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Penny Lindström Valuations

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VALUATION OF IMMOVABLE PROPERTY

**Erf 44 Cintsa
44 Steenbras Drive, Chintsa East
Eastern Cape Province**

31 August 2017



Prepared By

Penny Lindstrom

Professional Valuer – Reg. No. 935/7

Registered in terms of the Valuer's Act 47 of 2000

Appraiser in terms of Section 6(1) of Act 66 of 1965 of District of East London
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31 October 2017

Mark Lindstrom

Candidate Valuer – Reg. No. 4958/9

Yolandi Gray-Browne

Candidate Valuer – Reg. No. 7714/3

1. EXECUTIVE SUMMARY

Instructing Client:

Contact Number:

E-mail Address:

Property Valued: Erf 44 Cintsa

Local Authority: Great Kei Local Municipality

Co-ordinates: -32.8283° 28.1160°

Registered Owners:

Title Deed No: T2895/1986

Date of Inspection: 22 June 2017

Effective Date: 31 August 2017

Land Extent: 3,3938 ha

Zoning: Commercial

Market Value:

2. PURPOSE OF THE VALUATION

The purpose of this valuation is to establish the current market value of the property for administrative purposes.

3. VALUATION INSTRUCTION

PENNY LINDSTROM VALUATIONS has been instructed by
to estimate the market value of Erf 44 Cintsa more commonly known as
Arendsnes Holiday Resort and Caravan Park, which is a commercial property as at 22
June 2017. The property rights valued are the rights in ownership.

4. DEFINITIONS OF VALUATION METHODS USED

4.1 MARKET VALUE

In the process of estimating the market value of the subject property I have been guided by the IVSC (International Valuation Standards Committee) in their definition of market value, as revised in 2000. This definition, which has been generally accepted by the South African property valuation profession, reads as follows:

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

4.2 DEPRECIATED REPLACEMENT VALUE METHOD

The 'Depreciated Replacement' method, generally considered to determine the value of a property (buildings only). This is usually used if the 'Direct Comparison Method' and the 'Capitalisation of the Nett Annual Income Method' are considered inappropriate.

This method employs the current replacement cost of the respective building, less depreciation for physical obsolescence, functional and economic factors. The market

value of the vacant land must be added to this resultant figure, yielding the market value of the land and the buildings etc.

5. TITLE/TRANSFER DEED INFORMATION

Deed of Transfer No T2895/1986, registered in the King Williams Town Deeds Registry in the name of

for an unknown purchase price.

6. CONDITIONS, SERVITUDES, ENDORSEMENTS

I have perused the relevant title deed in the King William's Town Deeds Registry and this document appears to have no onerous conditions applicable to the use of the property.

7. LOCAL AUTHORITY

The property falls under the jurisdiction of the Great Kei Local Municipality. Valuation per General Valuation 2014 is The rating category is Business & Commercial Property.

8. LEASE DETAILS & OCCUPANTS

The property is owner occupied.

9. DESCRIPTION OF PROPERTY

9.1 SITUATION:

Chintsa (formerly Cintsa) is a village in the Wild Coast region of the Eastern Cape province, South Africa. It is situated 38km north-east from East London, at the mouth of the Cintsa River.

The village is in Xhosa country. It has a laid-back atmosphere with low-cost accommodation and unspoilt white sand beaches, backed by forested dunes, lagoons and rivers. Arendsnes is ideally situated within the village to take full advantage of the beach and lagoon and all they have to offer. Most of the cottages and the main house are positioned in such a way as to take full advantage of the seaviews on offer.

9.2 LAND:

- The land is 3.3938 ha in size and is irregular in shape. The land is a mixture of level areas as well as areas with steep inclines. The property is an excellent position and within walking distance to the beach.

9.3 IMPROVEMENTS:

The total improvements on the property is **3,577m² in extent¹** and consists of the following:

- **Main Dwelling.** A double storey facebrick building under a pitched thatched roof. Windows are aluminium. Floors are a mixture of tiles and carpets. All external doors are fitted with trellidoors and security gates. The internal and external condition of the property is excellent. The house consists of 5 bedrooms, 2 bathrooms, guest WC, open plan lounges, dining room and kitchen with scullery, sun room and study. The main dwelling has a spectacular view and is only accessible via the cable car.
- **16 Log Cabins with Patio's.** Log cabins with a pitched IBR roof. Fully furnished self-catering cabins consisting of 2 bedrooms, bathroom, lounge and patio. The internal and external condition is good.
- **25 Rooms with Patio's:** Fully furnished rooms consisting of 1 bedroom, kitchenette and bathroom and patio. The internal and external condition is good.
- **4 Park Homes.** The park homes are prefabricated buildings with wooden cladding and pitched IBR roofs. The external condition is good.

¹ Building sizes as provided by the owner.

- **2 Store Room / Workshop.** Combined brick, plastered and painted and wood sheeting buildings under asbestos pitched roofs. The general condition is fair.
- **4 Ablution Blocks.** Facebrick building as well as a brick, plastered and painted building with ablution facilities for caravan sites. There is also an additional brick, plastered and painted building close to the hall and braai area. The internal and external condition is good.
- **Caravan Park.** The resort caters for 35 caravan sites with electrical points. There are ablution and camp kitchen facilities within walking distance of all the sites. The sites are very well maintained.
- **Camp Kitchen.** A face brick building with dishwashing facilities.
- **Garage & Laundry.** A brick, plastered and painted building under a pitched roof. The general condition is fair.
- **Main Building.** A brick, plastered and painted building under a pitched roof. The majority of the windows and doors are aluminium. The floors are a mixture of carpets and tiles. The main building consists of the following: office, hall, dining hall, kitchen with cold storage room and walk-in fridge, scullery, pizza area and bar. The hall is equipped for conferences with a built-in projector and screen. The general condition is fair.
- **Braai Area.** The braai area is next to the main building with a large awning.
- **Swimming Pool.** The pool is irregular in shape and is being well maintained.
- **Sun Shelter.** The sun shelter is located next to the pool with ample tables and chairs. The shelter has windows on the one side with an open plan area throughout. The roof is pitched with sheeting with gutters and downpipes.
- **Supertube.** The supertube is located close to the dining hall. The general condition is fair.

- **Cable Car.** The cable car and footpath is the only way to access the main dwelling. The general condition is fair. It meets the necessary safety requirements.
- **Refuse Room.** A prefabricated building with open mono-pitched roof situated close to the office.
- **Outdoors.** The yard and gardens are very well maintained by the owner. There is ample space for the caravan park with some extra space.
- **Security.** The compound has various steel gates on remote to access certain areas of the resort. It is completely fenced in. All chalets / rooms have burglar bars as well as security gates.
- **General.** The resort have sewer tanks, water tanks as well as an irrigation system.

10. MARKET RESEARCH AND METHODOLOGY

The general demand for resort types properties in South Africa is low. As a result there are no comparative sales to use. The best method to use for the valuation is the Depreciated Replacement Value Method.

10.1 Sales of Vacant Land

A portion of the land is situated against the sand dune which cannot be utilised. The size of this portion is approximate 8,163m² in size. The balance of the land, 25,775m² is utilised for the resort as well as the main dwelling.

- Erf 421 being 808m² sold for R1,600,000 on 27 June 2017 (R1,980/m²).
- Erf 263 being 766m² sold for R400,000 on 01 June 2017 (R522/m²).
- Erf 636 being 810m² sold for R1,150,000 on 10 March 2016 (R1,420/m²).

There are virtually no samples of properties with the same sizes within the Cintsa area, however the above properties gives a good indication of the price for vacant

10.2 Building Rates

Rode Report 2016:4 does not have building rates for log cabins, camp kitchens etc. However the following rates have been considered when deciding on a rate to use for the resort.

• Ablutions	R4,350 to R5,700/m ²
• Awnings	R2,000 to R3,000/m ²
• Braai Area	R3,200 to R4,600/m ²
• Cable Car	R200,000
• Camp Kitchen	R3,200 to R4,600/m ²
• Garage	R3,200 to R4,600/m ²
• Laundry	R3,200 to R4,600/m ²
• Log Cabins	R6,800 to R9,800/m ²
• Main Dwelling	R15,100/m ²
• Office, Hall, Bar & Kitchen	R6,800 to R9,800/m ²
• Park Homes	R6,800 to R9,800/m ²
• Patio's	R2,000 to R3,000/m ²
• Pool	R75,900 to R134,200
• Refuse Room	R3,200 to R4,600/m ²
• Rooms	R5,700 to R6,800/m ²
• Stoep	R1,500 to R3,000/m ²
• Store Room	R3,200 to R4,600/m ²
• Sun Shelter	R3.200 to R4,600/m ²
• Supertube	R75,900 to R134,200
• Workshop	R3,200 to R4,600/m ²
• Fencing	R500 to R650/m
• Brick Wall	R500 to R750/m ²

These rates will be used to establish a cost to replace the buildings and a professional fee of 15% will be included to cover the costs of architects, surveyors, engineers etc.

This value will be depreciated for condition at the following rates:

Excellent Condition	10%
Good Condition	30%
Fair Condition	50%
Poor Condition	70%
Derelict	90%

Lastly, the land value will be added to the Depreciated Replacement Cost which will result in the Market Value of the building.

12. CERTIFICATE

I, **Penny Lindstrom**, hereby certify that after careful consideration, **Erf 44 Cintsa, East London RD** and situated in the Province of Eastern Cape, now registered in the name of



Penny Lindstrom

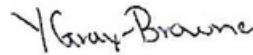
Professional Valuer - Reg. No 935/7
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31 October 2017



Mark Lindstrom

Candidate Valuer – Reg. No. 4968/9



Yolandi Gray-Browne

Candidate Valuer – Reg. No. 7714/3

13. 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 with regard to rentals and/or expenses in respect of subject property, any comparables or any other aspects of the valuation unless specific mention is made thereof. Interested parties are strongly advised to seek advice from their Auditors or Receiver of Revenue in the event of subject property being sold or leased. It is essential that this information is obtained prior to the entering of any Deed of Sale or Lease Agreement.

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 market valuation is based on conditions at the time of preparing this report.

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.

The majority of developers in the property industry are registered VAT vendors, and any VAT paid by them on any property development is fully recoverable. VAT has therefore not been allowed for in the above rates.

2016 REPLACEMENT VALUE CALCULATION FOR GUIDELINE PURPOSES ONLY

Your residence and permanent improvements are insured on a new replacement value, hence it is vitally important to assess the cost you would incur if you had to rebuild the same building and improvements.

Main Building:

Private dwelling houses:

<u>Standard</u>	Standard finish, white glazed tiling, white bathroom fittings, steel kitchen cupboards, plastered and painted walls outside R6200.00 per sq m.
<u>Middle Class</u>	Middle-of-the-range' priced carpets, tiles, bathrooms, kitchen cupboards and fittings, face brick wall finish outside R7400.00 per sq m.
<u>Luxury</u>	Top-of-the-range priced carpets, tiles and roof covering finishes of local materials. Luxury bathroom fittings, luxury kitchen cupboards and fittings and acoustic ceilings. Generally aesthetic shaped plan and elevations, architectural features, double volume areas and roof lights R10 500.00 per sq m.
<u>Exclusive</u>	exclusive finishes and fittings throughout - significant percentage imported components. Exclusive attention to detail - molded skirting's, cornices and dados, comprehensive lighting, exclusive tiling patterns and borders, cooling/heating ventilation installation. R15 500.00 per sq m.

Outbuildings

Garage / Domestic Quarters	R4 250.00 per sq m.
Carports	Single – R5 650.00 Double – R10 450.00

Swimming Pools

Small	R63 300.00
Medium	R97 000.00
Large	R115 900.00

Other Improvements

Tennis Courts-

standard R270 000.00

Floodlit – R350 000.00

Steel Sliding Gates

R21 550.00

Fencing / Walling

Face brick

R2 850.00 per sq m.

Concrete or clinker faced pre cast

R780.00 per sq m.

Steel or wooden split pole / Pallisade

R1 180.00 per sq m.

Paving of concrete, brick or interlocking blocks R340.00 per sq m.

Other improvements such as

Jacuzzi's

Solar panels

Squash courts

Bore holes

Lapa

Awnings

Should be based on approximate replacement costs.

Please note that if the slope of the site is such, that high or stepped foundation walls, terraces or retaining walls have been created add a minimum of 5% to the total value.