.

Comments : As far as could be ascertained, the subject property complies with all the other aspects of the current town planning scheme.

MUNICIPAL VALUATION

Valuation amount : R 2 900 000

Date : 2023/2024

**2,4 DESCRIPTION OF IMPROVEMENTS**

The subject property comprises of about a large double storey building of offices, which is attached to a double volume warehouse building.

The double storey face brick building offers a downstairs reception area, a kitchen, separate ladies and gents toilet and basin and two separate offices. The inside stairs, from the office building or from the warehouse, leads to a large open plan office, two separate offices and a bathroom.

The warehouse has 3 emergency doors, two roller shutter doors of 4.3m high and 4m wide, toilet and basin.

The improvements are conventionally built and are generally in an average condition and has average finishes and fittings. No major defects were noted on the date of inspection.

**2,5 SIZE OF THE ABOVE IMPROVEMENTS:**

Description	Lettable Area in m <sup>2</sup>	Building Area in m <sup>2</sup>	
Offices	166	180	92%
Warehousing	1 056	1 056	100%
Total	1222	1236	

## VALUATION

### 3,1 VALUATION MOTIVATION

#### Definition of Market Value:

Market value is generally defined as “The highest price in terms of money that land/ property will realise if exposed to the open market, giving a reasonable time to obtain a purchaser who is buying with the full knowledge of all uses and purposes to which it is adapted, and for which it is capable of being used”.

#### 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.


#### Lettable area research reveals:


- 1) Warehouse Space in Woodbrook. This is a 800m<sup>2</sup> of warehouse space, with office space, four store rooms, a kitchen, and toilets. The property is leased out at R50/m<sup>2</sup> at R40'000/ month.
- 2) Warehouse Space in Woodbrook. This is a 630m<sup>2</sup> of warehouse space, with office space. The property is leased out at R50/m<sup>2</sup> at R31'500/ month.
- 3) Warehouse Space in Gately, Woodbrook area. This is a 1163m<sup>2</sup> of warehouse space, with office space. The property is leased out at R50/m<sup>2</sup> at R58'150/ month. Fairly similar to the subject property.

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 research reveals:

<b>Comparable Sale 1</b>		
	Property Description	Erf 68631 East London
	Accommodation Type	Industrial Warehouse
	Erf extent:	3259 m <sup>2</sup>
	GLA	1400 m <sup>2</sup>
	Purchase price:	R 5 750 000
	Purchase date:	2023/03/18
	Gross Monthly Income	R55 000,00 /month
	Net Annualised Income	R660 000 / year
	Yield	11,48%
	Selling Rate per m <sup>2</sup> based on stand size	R 1 764,34 /m <sup>2</sup>
	Remarks:	The subject property comprises of warehousing with some office space and is situated in the nearby area to the subject property. This comparable sale is similar to the subject property, to some extent. The property was in a fair condition at time of sale.

<b>Comparable Sale 2</b>		
	Property Description	Erf 30451 East London
	Accommodation Type	Industrial Warehouse
	Erf extent:	1626 m <sup>2</sup>
	GLA	1110 m <sup>2</sup>
	Purchase price:	R 6 785 000
	Purchase date:	2022/01/31
	Gross Monthly Income	R60 000,00 /month
	Net Annualised Income	R720 000 / year
	Yield	10,61%
	Selling Rate per m <sup>2</sup> based on stand size	R 4 172,82 /m <sup>2</sup>
	Remarks:	The subject property comprises of warehousing with some office space and is situated next to the subject property. This comparable sale is similar to the subject property, to some extent. The property was in a fair condition at time of sale.

#### Market conditions

The subject property is situated next to a corner plot in an Industrial Area. The subject property is considered to offer high exposure to both vehicular and pedestrian traffic and is situated near most roads leading on to the National Roads/ Highways. The property is also situated near a Harbour and a Railway station. Demand for warehousing/ workshops and offices in the immediate area is considered to be fair to good with not many vacancies noted in the immediate area during inspection. Lettability and saleability is thus considered to be average.

#### Market research and application

Comparable rental research reveals: For similar type of properties ranges between R30.00 to R70.00/m<sup>2</sup>/month.

Discussions with Valuers familiar with the immediate area of the subject property revealed similar rental rates. We have elected to utilise the agreed rental of about R80.00/m<sup>2</sup> for offices, and about R50.00/m<sup>2</sup> for warehouse space, which we consider to be market related for the immediate area and also taking into consideration the locality of the subject property.

#### Capitalisation rates

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.

Recent sales of similar properties in the area indicated yield returns of around 9% - 11% for similar warehousing and accommodation. When considering the current condition of the improvements and location of the property, we have elected to utilise a capitalisation rate of 10% in the valuation. This capitalisation rate of 10% is considered the most likely yield that an investor would have been willing to accept in the market place.

#### Vacancies

Research with prominent brokers around the East London nodes indicate a 1% to 7% vacancy ratio. In general vacancy ratios are ranging in this node around 3% to 5%. A vacancy rate of 3% is utilised for the subject property.

### 3,2 LEASE DETAILS

There are no current leases in place and market related rental rates have been utilised. The subject property is currently vacant.

### 3.3 REMARKS

The market in the immediate area shows that only sewerage, refuse, water and electricity expenses are for the account of the tenant. We have therefore applied the actual figure supplied by the local municipality for the annual rates amount.

The rentals used are considered market related and justified by our market research, thus the same has been maintained in the valuation.

### VALUATION CALCULATION

Accommodation & Tenant	Lettable area	Rate per m <sup>2</sup>	Monthly rental (excl esc)	Annual rental (Incl esc)
Offices	166 m <sup>2</sup>	R 80	R 13 280	R 159 360
Warehouse	1 056 m <sup>2</sup>	R 50	R 52 800	R 633 600
	m <sup>2</sup>			
Total/ average	1 222 m <sup>2</sup>	R 54,08	R 66 080	
<b>Sub Total</b>				<b>R 792 960</b>
Vacancy factor		3%		R 23 789
<b>Gross income</b>				<b>R 769 171</b>
<b>Less: Expenditure</b>			<b>Monthly</b>	<b>Annual</b>
Assessment Rates			R 8 874	R 106 488
Insurance	0,350% of gross replacement value		R 3 317	R 39 803
Management fee	2,50% of gross rental income		R 1 652	R 19 824
Audit fee	0,500% of gross rental income		R 330	R 3 965
Repairs & maintenance	0,200% of gross replacement value		R 1 895	R 22 745
Sundries	Say			R 0
<b>Total expenditure (excluding escalation)</b>				<b>R 192 825</b>
<b>Total expenditure (including escalation)</b>				<b>R 198 610</b>
Expenditure / income ratio			25,82%	
<b>Valuation Calculation</b>				
<b>Nett annual income</b>				<b>R 570 561</b>
Capitalisation rate utilised			11,00%	
Valuation amount				R 5 186 922
Add surplus land	0 m <sup>2</sup> @	R 0,00 /m <sup>2</sup>		R 0
Valuation amount				R 5 186 922
<b>Rounded valuation amount</b>				<b>R 5 200 000</b>

### 4,1 VALUATION SUMMARY

Gross annual income	:	R 769 171	
Vacancy factor	:	3%	
Total expenditure	:	R 198 610	25,82%
Nett annual income	:	R 570 561	
Capitalisation rate	:	11,00%	
Open market value	:	R 5 200 000	

## **VALUATION CERTIFICATE**

I, Wandile Majola, state that I have made a careful inspection of:  
**REMAINDER OF ERF 27395 PTN of ERF 26638 EAST LONDON,**

To the best of my knowledge and belief, the statements contained in this report are correct.

I have no present or future interest in the property and the valuation is not dependent of any fees, nor any pecuniary or other interest.

This valuation has been made in accordance with the ethics and code of conduct, of the South African Institute of Valuers

This valuation excludes any payment of V.A.T., any other tax, fees, commission etc. unless otherwise stated.

The present day market valuation of the foregoing property at

**10 July 2024**

is in my opinion

**R 5 200 000**

**FIVE MILLION AND TWO HUNDRED THOUSAND RAND**



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Wandile Majola  
Professional Associated Valuer  
Registration Number: 5847

Date: 10 July 2024



## **CAVEATS**

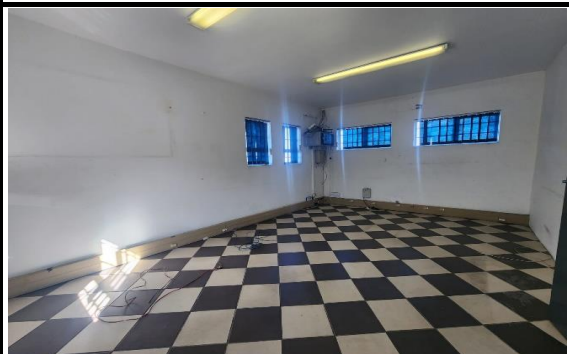
- 1 We did not have sight of the Title Deeds and are therefore unable to comment on the effect of servitudes if any, affecting the subject property, the property having been valued as if wholly owned with no account having been taken of any outstanding monies due in respect of mortgage bonds, loans or other charges.
  
- 2 All information furnished by outside sources is assumed to be reliable and has been verified wherever possible, but no warranty is given for its accuracy.
  
- 3 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 held responsible for possible defects. Furthermore this report assumes the plumbing and electrical installations to be in working order and in accordance with Local Authority requirements.
  
- 4 Neither the whole nor part of this valuation report or any reference thereto may be included in any published documents, circular or statement, or published in any way without the Valuers written approval of the form and context in which it may appear.

## MAJOLA VALUATION SERVICES

INCOME PROJECTED OVER 12 MONTHS						1	2	3	4	5	6	7	8	9	10	11	12	Total	
Accommodation & Tenant	Lettable area	Rental rate /m <sup>2</sup> /mont	Esca l. mont	Escal. rate	1	2	3	4	5	6	7	8	9	10	11	12			
					Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24			
1	Offices	166	R 80,00		10,00%	13280	13280	13280	13280	13280	13280	13280	13280	13280	13280	13280	13280	159360	
2	Watehouse	1 056	R 50,00		10,00%	52800	52800	52800	52800	52800	52800	52800	52800	52800	52800	52800	52800		633600
3																			
7																			
8																			
<b>Total area</b>		<b>1 222</b>																<b>R 792 960</b>	

EXPENDITURE PROJECTED OVER 12 MONTHS					1	2	3	4	5	6	7	8	9	10	11	12	Total
	Esca l. mont h	Escal. rate	1	2	3	4	5	6	7	8	9	10	11	12			
			Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24			
	7	6,00%	16069	16069	16069	16069	16069	16069	17033	17033	17033	17033	17033	17033	17033	17033	<b>R 198 610</b>

PHOTOGRAPHS OF SUBJECT PROPERTY





## REPLACEMENT COST FOR THE SUBJECT PROPERTY

Description	Condition	Area in m <sup>2</sup> / No. of items	Replacement costs in m <sup>2</sup> / per item	Total replacement cost
Offices	Above Average	180	R 10 000	R1 800 000
Warehousing	Above Average	1 056	R 7 500	R7 920 000
<b><u>Other Improvements</u></b>				
<b>Sub Total</b>				<b>R 9 720 000</b>
Escalation during planning/ reconstruction			2,00%	R 194 400
Demolition and removal of debris			3,00%	R 291 600
Professional Fees			12,00%	R 1 166 400
<b>Sub Total</b>				<b>R 11 372 400</b>
VAT			15,00%	R 1 705 860
<b>Rounded total replacement cost</b>				<b>R 13 100 000</b>

Remarks:

The improvements are conventionally built and are generally in an average condition and has average finishes and fittings. No major defects were noted on the date of inspection.

We have used the AECOM Building Costs and Escalation Forecast to establish the market related building rate for the Subject Property. Rates are based on years 2023/2024, and therefore represent the average expected building cost rates.

The area of the building expressed in m<sup>2</sup> is equivalent to the “construction area” where appropriate, as defined in the “Method for Measuring Floor Areas in Buildings, First Edition” (effective from 1 August 2005), published by the South African Property Owners Association (SAPOA)

Rates include the cost of appropriate building services, e.g. air-conditioning, electrical, etc., but exclude costs of site infrastructure development, parking, any future escalation, loss of interest, professional fees and Value Added Tax (VAT)

**Fire fighting equipment:**

This valuation is based on the assumption that the Subject Property complies with all fire fighting requirements as laid down by local authority by-laws.

**LOCALITY MAP OF THE SUBJECT PROPERTY**



**AERIAL MAP OF THE SUBJECT PROPERTY**



# WINDEED REPORT OF THE SUBJECT PROPERTY

## WinDeed Database D/O Property

EAST LONDON, 27395, 0 (REMAINING EXTENT), KING WILLIAMS TOWN

Lexis<sup>®</sup> WinDeed



Any personal information obtained from this search will only be used as per the Terms and Conditions agreed to and in accordance with applicable data protection laws including the Protection of Personal Information Act, 2013 (POPI), and shall not be used for marketing purposes.

### SEARCH CRITERIA

Search Date	2024/07/16 03:31	Erf Number	27395
Reference	-	Portion Number	-
Report Print Date	2024/07/16 03:32	Deeds Office	King Williams Town
Township	EAST LONDON	Search Source	WinDeed Database

### PROPERTY INFORMATION

Property Type	ERF	Diagram Deed Number	T2046/1986
Township	EAST LONDON	Local Authority	LOCAL MUNICIPALITY OF BUFFALO CITY
Erf Number	27395	Province	EASTERN CAPE
Portion Number	0 (REMAINING EXTENT)	Extent	1634.0000SQM
Registration Division	EAST LONDON RD	LPI Code	C02300040002739500000
Previous Description	PTN ERF 26638		

### OWNER INFORMATION (1)

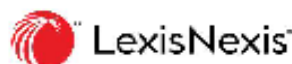
DUNASH PROP CC		Owner 1 of 1	
Company Type	CLOSE CORPORATION	Document	T5743/2003
Registration Number	199400627823	Microfilm / Scanned Date	2007 0074 1766
Name	DUNASH PROP CC	Purchase Price (R)	90 000
Multiple Owners	NO	Purchase Date	2003/01/21
Multiple Properties	NO	Registration Date	2003/09/04
Share (%)	-		

### ENDORSEMENTS (2)

#	Document	Institution	Amount (R)	Microfilm / Scanned Date
1	B3500/2007	STANDARD BANK OF SOUTH AFRICA LTD	800 000	2007 0076 0526
2	O/D10/1988	-	Unknown	-

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0861 946 333  
windeed.support@lexisnexis.co.za  
search.windeed.co.za | www.windeed.co.za