



REPORT TO SUBCOUNCIL 1

1 ITEM NUMBER 01SUB 18/11/2020

2 SUBJECT

PROPOSED LEASE OF A PORTION OF CITY LAND, BEING A PORTION OF ERF 610 MELKBOSCH STRAND (PUBLIC STREET AND PUBLIC PARKING), SITUATED AT THE CORNER OF BEACH ROAD & 11TH AVENUE, MELKBOSCH STRAND: LUKAS JOHANNES RAUTENBACH (T/A LUKAS SOFT SERVE)

2 ONDERWERP

VOORGESTELDE VERHURING VAN 'N GEDEELTE STADSGROND, NAAMLIK 'N GEDEELTE VAN ERF 610 MELKBOSCH STRAND (OPENBARE STRAAT EN OPENBARE PARKEERPLEK), GELEË OP DIE HOEK VAN KUSWEG EN 11DE LAAN, MELKBOSCH STRAND: LUKAS JOHANNES RAUTENBACH (H.A. LUKAS SOFT SERVE)

2 ISIHLOKO

ISIPHAKAMISO SENGQESHISO YESIQEPHU SOMHLABA WESIXEKO, OSISIQEPHU SESIZA 610 MELKBOSCH STRAND (ISITALATO SOLUNTU NENDAWO YOKUPAKA YOLUNTU), ESIME KWIKONA YEBEACH ROAD NE-11TH AVENUE, MELKBOSCH STRAND: LUKAS JOHANNES RAUTENBACH (ORHWEBE NJENGO-LUKAS SOFT SERVE)

M1529

PTMS NO: 130005468

File Ref No: TYG 14/3/6/1/2/610

(Category 1)

3 DELEGATED AUTHORITY

- ☒ The report is for comment by subcouncil to the competent authority in terms of Part 24, Delegation 10(1).

"To comment to the competent authority on the granting of rights to use, manage or control City immovable assets such as land, property and buildings and to recommend conditions of approval where deemed necessary."

☐ In terms of delegation Part 42 paragraph 1(4), the following delegation was conferred upon the Immovable Property Adjudication Committee.

(4) To approve or not approve transfer of ownership or disposal or granting of rights to use, control or manage non-exempted immovable capital assets provided that:

- a) Public participation process has been conducted (where necessary);
- b) S14 MFMA determinations (where applicable); and
- c) Approval in principle in terms of the Municipal Asset Transfer Regulations or approval by the decision making authority at the time prior to the Municipal Asset Transfer Regulations has been completed and subject to the final approval not being materially or significantly different from in principle approval by the relevant decision-making authority.

☐ Final decision lies with Immovable Property Adjudication Committee.

4 EXECUTIVE SUMMARY

PURPOSE OF REPORT	To consider the proposed lease of a portion of City owned land, being a portion of Erf 610 Melkbosch Strand (Public Street & Public Parking), situated at the corner of Beach Road & 11 th Avenue Melkbosch Strand for the purpose of an ice cream kiosk		
Site extent	±78m ²		
Submission date	17 July 2018		
Current zoning	Transport 2 (Public Road and Public Parking)		
Current usage	Ice Cream Kiosk		
Proposed usage	Ice Cream Kiosk		
WARD CLLR	NOTICE DATE	WARD	
Cllr Nora Grose	26 August 2020	23	
Internal circulation date	05 November 2018		
Internal department comments	No objections were received from the internal branches, subject to the conditions contained in paragraph 5 below.		
Public participation outcome summary	Advertised in the Cape Argus and Die Burger 7 th August 2020. No objections were received.		
Viable	Yes		No X
	The subject property is regarded as non-viable land which only has value to the abutting landowners in light of the fact that it cannot be developed or function as a separate entity. This property transaction may be approved without any competitive process having been followed on the basis that no purpose would be served by a competitive process.		

Recommended decision	Approval	X	Refusal
Regulation 34(1) In-principle approval	Granted by Director: Property Management in terms of delegated authority after 21 June 2018.		
Factors motivating recommendation:	<ul style="list-style-type: none"> The lease of the land will relieve council of the maintenance burden. The current use of the property will continue. Council will receive a financial benefit as a result of this lease. 		
Strategic intent	SFA 1 : an OPPORTUNITY City of Cape Town		
	Objective 1.1	Positioning Cape Town as forward looking globally competitive City	
	Programme 1.1(g)	Leveraging the City's assets	

5 RECOMMENDATIONS FOR CONSIDERATION AND COMMENT BY THE RELEVANT SUBCOUNCIL

It is recommended that the lease of portion of City owned land, being a portion of Erf 610 Melkbosch Strand (Public Road and Public Parking), situated at the corner of Beach Road & 11th Avenue, Melkbosch Strand and as shown hatched and lettered ABCDEFGHJKLM on the attached Plan No TA 994v1 marked **annexure A**, in extent approximately 78m², to Lukas Johannes Rautenbach trading as Lukas Soft Serve, or his successors in title, be approved subject to inter alia the following conditions;

- A market rental of R3 900.00 per month, excluding rates and excluding VAT calculated at the rate applicable at the time of transaction, be payable;
- The monthly rental is to be adjusted on the basis of 8% per annum compounded annually on a pro rata basis commencing 2 months from date of this valuation. Accordingly, the above recommended rental is effective and payable as from 2019-08-01;
- The escalation rate of 8% per annum was reduced to 6% per annum as from 01-04-2020 on account of the Coronavirus and the resultant economic fallout which has dampened growth prospects for the property market;
- The proposed lease term is for a period of 10 years and is to be reviewed after a period of 5 years;
- The property be used for an ice-cream kiosk and for no other purpose;
- Subject to such further conditions to be imposed by the Director: Property Management in terms of her delegated authority;
- Subject to compliance with any other statutory requirements;
- No compensation will be payable for any improvements made to the Property;

- i) No structures are to be erected over the existing sewer and water mains;
- j) Access for maintenance and inspection must be granted at all times;
- k) The lessee shall be responsible for the on-going maintenance of the existing structure and facilities. The existing structure and ablution facilities shall be maintained at a tenable standard, to the satisfaction of Recreation and Parks;
- l) The City of Cape Town has the right to construct and/or erect and lay such poles, stays, cables, wires or appurtenances aforesaid. This includes the right to bring machinery onto the property and to carry out excavations.
- m) The City of Cape Town has the right for any employee or servant or contractor of the City of Cape Town to enter and be upon the property at any time in the exercise of the aforesaid rights.
- n) No building, containers or structure shall be erected within 3m of the electrical services;
- o) No excavation or filling shall be carried out within the leased area without the prior written consent of the Electricity department.
- p) No stakes, pegs or pins shall be driven into the ground within 1m of any part of the electricity services;
- q) No plant or material shall be stored within 1m of any part of the electricity services;
- r) No mechanical plant may be used within 3m of medium voltage cable or 5m of high voltage cable.
- s) The lessee shall be responsible at all times for the maintenance and good order of the land;
- t) The lease may be suspended at any time should the applicant not comply with the conditions;
- u) On termination of the lease, the entire leased area must be reinstated at the Lessees expense to a condition acceptable to the Electrical Department;

AANBEVELINGS VIR OORWEGING EN KOMMENTAAR DEUR DIE BETROKKE SUBRAAD

Daar word aanbeveel dat die verhuring van 'n gedeelte Stadsgrond, naamlik 'n gedeelte van erf 610 Melkbosch Strand (openbare pad en openbare parkeerplek), geleë op die hoek van Kusweg en 11de Laan, Melkbosch Strand en soos aangetoon deur arsering en die letters ABCDEFGHJKLM op die aangehegte plan no. TA 994v1, gemerk **bylae A**, ongeveer 78 m² groot, aan Lukas Johannes

Rautenbach handeldrywende as Lukas Soft Serve, of sy regsopvolgers, goedgekeur word, onderworpe aan onder meer die volgende voorwaardes, dat:

- a) 'n Markhuurgeld van R3 900 per maand, eiendomsbelasting ingesluit en BTW uitgesluit - bereken teen die koers wat ten tye van die transaksie geld - betaal moet word;
- b) Die maandelikse huurgeld aangepas sal word teen 8% per jaar, jaarliks saamgestel op 'n pro rata-grondslag, vanaf twee maande vanaf die datum van hierdie waardasie. Die bogemelde aanbevole huurgeld is gevolglik effektief en betaalbaar met ingang van 2019-08-01;
- c) Die eskalasiekoers van 8% per jaar tot 6% per jaar vanaf 01-04-2020 verminder weens die coronavirus en die gevolglike ekonomiese nasleep wat groeivoorsigte vir die eiendomsmark gedemp het;
- d) Die voorgestelde verhuringstermyn 10 jaar is wat na 5 jaar hersien moet word;
- e) Die eiendom vir 'n roomyskiosk en geen ander doel nie gebruik moet word;
- f) Onderworpe aan enige verdere voorwaardes opgelê deur die direkteur: eiendomsbestuur in die uitvoering van haar gedelegeerde bevoegdheid;
- g) Onderworpe aan die nakoming van enige ander statutêre vereistes;
- h) Geen vergoeding betaal sal word vir enige verbetering wat aan die eiendom aangebring word nie;

- i) Geen strukture oor die bestaande riool en waterhoofpyppeiding opgerig mag word nie;
- j) Toegang te alle tye vir instandhouding en inspeksie verskaf moet word;
- k) Die huurder vir die deurlopende instandhouding van die bestaande struktuur en fasiliteite verantwoordelik sal wees. Die bestaande struktuur en ablusiefasiliteite op 'n houdbare standaard in stand gehou word tot bevrediging van rekreasie en parke;
- l) Die Stad Kaapstad die reg het om enige sodanige pale, ankerdrade, kables, drade of verwante toebehore op die voormelde te bou en/of op te rig. Dit sluit in die reg om masjinerie na die eiendom te bring en uitgrawings te doen.
- m) Die Stad Kaapstad die reg het om enige werknemer of dienaar of Stad Kaapstad-kontrakteur die eiendom te eniger tyd te laat betree in die uitoefening van die voormelde regte;
- n) Geen gebou, houer of struktuur binne 3 m vanaf die elektriese dienste opgerig mag word nie;
- o) Geen uitgrawings of opvulling sonder die vooraf toestemming van die elektrisiteitsdepartement in die verhuurde gebied uitgevoer mag word nie;
- p) Geen pale, penne of spykers in die grond ingeslaan mag word binne 1 m van enige deel van die elektriese dienste nie;
- q) Geen werktuig of materiaal binne 1 m vanaf enige deel van die elektriese dienste gestoor mag word nie;
- r) Geen meganiese werktuig binne 3 m van mediumspanningskables of 5 m van hoëspanningskables gebruik mag word nie;
- s) Die huurder te alle tye verantwoordelik is vir die instandhouding en goeie toestand van die grond;
- t) Die huurkontrak te enige tyd opgeskort kan word as die aansoeker nie aan die voorwaardes voldoen nie;
- u) Die hele verhuurde gebied by die beëindiging van die huurkontrak op die huurder se onkoste herstel moet word tot 'n toestand wat vir die elektrisiteitsdepartement aanvaarbaar is;

IZINDULULO ZOKUBA ZIQWALASELWE KWAYE KUHLONYULWE KUZU LIBHUNGANA ELIFANELEKILEYO

Kundululwe ukuba makuphunyezwe ingqeshiso ngesiqephu somhlaba weSixeko, osisiqephu sesiza-610 Melkbosch Strand (isitalato soluntu nendawo yokupaka yoluntu), esime kwikona yeBeach Road ne- 11th Avenue, Melkbosch Strand

nesibonakaliswe ngemigca ekrweliweyo noonobumba ABCDEFGHJKLM kwiplani engu- TA 994v1 eqhotyoshelweyo nephawulwe isihlomelo A, esibukhulu obumalunga nama-78m², kuLukas Johannes Rautenbach abarhweba njengeLukas Soft Serve, okanye abangena ezihlangwini zakhe ngokwetayitile, ngokuxhomekeke phakathi kwezinye izinto kule miqathango ilandelayo;

- a) Makuhlawulwe ixabiso larenti elihambelana nelemakethe elingama-R3 900.00 ngenyanga ngaphandle kweentlawulo zobuhlali kuqukwa iRhafu-ntengo ebalwe ngokwexabiso elisetyenziswayo ngexesha lonaniselwano;
- b) Irenti yenyanga izakonyuka ngomyinge we-8% ngonyaka ngokommiselo wonyaka oqukaniswe rhoqo ngonyaka ngokwekota ukususela kwiinyanga ezi-2 ukusuka ngomhla woqingqo-maxabiso. Ngenxa yoko, ixabiso larenti elikhankanywe ngentla apha liyasebenza kwaye kuyakuthi kuhlawulwe ukususela ngowama-2019/08/01;
- c) Ukonyuka kwerhafu nge-8 % ngonyaka kuye kwehliswa kwaya kwi-6% ngonyaka ukususela ngowo-01-04-2020 ngenxa yentsholongwane yekhorona nokwehla kwezinga lezoqoqosho okukhokelele ekwehleni kohlumo kwimarike yeepropati;
- d) Ingqeshiso iya kuhlala isithuba seminyaka eli-10 ngokuxhomekeke kwaye kufuneka iphononongwe emva kwesithuba seminyaka emihlanu;
- e) Ipropati mayisetyenziswe njengevenkile ye-'ice-cream' ingasetyenziselwa ezinye izinto;
- f) Ngokuxhomekeke kweminye imiqathango eyongeziweyo eya kumiselwa nguMlawuli: woLawulo lwepropati ngokwamagunya akhe agunyazisiweyo;
- g) Ngokuxhomekeke ekuthotyelweni kwayo nayiphina imimiselo yomthetho engeminye;
- h) Akusayi kuhlawulwa mbuyekezo ngophuculo oluthe lwenziwa kwipropati;

- i) Akukho zakheko ziyakumiswa ngaphezu kombhobho wogutyulo nowamanzi;
- j) Kufuneka kunikwe imvume yokungena ukulungiselela unonophelo kunye nohlolo ngawo onke amaxesha;
- k) Umqeshi uyakuthi abenoxanduva lononophelo oluqhubekayo kwezakheko neenkonzo ezikhoyo. Isakheko esikhoyo kunye neenkonzo zococeko kufuneka zinonotshelwe ngokufanelekileyo, ngokwemvume yecandelo lezoLonwabo neePaki;
- l) ISixeko saseKapa sinelungelo lokwakha okanye ukugxumeka kwaye similisele iipali, izixhaso, iikhebhule, iingcingo okanye izifakelelo ezikhankanyiweyo. Oku kuquka ilungelo lokuza nomatshini kwipropati kwaye kuqhutywe umsebenzi wokombiwa/wokugrumba.
- m) ISixeko saseKapa sinelungelo lokuba nawuphi na umsebenzi okanye umncedisi okanye ikhontraka yeSixeko saseKapa angene kwipropati ngalo naliphi ixesha ngexesha kusetyenziswa amalungelo asele ekhankanyiwe.
- n) Akukho sakhiwo, ikhonteyina okanye sakheko esiza kuthi sakhiwe kwisithuba se-3m ukusuka kwiinkonzo zombane;
- o) Akukho msebenzi wokugrumba okanye ukuditywa komhlaba uya kwenziwa kwindawo eqeshiweyo ngaphandle kokufumana imvume ebhaliweyo kwangaphambili kwiSebe lezoMbane.
- p) Akuvumelekanga zibonda, zikhokwane okanye iipini eziya kombelwa emgangathweni kumgama oyi-1m ukusuka nakuyiphi indawo eneenkonzo zombane;
- q) Akuvumelekanga ukugcina izixhobo okanye impahla kumgama we-1m kuyo nayiphi indawo eneenkonzo zombane;
- r) Akuvumelekanga ukusebenzisa nawuphi umatshini wombane kumgama oyi-3m oneentambo zombane okumlinganiselo ophakathi okanye kumgama oyi-5m oneentambo zombane ezinomlinganiselo wombane ophezulu.
- s) Umntu oqeshe le ndawo uyakuba noxanduva ngalo lonke ixesha lokulondoloza nokugcina lo mhlaba ukwimeko elungileyo;
- t) Ingqeshiso ingaphela nangaliphi na ixesha xa kunokwenzeka umfaki-sicelo angayithobeli imiqathango;
- u) Ngexesha lokuphela kwengqeshiso, lo mmandla wengqeshiso mawubuyiselwe kwakhona ngeendleko zomqeshi kwisimo esamkelekileyo kweli Sebe lezoMbane.

6 DISCUSSION/CONTENTS

6.1 BACKGROUND:

An application was received from Mr Lukas Johannes Rautenbach, trading as Lukas Soft Serve, to conclude a new lease with the City for the continuation of his use of the subject property as an ice cream kiosk. The subject property has been leased by the applicant since 1st January 2011 but the lease agreement has now expired. The lease will continue on a month to month basis until a decision has been made regarding the application which is the subject of this report, as the applicant is still in occupation of the property. This will allow for billing of the rental to continue.

During the currency of the lease period the agreement of lease will contain a clause that, in the event that Council requires the land for the provision of basic municipal services, a notice period of two months will apply.

The property is registered in the name of Seapark Centre (Pty) Ltd Deed of Transfer No D/T 41642 and vests in the City of Cape Town as a public street. The property is zoned as Transport 2 (Public Road and Public Parking).

6.2 CONSULTATION WITH INTERNAL BRANCHES:

The various Council Departments were consulted and have no objections to the lease subject to conditions set out in Paragraph 5 above which will form part of the lease agreement.

6.3 VALUATION

The City's Professional Valuers on 31 May 2019 assessed the rental value of the Subject Property at R 3 900.00 per month excluding VAT and excluding rates.

The monthly rental is to be adjusted on the basis of 8% per annum compounded annually commencing 2 months from the date of valuation. Accordingly the above rental is effective and payable as from 2019-08-01.

The escalation rate was reduced to 6% from 1 April 2020 on account of the coronavirus and the resultant economic fallout, which has dampened growth prospects for the property market.

The proposed lease term is for a period of ten (10) years and the rental is to be reviewed after a period of five (5) years.

The valuation synopsis is attached to the report as **Annexure B**

6.4 CONSTITUTIONAL AND POLICY IMPLICATIONS

- 6.4.1 The proposal complies with Chapter 4 of the Municipal Asset Transfer Regulations which regulates the granting of rights to use, control or manage capital assets.
- 6.4.2 Chapter C of Council's policy entitled the Management of Certain of the City of Cape Town's Immovable Property (approved by Council 26 August 2010, C 54/08/10), permits the leasing of immovable property.

6.5 FINANCIAL IMPLICATIONS

All costs involved in this transaction will be for the Applicant's account.

6.6 TAX COMPLIANCE

In terms of the City's Supply Chain Management Policy, approved by Council on 30 May 2019 (C18/05/19), paragraph 98.3 stipulates the City may not consider a bid or quote unless the bidder who submitted the bid or quote has submitted a valid tax clearance certificate certifying that the provider's tax matters are in order.

In terms of the City's Supply Chain Management Policy, approved by Council on 30 May 2019 (C18/05/19), paragraph 99 stipulates "Irrespective of the procurement process, the City may not make any award above R15 000,00 to a person whose tax matters have not been declared by the SARS to be in order."

Paragraphs 372 – 375 of the afore-mentioned policy deal with the sale and letting of City owned immovable property and are silent on the SARS requirement. Property Management adopted the principle as per paragraph 99 above and applicants need to submit a SARS clearance certificate or exemption certificate for the sale of all City owned immovable property. Except for tariff based rentals, which do not exceed R15 000,00 all applicants need to submit a SARS clearance or exemption certificate for the leasing of City owned immovable property.

Applicant has complied. See Tax Clearance Certificate attached hereto as Annexure C.

6.7 FINANCIAL DUE DILIGENCE

The applicant's debt profile has been verified and it is confirmed that the debt profile is not in arrears.

6.8 SUSTAINABILITY IMPLICATIONS

Does the activity in this report have any sustainability implications for the City?	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
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6.9 LEGAL IMPLICATIONS

Regulation 36 of the MATR

In terms of the above Regulation, Council must take into account a number of factors (highlighted in bold) when considering any proposed granting of rights to use, control or manage municipal capital assets, and it is herewith confirmed that:

Whether asset may be required for the municipality's own use during the period for which the right is to be granted

Council's service branches confirmed that the asset is not required for own purposes.

Extent to which any compensation to be received, estimated value of improvements or enhancements to party the right is granted to will be required to make, economic or financial benefit to the City

Council will receive a financial benefit in the form of a market related rental.

Management of Risk

No operational or control risk to the City.

Stakeholder comments and recommendations

The Director: Property Management, in terms of her delegated powers, has approved the public participation process as required, resulting in the proposed lease being advertised in the Cape Argus and Die Burger on 7th August 2020 . Closing dates for objections were 7th October 2020. Copies of the advertisement were sent to the Ward Councillor, Manager and Chairperson of the relevant Sub-Council and registered local community organisations. No objections and comments were received.

Views from National and Provincial Treasury

In terms of Regulation 34 of the MATR the subject property falls within the category of a capital asset in respect of which the proposed right to be granted has a value less than R10 million and a period exceeding 3 years (Non-Significant Property Right). National and Provincial Treasury have been notified. No objections and comments were received.

Strategic, Legal and Economic Interests

None of these interests will be compromised through the granting of the right to use, control or manage the asset. In fact, they will be supported.

Compliance with Legislative Regime that is Applicable to Proposed Granting of Rights

Granting of the right to use, control or manage the asset is compliant with the Municipal Finance Management Act, Municipal Asset Transfer Regulations and Council's policy on the management of certain of the City of Cape Town's immovable property.

6.10 STAFF IMPLICATIONS

Does your report impact on staff resources, budget, grading, remuneration, allowances, designation, job description, location or your organisational structure?

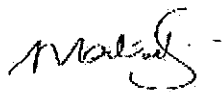
No ☒

Yes ☐

ANNEXURES

Annexure A: Plan TA 994v1
Annexure B: Valuation synopsis
Annexure C: Tax Clearance certificate

FOR FURTHER DETAILS CONTACT:

NAME	MELISSA VAN DER WESTHUIZEN  29 OCT 20
CONTACT NUMBERS	021 444 4977
E-MAIL ADDRESS	MELISSA.VANDERWESTHUIZEN@CAPETOWN.GOV.ZA
DIRECTORATE	ECONOMIC OPPORTUNITIES & ASSET MANAGEMENT
FILE REF NO	TYG 14/3/6/1/2/610
MANAGER: PROPERTY HOLDING RACHEL SCHNACKENBERG	Rachel Schnackenberg Digitally signed by Rachel Schnackenberg Date: 2020.10.29 15:02:44 +02'00'

Rachel Schnackenberg
Digitally signed by Rachel Schnackenberg
Date: 2020.10.29 15:03:27 +02'00'

Comment:

DIRECTOR : PROPERTY MANAGEMENT IN HER CAPACITY AS EXECUTIVE DIRECTOR : ECONOMIC OPPORTUNITIES & ASSET MANAGEMENT NOMINEE

NAME RUBY GELDERBLOEM

DATE

Jason Sam Liebenberg
Digitally signed by Jason Sam Liebenberg
Date: 2020.11.02 19:20:37 +02'00'

☐ REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.

LEGAL COMPLIANCE

☐ NON-COMPLIANT

NAME

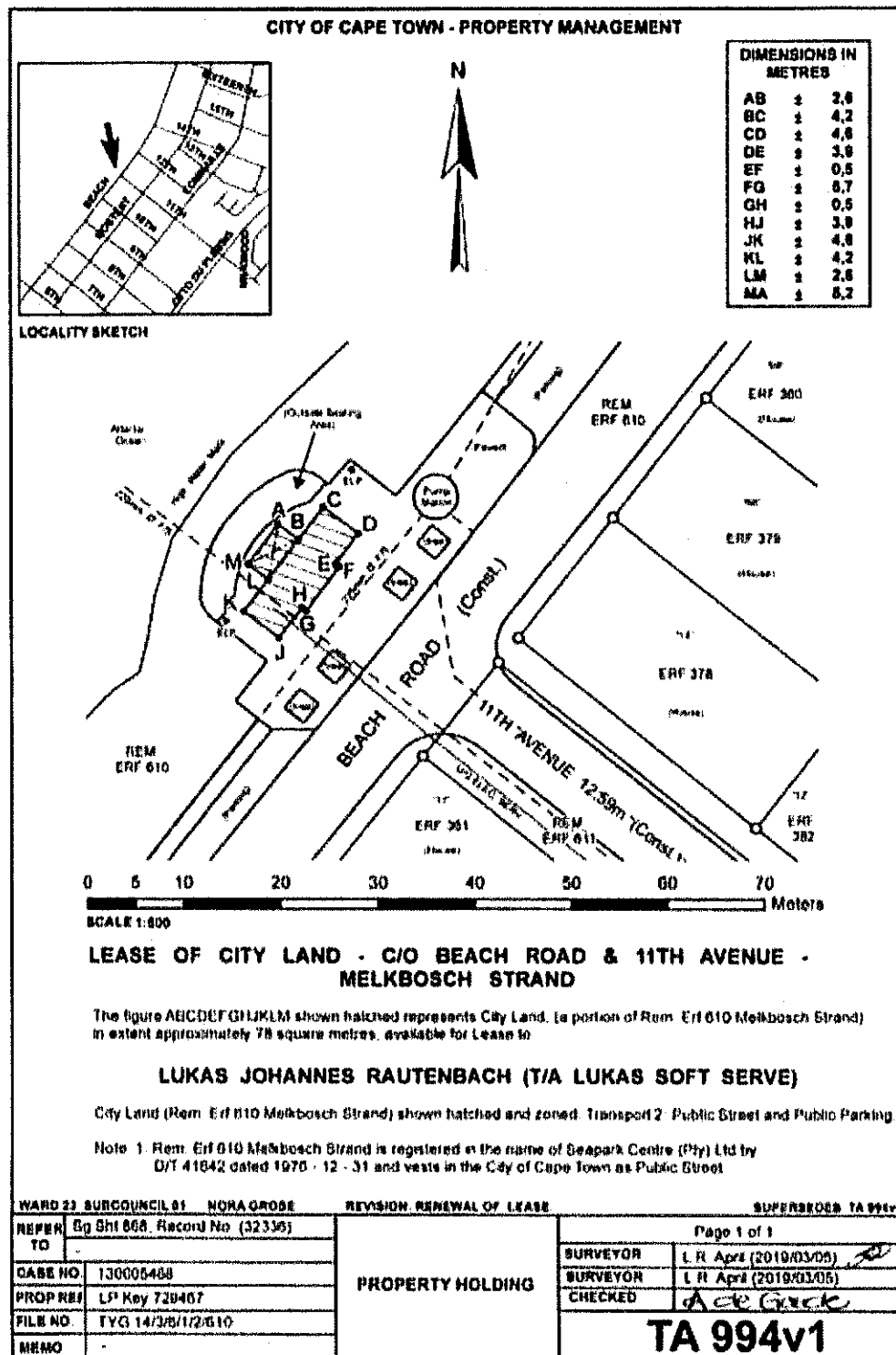
Comment:

TEL

Certified as legally compliant based on the contents of the report

DATE

ANNEXURE A



ANNEXURE B

Annexure

VALUATION SYNOPSIS: MARKET VALUATION OF PORTION OF REMAINDER ERF 610 MELKBOSSTRAND, SITUATED ON THE CORNER OF BEACH ROAD AND 11TH AVENUE: LUKAS JOANNES RAUTENBACH T/A TUBE WAVE

BACKGROUND

The City's Professional Valuer on 2019-05-31 assessed a market rental of the City Land, being portion of Remainder Erf 610 Melkbosstrand, as shown lettered ABCDEFGHJKL on Plan TA 994v1, measuring approximately 78m² in extent (hereafter 'the subject property'), for leasing purposes at a rental of R3 900 per month inclusive of rates and excluding VAT.

SALIENT PROPERTY INFORMATION

Description	Portion of Remainder Erf 610 Melkbosstrand
Address	Corner of Beach Road and 11 th Avenue, Melkbosstrand
Site extent	78m ²
Lettable extent	13m ²
Status & condition	Occupied and in a good condition
Primary use	Ice-cream kiosk/tuckshop
Zoning	Transport 2
Accommodation	Kiosk comprising of a kitchen and storage area.
Current rental	R910.98
Comments	The public toilets and outdoor seating abuts the property, but has not been included in the rental calculation as it is not for the exclusive use of the applicant.

METHODOLOGY

The most widely and accepted method of valuation used to determine the rental quantum of the subject property is the Direct Comparison Method of valuation. With this method, comparable rentals were looked at in the precinct of the subject property and further afield, with the necessary adjustments made accordingly.

FINDINGS

A significant role when establishing a rental is the trading patterns, reliant on pedestrian traffic and the significance of the type of trading. Cognizance is also taken of the fact that trading in the vicinity of the subject property is limited to core business hours and is very much weather-dependent where the sometimes severe winter months' result in potentially no trading taking place.

Due to the uniqueness of the subject property, the following rentals undertaken by the City, although considered far superior in location in terms of being exposed to higher pedestrian traffic volumes have however been used for comparative purposes in order to indicate the upper levels that can be achieved for stand-alone kiosks situated in good trading locations.

CIVIC CENTRE IZIKO LOLUNGU BURGERSENTRUM
12 HERTZOG BOULEVARD CAPE TOWN 8001 P O BOX 293 CAPE TOWN 8000
www.capetown.gov.za

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- ❖ A valuation report for the Grand Parade kiosks were undertaken in February 2019 and the rental for a 12m² kiosk was assessed at R600/m².
- ❖ Kiosk 5, measuring 10m, situated on St George's Mall, alongside Riebeeck Street, opposite African Bank in 'Ovenstone House', was successfully agreed upon at R7 500 per month (R750/m²) effective 2019-07-01, escalating at 8% per annum.

In addition, the following agents, active in the area, were consulted for their opinions:

- Danie Antill from Seeff Properties has expressed (in a telephonic conversation) that the subject property is a difficult one because of the size and location, but is of the opinion that a rate from R120/m² and up should be reasonable.
- Anne-Marie Evans from Rawson properties has explained that it is difficult to provide a market rental as she does not know what to compare it with. Ms Evans further noted that they are getting R120/m² for office space for one of their buildings in 6th Avenue.
- Craig Holt from Neo Estates is of the opinion that a rental in the region of R5 200 (R400/m²) could be attainable with the right business model in place.

It is clearly evident from the various opinions mentioned above that due to the uniqueness of the subject property, the rental is very much dependent on the business model of the lessee. Accordingly, based on the above evidence and taking into account the location, condition, small extent and seasonal use of the subject property, it is considered fair and reasonable to assess the market rental at R300/m², the rental is therefore accordingly in the order of:

$$13m^2 \times R300/m^2 = R3\,900 \text{ per month}$$

RECOMMENDATION

It is recommended that the City land, being portion of Remainder Erf 610 Melkbosstrand, as shown lettered ABCDEFGHJKL on Plan TA 994v1, measuring approximately 78m² in extent (refer Annexure A), be leased to Lukas Johannes Rautenbach for an amount of R3 900 (exclusive of VAT and rates) per month escalating at 8% per annum for a period of 10 years, subject to a review after five years.

- i) The monthly rental is to escalate at 8% per annum compounded annually commencing 2 months from date of this valuation. Accordingly, the above recommended rental is effective and payable as from 2019-08-01.
- ii) The rental is exclusive of all municipal services i.e. water and electricity.

Please note:

The advert to include a call for alternative proposals, should the lessee have no further option of renewal in terms of the lease agreement.


Andeeah Abrahams
 Professional Valuer
 Registration No. 73571


Rosanna Potgieter
 Principal Professional Valuer: Rentals
 Date: 2019-05-14

ANNEXURE C



CITY OF CAPE TOWN
12 HERTZOG BOULEVARD
CAPE TOWN CENTRAL
CAPE TOWN
8001

TAX COMPLIANCE STATUS Verification

Enquiries should be addressed to SARS:

Contact Detail

SARS
Abnottion
1528

Contact Centre Tel: 0800 00 SARS (7277)
SARS online: www.sars.gov.za

Details

Taxpayer Reference Number: 9334158186

Issue Date:

2020/10/15

Remember to reference
your verification code

Dear City Of Cape Town

TAX COMPLIANCE STATUS VERIFICATION

With reference to your tax compliance status (TCS) verification request, the South African Revenue Service (SARS) confirms the following:


TCS Verification	
Taxpayer Name	Lukas Software Research
Trading Name	Not applicable
Tax Reference Number(s)	TR 1273647
PIH	A7M25F721
Date of Verification	2020/10/15
Tax Compliance Status Type	Good Standing
Tax Compliance Status	Corporate
Tax Compliance Status Description	This taxpayer is registered for tax and is currently compliant in respect of filing and payment obligations.

Should you have any queries please call the SARS Contact Centre on 0800 00 SARS (7277). Remember to have your taxpayer reference number at hand when you call to enable us to assist you promptly.

Sincerely

ISSUED ON BEHALF OF THE SOUTH AFRICAN REVENUE SERVICE

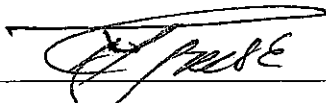
Page: 0101



MR K SNIPPERS
Acting Subcouncil 1 Manager

DATE

13/11/2020



CLLR N GROSE
Chairperson Subcouncil 1



DATE

13/11/2020