

FENWICK & ASSOCIATES

PROPERTY VALUERS

Contact Details: 043-740 4786 (office), Danie Fenwick: 082 651 7656, Alain Augustine: 083 406 3023

Email: danie@dalena.co.za (Danie Fenwick), alainaug@mweb.co.za (Alain Augustine)

Physical Address: 26 Main Road, Gonubie,

Your Ref: [REDACTED]

Our Ref: Erf 53934 East London

Date: 03 February 2025

Attention: [REDACTED]

VALUATION OF ERF 53934 EAST LONDON, EASERN CAPE PROVINCE

We herewith submit our Valuation Report in accordance with your instruction.

The market valuation was carried out to determine the price, which could have been obtained upon a sale of the above-mentioned property between a willing buyer and a willing seller dealing at arm's length in the open market on the Date of Valuation.

We thank you for your instruction.

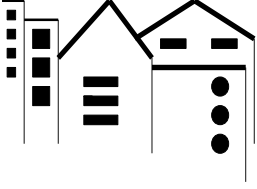
Yours faithfully

A handwritten signature in black ink, appearing to be 'D. Fenwick'.

Danie Fenwick

Pr. Valuer

Reg. No. 3301/6



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ERF 53934 EAST LONDON, EASTERN CAPE PROVINCE
situated at
CNR OF HILL & OXFORD STREET, EAST LONDON



Market Value: The purpose of the valuation is to determine the market value of the subject property. Market value is the value that a willing buyer is prepared to pay to a willing seller at a certain time in the open market.

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1. INSTRUCTION

██████████ has instructed us on the 03 February 2025 to determine the current Market Value of the subject property, known as Erf 53934 East London, Eastern Cape Province.

2. PURPOSE OF VALUATION

The Market Value is determined for marketing purposes.

3. DATE OF INSPECTION

03 February 2025

4. DATE OF VALUATION

03 February 2025

5. TITLE DEED INFORMATION

5.1 Description:	Erf 53934 East London, Eastern Cape Province
5.2 Registered Owner:	██████████
5.3 Title Deed No:	T3055/2003
5.4 Area of Property:	433m ²
5.5 Purchase Price:	██████████
5.6 Purchase Date:	17/01/2003
5.7 Transfer date:	06/05/2003
5.8 Servitudes:	None noted

6. LOCAL GOVERNMENT INFORMATION

6.1 Local Authority: Buffalo City Metropolitan Municipality

6.2 Zoning: Business 1

BUSINESS ZONE I

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, hypermarket, place of entertainment, adult shop, mortuary, escort agency.

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 4.13.1 on parking alternatives and Sub-Section 4.13.1.3 on a reduction in parking requirements for the CBD and provided that the residential or other use of the property may not affect this parking requirement. For other storeys parking requirement is to be determined based on the use – as set out in Annexure F.

Loading: As per the Municipality's Guidelines for Off-Street Loading Facilities and subject to Section 4.13.2.

Height: Unrestricted

7. PHYSICAL DESCRIPTION

7.1 Locality

The subject property is located in the East London CBD. The property is on a corner plot at the bottom end southernmost part of the CBD and is relatively close to the East London Port. The property is amongst other Business properties which are being used as offices and student accommodation.

GPS CORDINATES: Latitude: 33° 1'18.97"S, Longitude: 27°54'24.25"E

7.2 Description of Land

The land is a small rectangular shaped corner plot, slightly undulating and faces North onto Hill Street and West onto Oxford Street in the East London CBD. The land is well drained and not subject to flooding.

7.3 Description of Improvements

The building is commonly known as Loxford House and is divided into 4 floors (ground to third floor). The construction is generally a concrete framed super structure with plastered brick infill under partially pitched roof and partially flat concrete roof. Windows are steel and aluminium framed, floors are tiled, fluorescent lighting and concrete / rhinoboard ceilings are fitted throughout. Provision per floor is as follows:

Ground floor – Provision made for an entrance hall, lift and switch room, store, exit room, communal kitchen, showers, toilets, rooms 1 to 5, room 7 and rooms 9 to 17.

First floor – Provision made for communal toilets, showers, kitchen and rooms 101 to 115.

Second floor – Provision made for communal toilets, showers, kitchen and rooms 201 to 210 and rooms 212 to 217.

Third floor - Provision made for communal toilets, showers, kitchen and rooms 301 to 317.

7.4 Municipal Services

Municipal services include water, electricity and sewerage services.

8. **MARKET TRENDS**

8.1. **Comparable Rentals**

Description	Type of Acc	Rental per student
Erf 13810 East London	Student accommodation	R3687.00 per student
<u>Comments:</u> Much larger multi storey building housing 55 students, located in a similar adjacent area known as Belgravia.		
Erf 31812 East London	Student accommodation	R3560.00 per student
<u>Comments:</u> Smaller single storey building housing 24 students, located in a similar adjacent area known as Belgravia.		
Erf 16630 East London	Student accommodation	R3388.00 to R3630.00 per student R4286.88 to R4512.50 NSFAS student
<u>Comments:</u> Multi storey building located in the Quigney area, housing 49 students.		

8.2 **Comments on Comparable Rentals**

Researched student rates vary between **R3388.00** to **R3687.00** per student / room and between **R4286.88** (sharing room) to **R4512.50** (single room) per NSFAS student per month. These rates are reflective of market rates for similar accommodation offered.

We have used these market parameters to apply suitable rentals rates to the subject property. A rate of **R3 300.00** per student / room (market rental) is applied to the subject property, actual rates were found to be below market parameters.

9. RECORDED SALES

Description	Lettable area	Sales Date	Price
1) Erf 12307 East London	230m ²	01/08/2023	R2 200 000
Comments: 33 St Marks Road - Smaller building in the same area used as Offices, zoned for Business 4. Sold at a cap rate of 9,9% and a sales rate of R9565/m ² . (Income R302 400, Outgoings R84 672).			
Description	Lettable area	Sales Date	Price
2) Erf 12515 East London	190m ²	05/06/2023	R1 900 000
Comments: 14 Wynne Street - Smaller building in the same area used as Residential rooms (previously used as offices), zoned for Business 4. Sold at a cap rate of 10,01% and a sales rate of R10 000/m ² . (Income R237 120, Outgoings R56 909).			
Description	Lettable area	Sales Date	Price
3) Erf 12554 East London	264m ²	05/08/2022	R2 245 000
Comments: 12 Gordon Street - Smaller building in the same area used as Residential rooms, zoned for Residential 5. Sold at a cap rate of 10.96% and a sales rate of R8504/m ² . (Income R351 648, Outgoings R105 494).			

10. CAPITALISATION RATES

We have used the capitalised method of valuation whereby the net income is capitalised at a rate deemed appropriate. Information derived from analysed sales indicates a capitalisation rate of between **9.9%** and **10.96%**.

A cap rate of **10,0%** is applied to the subject property, taking the extent of the improvement, type of accommodation offered and positioning of the property into account, coupled with depressed market conditions.

11. HIGHEST AND BEST USE

The highest and best use of a property is the legal, feasible and most probable use for which the property will be employed. The main purpose of the highest and best use is to obtain the highest net return from the property under the current circumstances. The words "under the current circumstances" point to the fact that the highest and best use of a property may change from time to time.

The property has been renovated for accommodation purposes, taking the current demand for residential accommodation in this area into account, the current use of the property is considered its Highest and Best Use.

12. REPLACEMENT COST

Main Building	1704 m ²	x	R	10 000,00	=	R 17 040 000,00
Sub Total					=	R 17 040 000,00
Escalation		+		10,00%	=	R 1 704 000,00
Professional Fees		+		12,50%	=	R 2 130 000,00
Legal Fees		+		1,00%	=	R 170 400,00
Demolition / Removal costs	1704 m ²	x	R	150,00	=	R 255 600,00
Sub Total					=	R 21 300 000,00
Vat (15%)		+	15,00%		=	R 3 195 000,00
Total					=	R 24 495 000,00
Rounded					=	R 24 500 000,00

13. VALUATION METHOD

There are various methods commonly used for determining the market value of real estate. We will utilise the The Income Capitalisation Method of Valuation which is the most common used method for a property of this nature.

The subject property is an income producing property from which the owner or investor receives an income stream based on rental derived for the lettable accommodation. The utilisation of Income Capitalisation valuation method comprises the determination of the net rental income of a property for the first year only, which is then capitalised into perpetuity by employing a suitable capitalisation rate.

In the endeavour to reflect a net normalised rental income, the property is assumed to be let at a market related rental which is subject to a market related rental escalation rate. The net rental calculation also has to provide for the deduction of a suitable vacancy allowance as well as expenditure incurred during the normal operating of the property.

14. CALCULATION OF MARKET VALUE

Tenant	Type of Accommodation	Lettable area		Actual rental / month	Market rental / month	Actual rental per student	Market rental per room
Various students	15 Ground floor rooms	383	m ²	R 34 498,41	R 49 500,00	R 2 299,89	3300,00
Various students	15 First floor rooms	383	m ²	R 34 498,41	R 49 500,00	R 2 299,89	3300,00
Various students	2 Second floor rooms	48	m ²	R 4 599,79	R 6 600,00	R 2 299,89	3300,00
Vacant	14 Second floor rooms	335	m ²	R 0,00	R 46 200,00	R 0,00	3300,00
Vacant	17 Third floor rooms	383	m ²	R 0,00	R 56 100,00	R 0,00	3300,00
Totals		1532		R 73 596,60	R 207 900,00		
Gross Applicable Annual Income		R 207 900,00		x 12 Months =	R	2 494 800,00	

ANNUAL EXPENDITURE (Estimated)	Amount
Municipal Rates (R10 900 000 x 0,03706)	R 403 954,00
Municipal Water & Electricity	R 491 424,00
Internet	R 68 900,04
Insurance Premiums (0,21% of replacement cost)	R 45 600,00
Repairs/Maintenance (0,25% of replacement cost)	R 53 250,00
Auditor Fee (0,5% of Gross Annual Income)	R 12 474,00
Management Fee (3,0% of Gross Annual Income)	R 74 844,00
Security	R 6 700,00
Lift maintenance	R 18 000,00
Fire equipment	R 3 312,00
Cleaning / Staff	R 134 100,00
ANNUAL EXPENDITURE @	52,61% R 1 312 558,04

15.

16. CERTIFICATE OF VALUE

We, the undersigned, registered in terms of the provision of the Valuer's Act 2000 (Act 47 of 2000) do hereby certify that, having identified and inspected the Subject Property herein described, and confirm that;

- The property valued and described herein and the property inspected is the same,
- We have researched the property market,
- We have taken into account the value forming characteristics of the subject property and the current property market conditions,
- We have no interest or contemplated interest in the Subject Property,
- To our knowledge all information supplied is true and correct.

This fixed property, being **Erf 53934 East London, Eastern Cape Province** in extent **433m²**, on the date of valuation we value as follows:

R11 100 000-00 (Eleven Million One Hundred Thousand Rand)

We do consider fair and reasonable, consciously believing the same to be true and correct to the best of our knowledge, information and belief.

Dated at **East London** this **03rd** day of **February 2025**



Alain Augustine
Ca. Valuer
Reg. No. 3742/9



Danie Fenwick
Pr. Valuer
Reg. No. 3301/6

17. LIMITING CONDITIONS

This valuation has been prepared in accordance with the client's instructions, as well as the qualifications and assumptions detailed in the report. It is for the use of the instructing party only in the context of the purpose of the valuation stated herein. Neither the whole nor part of this valuation report or certificate or any reference thereto may be included in any published document, circular or statement, or published in any way without the valuer's written approval of the form and the context in which it may appear. No responsibility is accepted to any third party who may use or rely on the whole or any part of the contents of this valuation.

The statements of fact contained in this report are true and correct to the best of my knowledge, and the conclusions reached are based on my personal, unbiased analyses, opinions and deductions. 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. All improvements are assumed to be in accordance with accepted and prescribed standards unless otherwise stated.

With regard to values for replacement costs and insurance purposes, no responsibility is accepted where materials, finishes, standards and methods of construction have been discontinued or are not available on the South African market. This valuation provides for presently available and acceptable equivalents of similar standards. No responsibility is assumed beyond the period of insurance in the event of the valuation being used in perpetuity by escalating it each year by a standard percentage. The valuation takes no regard of depreciation or defects and no structural investigation was undertaken.

No account is taken of or allowance made for Value Added Tax of subject property, any comparables or any other aspects of the valuation unless specific mention is made thereof.

No warranties are given regarding any dimensions and/or exact positions of pegs and/or boundaries and the valuer can in no way be held responsible for any discrepancies that may occur regarding the situation of pegs and/or boundaries or encroachments.

As prevailing economic, social and political conditions change from time to time it must be borne in mind that this valuation is based on conditions at the time of the effective date of valuation.

No responsibility is accepted for conflicts in law, such as between the Constitution, the Expropriation Act and other legislation that have not been resolved by the Government.

ZONING CERTIFICATE**BUFFALO CITY MUNICIPALITY**

☎ (043)705 2000
 ✉ 81 EAST LONDON/
 E-MONTI 5200)
 ✉ FAX/IFAKSI
 (043) 743 5266



Planning & Engineering
 Centre/Isakhiwo
 Socwangciso Nobunjineli
 26 Oxford Street/
 26 Oxford Sitalato/
 EAST LONDON/E-MONTI
 5201

OFFICE OF THE DIRECTOR OF DEVELOPMENT PLANNING

Our ref.: Ifayile yethu:	Enq.: Imibuzo:	R M BROWN 705 2076	Your ref.: Ifayile yakho:
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ZONING CERTIFICATE

THIS IS TO CERTIFY THAT ERF 53934 EAST LONDON : 13/15 HILL STREET, EAST LONDON , IS ZONED FOR BUSINESS ZONE 1 PURPOSES IN TERMS OF THE EAST LONDON ZONING SCHEME.

INFORMATION BY : R M BROWN

SIGNATURE: 

CHECKED BY : H OLIVIER

SIGNATURE: 

DATE : 22JUNE 2005

Planning and Engineering Centre/Isakhiwo Socwangciso Nobunjineli/Beplanning en Ingenieursentrum
 26 Oxford Street/26 Oxford Sitalato/26 Oxfordstraat EAST LONDON/E-MONTI/OOS-LONDEN 5201

PHOTO REPORT



Ground floor rooms and communal kitchen



Ground floor communal showers and lift



Ground floor internal view of rooms (5 & 13)

Photo report continued.....



First floor rooms, communal showers and kitchen



First floor internal view of rooms (110 & 111)

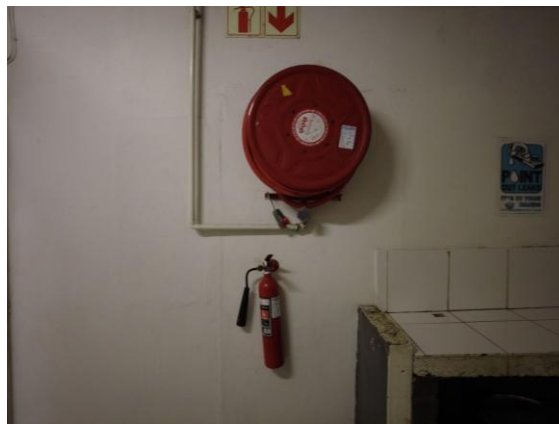


Third floor and internal view of room (202)

Photo report continued.....

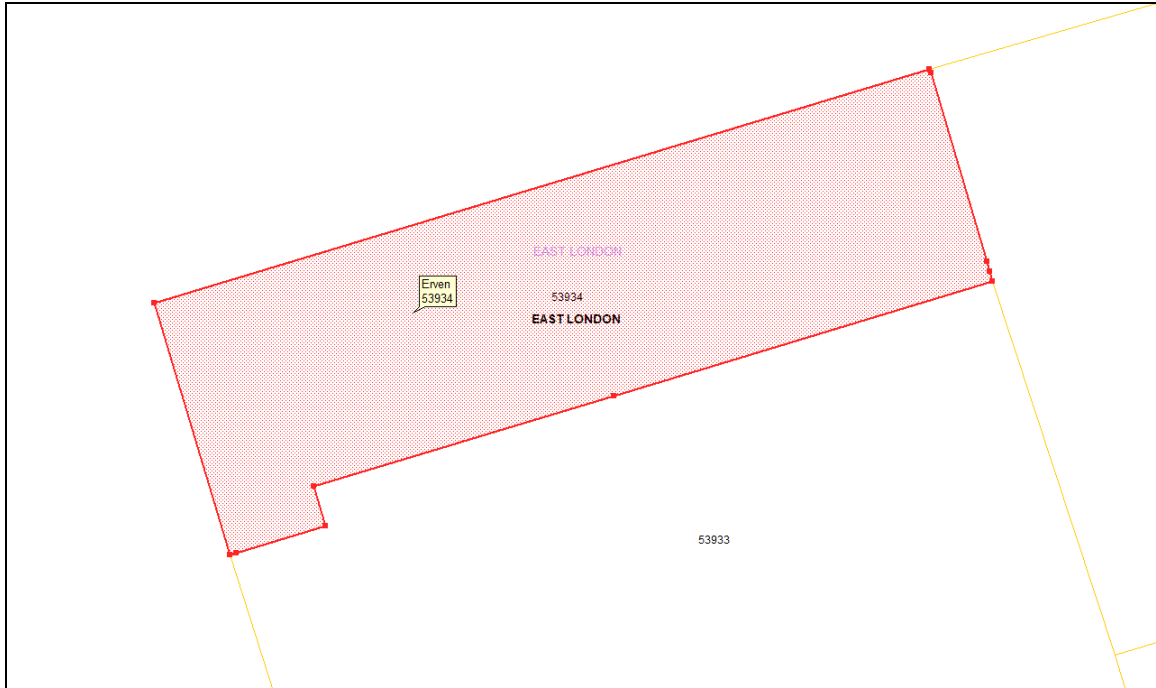


Fourth floor and internal view of room (301)

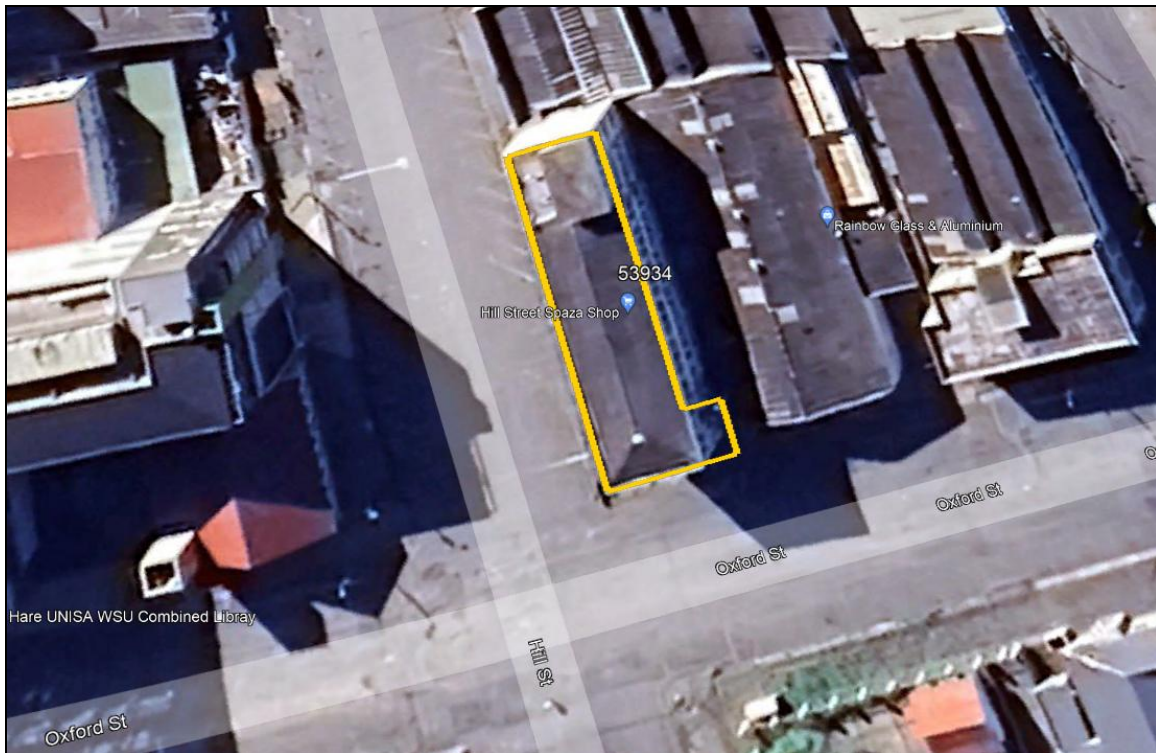


Fire protection

SITE IDENTITY



AERIAL PLAN



LOCALITY PLAN

