

**AGENDA of the
Portfolio Committee: Investment, Infrastructure and Planning
3 April 2024
(Also the agenda for the Mayoral Committee Meeting: 10 April 2024)**

**3.
IN PRINCIPLE APPROVAL FOR THE DIRECT ALIENATION OF A PORTION OF
REMAINDER ERF 5462 KLEINMOND (SITUATED NEXT TO THE KLEINMOND
CARAVAN PARK), ±1,136M² IN EXTENT TO GOEIE HOOP
BEHUISINGSMAATSKAPPY**

**A Le Roux
17 January 2024**

Manager: Property Administration

(028) 316 5623

1. Executive Summary

To obtain in principle approval for the direct alienation of a portion of the Remainder Erf 5462 Kleinmond (situated next to the Kleinmond Caravan Park), ±1,136m² in extent, to the owner of the adjoining property, Erf 8137 Kleinmond, being Goeie Hoop Behuisingsmaatskappy to build a small dam and for parking purposes, which will be incorporated into and be to the benefit of the adjoining established retirement village. See the locality plans attached hereto marked Annexure "A1" And "A2".

2. Service Delivery and Budget Implementation Plan - IGNITE

Infrastructure and Planning
Property Administration

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Creation and maintenance of a safe and healthy environment

4. Delegated Authority

None

5. Legal Requirements

- Administration of Immovable Property Policy of the Overstrand Municipality, as amended
- Local Government: Municipal Finance Management Act, Act 56 of 2003 ("MFMA")
- Municipal Asset Transfer Regulations (R. 878 of 2008)
- Municipal Supply Chain Management Regulations (Notice 868 of 30 May 2005)
- Overstrand Municipality Supply Chain Management Policy, as amended

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6. Background/Discussion/Evaluation/Conclusion

Background/Discussion

Goeie Hoop Behuisingsmaatskappy, hereafter referred to as “the Applicant”, bought a portion of Remainder Erf 5462 Kleinmond (2,5057 hectares in extent) from the Municipality in 2012 for the purpose of establishing a retirement village and health care centre known as the Fynbos Senior Centre. This property is already registered in the Deeds Office as Erf 8137 Kleinmond under ownership of Goeie Hoop Behuisingsmaatskappy. At that stage there was a portion of the property to the West that was excluded from the sale as it was indicated that the portion lies within the 1:100-year flood line and would not be suitable for the development.

The Applicant since had some correspondence with the Department of Environmental Affairs to which it looks like consent will however be considered for development on the specific portion. Kindly see a letter from the Department dated 17 September 2021 attached as “Annexure B”.

Subsequently the Applicant applied to purchase the Property, to incorporate into their existing adjoining established development (retirement village and health care centre). It does however seem that an area of approximately 32m² will still not be developable, but they will be able to build a dam on the portion. Should the sale be considered the Municipality will however register a restriction against the Property that no other structures may be erected as the Property will be sold as a non-viable property.

Evaluation

A. Evaluation in terms of the Administration of Immovable Property Policy of the Overstrand Municipality

The following conditions of said policy apply to this report:

Paragraph 4: “No application for the purchase, lease of or encroachment on immovable property (save for the instances mentioned in paragraphs 58 to 62 and 64.1 below) shall be processed unless the prescribed application fee as per tariff approved in the annual budget for that financial year has been paid, nor shall any proposed lease or encroachment (save for the instances mentioned in paragraphs 58 to 62 and 64.1 below) be advertised unless the applicant has confirmed, in writing, that he/she will bear all costs involved in such transaction including – but not limited to – legal, survey, re-zoning, sub-division, consolidations, advertisement, relocation or provision of services

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and, where applicable, a deposit as per prescribed rate to cover incidental costs has been paid.

The Applicant already paid the application fee.

Paragraph 7: “The transfer of ownership of immovable property must be fair, equitable, transparent, competitive (unless it is not applicable or unpractical e.g., non-viable immovable property) and consistent with the supply chain management policy of the Municipality in accordance with Section 14(5) of the MFMA.”

Non-viable immovable property is defined in the relevant Policy as “a property that, owing to urban planning, physical constraints or extent, cannot be developed on its own or function as a separate entity and can therefore only become functional if alienated or leased to an adjoining owner for usage in conjunction with the said owner’s property.”

The only adjoining property owners to the Property is the Applicant and the Municipality, there is no other adjoining owner that can use the Property independently. Due to the locality, shape, intended use and size of the Property and the fact that it cannot be developed independently it can be classified as a non-viable property. Non-viable property can in terms of the current Administration of Immovable Property Policy be alienated directly to an adjoining property owner, subject to certain conditions. One of these conditions will be that no structures other than the dam and a boundary wall/fence will be allowed to be built on the Property. The Property can be used for parking purposes and to supplement the parking requirements of the established development.

Paragraph 9.2: “The Municipality may transfer ownership or otherwise dispose of a non-viable immovable property, as non-exempted immovable property which can be of no practical use to any other person, directly to adjoining property owner(s), only after the Municipal Council has, in terms of sections 14(2)(a) and (b) of the MFMA:

- (a) decided on reasonable grounds that the non-viable immovable property is not needed to provide the minimum level of basic municipal services;***
- (b) considered the fair market value of the immovable property and the economic and community value to be received in exchange for the immovable property in accordance with Section 14(2) of the MFMA, and***
- (c) has as a consequence to 9.2(a) and (b) above approved in principle that the immovable property may be transferred or disposed, provided that, when giving the in-principle approval,***

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it is recorded in the minutes the full reasons for the Municipality preferring such direct transfer.”

- (a) The comments received from the relevant departments indicate that the Property is not needed for the provision of municipal services.
- (b) HCB Valuations and Services (Pty) Ltd, hereinafter referred to as “HCB”, determined the market related value on 1 October 2022 at an amount of R500.00/m² (FIVE HUNDRED RAND PER SQUARE METRE) (VAT Excluded). The valuation was done taking into consideration the size, shape, locality, zoning, and proposed use of and restrictions to be placed on the Property. Specifically, the restriction that no structures except for a dam and a boundary wall or fence will be allowed on the Property was considered. The fact that the Property is not easily accessible was further taken into account and it was found that it does not have an impact on the valuation of the Property. Other sales in the vicinity were taken into account and adjustments were made from R850-00/m² (EIGHT HUNDRED AND FIFTY RAND PER SQUARE METRE) (VAT Excluded) (Sales Comparison) to R500-00/m² (FIVE HUNDRED RAND PER SQUARE METRE) (VAT Excluded) due to restriction of use that will be applicable and due to the fact that the Applicant will be responsible for all applicable costs, i.e., consolidation and rezoning. The valuation report is attached as “Annexure C”.

As the Applicant was not satisfied with the valuation, it also obtained another valuation for the Property from Mr Henry Wiggins. The letter from the Applicant is attached as “Annexure D”. The valuation was also done taking into consideration the size, shape, locality, zoning, and proposed use of and restrictions to be placed on the Property with the assumption that R273,000.00 (TWO HUNDRED AND SEVENTY-THREE THOUSAND RAND) will have to be spent to affect the transaction which includes the following costs: surveyor, Town Planner, Conveyancer, Services etc. Mr Wiggins argued that the additional benefits to Erf 8137 is limited as the Property is raw land with debilitating conditions not comparable to transactions of presently serviced erven that can be developed in the ordinary sense and sold on the open market. He therefore chose an older transaction in close proximity with similar detrimental circumstances for comparison. The transaction was the sale of a portion of farmland in 2020. Mr Wiggins, taking into account the conditions and applicable cost to create a transferrable entity and the restrictive conditions valued the Property at R30.00/m² (THIRTY RAND PER SQUARE METRE). The valuation report from Mr Wiggins is attached as “Annexure E”.

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The valuation report from Mr Wiggins and the letter from the Applicant was sent to HCB for their consideration and comment. HCB explains that undeveloped agricultural property cannot be compared to this transaction without making any adjustments to the value. He further explains that only one sale was used for comparison which makes it difficult to establish whether this is the average sale price for similar grounds, as there are not more examples. As a year had already passed since the original valuation from HCB a new transaction had in the meantime been registered. The sale of Erf 5598 Kleinmond calculates to an amount of R691.00/m² (SIX HUNDRED AND NINETY-ONE RAND PER SQUARE METRE) (VAT Excluded). HCB took this transaction into account and reduced the amount by 50% due to the restrictions and associated costs and adjusted his market valuation from R500.00/m² (FIVE HUNDRED RAND PER SQUARE METRE) (VAT Excluded) to R345.00/m² (THREE HUNDRED AND FORTY-FIVE RAND PER SQUARE METRE) (VAT Excluded). The addendum to the valuation report is attached as "Annexure F".

The Applicant was however still not satisfied with the amended valuation, kindly see letter attached as "Annexure G".

Property Administration Department's view

The valuation from HCB is more accurate as more than one transaction was taken into account. The Applicant and their valuer are of the opinion that the Property has limited additional benefits for the Applicant. We strongly disagree as the purchase of the Property will add value to their property once consolidated, it will have the effect that the old building lines will be adjusted causing the Applicant to be able to build on a larger portion of their existing property than they would have been able to without purchasing the Property. The fact that the Applicant can provide parking on the Property further opens up the space on their property where they would have had to provide parking to be utilised for something else, such as building etc. Thus, although the Applicant will not be able to build on the Property the shift in the building lines will allow them to be able to build on a larger portion of their existing property and hence this additional portion will add value to their property. We are therefore of the opinion that the valuation from HCB is accurate and should be used in determining the purchase price.

- (c) The reasons for preferred direct sale are discussed above and will subsequently be recorded in the minutes.

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Paragraph 28: “All costs pertaining to a transaction shall be borne by the successful bidder/purchaser, e.g. survey, advertisements, valuation, rezoning, relocation or provision of services where necessary, etc. The Municipality may, however, waive its right to claim the costs should it be to its advantage to bear the costs.”

The Applicant will be liable for the costs of the transaction which will include, but not be limited to, the application fee, valuation costs, subdivision, consolidation and rezoning, Section 14 advertisement and transfer costs.

Paragraph 29: “Should existing services need to be relocated or secured by means of the registration of a servitude in favour of the Municipality as a result of the alienation of the immovable property, all related costs shall be for the account of the successful bidder/purchaser.”

No services need to be relocated and no servitude needs to be registered.

Paragraph 30: “Small areas of land such as closed roads or portions of public place sold to an adjacent owner must be consolidated with the existing property of the adjacent owner, unless circumstances exist which, in the opinion of the Municipality, make such consolidation undesirable.”

A condition to this effect will be included in the Deed of Sale.

Paragraph 32: “Save with prior approval, the immovable property alienated may only be used for the purpose for which it was originally sold and purposes permitted by town planning scheme regulations pertaining to such purposes.”

A clause to this effect will be included in any deed of sale to be entered into between the Municipality and the successful bidder.

Paragraph 33: “The agreement might contain a suspensive condition in respect of immovable property which is sold subject to approval in terms of land use planning legislation.”

A condition to this effect will be included in the Deed of Sale

Paragraph 34: “A 10% deposit of the agreed/tendered purchase price will be due and payable by the purchaser/successful bidder within 10 days of date of request in writing thereof by the Municipality.”

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A clause to this effect will be included in any deed of sale to be entered into between the Municipality and the successful bidder.

Paragraph 35: *“Interest on the purchase price, as from date of signature of the deed of sale, must be charged by the Municipality should payment or transfer be delayed due to an action or failure on the part of the successful bidder/ purchaser.”*

A clause to this effect will be included in the deed of sale to be entered into between the Municipality and the successful bidder.

B. Advertisement/Notification

The necessary advertisement in terms of Section 14 of the MFMA will be published after obtaining this in principle decision. The applicant will be liable for the costs of the Section 14 advertisement.

Conclusion

Considering the comments of the internal departments, as well as the above discussion, it is recommended that the direct alienation of the Property to the Applicant be approved in principle.

Furthermore, the Applicant will be liable for all cost involved to affect transfer of the Property in the Deeds Office. Subsequently the costs will entail, amongst others, the application costs, valuation costs, rezoning, subdivision and consolidation, Section 14 advertisement, and the transfer costs.

7. Financial Implications

Should Council accept the adjusted valuation from HCB the Municipality stands to gain a market related purchase price of R345.00/m² (THREE HUNDRED AND FORTY-FIVE RAND PER SQUARE METRE) (VAT Excluded) for the sale of the Property.

8. Staff Implications

None.

9. Comments from other Departments, Divisions and Administrations

Senior Manager: Expenditure and Assets - Mr J Vorster

“The full extent of Erf 5462 Kleinmond is currently reflected as Commonage in the fixed asset register for PPE: Land at a carrying value of R3’342’157-78 as at 30 June 2023. Once the proposed transfer of the portion of the property

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has been concluded, it will have to be written out of the fixed asset register at the applicable selling price in order to account for the actual gain / (loss) on the disposal of a portion of an asset.

There is no objection against the alienation.”

Senior Manager: Operational Service Kleinmond - Mr D van Rhodie

“Operational Services Kleinmond have no objection to the application.”

Senior Town Planner - Ms H van der Stoep

“Please note that the area is not developable, but that a dam can be built. Applicant needs to ensure compliance with the relevant legislation dealing with the actual build dam and damming of water. Insurances that the dam will not be to the detriment of the lower lying development and or structures to ensure safety and liability to its inhabitants.”

Further revised comments: *“In terms of the letter from DEA&DP it seems that more recent information indicates that the area can be developed. I do not have any objection as long as it is compliant with DEA&DP and the Environmental Section.”*

Manager: Building Control - Mr L Coetzee

“Building Control has no objection. Any building plan application must comply with all applicable law.”

Environmental Officer: Kleinmond - Ms T Zweig

“The EMS supports this application with the following conditions:

- 1. The conditions in the DEA&DP correspondence must be upheld,*
- 2. There is mention of a dam, please note that statutory and regulatory authorisations for this proposed dam must be obtained from the relevant authorities prior to the commencement of this listed activity;*
- 3. Should NEMA EIA Listed Activities be triggered in developments proposed for this property, an application to the DEA&DP must be submitted and Environmental Authorisation received;*
- 4. Due to the watercourses present on the property the Breede-Gouritz Catchment Management Agency (GGCMA) must grant permission for development within proximity to a watercourse.*

The EMS reserves the right to revise or amend comments and request further information on this item should it be required.”

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Assistant Chief: Fire Safety and Health and Safety - Mr E Solomons

"The Fire Department have no objection."

Senior Superintendent: Operations: Traffic Services - P de Gruchy

"There are no objections towards this application from my office."

10. Annexures

Annexure A1 & A2:	Locality Map
Annexure B:	Correspondence with Department Environmental Affairs
Annexure C:	Original Valuation Report from HCB (Annexures not included)
Annexure D:	Letter from Applicant
Annexure E:	Valuation Report from Henry Wiggins (Annexures not included)
Annexure F:	Addendum to Valuation Report from HCB
Annexure G:	Letter from Applicant

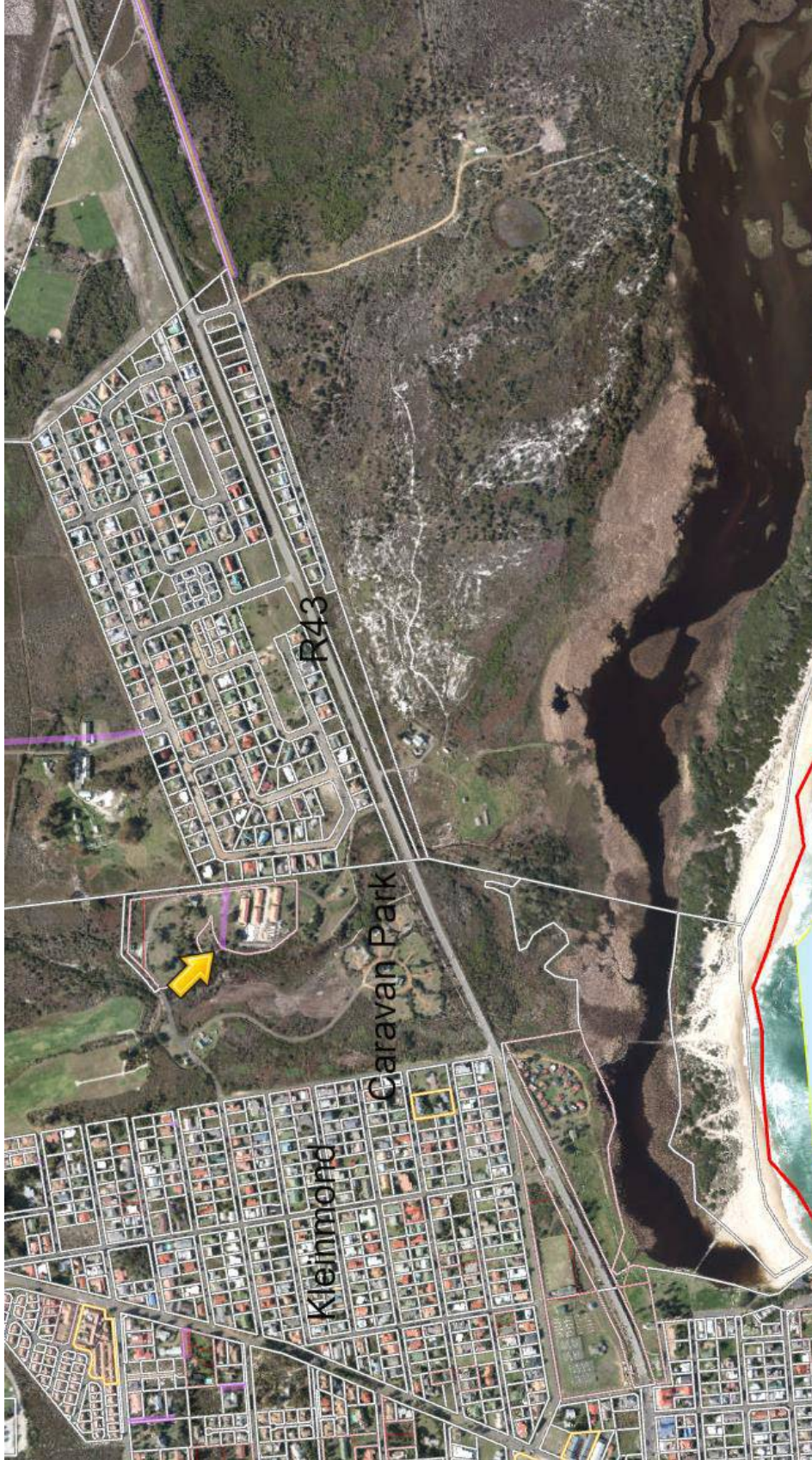
RECOMMENDATION TO THE COUNCIL:

1. that the direct alienation of a portion of Remainder Erf 5462 Kleinmond (adjacent to Erf 8137 Kleinmond) situated next to the Kleinmond Caravan Park ($\pm 1,136\text{m}^2$ in extent), to the owner of the adjoining Erf 8137 Kleinmond, Goeie Hoop Behuisingsmaatskappy, at an amount of R345.00/m² (THREE HUNDRED AND FORTY-FIVE RAND PER SQUARE METRE) (VAT Excluded), to build a small dam and for parking purposes, which will be incorporated into the adjoining established retirement village, be **approved in principle**;
2. that it be noted that the direct alienation is possible as the said portion of Remainder Erf 5462 Kleinmond can be classified as a non-viable property;
3. that it be noted that a condition for the alienation will be that the said portion of Remainder Erf 5462 Kleinmond must be consolidated with the adjoining property of Goeie Hoop Behuisingsmaatskappy, being Erf 8137 Kleinmond;
4. that no structures of any kind (excluding a boundary wall or fence and a dam) may be erected on the said portion of Remainder Erf 5462 Kleinmond, which condition must be registered against the title deed of the consolidated property;

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5. that the alienation of said portion of Remainder Erf 5462 Kleinmond be subject to a suspensive condition that the applicant/purchaser obtains approval for all the required land use rights, which include, rezoning, subdivision, and consolidation;
6. that all the costs pertaining to the transaction, e.g., application costs, valuation costs, rezoning, subdivision and consolidation, advertisement, and the related costs, etc. be paid by Goeie Hoop Behuisingsmaatskappy; and
7. that it be noted that the municipal property herewith envisaged to be alienated is not required for the provision of basic municipal services in terms of the provisions of paragraph 5 of Council's Administration of Immovable Property Policy and Section 14 of the Local Government: Municipal Finance Management Act (Act 56 of 2003).

RESPONSIBLE OFFICIAL :	M ERASMUS
TARGET DATE FOR IMPLEMENTATION :	30 MAY 2024
TARGET DATE TO INFORM APPLICANT :	30 MAY 2024
TARGET DATE TO INFORM OBJECTOR :	N/A







Department of Environmental Affairs and Development Planning
D'mitri Matthews
 Development Management
D'mitri.Matthews@westerncape.gov.za | Tel: 021 483 8350

REFERENCE: 16/3/3/6/E2/18/1197/21
DATE: 17/9/2021

The Proponent
 P. O. Box 11
KLEINMOND
 7195

Attention: Mr. L. Strydom

Cell: 082 459 9651
 Email: llewellyn.strydom71@gmail.com

Dear Sir

RE: APPLICABILITY OF THE NATIONAL ENVIRONMENTAL MANAGEMENT ACT, 1998 (ACT NO. 107 OF 1998) ("NEMA") ENVIRONMENTAL IMPACT ASSESSMENT ("EIA") REGULATIONS, 2014 (AS AMENDED), WITH RESPECT TO THE PROPOSED ENQUIRY IN REGARD TO EXCLUDED PORTION OF THE REMAINDER OF ERF NO. 8137 (A PTN OF ERF 5462), KLEINMOND

1. The electronic correspondence dated 17 June 2021 and 5 July 2021, as received by this Department, the Department's electronic correspondence dated 29 June 2021, the electronic correspondence dated 5 July 2021 and the electronic correspondences dated 21 July 2021, 24 Augustus 2021, 25 Augustus 2021, 27 August 2021 and 1 September 2021, refer.
2. Following the review of the above-mentioned correspondence, this Department draws your attention to the following:
 - 2.1 Erf No. 8137 was approved for rezoning to General Residential for frail care and retirement village on 9 November 2007.
 - 2.2 The proposal is for the inclusion of a section of a portion of Erf No. 5462 that was originally excluded from the aforementioned development. This area has a special zoning for caravan park use. Additionally, the site forms part of the Overstrand Environmental Overlay Zone.
 - 2.3 The excluded area forms part of an area declared as natural area in the Overstrand Environmental Management Framework. The area would need to be de-proclaimed as a natural area before construction activities can take place on the site.
 - 2.4 The proposal entails the construction of two semi-detached units of 240m² each, at the Fynbos Retirement Village in Kleinmond. This forms part of phase 3 of the implementation of the retirement village.
 - 2.5 The area is located below the 1:100-year flood line and according to the geographic information system at the Department's disposal, comprises a channelled valley bottom wetland.
 - 2.6 The area is comprise of undeveloped vacant land with sparsely spread Waterberry and other indigenous trees.

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Department of Environmental Affairs and Development Planning

- 2.7 The area comprises of Hangklip Sand Fynbos, which is an ecosystem classified as endangered in terms of the National Environmental Management Biodiversity Act, 2004 (Act No. 10 of 2004).
- 2.8 The site is regarded as being inside the build up urban area of Kleinmond.
3. Your attention is therefore drawn to the listed activities in terms of the NEMA EIA Regulations 2014 (as amended) as defined in Listing Notices ("LN") 1, 2 and 3 of 7 April 2017. Be advised that, based on the information provided, the proposed development, **does** constitute, listed activities as defined in terms of and LN 1 and 3 of 7 April 2017, namely:

In terms of LN 1:

Activity Number 19:

The infilling or depositing of any material of more than 10 cubic metres into, or the dredging, excavation, removal or moving of soil, sand, shells, shell grit, pebbles or rock of more than 10 cubic metres from a watercourse;

but excluding where such infilling, depositing, dredging, excavation, removal or moving—

- (a) will occur behind a development setback;
- (b) is for maintenance purposes undertaken in accordance with a maintenance management plan;
- (c) falls within the ambit of activity 21 in this Notice, in which case that activity applies;
- (d) occurs within existing ports or harbours that will not increase the development footprint of the port or harbour; or
- (e) where such development is related to the development of a port or harbour, in which case activity 26 in Listing Notice 2 of 2014 applies.

In terms of LN3

Activity Number 12:

The clearance of an area of 300 square metres or more of indigenous vegetation except where such clearance of indigenous vegetation is required for maintenance purposes undertaken in accordance with a maintenance management plan.

I. Western Cape

- i. Within any critically endangered or endangered ecosystem listed in terms of section 52 of the NEMBA or prior to the publication of such a list, within an area that has been identified as critically endangered in the National Spatial Biodiversity Assessment 2004;
- ii. Within critical biodiversity areas identified in bioregional plans;
- iii. Within the littoral active zone or 100 metres inland from high water mark of the sea or an estuarine functional zone, whichever distance is the greater, excluding where such removal will occur behind the development setback line or even in urban areas;
- iv. On land, where, at the time of the coming into effect of this Notice or thereafter such land was zoned open space, conservation or had an equivalent zoning; or
- v. On land designated for protection or conservation purposes in an Environmental Management Framework adopted in the prescribed manner, or a Spatial Development Framework adopted by the MEC or Minister.

4. The above-mentioned is based on the following:

- 4.1 The geographic information system at the Department's disposal indicates that the site forms part of a wetland, therefore, infilling will be undertaken as part of the construction. If, however, there is information that proves this is not part of a wetland, then proof must be submitted to the Department.
- 4.2 More than 300m² of an endangered indigenous vegetation will be cleared.

5. Written authorisation is therefore required from the competent authority prior to the undertaking of the said activities. You are hereby advised that only those activities applied for will be considered for authorisation. The onus is on the applicant to ensure that all the applicable listed activities are included in the application.
6. The Application Form, as well as other relevant forms and guidelines, are available from this Department's website:
<https://www.westerncape.gov.za/eadp/>
7. The Department advises the applicant to consult with the Town Planning and Environmental sections of Overstrand Municipality regarding the proposed development.
8. Please note that the applicant must comply with any other statutory requirements that may be applicable to the undertaking of the activity.
9. Kindly quote the abovementioned reference number in any future correspondence concerning the proposed development.
10. This Department reserves the right to revise or withdraw its comments and request further information based on any information received.

Yours faithfully

Marbe Digitally signed by
Marbe Coetzee
Date: 2021.09.17
15:23:20 +0200
PP **Coetzee**

**HEAD OF COMPONENT
ENVIRONMENTAL IMPACT MANAGEMENT SERVICES: REGION 1
DEPARTMENT OF ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING**

Copy to: (1) Ms. P. Apian (Overstrand Municipality)
(2) Ms. H. van der Stoep (Overstrand Municipality)

Email: paplan@overstrand.gov.za
Email: hvdstoep@overstrand.gov.za

VALUATION REPORT – Portion of Remainder Erf 5462, Kleinmond

VALUATION REPORT

Portion of Remainder Erf 5462
Kleinmond



HCB Property Valuations

38 Long Street
Moorreesburg
7310
Tel: 086 142 2669
Email: admin@hcb.co.za

VALUATION REPORT – Portion of Remainder Erf 5462, Kleinmond

LIMITATIONS AND RESTRICTIONS

This valuation report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is valued free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering information is assumed to be correct. The plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable state and local environmental regulations and laws unless non-compliance is stated, defined and considered in the valuation report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-compliance is stated, defined and considered in the valuation report.
9. It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespassing unless noted in this report.



Signature

VALUATION REPORT – Portion of Remainder Erf 5462, Kleinmond

LIMITATIONS AND RESTRICTIONS

This valuation report has been made with the following general limiting conditions.

1. The apportionment, if any, of the total valuation figure in this report between land and improvements applies only under the stated client instructions and is hypothetical. The separate allocations for land and buildings must not be used in conjunction with any other valuation and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the valuer, and in any event only with proper written qualification and only in its entirety.
3. The valuer herein by reason of this valuation is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor part of the contents of this report (especially conclusions as the value, the identity of the valuer, or the firm with which the valuer is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the valuer.
5. Neither the whole nor any part of this valuation report or certificate or any reference thereto may be included in any published document, circular or statement, or published in any way without the valuer's written approval of the form and context in which it may appear. The publication shall deem to include references in company accounts and/or director's reports or any other company statement or circular.
6. The valuation is prepared on the basis that full disclosure of all information and facts which may affect the valuation, has been made to the valuer and no liability or responsibility will be accepted whatsoever for the valuation unless such full disclosure has been made.
7. This valuation is solely for the use of the party to whom it is addressed in accordance with the instructions. Reliance on it by any third party cannot be regarded as reasonable and no responsibility to any third party is or will be accepted for the whole or any part of the valuation.
8. The valuer has no personal interest in the property.
9. In the unlikely event of the client incurring any losses due to negligence of the valuers, valuers in training and assistants, the aggregate amount of the damages recoverable against the valuer shall not exceed the fee for providing the service.



Signature

VALUATION REPORT – Portion of Remainder Erf 5462, Kleinmond

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VALUATION REPORT – Portion of Remainder Erf 5462, Kleinmond

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VALUATION REPORT – Portion of Remainder Erf 5462, Kleinmond

1. INTRODUCTION

I, Coenraad Botha, registered as a Professional Valuer in terms of the Property Valuers Profession Act 47 of 2000, do hereby certify that I have inspected and identified the subject properties referred to in this report and have obtained all the necessary information to determine the market value thereof.

➤ See Annexure 1 for Valuer Certificates

1.1 Instruction

An instruction was received from Madelein Erasmus of Overstrand Municipality to attend to the valuation of a portion of remainder erf 5462, situated in Kleinmond. The purpose of the valuation is to determine the open market valuation of the Subject Portion as on 1 October 2022.

➤ See Annexure 2 for Instruction

1.2 Reason for Valuation

Valuation is to determine the open market valuation of subject portion. The applicant would like to buy the subject portion to build a small dam and parking bays.

1.3 Date of Valuation

The date of valuation as instructed by the client is 1 October 2022

1.4 Date of Inspection

The property was inspected on 7 October July 2022.

2. TITLE DEED DESCRIPTION

➤ See Annexure 3 for Copy of Property Report

2.1 Title Deed

The property report indicates the title deed number as; T28621/1980.

2.2 Description

The portion can be described as "Portion of Remainder Erf 5462, Kleinmond Western Cape". Hereafter in the report we will refer to this portion as "subject portion".

2.3 Owner

The property report indicates the owner of the subject portion as Mun Overstrand

VALUATION REPORT – Portion of Remainder Erf 5462, Kleinmond

2.4 Extent

The full extent of the subject property as per the property report is 4 729 667m², however, this valuation is only applicable to a portion of ±1 136m², adjacent to erf 8134 on Lower Beach Road.

2.5 Purchase Price

Not relevant to this report, because it will not have an impact on Market Value.

2.6 Surveyor General Information

HCB could not find any discrepancies regarding the ground layout with the Surveyor General Information.

2.7 Title Deed Conditions

HCB did not have sight of the title deed; thus, we cannot comment on this.

However, apart from the parking bays and small dam, no further structures/buildings besides from boundary wall will be allowed on the subject portion and this condition will be registered in the title deed. The consolidation and rezoning of the properties will be for the expense of the purchaser

3. LOCAL, PROVINCIAL AND CENTRAL GOVERNMENT INFORMATION**3.1 Local Authority**

This property falls under the jurisdiction of the Overstrand Municipality, situated in the Western Cape.

3.2 Zoning**Use Zone Table**

The below extract was confirmed with Overstrand Municipality and was found on the Overstrand Municipality Website under Zoning Scheme and Bylaws (October 2022).

14.2 SPECIAL ZONE (SZ)**Use of the property**

14.2.1 The following use restrictions apply to property in this zone:

- (b) **Consent uses** are: special usage, which means any other use determined by **[Council] the municipality** when approving a Special Zone and which is not catered for under a primary or consent use contained in the scheme.

3.3 Municipal Valuation

Municipal Valuation of Subject portion is not applicable, as only a portion of the subject property is valued in this report.

VALUATION REPORT – Portion of Remainder Erf 5462, Kleinmond

4. PHYSICAL DESCRIPTION**4.1 Location**

The subject portion is in Kleinmond, on behind the erven on Gousblomlaan and is not easily accessible. HCB could not find any reason to believe that the location will have a negative impact on Market Value as such.

➤ See Annexure 4 for Locality Plan

4.2 Infrastructure

It was noted that all infrastructure is available to the surrounding erven and services are available.

4.3 Land

Subject property is flat and ground conditions are good, therefore our findings that the topography will not affect market value.

Portion is part of Remainder Erf 5462. ±1 136m² of this land is being valued for the possible selling to the owners of erf 8137 to use as parking and to build a small dam on as portion of their property.

4.4 Improvements

There are currently no improvements on the subject portion.

5. MARKET ANALYSIS

The definition "Market Value" as laid down by the International Valuation Standards Committee is: *"The estimated amount for which an asset should exchange, on the date of valuation, between a willing buyer and a willing seller, in an arms-length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion."*

6. METHOD OF VALUATION

The Comparable Method of valuation is the most suitable method to apply to establish the market value of the subject property. In applying the Comparable Method, it is necessary to investigate the sales of similar types of properties that have been sold.

The below information (see 7.2) is compared to the subject property, which involves judgments as to the degree of similarity regarding value factors such as location, shape of erf and use to which the subject property can be put.

7. ESTABLISHMENT OF COMPARABLES**7.1 Highest and Best use**

Definition: *"The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible and which result in the highest value of the property being valued"*. Therefore, it could be argued that the

VALUATION REPORT – Portion of Remainder Erf 5462, Kleinmond

highest and best use of a property is, which is physically possible, appropriately justified, legal permissible, financially feasible and which result in the best value of the property to be valued.

It is my opinion that the highest and best use of the subject portion will be achieved if it is rezoned and used as residential or institutional.

7.2 Comparable Properties

The following sales were noted and used to arrive at an Open Market Valuation of the Subject Property on 1 October 2022.

Erf	Area	Extent	Date	Sale Price
5560	Kleinmond	841m ²	2019/10/22	R750 000-00
5558	Kleinmond	800m ²	2021/07/05	R600 000-00
5650	Kleinmond	834m ²	2020/12/10	R540 000-00
5053	Kleinmond	595m ²	2021/12/30	R700 000-00
7499	Kleinmond	595m ²	2022/02/28	R695 000-00
6134	Kleinmond	595m ²	2021/02/11	R643 000-00

Locality Map of Sales Used:



VALUATION REPORT – Portion of Remainder Erf 5462, Kleinmond

8. CERTIFYING OF VALUE

I hereby certify that I have identified the subject property and obtained all the necessary information to determine the market value thereof.

Accordingly, I hereby certify that in my opinion, to the best of my knowledge, skill and expertise, the value of the subject property on 1 October 2022 to be R500-00/m² (five hundred rand per square meter). VAT Excluded.



Hendrik Coenraad Botha
Professional Valuer
Registration Number: 5601

18 October 2022
Date of Signature



GOEIE HOOP BEHUISINGSMAATSKAPPY

(Ingelyfde Vereniging – Reg no 05/17726/08)

Geregistreer as 'n Organisasie Sonder Winsoogmerk: 003-024

Registrasienuommer van Maatskappy: 1944\017726\08

RIG ALLE KORRESPONDENSIE AAN:

HOOFKANTOOR:

DS M NEL
DS N VENTER
ME H MALHERBE
MNR HJ PIETERS
MNR MJ WETHMAR

MNR J VOS
MNR F BREDEKAMP

DIE BESTURENDE DIREKTEUR
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ONS KORRESPONDENSIE

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22 Junie 2023

Madelein Erasmus

Administratiewe Beampte: Eiendomsadministrasie, Direkoraat Infrastruktuur en Beplanning
Overstrand / Munisipaliteit
Hoek van Molteno & Vlijoen Straat,
Onrustrivier
7201

Geagte Me M Erasmus

MARK WAARDASIE VAN 1136 m² GEDEELTE VAN ERF 5462 KLEINMOND.

Met verwysing na die vergadering van 9 Mei 2023 in verband met bogenoemde aangeleentheid by Fynbos Park te Kleinmond.

Die GHBM het besluit om voort te gaan met die onderhandelinge rakend die aankoop van 'n gedeelte van erf 5462.

Ek heg ook vir u aan die mark waardasie wat deur mnr Henry Wiggens gedoen is.

Graag verneem ek vanaf u oor die pad vorentoe.

Vriendelike groete

MJ WETHMAR
BESTURENDE DIREKTEUR

MARKET VALUE DETERMINATION
OF A 1 136 m² PORTION OF
ERF 5462
SITUATED AT
KLEINMOND



MARKET VALUE DETERMINATION
OF
A 1 136 m² PORTION OF ERF 5462
KLEINMOND

1. INSTRUCTIONS

I, Henry Owen Wiggins, registered as a Professional Valuer (Reg No 1980) in terms of the Professional Valuers Act (Act 47 of 2000) was instructed by Mr Marius Wethmar, of the Goeie Hoop Behuisings Maatskappy, to determine the market value of a portion of Erf 5462 Kleinmond in the Overstrand Municipality, this portion measuring 1 136 m² (the subject property) as per the instructions of Madelein Erasmus of the Overstrand Municipality, Property Administration.

2. DATE OF INSPECTION

26 May 2023

3. VALUATION DATE

26 May 2023

4. DEFINITION OF MARKET VALUE

Market value is 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 wherein the parties had each acted knowledgeably, prudently and without compulsion.

5. INSTRUCTION AND METHOD OF VALUATION

The instruction is to value a portion of Erf 5462, measuring 1 136 m², being a portion that abuts Erf 8137 Kleinmond.

Instruction from Overstrand Municipality.

"We hereby request a quotation for the valuation of municipal property to determine the fair market value for the purchase of a portion of Remainder Erf 5462 Kleinmond.

The municipal property applied for is a portion of approximately 1,136m² in extent of the Remainder of Erf 5462 Kleinmond, adjacent to Erf 8137 Kleinmond, thus the valuation will have to be R/m² (VAT excluded).

The property owner of Erf 8137 Kleinmond wants to purchase the portion of municipal property to build a small dam and for parking purposes, which will be incorporated into the adjoining retirement village. No further structures/buildings, excluding a boundary wall, will however be allowed on the property and this condition will be registered against the Title Deed. It will also be a condition that the properties be consolidated. The additional area will allow them to develop the existing property.

The current zoning of the portion of Remainder Erf 8137 (must be erf 5462) Kleinmond is Special Zone 2. The applicant will have to attend to the subdivision, consolidation and rezoning of the property at own cost and if any other approvals are needed, it will also be for the cost of the applicant. *Applicant needs to ensure compliance with the relevant legislation dealing with the actual build dam and damming of water.*

For your convenience, please find attached the Locality Map."

Annexure 2

In terms of the: International Valuation Standards 104 30.7 Effective date 31/01/22

"Market value does not reflect attributes of an asset that are of value to a specific owner or purchaser that are not available to other buyers in the market. Such advantages may relate to the physical, geographic, economic or legal characteristics of an asset. Market value requires the disregard of any such element of value because, at any given date, it is only assumed that there is a willing buyer, not a particular buyer".

In this instance the only buyer is the owner of the adjacent erf 8137 which is a particular buyer.

The appropriate comparable will be that of land purchased without development rights and where development opportunities need to be created after the purchase of the raw land as in the instance of the subject property.

I had discussions with members of the technical committee of Fynbos Park situated on Erf 8137, the affected neighbour abutting the subject property, officials at the municipality, estate agents (property professionals) in the area, land surveyor, attorney, architect and a town planner.

6. STREET ADDRESS **Annexure 1**

Kleinmond Caravan Park.
Kleinmond

7. TITLE DEED INFORMATION OF MOTHER ERF **Annexure 5**

Title Deed No: T28621/1980

Erf No: Remainder Erf 5462

Erf Extent: 472.3656 ha
This includes the golf course, camping site and large tracks of nature area.
(The Subject Property Measures 1 136 m² of the camping site/nature area.)

ANNEXURE E 4/7

Registered owner:	Overstrand Municipality
Purchase Price:	R174 000.00
Registration Date:	11/08/1980
Title Deed Conditions:	There are no extraordinary conditions in the present title deed that will affect the market value.
Zoning of subject property:	Special Zone: Use Caravan Park The subject property (1 136m ²) is a defunct portion of the caravan park.
Servitudes:	There are no servitudes that will affect the market value of the subject property negatively.
Town Planning restrictions on the subject property:	The subject property is a portion to be subdivided off remainder Erf 5462 measuring 1136m ² and to be consolidated with Erf 8137. No further structures /buildings, excluding a boundary wall, will however be allowed on the property and this condition will be registered in the title deed. The subject property is to be consolidated to erf 8137 and rezoned to General Residential Zone 1: Town Housing GR1 and will carry the above restrictions in the title deed which will negate the benefits of the GR 1 zoning on consolidation. The subject property is declared as a natural area in the Overstrand Environmental Management Framework and would need to be de-proclaimed as a natural area before construction can take place on the site.

8. MUNICIPAL VALUATION

Municipal Valuation:	R 10 383 000.00
Extent:	472.3656 ha
General Valuation Date:	1 July 2022
Implementation Date:	1 July 2023

9. SUBJECT PROPERTY

Annexure 2 & 3

The subject property is vacant and on inspection the only improvement is a boundary fence parallel to the river bank.

There is no municipal services.

It has an irregular, almost triangular shape that backs onto the river to the west and protrudes into the adjoining erf 8137 to the east.

At present the subject property is a defunct portion of the caravan park and practical access is via erf 8137. It can therefore not readily be utilized by the caravan park as an extension thereof or other third party.

The land is level and the flood lines noted was negated by historical earth works.

The soil conditions are unknown and no soil tests were done on the subject property. Due to the permitted use limitations on the subject property it is assumed that the soil is appropriate for the use as a retention dam and parking.

As it abuts a wetland system there is a 32m setback from the edge of the river within which no development will be allowed, measuring approximately 340m².

In terms of the instruction the use that will be allowed is that of a parking area and a small dam (verbally described as a retention dam.) This possible retention dam is unlikely to be affected by the 32 m setback from the bank of the river on the western side of the subject property. The balance measuring 879 m² can only be used as parking. No other structures or buildings will be allowed other than a boundary wall.

These limitations will also be applicable to the owner/tenant of the caravan park on Remainder Erf 5462 and successors in title which further affects the viability negatively.

It will therefore not be practical or viable to service this portion as an annex to the existing caravan park.

Extents:

Annexure 3

Setback area usable as storm water dam only:	340 m ²
Area usable for potential parking	879m ²
Area within setback but not part of subject property	- 83m ²
Total	<u>1 136m²</u>

The subject property need to be sub divided from Remainder Erf 5462 and consolidated to Erf 8137 and the necessary rezoning is to be effected at the cost of the owner of Erf 8137 as well as any other legal requirements.

The estimated cost to a purchaser to effect this transaction as mentioned in the instruction.

Surveyors cost	R	20 000
Town Planner	R	130 000
Conveyancer Fees	R	10 000
Services	R	93 000
Other	R	20 000
Sub Total	R	273 0000

The above estimates do not take into account any other legal requirements to ensure compliance with the relevant legislation dealing with the actual built dam, damming of water, conforming to environmental conditions or any other costs in effecting this transaction.

10. HIGHEST AND BEST USE AND MARKET IDENTIFICATION

The instruction for this valuation suggests that the additional area can be used on the adjoining Erf 8137 after consolidation. This might allow more favourable building lines on Erf 8137 and improve the general shape. The bulk will not be affected as the height is restricted to single storey only. The additional benefit to Erf 8137 is therefore limited as the subject property is raw land with debilitating conditions not comparable to transactions of presently serviced erven that can be developed in the ordinary sense and sold on the open market.

An older transaction in close proximity had to be used that has similar detrimental circumstances at the date of sale.

11. COMPARABLE SALE

Ptn 15 of Farm 563 Caledon RD

Annexure 1 & 4

This property was purchased on 3 March 2020 for R1 100 000 measuring 4.48 ha. This is a rate of R24.50/m².

This transaction was shortly before the lockdown for the Covid 19 pandemic was announced on 20 March 2020 and it therefore had a minimal effect on the minds of the buyer and seller even though the economy was stressed at the time.

This property was the only transaction found reasonably close to the subject property of undeveloped land. At the date of sale it was zoned agricultural and situated outside but abuts the urban edge. The owner of this erf can however build a dwelling thereon with special approvals due to the sensitive environmental status which will make any approval problematic.

The purchaser has to bear the further costs to create any possible development as in the instance of the subject property.

The R44 through road is within the boundaries of this property which will encumber development rights and create additional cost to rectify.

As the conditions on the subject property is also restrictive and is unlikely to unlock any viable activity on this property, a similar rate per square meter will be applicable with a slight adjustment upwards to accommodate for time and the smaller extent of the subject property as a smaller extent sometimes reflect a higher rate per square meter of R30/m².

12. CONCLUSION

The subject property with the conditions and applicable cost to create a transferrable entity, taking into account the restrictive conditions imposed on the purchaser and successors in title in an open market should reflect a nominal rate of **R30/m² or less**

In terms of effecting the transaction as per the instruction taking into account the particular buyer being Erf 8137, the subject property should reflect a rate of **R30.00 /m²**

Signed in Hermanus on 16 June 2023.



Henry O Wiggins

Professional Valuer (Registered with the Board of Professional Valuers Reg. No. 1980)
Nat. Dipl. Prop. Val. (Member of the Inst. of Valuers)
Appraiser for the District of Hermanus.



HCB

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27 October 2023

Addendum to the Valuation Report of a Portion of Erf 5462, Kleinmond.

1. HCB Valuations and Services received the following instructions from Overstrand Municipality that indicated that the open market value be determined for a Portion of Erf 5462, Kleinmond, with the following conditions:

The property owner of Erf 8137 Kleinmond wants to purchase the portion of municipal property to build a small dam and for parking purposes, which will be incorporated into the adjoining retirement village.

- No further structures/buildings, other than small dam, parking and boundary wall will be allowed on the subject portion (This will be registered against the Title Deed)
- Properties be consolidated – Portion of erf 5462, Kleinmond with adjacent Erf 8137, Kleinmond, as this additional area allows for the development on Erf 8137 to take place

“The additional area will allow them to develop the existing property” – Therefore this purchase of land will result in the following:

1. Additional parking space – Need for further development
2. Allowance for further development of the existing property

The Highest and Best use of the subject portion will be achieved with consolidation with adjacent erf 8137.

2. These were the same instructions given to Mr Henry Wiggins as stated on page 2 of his report which I have analyzed his, and made the following summary:

Mr Wiggins specifically notes in his report that the only buyer is the owner of the adjacent erf 8137 and then also only identifies one agricultural sale and puts this forward as a comparable without making any adjustment. Mr Wiggins also mentions on page 3 of his report that the buyer is a “Particular Buyer”, it is the owner of the adjacent erf 8173.

The Valuation Report of Mr Henry Wiggins relies on the fact that this subject portion has a particular buyer, and this is therefore seen as a negative aspect to the market value of the subject portion.

Undeveloped Agricultural land is used as comparable sale, though subject portion is not undeveloped agricultural land, and no adjustments to the sale were made.

3. IVS Market Value Definition:

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

30.2 The definition of market value must be applied in accordance with the following conceptual framework:

(a) “The estimated amount” refers to a price expressed in terms of money payable for the asset in an arm’s length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner.

(b) “An asset or liability should exchange” refers to the fact that the value of an asset or liability is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date.

ANNEXURE F 2/5

(c) "On the valuation date" requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorporated at another time. The valuation amount will reflect the market state and circumstances as at the valuation date.

(d) "Between a willing buyer" refers to one who is motivated, but not compelled to buy. This buyer is neither over-eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with the current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market".

(e) "And a willing seller" is neither an over-eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner.

(f) "In an arm's length transaction" is one between parties who do not have a particular or special relationship, e.g., parents and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated. The market value transaction is presumed to be between unrelated parties, each acting independently.

(g) "After proper marketing" means that the asset has been exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be the most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date.

(h) "Where the parties of each had acted knowledgeably, prudently" presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses, and the state of the market as of the valuation date. Each is furthermore presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction.

4. Considering Mr Wiggins report, IVS definition of Market Value, and my own knowledge and understanding, I would like to highlight the following:

No two sales are ever 100% comparable, thus it is essential for adjustments to be made to sales to support comparability.

➤ See annexure 1 for all sales referred to.

Adjustments should be made to a sale to support comparability:

- Location
- Proximity
- Size
- Time

The sale used by Mr H Wiggins are not comparable in my opinion.

1. The property is larger and thus not comparable in size.
2. There is a time difference in sale.
3. Use/Zone difference between subject property and sale.

Mr Wiggins does not mention in his report that any adjustments were made to the agricultural sale used in his report. Furthermore, only one sale was given, thus making it difficult to establish whether this is the average sale price for similar grounds, as there are not more examples. It is my opinion that this is not appropriate as this closes the door on other market transactions that can be used as comparable. Furthermore, the use of the subject property is not undeveloped Agricultural land, and thus using only one outdated agricultural sale is not applicable.

After taking Mr Wiggins point of view into consideration, it is my opinion that the proposed transaction does not meet all the requirements of the market valuation definition. This is confirmed by Mr Wiggins' understanding of the instruction, as he states on page 3 of his report that the subject portion is being sold to a particular buyer.

- The transaction is not between a willing buyer and a willing seller.
- Definition of proper marketing is not applicable

ANNEXURE F 3/5

The above-mentioned factors have an influence on market value; thus, they should be considered.

In this instance the calculation of Market Value should be properly handled:

This estimated amount definition specifically excludes an estimated price inflated or deflated by specific terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner.

It can be argued that by using only one sale and making no adjustments, the Market Value is likely inflated or deflated to suite the need of the particular buyer. In this case it would be seen as deflating the sale price. This is in contradiction of the principles of market value.

It is my opinion that the definition of market value is clear that "The estimated amount" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction, where it specifically states that – The estimate specifically excludes an estimate price inflated or deflated.

When looking at the sales used by HCB Valuations and Services (Pty) Ltd, as well as the four sales added in this addendum, these were the statistics:

Residential sales used in the first report range from R647-00/m² - R1 176-00/m².
Commercial sales included in this report range from R288-00/m² - R464-00m².
Additional Residential sales included in this report range from R416-00/m² - R796-00/m².

These sales are in my opinion better comparable with regards:

- Location
- Proximity
- Size
- Time

With this addendum, investigation into sales of land and vacant commercial sales concluded to the following:

Latest sale for commercial property was in May 2022, Erf 8167 which calculated at R464-00/m².

Latest sale for residential property is in June 2023, Erf 5598 which calculated R795-00/m² - VAT Inclusive.

It was my opinion to identify a broader base of sales and adjust them to be comparable to determine the market value.

The most current sale (Erf 5598) calculates to R 691-00 (Vat Excluded). This sale should in my opinion be reduced by 50% due to the restrictions and associated costs, therefore calculated to R345-00/m² (VAT Exclusive).

I believe using the newest sales and reducing it by 50% will be the most applicable. The reduction is only applied due to the restrictions being registered against the title deed as well as the fact that there are associated costs to include this property with Erf 8137.

Costs to affect this transaction is estimated at:

• Surveyor Costs	R 20 000-00
• Town Planning	R130 000-00
• Conveyancer Fees	R 10 000-00
• Services	R 93 000-00
• Other	<u>R 20 000-00</u>
	R273 000-00

These costs were included in the 50% discount mentioned above.

5. Information pertaining to my original report on 1 October 2022:

The Subject portion is negatively affected due to the restrictions that will be placed there on. It was my opinion to adjust the sales downwards by 40%. In monetary value this equaled to R350/m² or R400 000-00 (Discount) on this specific subject portion.

Associated costs for the subject portion to have if it consolidated with Erf 8137 is in the region of R273 000-00. This includes an amount of R93 000-00 for services, where it states that the nature of these services will not be needed. The adjustment of ±R400 000-00,0 as mentioned above, therefore seem adequate and justifiable.

ANNEXURE F 4/5

Due to the nature of this transaction, there will not be the need to service the portion, thus total costs are R180 000-00 which calculates to R158-00/m² which is calculated by dividing is by 1 136m² (the subject portion size).

Thus, should a calculation be done on the sales used and the R158-00/m² for surveyor costs etc be deducted, it calculated to R533-00/m².

This confirms my original valuation of R500-00/m².

6. Conclusion:

After taking all the above information into consideration, and the new sales in this addendum, and applying my knowledge and understanding of market value, I adjust my valuation to R345-00/m². (VAT Excluded)



Hendrik Coenraad Botha
Professional Valuer
Registration Number: 5601

Annexure 1 – Sales

Sales from Mr Wiggins report:

Farm	Area	Extent	Date	Sale Price	Calculation
563/15	Caledon RD	4.48ha	2020/03/03	R1 100 000-00	R24-50/m ²

Sales from HCB Valuations and Services (Pty) Ltd

Sales from the first report delivered by HCB Valuations and Services (Pty) Ltd:

Erf	Area	Extent	Date	Sale Price	Calculation
5560	Kleinmond	841m ²	2019/10/22	R750 000-00	R891-00m ²
5558	Kleinmond	800m ²	2021/07/05	R600 000-00	R750-00m ²
5650	Kleinmond	834m ²	2020/12/10	R540 000-00	R647-00m ²
5053	Kleinmond	595m ²	2021/12/30	R700 000-00	R1 176-00m ²
7499	Kleinmond	595m ²	2022/02/28	R695 000-00	R1 168-00m ²
6134	Kleinmond	595m ²	2021/02/11	R643 000-00	R1 080-00m ²

Locality Map of Sales Used:



New Sales included by HCB Valuations and Services (Pty) Ltd:

Erf	Area	Extent	Date	Sale Price	Calculation	Note
8680	Kleinmond	8840m ²	2021/05/28	R2 547 000-00	R288-00m ²	Commercial
8167	Kleinmond	6673m ²	2022/05/28	R3 100 000-00	R464-00m ²	Commercial
5764	Kleinmond	973m ²	2021/10/07	R405 000-00	R416-00m ²	Residential
5598	Kleinmond	879m ²	2023/06/26	R700 000-00	R796-00m ²	Residential



GOEIE HOOP BEHUISINGSMAATSKAPPY

(Ingelyfde Vereniging – Reg no 05/17726/08)

Geregistreer as 'n Organisasie Sonder Winsoogmerk: 003-024

Registrasienuommer van Maatskappy: 1944\017726\08

RIG ALLE KORRESPONDENSIE AAN:

HOOFKANTOOR:

DS M NEL
DS N VENTER
MNR J VOS
MNR MJ WETHMAR

DS FF BOONZAAIER
DS JH WESSELS
MNR TZ BEYERS

DIE BESTURENDE DIREKTEUR
GOEIE HOOP BEHUISINGSMAATSKAPPY
PRIVAATSAK X8
BELLVILLE
7530

NG KERKSENTRUM
PASTORIESTRAAT 11
BELLVILLE
7530

GEBRUIK ASSEBLIEF DIE VERWYSING IN
ONS KORRESPONDENSIE

TEL: (021) 957-7130
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13 Desember 2023

Die Munisipale Bestuurder
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Geagte me Erasmus

**AANSOEK OM VERKRYGING VAN GEDEELTE VAN DIE RESTANT VAN ERF 4562 :
KONSILIDASIE MET ERF 8137 : GOEIE HOOP BEHUISINGS MAATSKAPPY**

1. Ek verwys na u e-pos gedateer 6 November 2023 en erken ontvangs van HCB Valuations and Services (Pty) Ltd (HCB) se aangepaste waardasieverslag gedateer 27 Oktober 2023, wat goedgeunstiglik aan ons beskikbaar gestel is.
2. Hoewel u e-pos van 6 November 2023 vermeld "(o)ns stem saam en berus by die gewysigde waardasie wat ons van ons waardeerder ontvang het en kan dit nie onderhandel word nie", het die Fynbos Park Beheerraad versoek dat sekere aspekte van die aangepaste waardasieverslag van HCB, onder u aandag gebring word, met die versoek dat die aspekte in 'n vergadering met die Munisipale Bestuurder bespreek word alvorens 'n finale verslag aan die Raad voorgele word.
3. Ons verwys graag *seriatim* na die volgende aspekte vervat in HCB se waardasieverslag van 27 Oktober 2023 (hierna verwys as "die Aangepaste Waardasie") :

3.1 Paragraaf 1:

- 3.1.1 Dit wil voorkom asof die voorwaardes ("conditions") in hierdie paragraaf aangehaal, verskil van die opdragte vervat in "Annexure 2 – Instruction" van die HCB Waardasieverlag van 18 Oktober 2022. In die verband verwys on spesifiek na die volgende
- "The additional area will allow them to develop the existing property" – Therefore this purchase of land will result in the following:*
1. *Additional parking space – Need for further development*
 2. *Allowance for further development of the existing property*
- The Highest and Best use of the subject portion will be achieved with consolidation with adjacent erf 8137.*** [My beklemtoning].
- 3.1.2 Soos later hieronder aangedui sal word, wil dit voorkom asof voormelde interpretasie van die opdrag, in stryd is met die beginsel vervat in die International Valuation Standards 104, naamlik dat die bepaling van die billike markprys "...*(should) specifically excludes an estimated price inflated or deflated (based on) any element of value available only to a specific owner.*"
- 3.1.3 Daarenteen sluit die waardasie van mnr Wiggins spesifiek "... a particular buyer" uit, soos blyk uit paragraaf 5 op p3 van sy verslag waar hy vermeld dat :
*" In this instance the **only buyer** is the owner of the adjacent erf 8137 which is a particular buyer"* [My beklemtoning].
- 3.1.4 Aangesien die onderhawige gedeelte 'n afgeslote gebied behels, met geen direkte toegang nie; gelee in 'n vleiland wat byna geheel-en-al onder die 1:100 jaar vloedlyn val (wat opgevolg en gebruik is as karavaanstaanplekke as gedeelte van die oorspronklike karavaankamp); wat met inagneming van die beswarende voorwaardes en die koste daaraan verbonde om dit as 'n afsonderlike registreerbare eiendom te skep, maak hierdie eiendom nutteloos in die opmerk en word dit deur die munisipaliteit as "nie-lewensvatbaar" ("non-viable") beskryf.
- 3.1.5 Die aanname in die slot sin van paragraaf 1 van die Aangepaste Waardasie , naamlik : *"The Highest and Best use of the subject portion will be achieved with consolidation with adjacent erf 8137"*, is dus nie korrek nie. Die addisionele parkeerruimte en ontwikkelings-moontlikhede wat as voordeel voorgehou word, is nie vir die eienaar van Erf 8137 van belang nie , aangesien die goedgekeurde uitlegplan reeds voldoende ruimte vir die doel identifiseer.

3.2 Paragraaf 2 : "That the only buyer is the owner of the adjacent Erf 8137"

Hierdie aspek is wel deur mnr Wiggins in aanmerking geneem soos blyk uit sy verslag soos hierbo aangetoon. Die aanname in die Aangepaste Waardasie is dus foutief.

3.3 Paragraaf 3 :

Daar word gelet op uittreksel uit die International Valuation Standards, 30.2 en u word weer verwys na paragraaf 3.1.2 hierbo.

3.4 Paragraaf 4 "... only identifies one agricultural sale and puts this forward as a comparable without making any adjustment"

- 3.4.1 Hoewel mnr Wiggins slegs die verkoping van "Ptn 15 of Farm 563 Caledon RD" as vergelykbare transaksie geïdentifiseer het, het hy, anders as wat HCB in die Aangepaste Waardasie aanvoer, wel 'n aanpassing gemaak. In die verband wil ek u graag verwys na paragraaf 11 van mnr Wiggins se waardasie waarin hy in die slotparagraaf tot die volgende gevolgtrekking kom : *"As the conditions on the subject property is also restrictive and is unlikely to unlock any viable activity on this property, a similar rate per square meter will be applicable with a slight adjustment to accommodate for time and the smaller extent of the subject property as a smaller extent sometimes reflect a higher rate per square meter of R30/m²."* [My beklemtoning].
- 3.4.2 Die aanpassing deur mnr Wiggins voorgestel verteenwoordig 'n verhoging van 25% ($R24 - R30 = 6/24 = 25\%$). Die opmerking dat geen aanpassing gemaak is nie, is dus foutief.
- 3.4.3 Daar word dus onses insiens verkeerdelik in paragraaf 4 van die Aangepaste Waardasie aangevoer : *"It can be argued that by using only one sale **and making no adjustments, the Market value** is likely inflated or deflated to suite the need of the particular buyer. In this case it would be seen as deflating the sales price. This is in contradiction of the principles of market value."* [My beklemtoning].
- 3.4.4 Die argument dat die definisie van markwaarde ("market value") nie deur mnr Wiggins korrek toegepas is nie, blyk foutief te wees. Die meeste van die negatiewe waardevormende faktore inherent aan die ligging en aard van die onderhawige gedeelte en die beperkende voorwaardes asook die koste vir die skep van 'n registreerbare eiendom, is van toepassing op enige koper en nie slegs die naburige eienaar nie en sal teen die titelakte geregistreer word.
- 3.4.5 Die vergelykbare verkope wat in die Aangepaste Waardasie gebruik word is die van ten volle gedienste kommersiele en residentiele eiendomme en dus ver verwyder van die onderhawige gedeelte, wat gebruik en eindproduk betref. Die onderhawige gedeelte beskik oor geen dienste nie plus die bykomende koste om dit as registreerbare eenheid te skep.
- 3.4.6 Die aanduiding in die slot paragraaf van paragraaf 4 van die Aangepaste Waardasie dat die koste vir die skep van 'n registreerbare eiendom ingesluit is by die 50% vermindering in die markwaarde van verglykbare eiendomme, val vreemd op aangesien dit dui op 'n buitengewone-lae gewigstoekenning aan die verskil in gebruik en eindproduk.tussen die onderhawige gedeelte en vergelykbare eiendomme. Dit is dus waarskynlik dat die vermindering in waarde veel meer as die aangegewe 40% behoort te wees.

- 3.4.7 Daarbenewens blyk dit dat die Aangepaste Waardasie berus op die hoogste verkoopprijs van die jongste eiendomsverkope, naamlik Erf 5598, Kleinmond. (Kyk "Annexure 1 – sales" tot die Aangepaste Waardasie), terwyl die verkoopprijs van R796/vk m duidelik " 'n uitskietter" is. Ons sou aan die hand doen dat die verkoopprijs van Erf 5764, Kleinmond teen R416/vk m nader aan die mediaan prijs sou wees.
- 3.4.8 Die eiendom wat deur mnr Wiggins in sy waardasieverslag as vergelykbare eiendom geïdentifiseer is, is ook 'n ongedienste eiendom gelee in 'n omgewings-sensitiewe area. Soos aangetoon in die voorlaaste paragraaf van paragraaf 5 op p3 van sy verslag, doen ons aan die hand dat hierdie wel 'n meer vergelykbare eiendom is.

4. Slot opmerkings

In die lig van voorgaande wil dit voorkom asof die Aangepaste Waardasie nie enige basis uiteensit waarom die waardasie van mnr Henry Wiggins nie aanvaar moet word nie. Ons versoek dus dat u in die lig van voorgaande weer die waardasie van mnr Wiggins soos voorgele, sal oorweeg as die basis waarop die markprijs vir die onderhawige gedeelte van Erf 5462, Kleinmond by die raad aanbeveel sal word vir in-beginsel goedkeuring.

Ons vertrou dat hierdie inligting u goedgunstige oorweging sal geniet en ons verneem graag of dit moontlik sou wees om 'n vergadering tussen verteenwoordigers van Fynbos Beheerraad en die Munisipale Bestuurder te reël voordat die verslag aan die Raad gefinaliseer word.

Groete,



M.J. Wethmar

Besturende Direkteur : GHBM