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## FORMAL VALUATION REPORT

**COSMOPOLITAN PROJECTS JOHANNESBURG (PTY) LIMITED**

*Changed to Erf 536 & 537 Cosmo City Ext 21*  
**PROPOSED ERF 377 LION PARK EXTENSION 4**

**CITY OF JOHANNESBURG**



PREPARED FOR  
TELEPHONE NUMBER  
E - MAIL

:  
:  
:

**Tania Barbarovich**  
**011 541 3800**  
**taniab@cosmopro.co.za**

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## 1. INSTRUCTION

We have been instructed by Tania Barbarovich to visit and inspect the subject property to be known as Erf 377 Lion Park Extension 4 once serviced and proclaimed, situated on the corner of the R512 Randburg / Brits and the R114 Muldersdrift / Diepsloot Provincial Roads, for the purpose of advising you of our opinion of the Market Value as at the effective date of valuation.

Effective date of valuation : 8 May 2009

## 2. DATE OF INSPECTION

The subject property was physically inspected on : 30 April 2009

## 3. TITLE DEED INFORMATION

The subject property, to be known as Erf 377 Lion Park Extension 4, to measure approximately 17.100 m<sup>2</sup> once sub - divided and registered in the Deeds Office, currently forms part of Portion 2 of the Farm Nietgedacht 535 JQ. The proposed property description has not been registered in the Office of the Surveyor General and the Deeds Office as at the date of our valuation. We have not had sight of the relevant Title Deed Portion 2 of the Farm Nietgedacht 535 JQ, however Deeds Office Enquiries indicate that the property is held as follows:

### Portion 2 of the Farm Nietgedacht 535 JQ

Title deed number	:	T85446/2008
Registered property description	:	Portion 2 of the Farm Nietgedacht 535 JQ, Gauteng Province
Registered owners	:	City of Johannesburg
Date of purchase by present owner	:	6 August 2008
Previous purchase price	:	R 5,882,000
Site area	:	200.5284 hectares
Mortgage bonds registered	:	B86342/2008 (Investec Bank Limited - R 100,000,000)
Servitudes noted	:	We have examined summaries of the Deeds of Transfer and are not aware of any servitudes or onerous conditions which may negatively impact on the value of the subject property.

## 4. TOWN PLANNING CONDITIONS

The subject property currently forms part of Portion 2 of the Farm Nietgedacht 535 JQ, Gauteng Province, measuring 200.5284 hectares, as mentioned, however with a proposed township to be established, with the subject property to be known as Erf 377 Lion Park Extension 4, measuring approximately 17,100 m<sup>2</sup> once sub - divided. We have been provided with a proposed Site Development Plan and the Conditions of Establishment of the proposed township, and the subject property is zoned for the purposes of a "Public Garage".

## 5. PROPERTY DESCRIPTION

### Highest and Best Use

The highest and best use analysis is a market driven analysis designed to identify the most profitable competitive use for which the property can be used. Because market forces create market value, the inter - action of the market and the property's highest and best use are very important when determining the market value of the property. The highest and best use also sets the groundwork for the valuation of the property, by identifying those property types that are most similar to the property and that should be used in the comparable sales analysis for vacant land and improved property.

The highest and best use is furthermore defined in the International Valuation Standards 2003 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 achieved". The highest, best and most profitable use is that which meets all of the preceding criteria and will produce the highest net return on the investment, thus indicating the highest land value.

We have been provided with a proposed or draft site development plan, as well as the area bordering the subject property to the north - east, and to include residential, industrial and business related uses, which adds value to the land and to create considerable future passing vehicular traffic. Based on the information provided, the highest and best future possible use for the proposed site to be known as Erf 377 Lion Park Extension 4 is for the purposes of a filling station considering the prominent locality aspects and good exposure from the R512 Randburg / Brits and the R114 Muldersdrift / Diepsloot Provincial Roads.

## **6. LOCALITY AND ENVIRONS**

The subject property is situated on the south - west corner of the R512 Randburg / Brits and the R114 Muldersdrift / Diepsloot Provincial Roads, however with the R114 Muldersdrift / Diepsloot Provincial Road towards Diepsloot currently closed and being upgraded, with access towards Diepsloot by means of a temporary road bordering the subject property to the south, in close proximity and with easy access to the N14 Pretoria / Krugersdorp freeway via the R512 Randburg / Brits Road. The subject property is situated on a prominent corner, with good exposure, with a considerable volume of vehicular traffic passing the site on a daily basis to and from the N14 freeway, as well as to and from Randburg, Diepsloot, Pretoria, Krugersdorp and the Lanseria Airport.

In addition, the subject property is bordering onto Cosmo City Extension 11, situated into close proximity to a proposed 1,000 hectare mixed development opposite the Lanseria Airport, known as "Cradle City", with a number of existing and proposed upmarket residential estates situated within the area. The Gauteng Government, National Roads Project is currently busy with the upgrading and extension of the dual carriageway road K29 from Sand Spruit to the access interchange at the P158 - 2 (N14) freeway, and includes at - grade intersections at the K56, K52 and a new bridge over the Sand Spruit, to provide increased road capacity for the existing congested P103 - 1, and to provide acceptable alternative access to the Lanseria Airport, with an estimated date of completion during October 2009.

## **7. VALUATION MOTIVATION**

### **Valuation Method**

In order to determine which method or combination of methods applies to the subject property, cognisance was taken of the fact that the subject property currently forms part of a farm portion, however to be sub - divided, registered and utilised for the purpose of a filling station. We have been provided with a proposed Site Development Plan and the Conditions of Establishment of the proposed township, and the subject property is zoned for the purposes of a "Public Garage". In addition, the highest and best possible future use or development potential of the subject property has also been taken into account considering the locality aspects and the current zoning of the subject property. Taking this into account, the Comparable Sales method of valuation has been used in the determination of the market value of the subject property. This method entails the identification, analysis and application of comparable sales involving physically and legally similar properties in the general proximity of the subject property, to enable the valuer to arrive at a norm, which will serve as a guide in estimating the market value of the subject property.

It has been established by the courts in actions involving market value disputes that comparable transactions afford a sound basis for arriving at a satisfactory guide in determining market value [Minister of Water Affairs v Mostert 1966 4 SA 690 (A) 723F], and the comparison method has been readily accepted as a sound valuation principle [Estate Marks v Pretoria City Council 1969 3 SA 227 (A) 253A-254B]. The Comparable Sales method of valuation is considered to provide a reasonable indication of the market value of the remainder of the vacant land available for future development purposes, as it directly reflects the action of buyers and sellers and takes the very apparent development potential of the property into account.

### **Research & Market conditions**

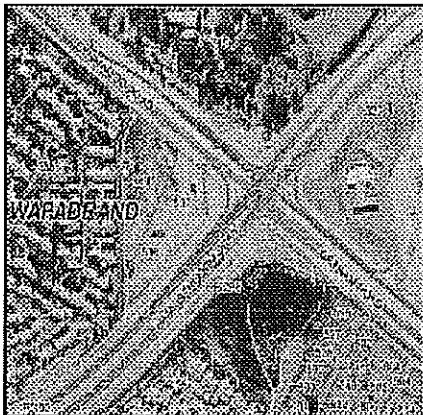
The market value of vacant land that is suitable for the development of filling stations is predominantly dependent on the potential income that any particular site might generate subsequent to the development thereof. The value of a filling station site is primarily dependent on the filling station's pumping potential and profitability, and includes the "behind the pumps facilities" ability to generate an income. In addition, Oil companies have little interest in low pumping sites, otherwise known as low throughput sites, with monthly sales less than 350,000 litres. This is particularly so in the present circumstances, and the net profit margin on fuel sales is also dependent on the management of the filling station, the facilities offered, and more particularly the locality aspects.

Lanseria Trust & Airport Limited recently purchased Portions 31, 32, 33 and Remaining Extent of Portion 36 of the Farm Bultfontein 533 JQ, with a combined land area measuring 41.1484 hectares. These mentioned land portions are situated to the east of the Lanseria Airport, and according to Mr. Danie Opperman, assistant airport manager, the mentioned farm portions have been purchased for future expansion to the airport, however seen as a long term investment and also in terms of what he describes as "the immense future development potential" and expected developments within the area. Lanseria Trust & Airport Limited also purchased the Remaining Extent of Portion 3, Remaining Extent of Portion 16, Remaining Extent of Portion 17, Portion 41 and Portion 58 of the Farm Bultfontein 533 JQ, with a combined land area measuring 91.8017 hectares, which is a clear indication of the future development potential within the area.

With a limited number of comparable sales taking place within the area over the past couple of years, and more particularly stands that are suitable for the development of filling stations, the evidence of ruling land values is rather limited, with stands zoned for filling stations rarely available in the open market, and generally only zoned for the purposes of a filling station after the date of sale. The subject property is however zoned for the purposes of a "Public Garage", adding considerable value.

**Comparable Sales**

Property Description	:	Erf 389 Wapadrand Extension 8 & Portion 466 of the Farm The Willows 340 JR
Purchaser	:	Alumni Trading 101 (Pty) Limited
Seller	:	Corner Shop Wapadrand CC
Purchase Price	:	R 7,280,000
Purchase Date	:	28 January 2008
Site Area	:	10,150 square metres
Rate per square metre	:	R 717.24



Erf 389 Wapadrand Extension 8, measuring 5,638 m<sup>2</sup> and Portion 466 of the Farm The Willows 340 JR, measuring 4,512 m<sup>2</sup> are situated on the south - western corner of Lynnwood Road and Hans Strijdom Drive, in Wapadrand, Pretoria. The local authority has approved the filling station rights subject to certain conditions, with a 40% permitted coverage, and a Floor Space Ratio according to an approved Site Development Plan, however the Provincial Government has not agreed to proposed access onto Lynnwood Road, with both Hans Strijdom Drive and Lynnwood Roads being Provincial Roads. In addition, the owners of the Engen filling station on the north - western corner of Hans Strijdom Drive and Lynnwood Road indicated that they would submit an objection to the development of this site once the Environmental Impact Assessment is available. The properties, with a combined land area measuring 10,150 m<sup>2</sup>, have been sold at an amount of R 7,280,000, at a rate of R 717.24 per square metre.

*Note: The mentioned comparable sale is considered to be superior in the sense that it is situated on a prominent corner bordering onto existing and established upmarket residential townships.*

**8. VALUATION CALCULATION**

Based on the comparable sale described and the market research mentioned, we are of the opinion that the market value of the subject property (unimproved), to measure approximately 17,100 m<sup>2</sup> once sub - divided, at a rate of not less than R 550.00/m<sup>2</sup>, is R 9,405,000, rounded to say **R 9,400,000** (Nine Million Four Hundred Thousand Rand), based on the locality aspects of the property, the highest and best possible future use or development potential, as well as the current zoning.

## **9. CONDITIONS OF VALUATION**

Not applicable.

## **10. EXECUTIVE SUMMARY**

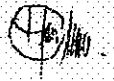
The proposed Site Development Plan provides for the subject property to be utilised for the purposes of a filling station, and the area bordering the subject property to the north - east subsequently been identified for future residential, industrial and business related uses. Considering the upgrading and extension of the K29 from Sand Spruit to the N14 freeway and the intersections at the K56 and K52, as well as the good exposure and the considerable volume of vehicular traffic passing the site on a daily basis, we are of the opinion that the highest and best possible future use is for the purposes of a filling station, with the subject property currently described as a portion of Portion 2 of the Farm Nietgedacht 535 JQ, however to be known as Erf 377 Lion Park Extension 4 once sub - divided and registered.

**11. VALUATION**

We are of the opinion that the Open Market Value of the subject property, to be known as  
**ERF 377 LION PARK EXTENSION 4**  
as on the effective date of valuation, is in the order of  
**R 9,400,000**  
**(NINE MILLION FOUR HUNDRED THOUSAND RAND)**

The signatory/ies to this document hereby confirms that he / they has / 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.

DATE: 8 May 2009



SIGNED: H. Marx  
Candidate Valuer  
Registration Number: 3629/4



SIGNED: A.D. Visser  
Professional Associated Valuer  
Registration Number: 3629/4

## **Caveats**

- **Full Disclosure**

This valuation has been prepared on the basis that full disclosure of all information and factors which may affect the valuation have been made to ourselves and we cannot accept any liability or responsibility whatsoever for the valuation, unless such full disclosure has been made.

- **Valuation Standard**

This valuation has been prepared in accordance within the guidelines of the South African Institute of Valuers for valuation reports.

- **Plans**

All plans included within the Valuation Report are supplied for the purpose of identification only and are not necessarily to scale.

- **Statutory Notices and Unlawful Use**

We have assumed that the properties and its value are unaffected by any statutory notice or condition of Title where Title Deeds have not been inspected, and that neither the properties nor its condition, nor its use, nor its intended use, is or will be unlawful.

- **Confidentiality**

This valuation is produced exclusively for Cosmopolitan Projects Johannesburg (Pty) Limited and for the specific purposes to which it refers. It may be disclosed to your other professional advisers assisting you in respect of that purpose. We accept no responsibility whatsoever to any parties other than yourselves who make use of this valuation.

- **Non-Publication**

Kindly note that neither the whole nor any part of this report, nor any reference thereto may be included in any published document, circular or statement, nor published in any way without our prior written approval as to the form or context in which it may appear