



BAMBANANI
PROPERTY VALUATIONS & ASSESSMENTS

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Experience. Success. See the difference.

Sabi Care trading as Sabi Construction
342 Smith Street
Scottburgh
Kwazulu Natal

Dear Sir

Date	Your Reference	Our Reference
31/07/2019	Erf 1293	Jaco Potgieter

**VALUATION OF ERF 1293 VIRGINIA CENTRAL, VIRGINIA,
(MATJHABENG MUNICIPALITY)**

Your instructions dated 29 July 2018 refer.

I herewith submit my valuation report in accordance to your instructions, viz. to determine the Market Value of the subject property as at July 2019. "Market Value, being defined as, the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties of each acted knowledgeably, prudently and without compulsion".

The subject property was visited and inspected on 31 July 2019.

As this is a property suitable for investment purposes, the method of valuation would be the Capitalization of Nett Income Method of valuation, the reasoning being that a buyer would not pay more for a property than the rate of return he would realize with an investment with the same risk.

However the subject property is a vacant piece of land and the direct comparison method will be used.

I thank you for your instructions.

VALUATION CERTIFICATE

1. BRIEF

We have been instructed by Mr Jaco Potgieter, (on behalf of Sabi Care) to provide him with a market related value of the subject property as mentioned under property description.

Date of Brief : 29 July 2019

Date of Inspection : 31 July 2019

Date of Valuation : July 2019

2. OWNER

Virginia Plaaslike Oorgangsraad

3. PROPERTY DESCRIPTION

Erf no : 1293

Erf extent : 714m

Title Deed No : T13440/1981

4. PHYSICAL ADDRESS

6 State Street East

Virginia Central

Virginia

5. MUNICIPAL VALUATION

Land : N.A.

Improvements : N.A.

Total : R36000(2015/2016)

6. MUNICIPAL SERVICES

All services are available.

7. ZONING

Commercial	i) Coverage	: 60%
	ii) Height	: Double Storey
	iii) Floor space index	: Not specified
	iv) Parking	: On-site parking

8. NEIGHBOURHOOD AREA

The subject property is surrounded by commercial zoned properties such as retail and office accommodation. Checkers and Pepstores, as well as Kentucky and Wimpy were noted in very close proximity. Most Financial Institutions are also in close proximity. The surrounding properties are on the average in a reasonably good condition.

9. SUBJECT PROPERTY



PHYSICAL ASPECTS

Slope	: Level	Upkeep	: Average
Shape	: Rectangular	State of soil	: Not tested

SUITABILITY FOR SUB-DIVISION

The subject property is suitable for subdivision.

IMPROVEMENTS

The subject property is vacant land.

CONSTRUCTION

Walls	: N.A.
Floors	: N.A.
Covering	: N.A.
Window Frames	: N.A.
Frontage	: N.A.
Upkeep	: N.A.
Appearance	: N.A.
Condition	: N.A.
Roof	: N.A.
Ceilings	: N.A.

Condition of Improvements

N.A.

10. MARKET RESEARCH

As this is a property zoned for commercial purposes, it is suitable for investments purposes, the method of valuation would be the Capitalization of Nett Income Method of Valuation, the reasoning being that a buyer would not pay more for a property than the rate of return he would realize with an investment with the same risk.

This subject property however is vacant land, zoned commercial. The direct comparison method will be use to determine a market related value.

The property is situated in the core of the CBD. Passing traffic is good. The property is part of a large open space, with approximately 30 small erven all vacant land. The whole area is a tarred surface, and is being used by local driving schools to teach their students to park.

The area is owned by the local municipality.

The demand for similar accommodation can be described as being below average. Extremely limited sales are available for vacant land. We therefore had to make use of dated sales.

Marketability of Subject Property

The marketability is average to below average at present. The economic climate in the Goldfields is slow. We are aware of some development in the area and Kentucky recently opened their doors in very close proximity.

General

A small vacant erf, 714m² situated in the core of the CBD area.

11. INCOME AND EXPENDITURE

N.A.

11.1 GROSS INCOME

N.A.

11.2 EXPENDITURE

N.A.

11.3 NETT INCOME

N.A.

12. CAPITALIZATION FACTOR

The capitalization factor in the market is determined by supply and demand. It is affected by various factors, some related to the general economic market and others more specifically on the property itself.

The capitalisation rate varies from 11% - 14% depending on the above mention factors as well as the risk, political situation, condition on lease, type of building, coverage etc. The capitalisation rate is calculated by dividing the net rental income of a property by the purchase price.

This method of valuation will not be used though. We will make use of the direct comparison method of valuation.

There are five main methods used when conducting a property evaluation;

the comparison, profits, residual, contractors and that of the investment.

The Comparison **method** is used to value the most common types of **property**, such as houses, vacant land and standard warehouses.

Sales of vacant land in Virginia:

Erf 1175 sold for R90 000 15/02/2019 - $2395\text{m}^2 = \text{R}37.57/\text{m}^2$

Erf 1223 sold for R46 000 22/11/2016 - $1487\text{m}^2 = \text{R}30.93/\text{m}^2$

Erf 1290 sold for R210 000 10/11/2014 - $833\text{m}^2 = \text{R}252.10/\text{m}^2$ (Kentucky)

These are the only sales of vacant land zoned for commercial since January 2014 within Virginia.

Sales of vacant land in Welkom

Erf 8181 sold for R175 000 12/02/2018 – $1269\text{m}^2 = \text{R}137.90/\text{m}^2$
Erf 7853 sold for R400 000 12/06/2018 – $5955\text{m}^2 = \text{R} 67.07/\text{m}^2$

Erf 8235 sold for R170 000 09/01/2017 – $3740\text{m}^2 = \text{R}45.45/\text{m}^2$
Erf 8234 sold for R150 000 09/01/2017 – $3283\text{m}^2 = \text{R}45.68/\text{m}^2$

13. CONCLUSION AND CALCULATION

Therefor with the available market information, as well as discussion with other valuers a market related rate of $\text{R}120/\text{m}^2$ is market related. The value of the subject property, based on The Direct Comparison Method of Valuation, would in my opinion, be **R85 000 (EIGHTY FIVE THOUSAND RAND)**



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