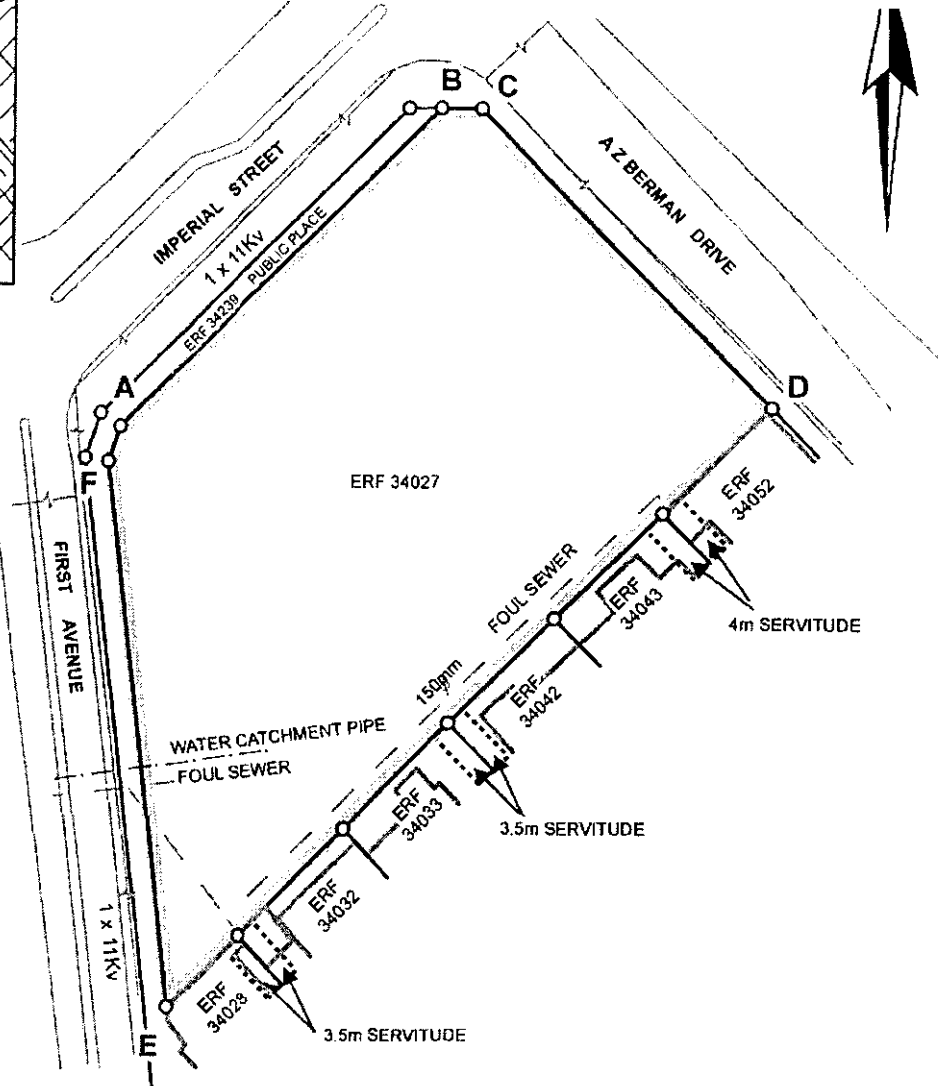


LOCALITY SKETCH

DIMENSIONS IN METRES	
AB	79.33
BC	7.07
CD	72.00
DE	147.60
EF	93.97
FA	6.33




SCALE 1:1 250

**DISPOSAL OF CITY LAND - CORNER OF FIRST AVE, IMPERIAL STREET AND A Z BERMAN DRIVE
EASTRIDGE - MITCHELLS PLAIN**

FIGURE	ERF NO.	AREA m	ZONING (CORPORATE ISIS)	PROPOSED ZONING	LAND USE	D/T AND DATE	OWNERSHIP
ABCDE F	ERF 34027 Michells Plain	9050	LIMITED USE	MIXED USE	VACANT	T6909 dated 1984/02/08	City of Cape Town

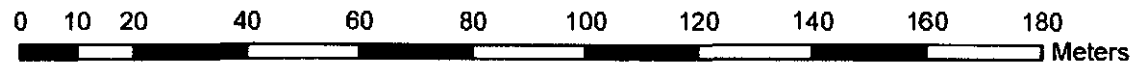
Note Erf 34027 Mitchells Plain is an unregistered portion of Erf 28069 Mitchells Plain (Mitchells Plain Township Extension No. 124) Erf 28069 is registered in the name of the City of Cape Town by CRT 6909 dated 1984/02/08

WARD 79 SUBCOUNCIL 12

REFER TO	GP 5047/1983; M1850; JOB 4129	 22.08.14 CIVIC CENTRE	Page 1 of 2	
CASE NO.			SURVEYOR	
SOURCE	SZC 819/GIS		GIS OPERATOR	L BRANDT - 2014/08/21
FILE/REC.	HO14/3/4/3/397/A22 (40742)		CHECKED	
MEMO			LIS 1088v2	



368
CITY OF CAPE TOWN



SCALE 1:1 250

SOURCE	SZC 819/GIS	CIVIC CENTRE	Aerial Photograph 2011
FILE/REC.	HO14/3/4/3/397/A22 (40742)		LIS 1088v2
CASE NO			



DATE	2014-08-21
TO	Manager: Property Development
ATTENTION	Andre Human

VALUATION REPORT

MARKET VALUATION OF ERF 34027, MITCHELLS PLAIN, FOR DISPOSAL BY COMPETITIVE PROCESS

1. Brief

We refer to your request to determine the market value of Erf 34027, Mitchells Plain (hereafter 'the subject property'), proposed to be sold by competitive process. The subject property measures 9 050m² in extent and is shown outlined ABCDEF on plan LIS 1088v0 (refer **Annexure A**).

2. Background

Property Management's property development department is in the process of rezoning the subject property to Mixed Use 1. The proposal entails the disposal of the property by competitive process to enable developers to undertake a mixed-use development.

3. Date of Valuation

2014-09-30

4. Date of Inspection

2014-06-19

A site inspection of the neighbourhood area and of the subject property was carried out.

5. Caveats

The reader is forewarned of the following:

- (i) The valuation is for internal requirements only and must not be made available to the public without prior written consent from the Head: Market Valuations.
- (ii) All values in this report exclude VAT or transfer duty.
- (iii) This report has been prepared in conformity with recognized standard procedure regarding the sale of City land.

- (iv) The title deed of the property has not been received and, hence, we assume that it does not contain any restrictive conditions that could impact value negatively.

6. Physical Address

C/O First Avenue, Imperial Street and A Z Berman Drive, Eastridge (Mitchells Plain)

7. Municipal Valuation

General Valuation 2012: R1 000

8. Salient title deed information

The most relevant title deed information is listed in **Table 1**.

Table 1: Salient title deed information of subject property	
Title deed no.	T6909/1984
Description	Erf 34027, Mitchells Plain
Owner	City of Cape Town
Extent	9 050m ²
Zoning	Limited Use
Branch Comments and conditions	No objections received from branches. However, it is pointed out that a Record of Decision (ROD) may be required from the Provincial Heritage Authority before any development can be undertaken on the site. It is noted that certain adjoining properties uses the subject property as access. It is noted that these properties do have access via the Koffiepeer, Pomergranate and Knobwood Streets.

9. Town planning restrictions (zoning)

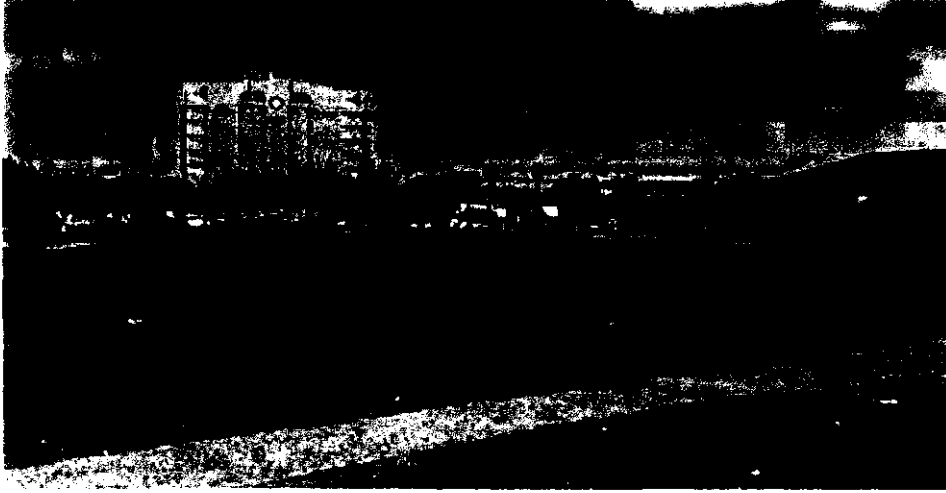
The most salient zoning restrictions, as per the new Integrated Zoning Scheme, are summarized in **Table 2**.

Table 2: Town planning restrictions pertaining to subject property	
Zoning	Mix Use 1
Floor area ratio (FAR)	2,0
Coverage	100%
Primary uses	Business premises, flats, hotel etc.
Height	25,0m
Other	Parking requirements depends on the usage proposed.

10. Physical description of the subject property and general neighbourhood

The subject property is well located and enjoys good exposure, being bounded by First Avenue, Imperial Street and A Z Berman Drive. The site is unimproved and fairly level. The general area reflects a mix of uses, including community, business and residential.

The site is ideally located for an extension of the Melomed Mitchells Plain hospital or provincial courts adjacent to the subject property.



11. Approach to valuation

We have been tasked with determining the **market value** of the subject property, which, is defined by International Valuation Standards Committee (IVSC) as:

The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties acted knowledgeably, prudently and without compulsion.

Implicit in the market value of a property is the notion of **highest and best use**, which the IVSC defines as:

The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

Note that the *highest and best use* of a property need not be related to its current or planned use, but is that use that is physically possible, legally permissible (e.g. by way of rezoning), and which results in the most profitable use of the property.

12. Highest and best use of subject property

Given the nature of the surrounding properties and the area in the general we deem the *highest and best use* of the subject property to be commercial/mixed-use.

13. Method of valuation

We used the *comparable sales method*, which is the valuation method most-preferred by South African courts. This method entails:

- Identifying *recent* sales transactions of similar properties (so-called 'comparables') in the same neighbourhood (or further afield if need be) for which information is available.
- Comparing the comparable properties' value-forming characteristics with those of the subject property, namely location, stand size; etc.

- Adjusting the sales price of the comparable properties for effluxion of time between their sales dates and valuation date.
- Deducing the value of the subject property after taking due cognisance of all incomparable characteristics and their potential influence on the sales price.

14. Findings

Given the tough economic climate over the last several years, sales were generally dated; however, due to development land values in all likelihood moving sideways over this period, we were still comfortable to use the sales as a basis for our valuation. However, less weight was placed on the older sales transactions.

No	Description	Extent (m ²)	Zoning	Sale's information		Comments
				Date	R	
1	Erf 169539, Cape Town (Bridgetown)	8 521	MU2	2005-05	R3 000 000 (R350/m ²)	Located opposite Vangate Mall. Still undeveloped. (As an aside, on the title deed this sales price is reflected as R3 420 000, which is incorrectly as it includes VAT.)
2	Erf 1016, Weltevreden Valley	3 166	GB1	2012-09	R1 000 000 (R316/m ²)	Property awkwardly shaped and has little to no exposure. Far inferior to subject property.
3	Erf 985, Mfuleni	9 215	GI2	2007/01	R5 500 000 (R597/m ²)	Property developed to a shopping centre. It is located in close proximity to transport interchange (i.e. as per the subject property).
4	Erf 7045, Delft	6 653	GB1	2013-08 (Pending)	R2 760 000 (R415/m ²)	Property enjoys excellent exposure; however, awkwardly shaped.
5	Ptn of Erf 20450, Mitchells Plain	2 415	Mun.	2008-06	R2 052 750 (R850/m ²)	Similar exposure; however, much smaller. Located on c/o Wespoort Road and A Z Berman Drive (±450metres away from subject property).
6	Portion of Erven 50763 and 29461 Mitchells Plain,	3 196	GC1	2013-07	R3 090 000 (R966/m ²)	Property in the process of being acquired by the City

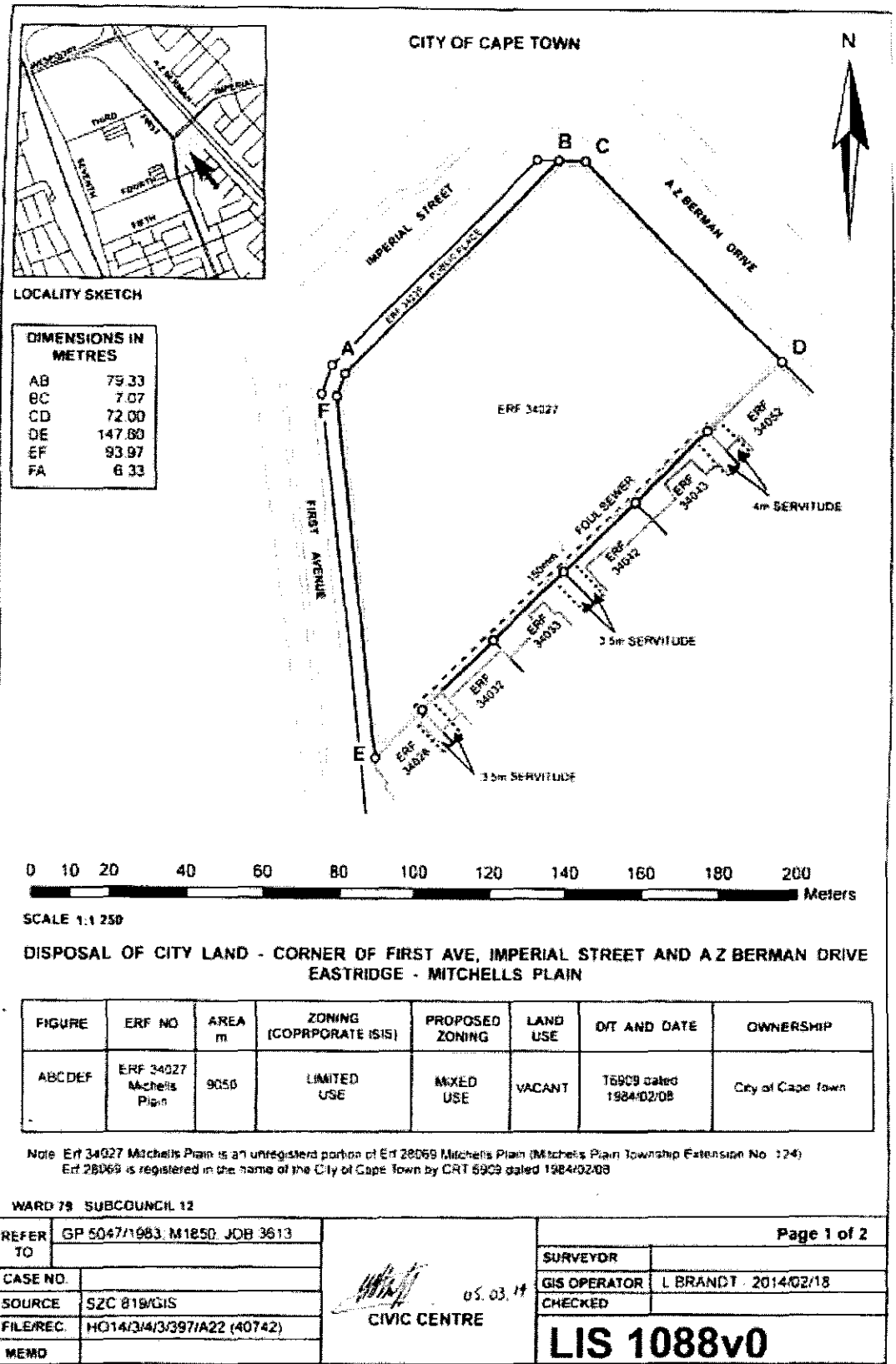
Source: Deeds Office (via CMA), Valuation reports 2013/2014

Sale 1, although dated, is well located, similar to the subject property, and gives a good indication of value for land with mixed-use potential.

Sale 2 was listed on the market for R1 250 000 (±R395/m²). Many offers were received below the asking price and the owner eventually accepted an offer of R1 000 000 or R316/m². The property is located in an inferior pocket of the greater Mitchells Plain area and is located about 600 metres from West Gate Mall, which is not ideal. The broker indicated that no real interest was shown in the asking price and observed that the asking price was slightly too high, i.e. taking into account poor exposure, awkward shape of the site, and its close proximity to West Gate Mall (and the success of the Liberty Promenade Mall). Notwithstanding this, the broker further indicated that commercial land prices should be in the region of R300/m² to R350/m² for larger sites in a similar location under current market conditions, which is in line with what this property sold for – i.e. prices did not change much.

Sale 3 is fairly well located in close proximity to public transport, i.e. similar to the subject property. The property is also of a desirable extent (as is the subject property). It has

Annexure A: Plan LIS 1088v0



Subcouncil Resolution Details

SubCouncil Resolution Details

Agenda Item No.	12SUB17/01/15
Subject	PROPOSED GRANTING OF IN-PRINCIPLE APPROVAL FOR THE DISPOSAL BY PUBLIC COMPETITION OF ERF 34027 MITCHELLS PLAIN FOR MIXED USE
SubCouncil	SubCouncil 12
Meeting Date	Thursday, January 22, 2015
Resolution	Recommend
Date Closed	Friday, January 23, 2015

Resolution Detail

RESOLVED TO RECOMMEND

that for the reasons set out in the departmental report dated 28 November 2014, Subcouncil 12 **ENDORSES** the recommendations as follows:

- a) that in terms of section 14(2) (a) and (b) of the Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003, erf 34027, Mitchells Plain, situated at First Avenue (9 050m² in extent), be regarded as not required for the provision of the minimum level of basic municipal service and that the market value to be exchanged for the asset be fair for residential purposes;
- b) that in terms of regulation 5(1)(b) of the municipal Asset Transfer Regulations (MATR), R. 878 promulgated on 22 August 2008, Council approve in principle of the disposal of erf 34027, Mitchells Plain, as described in a).
- c) that Erf 34027, Mitchells Plain, be disposed of by public competition, subject to conditions to be imposed by the Director: Property Management in the exercise of her delegated authority;
- d) that any gain or loss incurred by the municipality in respect of the transfer of an asset be included in the adjustment budget of the municipality (section 28 and 87 of the MFMA if not budgeted for in the approved annual budget