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City of Joburg Property Company SOC Ltd.

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Forum 2  
Braam Park  
33 Hoofd Street  
Braamfontein  
2017

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2017

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www.jhbproperty.co.za

10 February 2016

Mogalekwena Valuers (Pty) Ltd  
PO Box 27582  
Bertsham  
2013

Your Ref:  
Our Ref: Mogalakw

**ATTENTION:**

Cell: 011 954 5359/ 082 739 3493  
Fax:  
E-Mail: [kgoshi@mgkval.co.za](mailto:kgoshi@mgkval.co.za)

**BY HAND**

**POP NO: 20/2015- REQUEST FOR PROPOSALS FROM SUITABLE AND QUALIFIED SERVICE PROVIDERS TO PROVIDE PROPERTY VALUATIONS AND RELATED SERVICES FOR THE CITY OF JOBURG PROPERTY COMPANY SOC LTD (JPC)**

Dear Sirs

City of Joburg Property Company (SOC) Limited ("JPC"), acting on behalf of the City of Johannesburg ("COJ"), have pleasure in confirming your appointment for inclusion in the panel of Service Providers for the provision of property valuations and related services for the City of Joburg Property Company Pty Ltd (JPC) on an as and when required contract basis.

**1. GENERAL CONDITIONS OF APPOINTMENT**

This award is made in terms of JPC's standard general conditions of appointment. All previous correspondence, which has taken place between the two parties in connection with this award, shall be deemed to be of no force and effect and to be replaced by this appointment letter.

Please note that the City of Johannesburg Property Company SOC Ltd and yourselves will enter into an appropriate service level agreement which will be formulated in due course.

The work will be allocated on an as when required basis in line with the JPC Transformation Strategy in terms of a process that is fair, open, transparent and cost effective.

Please note further that your company is required to sub-contract some of its allocated valuation work to bidders who were recommended for transformation, list of which will be made available upon appointment.



Non-Executive Directors: A. Mabizela (Chairperson), N. Rau, Prof A Nevhutanda, T Hickman, J Mabaso, D Ntombela, P Msweli, M Rabodila, M Morojele.  
Executive Directors: Helen Botes (Managing Director), Imraan Bhamjee (Financial Director).  
Company Secretary: V. Morgan  
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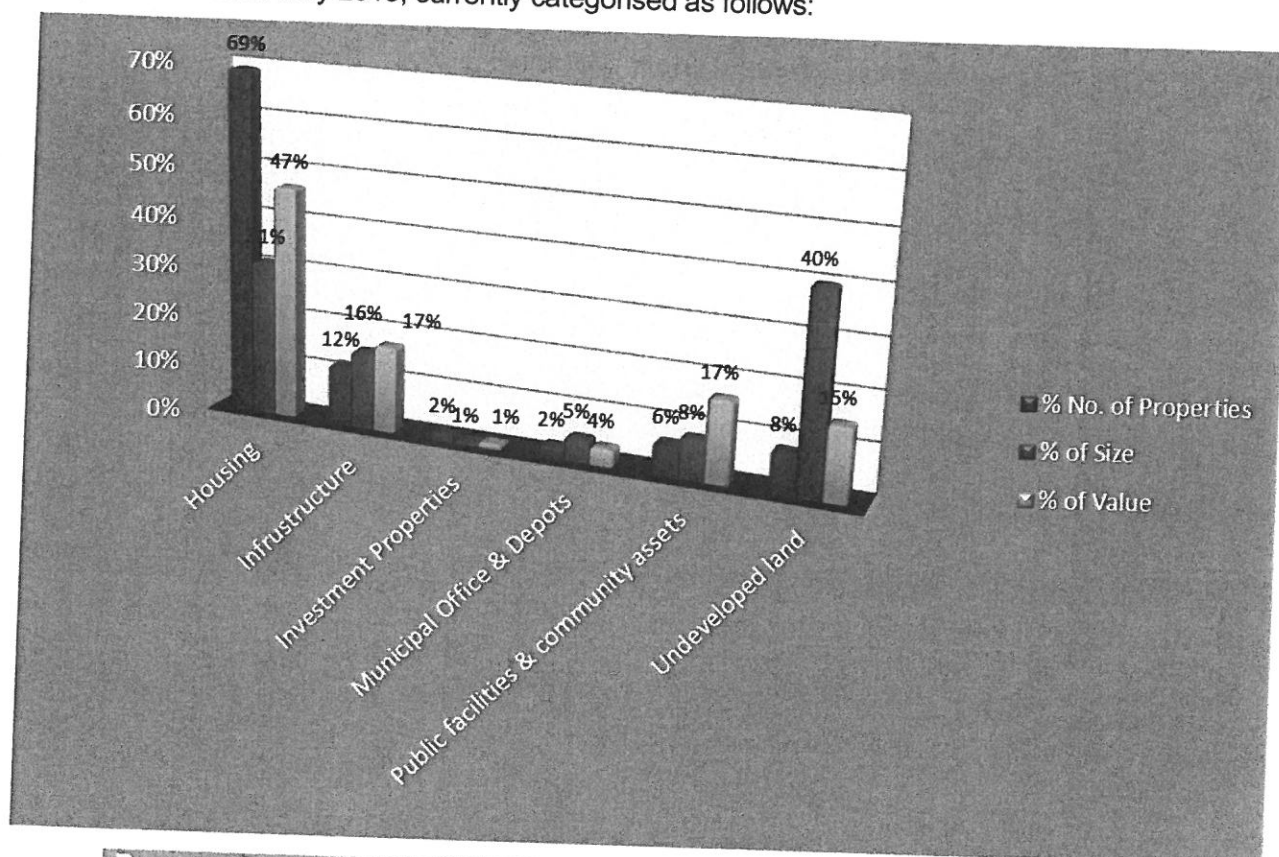
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## 2. THE SCOPE OF WORK WILL BE AS FOLLOWS:

### 2.1 Overview

The City of Joburg Property Company manages a diverse property portfolio with approximately 30,000 properties as at 30 July 2015, currently categorised as follows:



Property Categories	% No. of Properties	% of Size	% of Value
Housing	69%	31%	47%
Infrastructure	12%	16%	17%
Investment Properties	2%	1%	1%
Municipal Office & Depots	2%	5%	4%
Public facilities & community assets	6%	8%	17%
Undeveloped land	8%	40%	15%



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The 30,000 properties will not be valued as a once off project; however the portfolio has been segmented into different priority projects which will require valuation and related services on an ongoing basis.

The service providers will be required to provide a fully comprehensive valuation service:

- a. Market value and rental value (where required),
- b. Informative research both at micro and macro level to substantiate value
- c. Conduct highest and best use analysis for development and investment purposes
- d. Calculations of replacement costs in line with industry construction costs (where applicable),

## 2.2 The JPC Asset Management will

- a. Utilise the services of the appointed service providers on as "as-and-when required" basis
- b. Have no obligation to any appointed service provider where such services are not required by JPC
- c. Conduct quality assurance on all valuation documentation provided by service providers to ensure accuracy and compliance in line with best practice

### 2.2.1 Deliverables and Milestones

The following must be delivered for each property assigned to the service provider:

#### Vacant land valuation:

- a. Analysis and implication of any endorsements on the property
- b. Legislative compliance with Town Planning Schemes
- c. Municipal rating figures
- d. Description of the site and its value forming characteristics
- e. Description of the micro and macro environment
- f. Indicative highest and best use
- g. Detailed, accurate and most recent comparable sales
- h. Motivation of value and adjustment considerations



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- i. Market and rental value
- j. Detailed annexures such as (photographs, Aktek report, locality and site identification map, S.G. diagrams, etc.)

### **2.3 Improved property valuation:**

- a. Analysis and implication of any endorsements on the property
- b. Legislative compliance with Town Planning Schemes
- c. Municipal rating figures
- d. Description improvements and calculation of gross building and lettable areas
- e. Description of the micro and macro environment
- f. Indicative highest and best use
- g. Detailed research on comparative data such as rentals, Capitalisation rates, expenditure and vacancies (with an exception for specialised properties valued using the Depreciated Replacement Cost Method)
- h. Motivation of value and adjustment considerations
- i. Market and rental value
- j. Determination of replacement cost using market related rates as per QS publications
- k. Detailed annexures such as (photographs, Aktek report, locality and site identification map, S.G. diagrams, etc.)

### **2.4 Highest and best use report:**

- a. Analysis and implication of any endorsements on the property
- b. Legislative compliance with Town Planning Schemes
- c. Municipal rating figures
- d. Description of improvements and calculation of gross building and lettable areas
- e. Description of the micro and macro environment
- f. Consideration and analysis of spatial development framework
- g. Application of all highest and best use principles
- h. Determination of current and potential market value as well as applicable rental earnings
- i. Estimate calculation of construction costs



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- j. Yield calculation
- k. Recommendations
- l. Detailed annexures such as (photographs, Aktek report, locality and site identification map, S.G. diagrams, etc.)

## 2.5 Due diligence:

- Assessment of property performance
- Recommendations on performance optimisation strategies
- Conduct option analysis

## 2.6 Property Market Research

- Pestel analysis (political, economic, social and technological considerations)
- Vacancies on different portfolio segments
- Community needs
- Current and projected trends
- Acquisition and disposal recommendations
- Benchmarking
- Performance coverage of the listed market, gaps
- Economic outlook

## 2.7 Areas of Specialisation for the Service Provider

The list of functions is not exhaustive, however reflects key areas of property valuation specialisation:

- Shopping centres
- Offices
- Industrial
- Vacant residential land
- Vacant commercial land
- Vacant industrial land
- Roads
- Sanitary lanes



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- Air rights
- Sport facilities
- Churches
- Hostels
- Block of flats
- Line strip shops
- Value marts
- Retail warehouses
- Agricultural holdings
- Farms
- Reservoirs
- Open parks
- Informal trading and linear markets
- Taxi ranks
- Student accommodation
- Car wash
- Hotel, lodges and guest houses
- Sectional title units
- Filling Stations, etc.

## 2.8 Any other services relating to the above.

## 3 TIME FRAMES

The award is effective for a period of three (03) years commencing from **01 February 2016 until 31 January 2019**, subject to certain terms and conditions which will be communicated to you in due course. Notice will be given thirty (30) days before termination of the contract. On termination by effluxion of time or otherwise the Service Provider will hand over all work in progress to JPC and will have no claim for cost other than stipulated in the Service Level agreement.

## 4. PAYMENTS TO THE SERVICE PROVIDER

Kindly be advised that you will be invited on an as and when required basis to render the services. Appointments will also be made on a rotational basis. The fees structure will be in terms of fees gazetted by the South African Council of Property Valuers Profession (SACPVP) stated below.



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## ASSET MANAGEMENT: VALUATION FEE STRUCTURE (EXTERNAL VALUERS)

Effective from: 01 July 2015 – 30 June 2016

In line with the Competitions Commission and legislative requirements, the South African Council of the Property Valuers Profession (SACPVP) annually publishes a guideline of professional fees in the government gazette. The Joburg Property Company SOC LTD here announces an inflationary related increase of 6% on valuation tariffs. The increase becomes effective on dates indicated above. The increase is in line with industry practice and is also guided by the valuation professional guideline fees implemented by the South African Council of Property Valuers Profession as at the 01<sup>st</sup> October 2010.

### VALUATION TARRIFS

Value Range		Valuation fee structure		Fee
Up	to	R 1,000,000		R 3,710
R 1,000,001	-	R 2,000,000		R 4,770
R 2,000,001	-	R 3,000,000		R 5,830
R 3,000,001	-	R 4,000,000		R 6,890
R 4,000,001	-	R 5,000,000		R 7,950
R 5,000,001	-	R 10,000,000		R 10,600
R 10,000,001	-	R 20,000,000		R 15,900
R 20,000,001	-	R 30,000,000		R 21,200
R 30,000,001	-	R 50,000,000		R 23,320
R 50,000,001	-	R 100,000,000		R 25,440
R 100,000,001	-	R 150,000,000		R 27,560
R 150,000,001	-	R 200,000,000		R 29,680
R 200,000,001	-	R 500,000,000		R 31,800
R 500,000,001	to	Above		

Sifiso Sigubudu

Manager: Valuations & Value Creation

Verusha Morgan

Executive Manager: Asset Management

City of Joburg Property Company (SOC) LTD

Date: 01 July 2015



Non-Executive Directors: A. Mabizela (Chairperson), N. Rau, Prof A Nevhutanda, T Hickman, J Mabaso, D Ntombela, P Mswele, M Rabodila, M Morojele.  
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4.1 Payments shall be effected to the sub-contractor against invoice within 30 days (Thirty) after invoice and statements.

4.2 The tax invoice shall contain at least the following information:

- POP Number
- Contract address where the services were rendered
- VAT numbers
- Date of Invoice
- Invoice number

4.3 Invoices must be submitted to:

**City of Joburg Property Company (Pty) Ltd**  
**P O Box 31565**  
**Braamfontein**  
**2017**

JPC will not be liable for any additional costs incurred by the Service Provider through whatever cause, unless JPC has specifically instructed the Service Provider to incur such costs due to a substantial and material change to the services rendered which has been caused by an act of omission on JPC's part.

#### **GENERAL CONDITIONS OF APPOINTMENT**

1. **Appointment in Force and Authorized Signatories:** This appointment is considered to have come into force immediately after all the necessary signatures have been appended.
2. **Independent Contractor:** The consultant is appointed as an independent contractor and no contract of agency and/or employment is created. Save as may be expressly authorized by JPC from time to time in writing, the consultant shall not hold itself out to be the agent of JPC and/or commit JPC to any contract or obligation of whatever nature.
3. **Alterations:** Should circumstances arise which call for modifications of the appointment, these may be made by mutual consent given in writing. Proposals in this respect from one party shall be given due consideration by the other party.
4. **Assignment:** The Consultant shall not without the prior written consent of JPC, cede or assign any of the benefits and obligations under this appointment.
5. **Sub-Contracts:** Any sub-contracts or modifications or termination thereof relating to the performance of the services by the Consultant shall be made only with the prior written consent of JPC.
6. **Compliance with Laws, By-laws and Ordinance:** The consultant shall comply strictly with every applicable law, by-law and ordinance including every regulation, code of conduct or other directive to which the consultant may be subject in its professional capacity. In this regard, the consultant's particular attention is drawn to the requirements of the Occupational Health and Safety Act (OHSA) and its regulations as well as to the Financial Intelligence Centre Act (FICA).
7. **Insurance:** The consultant shall at its own cost and expense maintain professional indemnity insurance and public liability insurance with an insurer approved of by JPC in an amount and for duration as specified in the letter of appointment to which these general conditions of appointment relate.
8. **Postponement and Termination:** JPC may give written notice to the Consultant at any time of its intention to abandon the services, in whole or in part, or to terminate this appointment. The effective



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termination date of this appointment shall not be less than fourteen (14) days after receipt of such notice, or such other shorter or longer periods as may be agreed between the parties. Upon receipt of such notice, the Consultant shall take immediate steps to bring the services to a close and to reduce expenditure to a minimum. Upon termination of the appointment the consultant shall deliver to JPC the originals of all documents in the possession of the consultant relating to and/or in connection with the appointment in both hard copy and (insofar applicable) electronic format.

9. **Force Majeure:** The Consultant shall promptly notify JPC, in writing, of any situation or event arising from circumstances beyond its control and which he could not reasonably foresee, which makes it impossible for the Consultant to carry out in whole or in part, his obligations under this appointment. Upon the occurrence of such a situation or event, the services shall be deemed to be postponed for a period of time equal to the delay caused by the Force Majeure and a reasonable period not exceeding two weeks.
10. **Claims for Default:** Any claims for damages arising out of default and termination, shall be agreed between JPC and the Consultant, or failing agreement, shall be referred to arbitration in accordance with clause 20.
11. **Rights and Liabilities of Parties:** Termination of this appointment for whatever reason shall not prejudice or affect the accrued rights or claims and liabilities of either party to this appointment.
12. **Confidentiality:** The consultant shall maintain all information relating to the appointment in the strictest confidence.
13. **Indemnity:** The consultant indemnifies JPC and holds JPC harmless against any loss or damage that may be suffered by JPC (including and without limiting the generality of the foregoing any claim that may be brought or threatened against JPC by any third party) arising from or by reason of the failure by the consultant to comply with its obligation in terms hereof.
14. **Skill, Care and Diligence:** The Consultant shall exercise all reasonable skill, care and diligence in the performance of the services under the appointment and shall carry out all his responsibilities in accordance with recognised professional standards. If any documentation prepared or submitted by the consultant to JPC is approved by JPC such approval shall not limit the professional liability of the consultant in respect thereof. The consultant shall remain professionally liable in respect of such documentation notwithstanding the approval thereof by JPC.
15. **Faithful Advisor:** The Consultant shall, in all professional matters, act as a faithful advisor to JPC and, in so far as his duties are discretionary, act fairly as between JPC and third parties.
16. **Indirect Payments:** The remuneration of the Consultant charged to JPC, shall constitute his only remuneration in connection with the appointment and neither he nor his personnel shall accept any trade commission, discount, allowance or indirect payment or other consideration with or in relation to the appointment or to the discharge of his obligations thereunder.
17. **Royalties:** The Consultant shall not have the benefit, whether directly or indirectly, of any royalty on or of any gratuity or commission in respect of any patented article or process used on or for the purposes of the appointment, unless it is agreed to by JPC in writing that he may.
18. **Ownership of Equipment, Materials, Supplies and Facilities:** Equipment, materials, supplies and facilities furnished to the Consultant by JPC or purchased by the Consultant with funds wholly supplied or reimbursed by JPC shall be the property of JPC and shall be so marked. Upon completion or termination of the services under this appointment, the Consultant shall furnish to JPC, inventories of the equipment and materials referred to above as it then remains and dispose of same as directed by JPC



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19. **Copyright:** All copyright in and to all documents, plans, designs and other material of whatever nature prepared or produced by the consultant in the course and scope of its appointment shall be and remain vested in JPC for which purpose the consultant cedes to JPC all such copyright.
20. **Settlement of Disputes:**
- Any dispute or difference arising out of this appointment, including those considered as such by only one of the parties, shall be finally settled by Arbitration.
  - Such arbitration shall be conducted in accordance with the provisions of the Arbitration Act (Act No. 42 of 1965, as amended from time to time), provided that:
    - The arbitration proceedings shall take place at Johannesburg.
    - It shall not be compulsory to strictly apply the requirements of the law of procedure or procedure of the usual rules of evidence.
    - The arbitrator shall be a practicing senior advocate as appointed by the chairman of the Johannesburg Bar Council.
    - The arbitrator shall be entitled to call for the evidence of specialists as required by the nature of the dispute.
    - The decision of the arbitrator shall be final and binding on both parties and may be made an order of a competent court.
  - Unless otherwise requested by JPC, the implementation of the project shall, despite the submissions of a dispute to arbitration, in no manner be suspended or in any way delayed by the consultant.

Please signify your acceptance of appointment by signing the endorsement at the foot of this letter and returning same to us.

Signed for and on behalf of City of Joburg Property Company SOC Ltd.

## SUPPLY CHAIN MANAGEMENT UNIT

Name: Fitzgerald Ramaboea

Title: Senior Supply Chain Manager

Signature: Fitzgerald Ramaboea

Date: 11/2/16



Non-Executive Directors: A. Mabizela (Chairperson), N. Rau, Prof A Nevhutanda, T Hickman, J Mabaso, D Ntombela, P Msweli, M Rabodila, M Morojele.  
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## FINANCE

Name: Imraan Bhamjee

Title: CFO

Signature: 

Date: 11-02-2016

## SIGNATURE ON BEHALF OF MOGALEKWENA VALUERS (PTY) LTD

Name: KGOSHI SASA

Capacity: DIRECTOR

Signature: 

Date: 17<sup>th</sup> FEB 2016



Non-Executive Directors: A. Mabizela (Chairperson), N. Rau, Prof A Nevhutanda, T Hickman, J Mabaso, D Ntombela, P Msweli, M Rabodila, M Morojele.  
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*Handwritten initials*