

VAN ZYL VALUERS

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FORMAL VALUATION REPORT

(Confidential report)

CLIENT: **EKURHULENI ARTISANS AND SKILLS TRAINING CENTRE**
PROPERTY DESCRIPTION: **Erf 108 (RE) Kempton Park Extension**
SITUATED AT: **No 43 Maxwell Street, Kempton Park**



A level site improved with one building and a lean-to used to train artisans in various skills. The building inter-leads with the neighbouring building. The property forms part of a larger entity on various neighbouring stands.

Prepared for:

Ekurhuleni Artisans and Skills Training Centre

1. VALUATION INSTRUCTION

The signatories were instructed by Christa Nagel, of Ekurhuleni Artisans and Skills Training Centre to visit and inspect the subject property as stipulated below situated at No 43 Maxwell Street, Kempton Park, Kempton Park for the purpose of providing an opinion of the Open Market Value.

Client Name: **Ekurhuleni Artisans and Skills Training Centre**
 Client Contact Person: **Christa Nagel**
 Client Contact Number: 011-394-1488
 Street Name: Maxwell Street, Kempton Park
 Street Number: No 43
 Common Name - Area: Kempton Park

The subject property is being valued for internal accounting purposes.

2. DATE OF INSPECTION

The subject property was physically inspected on 12-Apr-2016
 Effective date of Valuation 18-Apr-2016

3. TITLE DEED INFORMATION

Deeds Office (Aktex) Enquiries indicate that the property is held as follows:

Township: Kempton Park Extension
 Erf Number: Erf 108 (RE)
 Registration Division: IR
 Extent: 649 m²
 Registered Owner: EKURHULENI ARTISANS & SKILLS TRAINING CENTRE PTY LTD
 Title Deed Number: T31522/2008
 Purchase Price (Previous Price): R 600,000
 Purchase Date: 18-Jan-08
 Reg. Endorsement / Mortgage Bonds: Null
 Type of Title: Freehold
 Restrictive Conditions / Servitudes: We have not viewed a copy of the full title deed (only the "aktex summary" was inspected) and could therefore not fully comment on the various terms or conditions (as per historic and existing title deeds) that may impact, negatively or otherwise, on the value or saleability (i.e. endorsements, servitudes or any other encumbrments) related to the subject property. Our opinion must therefore be read accordingly.

4. PURCHASE PRICE

N/a - Valuation for internal use for accounting purposes by the client.

5. TOWN PLANNING CONDITIONS

5.a Name of Local Authority: EKURHULENI ARTISANS & SKILLS TRAINING CENTRE PTY LTD

	Permitted	Actual
Zoning:	Residential 1	Industrial Artisans Training
F.A.R.:	Null	N/a
Coverage:	50%	325 m ²
Height:	2 Storey	75%
Building Lines:	3m from street boundaries	Ground Floor only
Parking Ratio:	Sufficient parking for two vehicles	2m
Comments:	No demarcated parking on site	
The property was erected prior to the implementation of the current town planning scheme of 2014. The property is not rezoned as yet, however rates & taxes are levied as "Business & Commercial". Owner to implement a rezoning application or to prove consent. It is assumed by the valuer that the process is in place. According to the municipal rates & taxes account, the site is 1290m ² in extent. The actual area as per the Title Deeds office and Surveyor General is at 649m ² .		

5.b Rates & Taxes up to date: Yes

5.c Environmental Impact of Business Operated from Property: Low

5.d Municipal Valuation:

Total Value:	R	2,190,000
Applicable rate		0.017040
Annual Assessment Rates	R	37,318
Monthly Assessment Rates	R	3,110

6. **PROPERTY DESCRIPTION**

Type of Property:	Workshops
Actual Use:	Workshops for training artisans
Primary Use	Industrial
Occupation status:	Owner occupied
Development loan:	No
Vacant Land :	No

A level site improved with one building and a lean-to used to train artisans in various skills. The building inter-leads with the neighbouring building. The property forms part of a larger entity on various neighbouring stands.

7. **IMPROVEMENTS**

A single building originally built as a semi-attached dwelling. The building on this portion is now divided into various offices, rooms and workshops for training artisans. Attached to this building is a small lean-to. The building inter-leads with the neighbouring property, also forming part of the training facility. The site is secured on three sides and most open areas are paved.

7.a Construction Detail:

Walls:	Brick - Plastered and painted.
Roof:	Pitch iron roof on timber trusses.
Windows:	Steel frame windows.
Ceilings:	Composition boards.
Floor Covering:	Power floated concrete flooring.
Site Works:	Pre-cast walling and concrete paved areas.

Accommodation Type	Gross Area /	Lettable Area /
Offices & Rooms	107 m ²	107 m ²
Workshops	282 m ²	282 m ²
Lean-to	99 m ²	99 m ²
Total	488 m²	488 m²

The approved building plans were not viewed and the areas as indicated above are based on my on site measurements (see sketch attached). It might be possible that marginal discrepancies may exist between the actual approved plans and the on site measurements, however, we are confident that the difference should be marginal and that the measured areas are accurate enough to not have a detrimental impact on the final value. We reserve the right to amend this report should it be confirmed that the areas differ substantially enough to validate a value adjustment.

The gross lettable area has been calculated as per the SAPOA method of measurement contained in the 2005 update ISBN: 0-620-34517-9. SAPOA indicates that gross lettable area or rentable area only excludes vertical penetrations such as stairs, lift shafts and service ducts, whilst common areas such as access passages, ablutions, lobby's and entrance foyers are included. Rentable area therefore comprises usable area plus common area. According to SAPOA, rentable area is used to determine the economic potential of a building. We have therefore utilised the gross lettable / rentable area in calculating the potential income of the property.

7.b Comments on Internal Finishes:

The offices are modern with good quality finishes and fittings. The internal areas of the workshops and other accommodation are fitted with basic finishes and fittings suitable for the purpose that the building is used for.

Grading & Classification, based on Primary Use

PRIMARY USE: Industrial

Classification	DEFINITION	SUBJECT PROPERTY
Standard Workshop	Older style fitment centre or normal purposes such as mechanical repairs, woodwork or other not sorting under "Light Manufacturing".	X



7.c Comments on External Finishes

The external walls are plastered and in acceptable condition.



7.d Comment on Site and External Works

The site works are in acceptable condition.

7.e Highest and Best Use:

A highest and best use analysis involves a consideration of various developmental control, site and market characteristics, which can generally be summarised into certain criteria namely;

- (1) legally permissible
- (2) physically possible
- (3) financially feasible and
- (4) maximally productive.

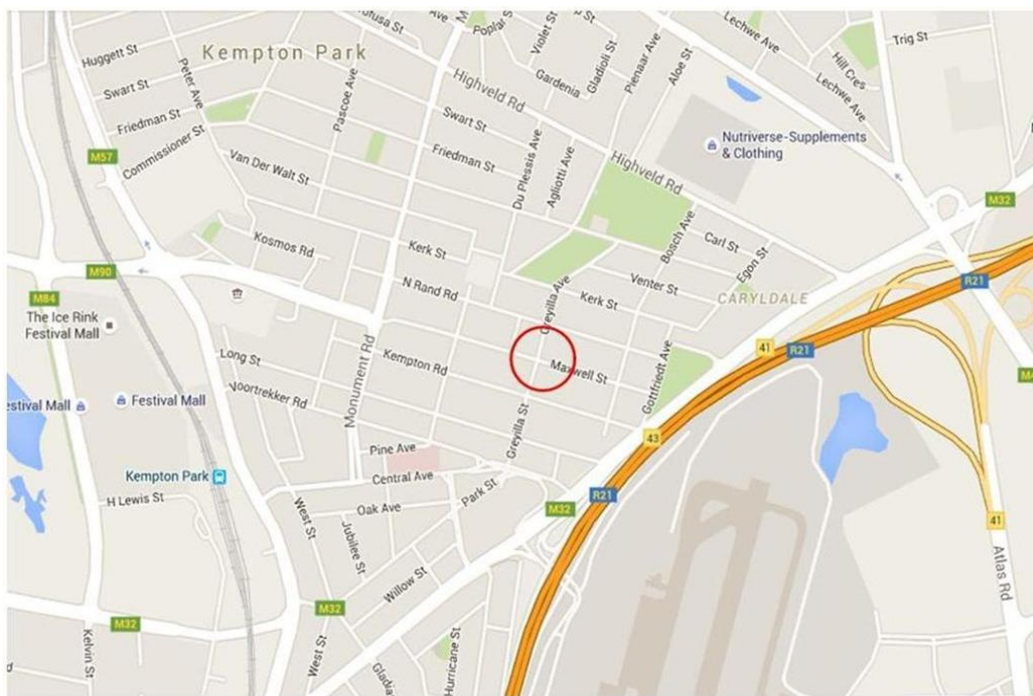
The essence of these requirements is that the development must be feasible as well as viable.

Taking into account the zoning and locality as well as the design, the highest and best use will be that of a small industrial premises.

8. LOCALITY AND ENVIRONS

8.a Macro Locality:

The subject property is situated in Kempton Park, which is strategically located approximately 30 km north-east of Johannesburg and 50 km south-east of Pretoria and provides an important link between the two cities. Kempton Park is home to the OR Tambo International Airport - Africa's largest air transport hub and one of the busiest airports in the Southern Hemisphere, the entry point for most foreign visitors to Southern Africa. Kempton Park offers established infrastructure with adequate power, water and sewerage facilities. Fire, police and emergency services are readily available in and around the city.



8.b Micro Locality:

Kempton Park is a well established urban area. The immediate vicinity reflects mixed uses that include retail, commercial and residential. A number of residential dwellings are being converted, upgraded and rezoned to business use to offer accommodation for offices, retail and workshop purposes. There are open municipal stands currently used for parking across from the subject property. The most popular node is the ribbon development along Monument Road.



9. PREVIOUS PROPERTY VALUATION

Was there a previous valuation done on this property: No records available

Type of Valuation: N/a

Valuation Date: N/a

Valuation Amount: N/a

Replacement costs: N/a **Incl Vat**

Comments: There are no previous valuations for this property on our records.

10. VALUATION MOTIVATION

10.a Valuation Approach Applied:
Comparable sales method

When valuing real estate the valuer must concern himself with the rights pertaining to a property and the benefits and usage associated with said property. In the valuation process cognisance must be taken of the purpose for which the property is capable of being used and the future income or amenities which it is likely to produce. The object of the valuation process, therefore, is to arrive at a figure which will reflect the point of equilibrium between supply and effective demand at the time of valuing the property.

This method can briefly be described as follows; the net, normalised income of the property is determined based on the assumption that the property is fully let at market rentals and market escalations, allowing for normalised vacancies, if applicable, and incurs market-related operating costs. The net normalised income is then capitalised into perpetuity using a market-related capitalisation rate to give the market value estimate.

10.b Market Condition:
Market is slow but stable

10.c Lease Details:

Client	Term	Expiry	Current Rental	Ops Costs	Total Rental
The property is owner occupied	N/a		R -	R -	R -
					R -

Comments on tenant failure / non -renewal of leases

Not applicable

10.d Market Analysis:

Findings or conclusions on the state of the property market in South Africa, according to Rode Report 2015:4 can be summarised as follows:

- Modest growth in office rentals continues.
- Manufacturing output grows, but sector still far from being out of the woods.
- More heavy blows expected on the housing market front.

For now, weak levels of business confidence will most likely continue to undermine the demand for space to rent.

Despite the tremendous strain under which the demand-side of retail property has been in recent years, capitalization rates on regional centres have been able to drop (albeit marginally), which is an indication of the continued appeal of shopping centres to the big property players, namely the listed funds.

Market in Direct area:

Agents active in the area indicate that dwelling office rentals can span a wide range along Monument Road (a main arterial road ribbon re-development node) and depend strongly on the specific micro location of a property, quality of accommodation and exposure. Rentals are indicated at between R50/m² and R80/m². Accommodation more related to commercial use generally achieves higher rentals in the R70/m² to R95/m² range. Some of these properties are let to multiple tenants and in these instances rentals are sometimes based on the usable area and would exclude common areas, in these instances, higher rental rates are paid as such units are usually relatively small.

Market in node:

Property professionals well familiar with the market in the area state that the ribbon development along Monument Road in Kempton Park remains a popular commercial and office node with few vacancies. The area where the subject property is located is a secondary node and comprises mainly relatively old residential houses that are being purchased to be upgraded and rezoned to offices and some of are being demolished and new Residential 4 developments are being developed. Being close to the airport as well as industrial nodes, a number of guest houses and houses used as boarding-houses were also noted. Only a few properties accommodating light engineering works are visible in the area.

An estate agent, Conrad Brummer from Remax (072-425-9073), states that the usage as boarding-houses are an interim measure. Developers buy the properties as they become available until a larger tract of land can be formed to start a new Residential 4 development.

On 24 Aug 2015, Ken Reynolds, the Regional Executive in Gauteng for Property Finance at Nedbank Corporate and Investment Banking (NCIB) in a Property24 newsletter stated the following:

"Significant changes in technology, workplace practices and production requirements have all resulted in an increasing number of commercial and industrial buildings in South Africa becoming obsolete. The result of this is that more and more developers and building owners are realising the massive redevelopment potential of these structures and are engaging in projects to bring them in line with current market requirements.

In areas such as Braamfontein for instance, more office buildings are being converted into residential apartments. In areas such as Isando, large industrial buildings are being converted into smaller units and other areas where the building height of industrial buildings is not suitable, they are being redeveloped. Further, according to Ken Reynolds, the trend to allow only 10m² per worker into modern open plan office buildings as opposed to the historical 30m², also put pressure on parking and common areas."

Also evident is that basic dwellings sell for between R 1 000 000 and R 1 200 000, whereas commercial properties sell for anything from R 1 400 000 to as high as R 1 800 000.

Type of property

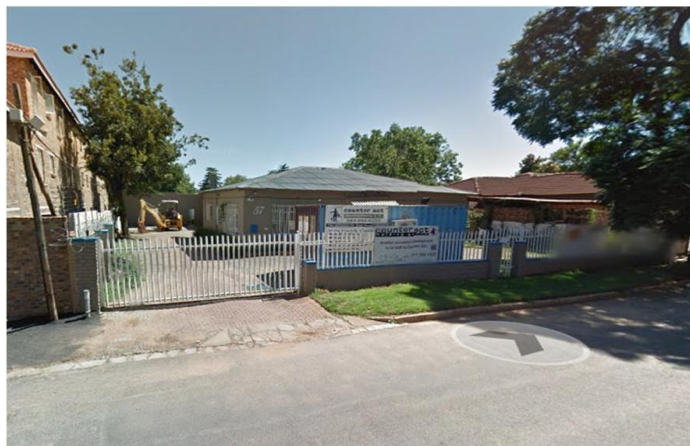
As part of a training facility, there are no other properties in the direct area that can be compared to the subject. However, considering that the property can be used as a small engineering facility or "fitment centre", it is possible to see this property outside this criteria. The valuer investigated sales of dwelling offices and properties with workshops in order to determine a probable rental. The rentals are also compared to the closest industrial area in Terenure, west of the subject property. Alternatively, the possibility of redevelopment may also be considered. The latter scenario will however be a long and costly process and is disregarded as being premature.

Two sales of a properties with a dwelling office and a workshops located on the nearby North Rand Road was sourced. The highest price of R 9 400 000 was paid for an older residential block of flats on 2014/04/01.

Typical Workshop / office units

Average rate	Low	High
R 50 /m ²	R 40 /m ²	R 65 /m ²

10.e Comparable Sales Schedule:

Comparable 1**Erf 28 Kempton Park**

Type of accommodation	Dwelling office with workshop
Erf Extent (m ²)	1280m ²
GLA (m ²)	472m ²
Net annualised income	R 204,000
Purchase price	R1,700,000
Purchase date	27-Mar-15
Yield	12.00%
Net Rental (R/m ²)	R 36 /m ²
Gross Rental (R/m ²)	R 42 /m ²
Purchase price based on Erf Extent (R/m ²)	R 1,328 /m ²
Purchase price based on GLA (R/m ²)	R 3,600 /m ²

Comments:

A dwelling office of 154m² with 318m² basic workshops and storage facilities located on North Rand Road, close to the subject property. The condition of the subject property is far superior when compared to this sale in terms of condition, finishes and usability. The improved quality of the subject property will demand a higher rental which will result in a higher capitalised value.

Comparable 2

Erf 29 Kempton Park



Type of accommodation	Dwelling office
Erf Extent (m ²)	1280m ²
GLA (m ²)	382m ²
Net annualised income	R 195,000
Purchase price	R1,500,000
Purchase date	06-Jan-15
Yield	13.00%
Net Rental (R/m ²)	R 43 /m ²
Gross Rental (R/m ²)	R 50 /m ²
Purchase price based on Erf Extent (R/m ²)	R 1,172 /m ²
Purchase price based on GLA (R/m ²)	R 3,927 /m ²

Comments:

An older dwelling building of 165m² with 217m² workshop located on the corner of Greyilla and North Rand Road that has been rezoned for office use. The dwelling, according to Remax, was in need of maintenance and repairs at the date of sale. The condition and finishes of the subject property are superior.

Comparable 3

Erf 2678 Portion 1 Kempton Park



Type of accommodation	Dwelling to be Rezoned
Erf Extent (m ²)	892m ²
GLA (m ²)	350m ²
Net annualised income	R 234,000
Purchase price	R1,800,000
Purchase date	07-May-15
Yield	N/a
Net Rental (R/m ²)	N/a
Gross Rental (R/m ²)	N/a
Purchase price based on Erf Extent (R/m ²)	R 2,018 /m ²
Purchase price based on GLA (R/m ²)	R 5,143 /m ²

Comments: This is an older dwelling on a corner site, adjacent to a residential block of flats. The Remax agent stated that this property was purchased with the intention to demolish and rezone it to Residential 4. An application for development is already lodged at the local authority. There is a good demand for secured residential property in the area. According to developers, the construction cost for 22 units in the area is normally around R 6 000 000 excluding land. The target market is between R 300 000 and R 400 000 per unit to end users.

10 f. The following industrial property is currently to let in Terenure, an industrial area in the vicinity of the subject property:

Property Description	Rate/m ² (Asking)	Comments	Size / Area
	R55/m ² to R 65/m ²	Neat, modern units in a secured environment, located in an industrial area.	300m ² to 380m ²

10.g Conclusion on Income Applied:

A market related rate of R 55/m² is applied to the offices and R 50/m² to the workshops (the offices are of good quality). The rental of R 30/m² for the lean-to facilities is in keeping considering the overall application of the facility as part of a training facility.

10.h **Notes on Market Vacancy:**

This area remains popular and is situated close to Monument Road which is known as a ribbon development. Very few vacancies noted. The area is however in a "re-development" stage and vacancy during development periods will be possible.

10.i **Notes on Actual Vacancy:**

The subject property is owner occupied.

10.j **Conclusion on Vacancy:**

Taking cognisance of all factors, a long term vacancy of 3.00% is applied.

10.k **Notes on Expenditure:**

The expenses have been calculated using actual expenditure such as rates and taxes payable and estimates where necessary, e.g. insurance and maintenance.

The projections for the subject property, based on total letting area and affordable rental area per month, are as follows:

Ratio of expenditure to Gross Income is 23.30%

Rate of expenditure to Gross Income is R 10.63/m²

10.l **Conclusion:**

The expenditure calculates to R10.63/m² at a percentage ratio of 23.3% of the income.

The expenditure to income ratio as calculated based on projected expenditure is in keeping with market norms.

10.m **Final Motivation:**

The capitalisation rate is best determined by referring to market transactions of comparable properties as it is based on information derived from market analysis. The rate must take the prevailing interest rate into consideration. The higher the rate, the better the return an investor will require. Risk must also be included, as the risk inherent to income-producing properties is the degree of certainty that a desirable income stream can be realised, despite speculations in predicting the future trends.

The area offers a variety of different type of properties. It is undergoing re-development and developers are looking for opportunities. Considering the three sales as indicated in the report as well as other sales, it is fair to consider rates at between 11% and 13%

10.n **Conclusion on cap rate:**

Taking cognisance of all factors, a capitalisation rate of 12.00% is applied.

11. **CONDITIONS OF VALUATION**

None

12. VALUATION CALCULATION - See Appendices for full detail

	Market Value	
Gross Annual Income	R	275,460
Vacancy		3.00%
Normalised Gross Income	R	267,196
Expenditure	R	62,262
Net Annualised Income	R	204,935
Capitalisation Rate		12.00%
Capitalised Value	R	1,707,789
Add Allowances	R	-
VALUE	R	1,700,000
TOTAL VALUE SAY	R	1,700,000

12.a OS 2 Breakdown

	Extent	Rate	Total
Land Value	649 m ²	R 850	R 551,650
Building Value	488 m ²	R 2,292	R 1,118,350
Site Improvement Value	1		R 30,000
TOTAL			R 1,700,000

13. EXECUTIVE SUMMARY

Strength

The property has a good macro location in a popular area that is presently undergoing re-development. There is a positive demand for land for secured residential development opportunities.

Weakness

Most of the older residential dwellings in the area are neglected. The area caters for a lower income group.

Opportunity

The current usage is acceptable, but there is a positive demand for re-development.

Threats

There are similar type properties that can also be used for similar purposes.

Conclusion

The subject property in conjunction with properties in the same street became a "land mark" since establishment some ten years ago. According to two agents, this facility rejuvenated the demand especially for affordable residential accommodation opportunities.

The buildings are well kept and ongoing maintenance are evident.

Property / Building Rating

Scale	Rating	Lettability	Saleability	Building
9	Excellent			
8	Very Good			
7	Good			
6	Above Average			
5	Average	x	x	x
4	Below Average			
3	Poor			
2	Very Poor			
1	Derelict			

ABSA STANDARD PROPERTY RATINGS:

Scale	Rating	Lettability:
9	Excellent	Undoubted demand. Waiting list of tenants.
		Saleability:
		Undoubted demand. Large waiting list of purchasers. Large and small institutions in the market.
		Building Condition:
		Applies to buildings to be built (building bonds) or very recently completed.
Scale	Rating	Lettability:
8	Very Good	Demand very strong. Many possible tenants.
		Saleability:
		Demand very strong. Many possible purchasers. Small institutions, some larger institutions, private investors, syndications and the better property funds in the market.
		Building Condition:
		Buildings completed within the last year. Recently refurbished or upgraded buildings.
Scale	Rating	Lettability:
7	Good	Demand strong. Reasonable variety of tenants.
		Saleability:
		Strong demand. Reasonable variety of purchasers. Mostly private investors, syndications, small cap property funds and owner-occupiers in the market.
		Building Condition:
		Buildings that need no structural or cosmetic attention.
6	Above Average	Reasonably strong demand. Some variety of tenants.
		Saleability:
		Demand reasonably strong. Some variety of purchasers. Owner-occupiers and private investors are the most likely purchasers.
		Building Condition:
		Structurally sound buildings that need minor cosmetic attention.
Scale	Rating	Lettability:
5	Average	Reasonable demand. Limited variety of tenants.
		Saleability:
		Reasonable demand. Limited number and variety of purchasers.
		Building Condition:
		Structurally sound buildings that need a fair amount of cosmetic attention.
Scale	Rating	Lettability:
4	Below Average	Demand intermittent. Number and variety of tenants more restricted than for 5.
		Saleability:
		Demand intermittent. Number and variety of purchasers more restricted than for 5
		Building Condition:
		Structurally sound buildings that need some renovation.
Scale	Rating	Lettability:
3	Poor	Low demand. Single tenancy / Poor building design/Specialised.
		Saleability:
		Poor demand. Building specialised. Building design obsolete.
		Building Condition:
		Structurally sound buildings that must be extensively renovated. Renovation essential prior to disbursement.
Scale	Rating	Lettability:
2	Very Poor	Very low demand. Very specialised due to size, design or condition.
		Saleability:
		Very low demand. Very specialised property of building/s due to size, design and or condition.
		Building Condition:
		Structurally defective buildings that must be extensively repaired and renovated. Repair and renovation essential prior to disbursement.
Scale	Rating	Lettability:
1	Derelict	No demand at all.
		Saleability:
		No demand at all.
		Building Condition:
		Derelict buildings that should be demolished.

The opinion of the undersigned is that the subject property is suitable security for mortgage lending on a stand-alone basis.
(Yes)

14. VALUATION

The signatories are of the opinion that the open market value of the subject property situated at
 Erf 108 (RE) Kempton Park Extension is:
R 1,700,000 at effective date of 2016/04/18
ONE MILLION SEVEN HUNDRED THOUSAND RAND

The signatories to this document hereby confirm that they have no 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.

DECLARATION:

I, Chris Smit, Candidate Valuer, Reg. 4698, declare that I have inspected the above property, that I have verified the particulars set out in this valuation and that I value the herein described property for the purposes of this valuation to the best of my knowledge at today's date.



Chris Smit, Candidate Valuer, Reg. 4698

DECLARATION:

I, Gert van Zyl, in my capacity as Professional Associated Valuer, consider the above valuation to be a true and fair assessment of the subject property's market value.



Gerhardus Jacobus Van Zyl
 Professional Associated Valuer
 Reg. 3509

18-Apr-2016
 DATE OF VALUATION

INCOME AND EXPENDITURE DETAILS:

A MONTHLY INCOME:						
Property Type	Name of Tenant	Lettable Unit	MARKET RELATED		CURRENT INCOME	
			Rate / Unit	Monthly Income	Rate / Unit	Monthly Income
Training Facility	Owner Occupied	107 m ²	R 55.00	R 5,885		
Workshops	Owner Occupied	282 m ²	R 50.00	R 14,100		
Attached Lean-To	Owner Occupied	99 m ²	R 30.00	R 2,970		
				R -		
				R -		
				R -		
Parking / Units				R -		
				R -		
				R -		
				R -		
TOTALS (based on lettable area)		488	Unit	R 22,955		R -

Note on Areas The sizes as given relate to calculations and on-site measurements by the valuer on the day of first inspection.

Income Remark A market related rate of R 55/m² is applied to the offices and R 50/m² to the workshops (the offices are of good quality). The rental of R 30/m² for the lean-to facilities is in keeping considering the overall application of the facility as part of a training facility.

GROSS ANNUAL INCOME: R 47.04 / m² R 275,460 R -

B LESS PROVISION FOR AREA VACANCIES AT	3.00% /Year	R 8,264
Actual Vacancy (Loss of income)	0.00% 0 m ²	
NORMALISED GROSS ANNUAL INCOME:	R 45.63 / m²	R 267,196

C EXPENDITURE				Market Expenditure	
TYPE OF EXPENDITURE					
Municipal Charges					
Assessment Rates:	as per rates account	R	3,109.80	R	37,318
Electricity:		R	-	R	-
Sewerage:		R	-	R	-
Water:		R	-	R	-
Refuse Removal:				R	-
Other:		R	-	R	-
Management					
Insurance:	Projected	0.20%	of replacement value	R	4,720
Building Management	(projected figure)	5.00%	of projected income	R	13,773
Auditors:		0.20%	Of Income	R	551
Salaries					
Caretaker:				R	-
Cleaners:		R	-	R	-
Contracts					
Cleaning:		R	-	R	-
Security:		R	-	R	-
Maintenance					
General Maintenance	(projected figure)	0.25%	of replacement value	R	5,900
Lift Maintenance:		R	425		
Air Conditioning:		R	4,528		
Garden Maintenance:		R	6,000		
Other Expenditure					
RSC Levies:		R	-	R	-
Other:		R	-	R	-
Other:		R	-	R	-
D EXPENDITURE	per m² and per Annum	R 10.63 /m²		R 62,262	

Additional Motivational Notes on Expenditure:
 The expenditure calculates to R10.63/m² at a percentage ratio of 23.3% of the income.
 The expenditure to income ratio as calculated based on projected expenditure is in keeping with market norms.

MARKET VALUE CALCULATIONS:

MARKET AND INVESTMENT VALUE - BASED ON CAPITALISATION			
BASED ON MARKET			
A	NETT INCOME TAKING ACTUAL VACANCIES INTO ACCOUNT:		N/A
B	NORMALISED GROSS ANNUAL INCOME:		R 267,196
C	LESS ANNUAL EXPENDITURE:	Per Month R 5,188	R 62,262
D	PERCENTAGE EXPENDITURE TO INCOME:	Per m ² R 10.6 /m²	23.30%
E	NET ANNUAL INCOME - Market related:		R 204,935
F	CAPITALISATION RATE:		12.00%
	CAPITALISED VALUE: ((A - B - D + E = F) / G) (Where applicable)		R 1,707,789
	Allowance for unutilised land / bulk if applicable:	0 m ²	R 0
	Final value expressed as a rate per m ² on the total building size	@ R3,484/m ²	
	Final value expressed as a rate per m ² on the lettable size	@ R3,484/m ²	
G	SAY		R 1,700,000

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Breakdown of Replacement Costs

Township: Kempton Park Extension Erf 108 (RE)
Client / Company: Ekurhuleni Artisans and Skills Training Centre
Street Address: Maxwell Street, Kempton Park

No 43

Description	Storeys	Walls	Roof	Flooring	Condition	Area in m ² or number of items		Replacement cost in m ² or per item	Total Replacement Cost
Offices & Rooms	Single	Brick	Corr Iron	Concrete	Fair	107 m ²	@	R 5500 /m ²	R 588,500
Workshops	Single	Brick	Concrete	Concrete	Fair	282 m ²	@	R 4500 /m ²	R 1,269,000
Lean-to	Single		IBR	Concrete	Fair	99 m ²	@	R 1500 /m ²	R 148,500
							@		R -
							@		R -
							@		R -
							@		R -
							@		R -
							@		R -
							@		R -
							@		R -
						488m ²			
Improvements rated per item									
Boundary Walls						76m ²	@	R 250 /m ²	R 19,000
Paving						164	@	R 150 /m ²	R 24,600
							@		R -
							@		R -
							@		R -
						240			
								Sub Total	R 2,049,600
Add Demolition cost and Debris removal							@	3%	R 61,488
Add for professional fees							@	12.00%	R 245,952
								Sub Total	R 2,360,000
Add: Vat							@	14.00%	R 330,400
								Total replacement costs	R 2,690,400
								Say R	2,700,000

Remarks: A level site improved with one building and a lean-to used to train artisans in various skills. The building inter-leads with the neighbouring building. The property forms part of a larger entity on various neighbouring stands.

Hazardous material: None

Exclusions: None

18-Apr-2016
DATE

Gerhardus Jacobus van Zyl
Professional Associated Valuer
Reg No: 3509 / 01

DEED

We have not viewed a copy of the full title deed (only the "aktex summary" was inspected) and could therefore not fully comment on the various terms or conditions (as per historic and existing title deeds) that may impact, negatively or otherwise, on the value or saleability (i.e. endorsements, servitudes or any other encumbrances) related to the subject property. Our opinion must therefore be read accordingly.

Property detail:

Deeds registry	PRETORIA
Property type	ERF
Township	KEMPTON PARK EXT
Erf number	108
Portion	0 (REMAINING EXTENT)
Province	GAUTENG
Registration division/Administrative district	IR
Local authority	EKURHULENI METROPOLITAN MUNICIPALITY
Previous description	-
Diagram deed number	T10869/1938
Extent	649.0000 SQM
LPI Code	T0IR03520000010800000

Title Deeds detail:

Document	Registration date	Purchase date	Amount	Image Scanned reference	Document copy?
T31522/2008	20080401	20080118	R600000.00	20121107 12:45:16	Yes

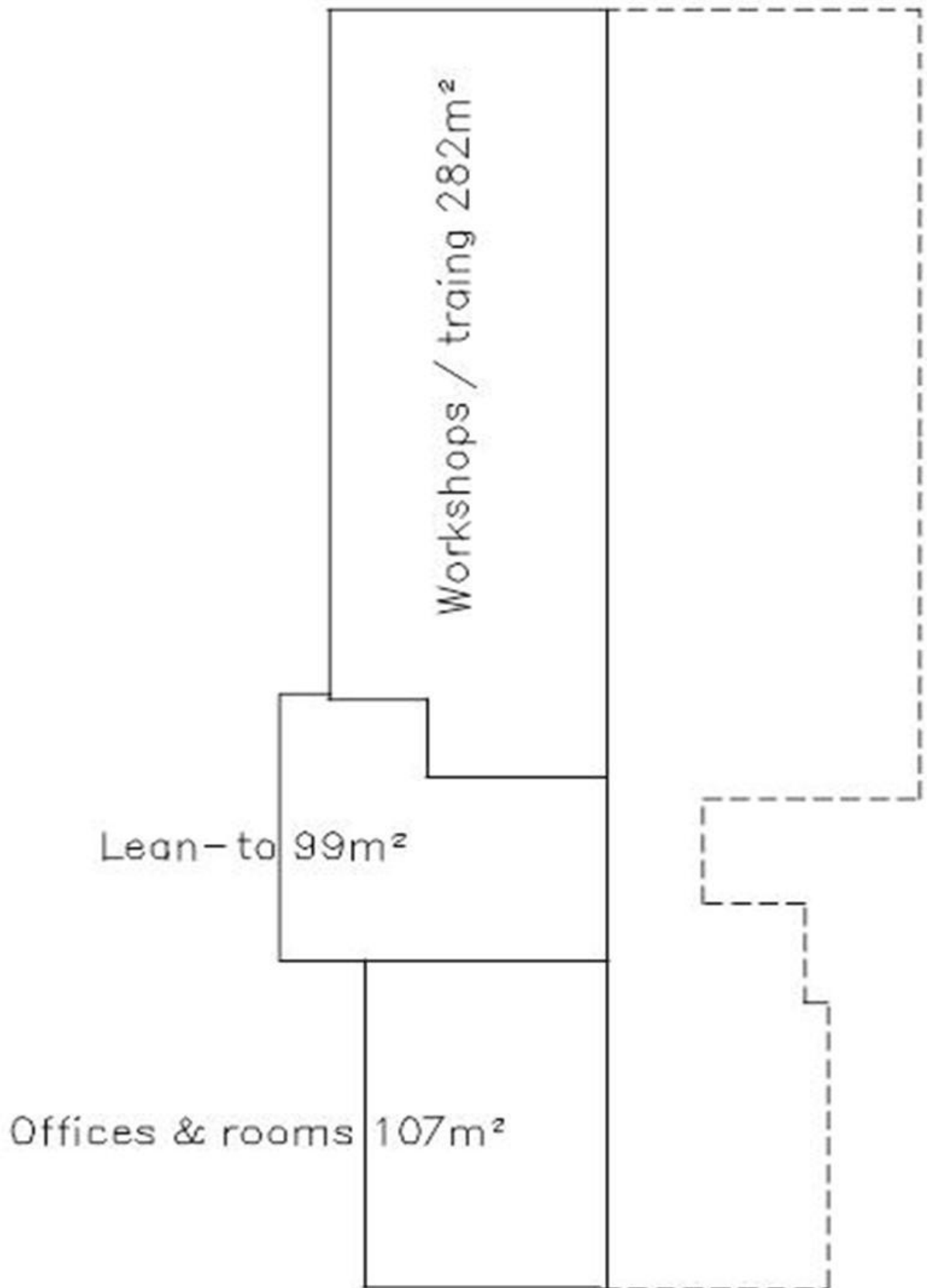
Owners detail:

Document	Full name	Identity Number	Share	Person Enquiry?
T31522/2008	EKURHULENI ARTISANS & SKILLS TRAINING CENTRE CC	2006053318023	-	Yes

Endorsements / Encumbrances:

Endorsement / Encumbrance	Holder	Amount	Image Scanned reference	Document copy?
K3905/1988S	-	-	19890101 00:19:39	Yes

SKETCH



1. This valuation has been compiled for the exclusive use of the instructor / institution in its / the signatories' relationship to its / the signatories' client and shall not be divulged to any other party as it is confidential and lacks the all embracing details suggested by the South African Institute of Valuers for Valuation Reports.
2. This valuation has been prepared on the basis that full disclosure of all information and factors, which may affect the valuation, have been made and the signatories cannot accept any liability or responsibility whatsoever for the valuation, unless such full disclosure was made.
3. It is emphasised that a structural survey of the improvements was not carried out, nor has an examination been done for signs of timber infestation and, accordingly, the signatories cannot be responsible for possible defects.
4. Where actual income and expenditure data were made available, such data was adjusted for anomalies and used on the understanding that it is correct as a basis for assessing capitalised values; in the absence of such data, what are considered to be plausible assumptions have been made.
5. Market value means the price at which an interest in real estate might reasonably be expected to have sold unconditionally for cash consideration on the date of valuation, assuming:
 - 5.a A willing and informed seller and a willing and informed buyer;
 - 5.b That, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest for the agreement of price and terms and for the completion of the sale; and
 - 5.c That no account is taken of any additional bid by a purchaser with a special interest.
6. The Insurance Value is a minimum recommended value, subject to the qualifications set out above and should be verified by the Mortgagor to avoid average being applied in the event of a claim. The Mortgagor hereof must advise both the insurer and the valuer of all alterations and additions to the property, subsequent to the date hereof.
 - 6.a The insurance amount is regarded as a replacement value to reconstruct the existing buildings - it remains the prerogative of the owner to renegotiate this figure with the applicable insurance company.
7. The Forced Sale value is regarded as the most likely price the property would fetch under the abnormal conditions of a sale in execution. With this valuation the valuer attempts to determine the way an investor would react based on the lower case scenario which time has proven in most instances being the view taken by attendees of such auctions.
It is to be made clear that it is only an opinion and not concrete evidence.
8. The Investment value as set out in The Appraisal of Real Estate - 11th edition published by the Appraisal Institute, is the following: Investment value represents the value of a specific investment to a particular investor. As used in appraisal assignments, investment value is the value of an investment to a particular investor based on his or her investment requirements. In contrast to market value, investment value is value to an individual, not necessarily value in the marketplace.

Investment value reflects the subjective relationship between a particular investor and a given investment. It differs in concept from market value, although investment value and market value indications may be similar. If the investor's requirements are typical of the market, investment value may be the same as market value.

When measured in monetary terms, investment value is the price an investor would pay for an investment in light of its perceived capacity to satisfy his or her desires, needs, or investment goals. To estimate investment value, specific investment criteria must be known. Criteria to evaluate a real estate investment is not necessarily set down by the individual investor; they may be established by an expert on real estate and its value. i.e. an appraiser.

An investment value appraisal may be sought by the potential purchaser of an existing investment or income-producing property or by the developer of a new property.
9. This valuation has been prepared on the understanding that no onerous easements, rights of way or encroachments exist by or on the subject property, other than those in favour of statutory bodies, applicable to all such properties, or which could be regarded as customary.
10. Finally, it must be pointed out, that neither the whole nor any part of this valuation, nor any reference thereto, may be included in any document, circular or statement, without the prior written approval of the valuer of the form and content in which it appears

PROFESSIONAL INDEMNITY INSURANCE



A C and E PI & Liability Underwriting Managers (Pty) Ltd

7th Floor Office Tower, Bedford Centre, Smith Street, Bedfordview
P O Box 752189, Gardenview, 2047, Republic of South Africa

Company Registration Number: 2013/145635/07
VAT Registration Number: 4090266018

Tel: 011 615 7529 Fax: 011 615 9360 Website: www.engineeringace.co.za

Licensed Financial Service Provider 45553

CERTIFICATE OF INSURANCE

This Certificate is merely evidence that insurance cover is in force at the time of issuance and does not replace the policy with all the terms and conditions, warranties, limitations and exclusions

8 March 2016

TO WHOM IT MAY CONCERN

This is to certify that Van Zyl Valuers cc have an Professional Indemnity policy effected through New National Assurance Limited covering the classes of insurance listed hereunder.

INSURED
Van Zyl Valuers cc

Policy Number: ACE23102PL

SCHEDULE OF LIMITS OF INDEMNITY

<u>CLASS</u>	<u>LIMIT OF INDEMNITY excl VAT</u>	<u>PERIOD</u>
Professional Indemnity	R10 000 000 on each and every loss	Annual

Extensions:

- Defamation : Limit of indemnity R10 000 000
- Joint Venture Agreement : Limit of Indemnity R10 000 000
- Liability following Employee Dishonesty : Limit of Indemnity R10 000 000
- Sub-Contractors : Limit of Indemnity R10 000 000
- Statutory Defense Costs : Limit of Indemnity R500 000
- Wrongful Arrest : Limit on Indemnity R500 000
- Fee Recovery : Limit of Indemnity R250 000

PERIOD OF INSURANCE

01 April 2016 to 31 March 2017.

Thereafter annually renewable.

Managing Director: Anne-Marie Fourie



The following Valuers are covered under this policy:

- | | |
|------------------|----------------------------------|
| 1. G J Van Zyl | - Professional Associated Valuer |
| 2. J D Griesel | - Professional Associated Valuer |
| 3. D J R Jooste | - Professional Associated Valuer |
| 4. C A Smit | - Candidate Valuer |
| 5. J J Du Bruyn | - Candidate Valuer |
| 6. H H Dahn | - Candidate Valuer |
| 7. G C Dames | - Candidate Valuer |
| 8. L V Klam | - Candidate Valuer |
| 9. C Groeneveld | - Candidate Valuer |
| 10. P J Ferreira | - Candidate Valuer |

Subject always to the Terms, Conditions, Limitations and Exclusions of the policy issued or to be issued.

Many thanks.



JABEEN HAMDANI
Representative of AC&E PI & Liability Underwriting Managers

Managing Director: Anne-Marie Fourie

