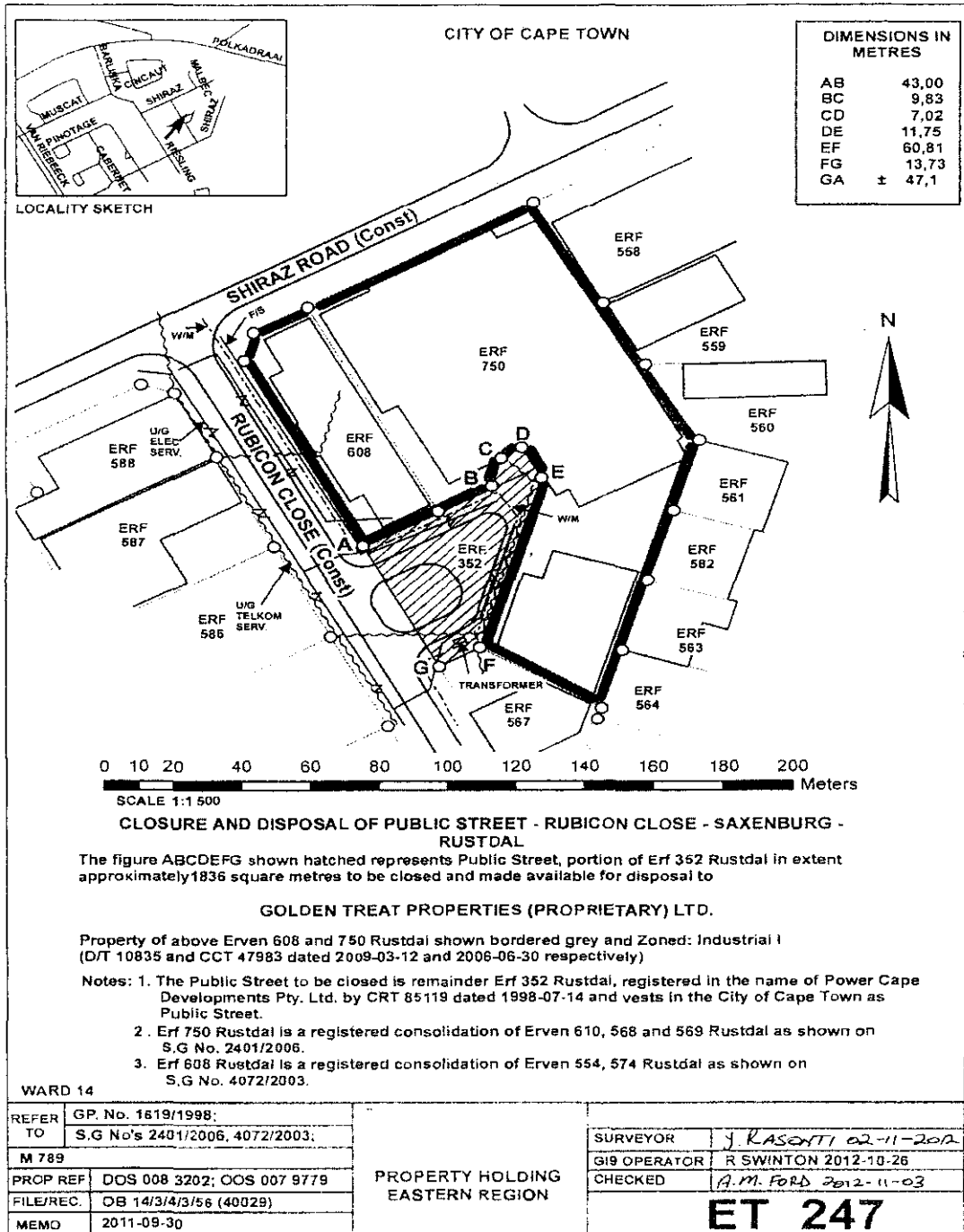




ANNEXURE TO ITEM
C 16/03/15

ANNEXURE A







CITY OF CAPE TOWN
ISIKHO SASAKAPA
STAD KAAPSTAD

CITYweb - Register - Feedback

Council Home

About Council

Agendas

Council Meetings

Executive Support & Committee Services

System of Information

Subcouncils

Subcouncil Resolution Details

Subcouncil Resolution Details

| | |
|------------------------|---|
| Agenda Item No. | 21SUB20/09/14 |
| Subject | PROPOSED CLOSURE AND DISPOSAL OF A PORTION OF A PUBLIC ROAD ADJACENT TO ERVEN 608 AND 750, RUSTDAL, RUBICON CLDSE, RUSTDAL: GOLDEN TREAT PROPERTIES (PTY) LTD |
| Sub Council | SubCouncil 21 |
| Meeting Date | Wednesday, September 17, 2014 |
| Resolution | Recommend |
| Date Closed | Monday, September 29, 2014 |

Resolution Detail

RECOMMENDED THAT

Subcouncil note and support the following recommendation which will be submitted to Council:

a) It be confirmed that, in terms of section 14 of the Local Government - Municipal Finance Management Act, Act 56 of 2003, the property shown lettered ABCDEFG on the attached plan ET 247, marked annexure A, not be required to provide the minimum level of basic municipal services;

b) Council approve of the closure of the abovementioned property, being a public road, in terms of section 6 of the By-law relating to the Management and Administration of the City of Cape Town's Immoveable Property;

c) Council approve of the alienation of the subject land, in extent ± 1816 m², to Golden Treat Properties (Pty) Ltd, or its successor in title subject to the following conditions:

- i) The property be sold at a market related sale price of R1 100 000, excluding VAT at 14% where applicable, being R124 000 (R1 254 000 in total);
- ii) The sale price will escalate at 5% per annum (not funded) annually on a pro-rata basis commencing six months from the effective date of the valuation, i.e. 31 August 2014. Accordingly the recommended purchase price is to be adjusted from 1 March 2014, i.e. 5% ± 17 months a number of months after the 6 month period;
- iii) The transaction be subject to such further conditions to be imposed by the Director - Property Management in terms of her delegated authority inter alia that:
 - aa) All costs related to the transaction be borne by the applicant;
 - bb) The subject property or land be subdivided and consolidated with erven 608 and 750 Rustdal;
 - cc) The water services and electricity services present over the subject portion of land be relocated at the cost of the applicant.

INFORMATION: DIRK MARPEZ / ANNEKE KLIE

VALUATION SYNOPSIS- VALUATION OF PORTION OF REMAINDER ERF 352 RUSTDAL BEING PORTION OF PUBLIC STREET, PROPOSED TO BE CLOSED AND SOLD TO GOLDEN TREAT PROPERTIES (PTY) LTD

BACKGROUND

The City's Professional Valuers on 2013-08-31 assessed the value of the Subject Property at R1 100 000 excluding VAT.

The value of the Subject Property was assessed using comparable sales in the precinct of the Subject Property and further afield, with the necessary adjustments made accordingly.

The inclusion of the extent of the Subject Property adds significant enhancement in that it enables the applicant to extend its boundaries and develop the property for its business use.

UTILITY OF SUBJECT PROPERTY

The Subject Property is awkwardly shaped and small in comparison to the applicant's abutting property. However, once consolidated with the applicant's erven will take on the same zoning and development rights, therefore 100% utility is to apply. However the land in question is traversed by water connections and electricity cables and servitudes need to be registered in favour of the City, or the services need to be repositioned/deviated before any development takes place thereupon. Therefore the location of these services/pipes will negatively impact on any notional industrial development and it is considered not unreasonable to make an allowance for costs as the applicant intends to develop the portion of land in question.

ENCUMBRANCE IMPACT

As the applicant intends to develop the Subject Property the encumbrance impact would need to be taken into account. In this regard the provisional estimated costs relating to the deviation of services are, electricity R75 000 and water pipe approximately R170 000, say R250 000 in total. Accordingly in order to render the Subject Property unencumbered it is not considered unreasonable to allow for the bulk of these costs to be taken into account, in this instance an amount of R200 000 is considered fair.

MARKET RESEARCH

The following vacant industrial tracts of land have been traced in the Saxenburg industrial park in Blackheath and are considered comparable, due to the current depressed economic climate; escalation has not been applied from date of sale to date of valuation:

| # | Description | Extent | Zoning | Purchase Price | Purchase Date | Comment |
|---|--|---------------------|----------------------|-------------------------------------|---------------|---|
| 1 | Erf 517 Rustdal, 12 Cincaut Road, Saxenburg Park | 1 497m ² | General Industrial 1 | R1 796 400 (R1 200/m ²) | 2013-01 | Rectangular shaped site 372 metres from Subject Property |
| 2 | Erf 537 Rustdal, 16 Shiraz Road, Saxenburg Park | 1 551m ² | General Industrial 1 | R1 473 450 (R950/m ²) | 2012-04 | Almost rectangular shaped site 128 metres from Subject Property |

http://cityteams.cape.gov.za/sites/default/files/valuations/Users/siraj_siamang/2013/Blackheath0701_PlnOfErf352_RubiconStr_GoldenTreatPropertys/PlnOfErf352.docx

10

| | | | | | | |
|---|--|---------------------|-------------------------|--|---------|---|
| 3 | Erf 451 Rustdal, 51 Muscat Road, Saxenburg Park | 975m ² | General Industrial 1 | R1 073 600 (R1 101/m ²) | 2010-09 | Almost square shaped site 462 metres from Subject Property |
| 4 | Erf 486 Rustdal, 8 Riesling Road, Saxenburg Park | 1 093m ² | General Industrial 1 | R 996 816 (R912/m ²) | 2010-09 | Almost square shaped site 297 metres from Subject Property |
| 5 | Erf 539 Rustdal, 6 Malbec Road, Saxenburg Park | 1 685m ² | General Industrial 1 | R1 180 200 (R700/m ²) | 2010-06 | Almost square shaped site 200 metres from Subject Property |

SALE ANALYSIS

Based on the abovementioned market data, the located properties indicate tariffs ranging between $\pm R700/m^2$ and $\pm R1\ 200/m^2$ depending on location, extent and date of sale.

Additional Market Evidence

As per Rode Report, the estimated market values (R/m²) of vacant industrial stands for Saxenburg Industrial Park area are as follows:

| Vacant Stands (m ²) | 2013:1; Market Values (R/m ²) | 2012:4 Market Values (R/m ²) | 2012:3 Market Values (R/m ²) | 2012:2 Market Values (R/m ²) | 2012:1 Market Values (R/m ²) |
|---------------------------------------|--|---|---|---|---|
| 1 000m ² | R1 100/m ² | R1 167/m ² | R1 017/m ² | R1 150/m ² | R1 100/m ² |
| 2 000m ² | R1 100/m ² | R1 033/m ² | R 988/m ² | R1 083/m ² | R1 000/m ² |
| 5 000m ² | R 983/m ² | R1 000/m ² | R 900/m ² | R 950/m ² | R 900/m ² |
| 10 000m ² | R 883/m ² | R 925/m ² | R 800/m ² | R 925/m ² | R 500/m ² |

Furthermore brokers have revealed that a rate $\pm R700/m^2$ for large $\pm 10\ 000m^2$ serviced industrial stands is considered market related

CONCLUSION AND VALUATION

Taking the above market information into account, it is considered that a tariff in the region of R700/m² would be fair and not unreasonable to apply to the Subject Property.

| | |
|--|---------------------------------|
| Unencumbered Value 1 836m ² x R700/m ² (rounded) | R1 300 000 |
| Less: Provision for encumbrance impact | R 200 000 |
| Say | <u>R1 100 000</u> (Excl of VAT) |

RECOMMENDATION

That portion of Remainder Erf 352 Rustdal, shown by the hatched figure ABCDEFG on Plan ET 247 annexed "A" in extent approximately 1 836m² be closed and sold to Golden Treat Properties (Pty) Ltd for the sum of R1 100 000 exclusive of VAT.

Should the valuation not be acted upon within 18 months from date of valuation the purchase price is to be adjusted on the basis of 5% per annum compounded annually on a

[http://cityteams.capetown.gov.za/sites/default/files/valuations/Users/sifraaj/sifraaj/2013/Blackheat0701_Plan01Erf352_RustdalStr_GoldenTreatProperty\(Pty\)Ltd_D2.docx](http://cityteams.capetown.gov.za/sites/default/files/valuations/Users/sifraaj/sifraaj/2013/Blackheat0701_Plan01Erf352_RustdalStr_GoldenTreatProperty(Pty)Ltd_D2.docx)

pro rata basis commencing 6 months after ¹¹ date of valuation i.e. $(5\% \div 12 \text{ months} \times$
number of months after the 6 month period)

C. Owen

Clive Owen
Principal Professional Valuer
2013-08-21

[http://citybeams.capetown.gov.za/sites/default/files/valuations/Useis/sirua/slamang/2013/2ackheath/0701_FinDIErf352_RubiconStr_GoldenTreatProperty\(Pty\)Ltd_D2.docx](http://citybeams.capetown.gov.za/sites/default/files/valuations/Useis/sirua/slamang/2013/2ackheath/0701_FinDIErf352_RubiconStr_GoldenTreatProperty(Pty)Ltd_D2.docx)



South African Revenue Service

| |
|--|
| Tax Clearance Certificate Number 0002/2/2014/0005654919 |
|--|

Tax Clearance Certificate - Good Standing

Enquiries
 0800 00 7277
Approved Date
 2014-02-04
Expiry Date
 2015-02-04

| | |
|-----------------------------|--|
| Company Registration Number | 2004/010610/07 |
| Income Tax | 9269659155 - GOLDEN TREAT PROPERTIES (PTY) LTD |
| VAT/Diesel Registration | 4330216245 - GOLDEN TREAT PROPERTIES (PTY) LTD |
| Tender Number | GoodStanding |

It is hereby confirmed that, on the basis of the information at my disposal, the above-mentioned taxpayer has not contravened the provisions of Income Tax Act (1962), Value Added Tax Act (1991), Employees Tax (PAYE as contained within the Income Tax Act 1962), Skills Development Levies Act (1999) or Unemployment Insurance Contributions Act (2002), as at date of this certificate.

This Certificate is Valid for a period of 1 (One) Year from the date of approval.

Verification of this certificate can be done at any SARS Revenue office nationwide.

Photo copies of this certificate are not valid.

SARS reserves the right to withdraw this certificate at any time should any taxes, levies or duties become due and outstanding by the above taxpayer during the one year period for which the certificate is valid.

This certificate is issued free of charge by SARS.