

## PRESENT DAY MARKET VALUATION



**ERF 34923 EAST LONDON,  
BUFFALO CITY METROPOLITAN MUNICIPALITY, EASTERN CAPE  
10 Jacob Nanni Place, North End, East London, Eastern Cape**

**OWNED BY:  
KERPROP TRUST**

**PREPARED BY:**  
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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 ERF 34923 EAST LONDON, for the purpose of advising on our opinion of the Open Market Value as at 14th April 2025.

### **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  
14 April 2025

Effective date of valuation  
14 April 2025

## **PROPERTY DETAILS:**

### **2.1 LEGAL DESCRIPTION:**

Title Deed information	-	A Deeds Office (Aktex) Enquiry reveals the following:
Registered description	:	ERF 34923 EAST LONDON,
Registered owner	:	KERPROP TRUST
Title Deed number	:	T5270/2001
Registered date	:	20011003
Purchase price	:	<input type="text"/>
Purchase date	:	20010801
Extent of land:	:	1127 m <sup>2</sup>
Restrictive Conditions	:	None noted on Aktex report.

### **2.2 PHYSICAL DESCRIPTION:**

Street address	:	10 Jacob Nanni Place, North End, East London, Eastern Cape
Site description	:	The subject property comprises of a rectangular shaped erf, with full municipal services laid on it.
Locality	:	The subject property is situated in an average area of the suburb called North End, which is situated close to the East London CBD. North End is one of the Industrial nodes / suburbs of East London
Co-ordinates	:	-33.0118, 27.8966
General type of area	:	Where the subject property is located, it is dominated by industrial properties and commercial 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:	:	Business 3
Primary use	:	Commercial premises, place of worship, funeral parlour, public garage, adult shop, mortuary, place of entertainment, escort agency.
Consent use	:	Other uses over and above uses listed as primary uses.
Comments	:	As far as could be ascertained, the subject property complies with all the other aspects of the current town planning scheme.

### 2,4 DESCRIPTION OF IMPROVEMENTS

The subject property comprises of a single storey building that serves as a combination of warehousing and office space. The Office area includes a reception area, an office, a kitchenette, separate women's and gents' restrooms, and an open general office.

The warehouse section features a warehouse area, a storage facility, a staff ablution, and restroom area.

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>	
Main Building (Warehousing & Offices)	675	711	95%
Total	675	711	

## 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 Braelyn Industrial. This is a 1280m<sup>2</sup> of warehouse space, storage area, with office space, a kitchen, and ablutions. The property is leased out at R40/m<sup>2</sup> at R51'200/ month.
- 2) Warehouse Space in Arcadia. This is a 500m<sup>2</sup> of warehouse space, a number of offices, store room, ablutions and kitchenette. The property is leased out at R60/m<sup>2</sup> at R30'000/ month.
- 3) Warehouse Space in North End. This is a 803m<sup>2</sup> of warehouse space, with office space. The property is leased out at R50/m<sup>2</sup> at R40'150/ 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:

<u>Comparable Sale 1</u>		
	Property Description	Erf 13569, Erf 13570, and Erf 13571 East London
	Accommodation Type	Workshop & Offices
	Erf extent:	2032 m <sup>2</sup>
	GLA:	2601 m <sup>2</sup>
	Purchase price:	R 8 000 000
	Purchase date:	2022/09/04
	Gross Monthly Income:	R75 030,00 /month
	Net Annualised Income:	R900 360 / year
	Yield:	11,25%
	Net Rental:	R30,00 /m <sup>2</sup>
	Gross Rental:	R40,00 /m <sup>2</sup>
	Selling Rate per m <sup>2</sup> based on stand size	R 3 937,01 /m <sup>2</sup>
Remarks:	This is a part double storey industrial property. This comparable sale is superior to the subject property and is situated close to the subject property. The property was in a fair condition at time of sale.	

<u>Comparable Sale 2</u>		
	Property Description	Erf 34905 East London
	Accommodation Type	Industrial Warehouse
	Erf extent:	1305 m <sup>2</sup>
	GLA	1000 m <sup>2</sup>
	Purchase price:	R 2 800 000
	Purchase date:	2023/03/28
	Gross Monthly Income:	R27 500,00 /month
	Net Annualised Income:	R330 000 / year
	Yield:	11,79%
	Net Rental:	R30,00 /m <sup>2</sup>
	Gross Rental:	R45,00 /m <sup>2</sup>
	Selling Rate per m <sup>2</sup> based on stand size	R 2 145,59 /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.

The presence of vacancies in the area suggests a competitive market, which could impact rental rates and demand. This dynamic emphasizes the importance of strategic marketing and potentially enhancing the property to increase its appeal to potential tenants or buyers.

#### Market research and application

Comparable rental research reveals: For similar type of properties ranges between R40.00 to R60.00/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 R50.00/m<sup>2</sup> for Warehouse & Offices 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 indicate yield returns ranging between 10% and 12% for comparable warehousing and accommodation facilities. Considering the current condition of the improvements and the property's location, we have adopted a capitalisation rate of 11% for the valuation. This rate is deemed the most realistic and market-aligned yield that an investor would likely accept under prevailing market conditions.

#### 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 owner occupied.

### **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 m²	Monthly rental (excl esc)	Annual rental (Incl esc)
Offices with Warehouse	675 m²	R 50	R 33 750	R 405 000
	m²			
Total/ average	675 m²	R 50,00	R 33 750	
<b>Sub Total</b>				<b>R 405 000</b>
Vacancy factor <b>3%</b>				R 12 150
<b>Gross income</b>				<b>R 392 850</b>
<b>Less: Expenditure</b>			<b>Monthly</b>	<b>Annual</b>
Assessment Rates			R 6 243	R 74 916
Insurance	0,356% of gross replacement value		R 1 894	R 22 727
Management fee	3,00% of gross rental income		R 1 013	R 12 150
Audit fee	0,300% of gross rental income		R 101	R 1 215
Repairs & maintenance	0,350% of gross replacement value		R 1 862	R 22 344
				R 0
Sundries	Say			R 0
<b>Total expenditure (excluding escalation)</b>				<b>R 133 353</b>
<b>Total expenditure (including escalation)</b>				<b>R 135 353</b>
Expenditure / income ratio			<b>34,45%</b>	

## **CAVEATS**

### **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.

### **2. Third Party Involvement**

In undertaking this valuation, we have relied on information supplied by third parties and have assumed such information to be substantially correct.

### **3. Valuation Standard**

This valuation has been prepared in accordance with the International Valuation Standards Committee requirements and as adopted by the South African Institute of Valuers.

### **4. Freehold Property**

In the case of Freehold properties, we have inspected, when available, the relevant Title Deed documents. Whereas a result of our inspections some points have caused us concern as to the Title, we have referred specifically to them in the relevant detailed Valuation Reports. Where the Title Deeds were not available, we have assumed that good title can be shown, and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings.

### **5. Mortgage Bonds, Loans or Other Charges**

The property has been valued as if wholly owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans or other charges. No deductions have been made in our valuation for the cost of acquisition, such as a legal or transfer fees, or disposal of the assets.

### **6. Calculation of Areas**

All areas quoted within the Valuation Report have been provided by the client, a representative thereof, or alternatively measured onsite by the Valuer and we assume have been calculated in accordance with the SAPOA standard method of measurement.

### **7. Plans**

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

### **8. Property Boundaries**

The farm or property boundaries, as indicated by the instructing client or his appointed agent, or the boundaries as indicated by plans supplied by the client, are assumed to be the legal extent of the property. Any variation of these boundaries by extension or omission, and the resultant inclusion or omission of any improvements as a result of this or these variations, cannot therefore be regarded as the responsibility of Majola Valuation Services (Pty) Ltd.

### **9. Outgoings**

It is assumed, except where otherwise stated, that the property is subject to the normal property owner's outgoings and that there are no onerous restrictions or unusual covenants of which we have no knowledge. In preparing our valuation, we have formed our opinion of outgoings, having had reference to the various schedules of outgoings supplied by the client or a representative thereof.

### **10. Structural Condition**

The property has been valued in its existing state. In the event of its ownership or use changing in such a manner that the local authority will require the upgrading of the premises to comply with fire protection and other regulations, it may be necessary to reduce the valuation by the amount covering the cost of such compliance. We have had regard to the apparent state and condition of the property but have not carried out a structural survey, nor inspected those areas which were covered, unexposed or inaccessible, neither have we arranged for the testing of electrical, heating or other services. The valuation assumes that the services and structures are in a satisfactory state of repair and condition, unless otherwise stated in our report. The valuation further assumes that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations as well as the Local Authority by-laws. We have not inspected woodwork or other parts of the structure, and we are therefore unable to report that such parts of the property are free from rot, beetle or other defects. We have assumed that no deleterious or hazardous materials or techniques were used in the construction of the property nor have since been incorporated.

### **11. Contamination**

Our valuation assumes that a formal environmental assessment is not provided and further that the property is not environmentally impaired nor contaminated, unless otherwise stated in our report.



## **12. Vacant Land**

No soil or substratum tests on the property have been undertaken and it is assumed that the property is suitable for the intended purpose, without having to provide excessive reinforcement to any structure built thereon.

## **13. Statutory Notice and Unlawful Use**

We have assumed that the property and its value are unaffected by any statutory notice, and that neither the property nor its condition, nor its use, nor its intended use, is or will be unlawful.

## **14. Individual Properties**

The values reported are for the individual properties. No allowance is made for any premium which may be applicable for an assembled portfolio of properties, nor is a discount allowed for any flooding of the market which might exist if all or a majority of the properties were offered for sale simultaneously.

## **15. Confidentiality**

This valuation is produced exclusively for the client 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.

## **16. Independent Valuers Clause**

Neither the Valuer, nor Majola Valuation Services (Pty) Ltd or any employee, have any 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 by the Professional Valuer.

## **ANNEXURES**

**Deeds Enquiry**

**Photos**

**Locality Plan and Aerial View**

**SG Diagrams**

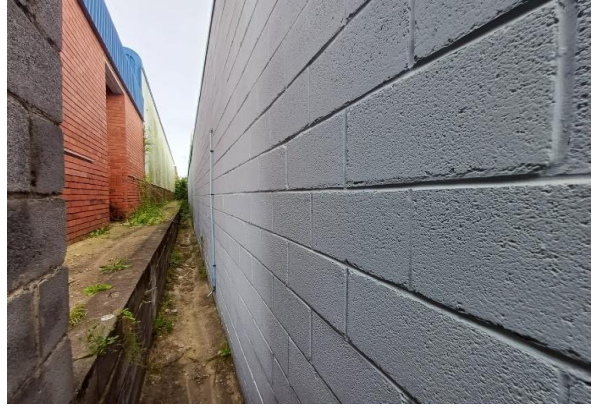
## MAJOLA VALUATION SERVICES

INCOME PROJECTED OVER 12 MONTHS																
	Accommodation & Tenant	Lettable area	Rental rate /m²/mo	1	2	3	4	5	6	7	8	9	10	11	12	Total
				Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sept-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	
1	Offices with Warehouse	675	R 50,00	33750	33750	33750	33750	33750	33750	33750	33750	33750	33750	33750	33750	405000
Total area		675														R 405 000

EXPENDITURE PROJECTED OVER 12 MONTHS				1	2	3	4	5	6	7	8	9	10	11	12	Total
				Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sept-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	
				11113	11113	11113	11113	11113	11113	11113	11113	11113	11779	11779	11779	R 135 353

## PHOTOGRAPHS OF SUBJECT PROPERTY







## LOCALITY MAP OF THE SUBJECT PROPERTY



## AERIAL MAP OF THE SUBJECT PROPERTY



## ZONING CERTIFICATE OF THE SUBJECT PROPERTY

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

Website: [www.buffalocitymetro.gov.za](http://www.buffalocitymetro.gov.za)



Directorate of Spatial Planning and Development  
PO Box 81, East London, 5200  
Planning and Engineering Centre, 26 Oxford Street,  
East London, 5201  
Tel: 043 705 2000 | Fax: 043 7535266

Our ref.: Ifayile yethu:	<b>9446/TP</b>	Enq.: Imibuzo:	<b>P. MHLANA</b> <b>043 – 705 2882</b>	Your ref.: Ifayile yakho:
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THIS IS TO CERTIFY THAT ERF 34923 EAST LONDON, JACOB NANNI PLACE, NORTH END IS ZONED FOR BUSINESS ZONE 3 PURPOSES IN TERMS OF THE BUFFALO CITY LAND USE MANAGEMENT SCHEME REGULATIONS.

THE BUSINESS ZONE 3 DEVELOPMENT CONTROLS ARE ATTACHED FOR YOUR EASE OF REFERENCE. **PLEASE NOTE** THE CONSENT USES INDICATED ON THE 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: P. MHLANA

SIGNATURE: \_\_\_\_\_

CHECKED BY: K. CHETTIAR

SIGNATURE: \_\_\_\_\_

DATE: 15 APRIL 2025



**BUFFALOCITYMETROPOLITANMUNICIPALITY**

*Unity in Action. A City Hard at Work*



### 3.11 BUSINESS ZONE III

3.11.1 COLOUR NOTATION: Light Blue with black diagonal hatching

Primary Use: Commercial premises, place of worship, funeral parlour, public garage, adult shop, mortuary, place of entertainment, escort agency.

Consent Use: Other uses over and above uses listed as primary uses.

3.11.2 LAND USE RESTRICTIONS

Floor Factor: At most 3

Coverage: 100%

Street Building Line: Zero

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 in order to enforce any law or right; and
- (c) In the event of the common boundary between the two erven forming 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 erf, provided that no openings are provided in such wall;
- (b) Council may lay down rear building lines in the interest of public health in order to enforce any law or right; and
- (c) In the event of the common boundary between the two erven forming 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: The following parking ratios apply:

- (i) *Business (including office use)*: 6 bays/100m<sup>2</sup> G.L.A.
- (ii) *Manufacturing*: 1 bay/100m<sup>2</sup> G.L.A.
- (iii) *Warehousing*: 1 bay/100m<sup>2</sup> G.L.A.
- (iv) *Dairies, Bakeries and Laundries*: 1 bay/100m<sup>2</sup> G.L.A.
- (v) *Storage Yards*: 1 bay/100m<sup>2</sup> G.L.A.

Subject to Section 4.14.1.1 on parking alternatives and Sub-Section 4.14.1 on a reduction in parking requirements for the CBD and CBD Fringe Areas.

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

Height: 3 storeys

No point of a building shall exceed a vertical distance above the grade line of:

- the equivalent of 3.6m for residential buildings and 4m for non-residential buildings per permissible storey – in the case of flat roofed buildings, or

- in the case of inclined or pitched roofed buildings, the equivalent of 3.6m for residential buildings and 4m for non-residential buildings per permissible storey and an additional 3m which is allowed for the roof; Provided that chimneys, flues and antennae are exempt from this height restriction.

### 3.11.3 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.



## WINDEED REPORT OF THE SUBJECT PROPERTY

### WinDeed Database D/O Property

EAST LONDON, 34923, 0, 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	2025/04/19 11:20	Erf Number	34923
Reference	-	Portion Number	-
Report Print Date	2025/04/19 11:20	Deeds Office	King Williams Town
Township	EAST LONDON	Search Source	WinDeed Database

#### PROPERTY INFORMATION

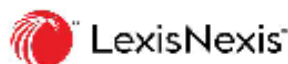
Property Type	ERF	Diagram Deed Number	T3966/1995
Township	EAST LONDON	Local Authority	BUFFALO CITY METROPOLITAN MUNICIPALITY
Erf Number	34923	Province	EASTERN CAPE
Portion Number	0	Extent	1127.00005QM
Registration Division	EAST LONDON RD	LPI Code	C02300040003492300000
Previous Description	-		

#### ENDORSEMENTS

No endorsements to display

#### DISCLAIMER

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HISTORIC DOCUMENTS (8)				
#	Document	Institution	Amount (R)	Microfilm / Scanned Date
1	T692/1991	EAST LONDON T L C	T/T	1995 004 9 :17:47
2	T692/1991	LOCAL MUNICIPALITY OF BUFFALO CITY	T/T	1995 004 9 :17:47
3	T692/1991	EAST LONDON TRANSITIONAL L C	T/T	1995 004 9 :17:47
4	T692/1991	MUNICIPALITY OF EAST LONDON	T/T	1995 004 9 :17:47
5	T692/1991	EAST LONDON TRANSITIONAL LOCAL COUNCIL	T/T	1995 004 9 :17:47
6	T692/1991	MUNICIPALITY OF THE CITY OF E L	T/T	1995 004 9 :17:47
7	T692/1991	MUNICIPALITY OF THE CITY OF E L T/T	T/T	1995 004 9 :17:47

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