

**AGENDA of the
Portfolio Committee: Planning and Development
17 June 2026
(Also the agenda for the Mayoral Committee Meeting: 23 June 2026)**

**6.
A PORTION OF ERF 830 HERMANUS, KNOWN AS “BIENTANG’S CAVE
RESTAURANT”: LEASE OF MUNICIPAL PROPERTY TO TOURVEST HOLDINGS
(PTY) LTD**

**A Le Roux
24 March 2026**

Divisional Manager: Property Management

(028) 316 - 5623

1. Executive Summary

To obtain approval to enter into a lease agreement with Tourvest Holdings (Pty) Ltd, hereinafter referred to as “the Lessee”, in respect of a portion of Erf 830 Hermanus, ±1,740m² in extent, hereinafter referred to as “the Property” for a period of 9 (NINE) years and 11 (ELEVEN) months for the purpose of managing the restaurant known as “Bientang’s Cave Restaurant” situated in Marine Drive, Hermanus. See the locality maps attached hereto marked Annexure “A” and the site layout attached and marked Annexure “B”.

2. Service Delivery and Budget Implementation Plan - IGNITE

Planning and Development
Property Management

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

None

5. Legal Requirements

- Municipal Asset Transfer Regulations (R. 878 of 2008)
- Administration of Immovable Property Policy of the Overstrand Municipality (2015)

6. Background/Discussion/Evaluation/Conclusion

Background

The Municipality had a lease agreement with Bientang se Grot (Pty) Ltd for a period of 9 (NINE) years and 11 (ELEVEN) months for the management of a restaurant on the Property that would expire on 31 December 2025. The lease

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amount for the lease of the Property was R67,186.69 (SIXTY-SEVEN THOUSAND ONE HUNDRED AND EIGHTY-SIX RAND AND SIXTY-NINE CENTS) (VAT Excluded) per month.

The lease agreement was later renewed for a temporary period to allow enough time for the finalisation of the tender process as additional processes had to be followed due to the valuation being more than R10,000,000.00 (TEN MILLION RAND) over the total period of the proposed lease.

As the Property is a business property it had to be made available by means of a tender process for any further lease of the Property.

Discussion

A tender for the lease of the Property for a lease period of 9 (NINE) years and 11 (ELEVEN) months was subsequently advertised, and 9 (NINE) bids were received. The bids were duly evaluated on eligibility criteria, functionality criteria (assessed by 3 (THREE) independent evaluators) and finally on price and preference, the latter in accordance with the Preferential Procurement Regulations (2022).

The Lessee scored the highest points in terms of Council's Preferential Procurement Policy preference point system, with a rental offer of R184,000.00 (ONE HUNDRED AND EIGHTY-FOUR THOUSAND RAND) (VAT Included) per month.

The tender was recommended by the Bid Adjudication Committee and subsequently awarded to the Lessee by the Accounting Officer on 8 April 2026 at a rental of R184,000.00 (ONE HUNDRED AND EIGHTY-FOUR THOUSAND RAND) (VAT Included) per month.

The unsuccessful bidders were informed that their bids were unsuccessful, and 5 (FIVE) objections were received. As the tender was for an amount in excess of R10,000,000.00 (TEN MILLION RAND) over the contract period, the tender was awarded by the Accounting Officer and therefore the unsuccessful bidders do not have an appeal right. To our knowledge, an objection does not suspend the execution of the award. Therefore, the request is to proceed with the approval of the long-term lease pending the finalization of the objections, withholding the signing of the agreement until the objections have been resolved.

As the lease agreement with the current lessee expires on 30 June 2026, the objections need to be resolved, the lease agreement signed and a hand over must be done, a temporary short-term renewal of the current lease agreement will be discussed with the current lessee. This measure is intended to prevent any gap during which there might not be a valid lease agreement and the Property being vacant, thereby reducing the risk of vandalism.

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Evaluation

A. Administration of Immoveable Property Policy of the Overstrand Municipality

The following conditions of said policy apply:

Paragraph 17: “Taking into consideration the nature and duration of the lease to be entered into, the leasing of immovable property may be affected by means of either:

17.1 a competitive process, which may include a closed or public tender or proposal call, specifically in circumstances listed in paragraph 18 below; or

17.2 a direct lease”.

Paragraph 18: “A competitive process must at all times be followed in circumstances where:

18.1 the lease is for a long term with an income value in excess of R10 million;

18.2 the lease is for a formal business premises with a market related rental;

18.3 more than one party, in discretion of the municipality, is interested in the lease of the subject property; and/or

18.4 by discretion of the municipality, a competitive process will best serve the interests of the community”.

As (i) the expected rental income for the proposed lease period will be in excess of R10,000,000.00 (TEN MILLION RAND), (ii) many parties showed interest in managing a restaurant from the Property, (iii) the Property is well situated, and (iv) the intended use of the Property will be for business purposes, the Property can only be made available for leasing by means of a competitive process at a market related rental. A competitive bidding process was therefore followed.

Paragraph 19: “Long term lease of municipal immovable property with an income value in excess of R10 million:

19.1 The Municipality may grant a long-term lease of municipal immovable property with an income value in excess of R10 million only after:

(a) the Accounting Officer has, through the Property Administration Department, conducted a public participation process; and

(b) the Municipal Council has approved in principle that the right may be granted.

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After Council authorised the Accounting Officer, through the Property Management Division, to commence with the public participation process as required above, the process was followed and an advert was published in the Hermanus News on 12 December 2024.

Council approved in principle on 26 March 2025 that the competitive process may be proceeded with.

19.2 *The public participation process in terms of paragraph 19.1(a) may only be authorised by the Municipal Council. A request to the Municipal Council for authorisation of a public participation process must be accompanied by:*

- (a) the reasons for the proposal to grant the long term lease;***
- (b) any expected benefits to the Municipality as a result of the lease;***
- (d) any expected proceeds to be received by the Municipality from the proposed lease, and***
- (e) any expected gain or loss to be realised or incurred by the Municipality arising from the lease.”***

All the above were discussed in the report that served before Council on 27 November 2024.

19.3 *If the public participation is authorised, the accounting officer must at least 60 days before the meeting of Council at which the determinations referred to in 19.1(b)(i) and (ii) above are considered*

- (a) make public the proposal to lease the asset;***
- (b) invite the local community and other interested parties to submit comments or representations in respect of the proposed lease of the asset;***
- (c) solicit the views and recommendations of the National Treasury and the relevant Provincial Treasury on the matter.***

The advertisement was published in the Village News on 12 December 2024 and the comments and/or recommendations from National and Provincial Treasury were requested. No comments nor objections were received.

Paragraph 40: *“Rental, except where it is decided otherwise by the Municipality, shall escalate on the 1st of July every year, by a percentage fixed in accordance with the prevailing consumer price index (all items).”*

A clause to this effect will be included in the lease agreement.

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Paragraph 47: “Subject to paragraph 46 above, immovable property let by the Municipality shall be inspected at least once a year by the Municipality to ensure compliance with the terms and conditions of the agreement of sale or lease.”

The Property will be inspected by the Property Management Division at least once a year.

It is further confirmed that the other Conditions of Lease as stipulated in paragraph 36 – 50 of the said policy will be included in the lease agreement.

Conclusion

Considering the above discussion, it is recommended that the lease of the Property to the Lessee be approved for a lease period of 9 (NINE) years and 11 (ELEVEN) months at a rental amount of R184,000.00 (ONE HUNDRED AND EIGHTY-FOUR THOUSAND RAND) (VAT Included) per month.

7. Financial Implications

The Municipality stands to gain rental in the amount of R184,000.00 (ONE HUNDRED AND EIGHTY-FOUR THOUSAND RAND) (VAT Included) per month, such rental to escalate every year on the 1st of July in accordance with the consumer price index (all items). All expenses pertaining to the proposed lease will be borne by the Lessee.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Divisional Manager: Expenditure, Fleet and Asset Management- Mr J Vorster

“As this is a revenue generating proposal with no intention to dispose of the asset, there is no objection.”

10. Annexures

Annexure A: Locality map
Annexure B: Site Layout

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RECOMMENDATION TO THE COUNCIL:

1. that the lease of municipal property, being a portion of Erf 830 Hermanus, $\pm 1,740\text{m}^2$ in extent, to Tourvest Holdings (Pty) Ltd for a period of 9 (NINE) years and 11 (ELEVEN) months for the purpose of managing a restaurant, at a rental amount of R184,000.00 (ONE HUNDRED AND EIGHTY-FOUR THOUSAND RAND) (VAT Included) per month, **be approved** pending the finalisation of the objections received; and
2. that the rental amount mentioned in 1 above escalate every year on the 1st of July in accordance with the consumer price index (all items).

RESPONSIBLE OFFICIAL :	M ERASMUS
TARGET DATE FOR IMPLEMENTATION :	30 JUNE 2026
TARGET DATE TO INFORM APPLICANT :	30 JUNE 2026

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**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
17 JUNE 2026, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

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