



*Your future is our future... Your success is our success... Your values are our values...*

**DIJALO Valuation Services Management (Pty) Ltd**

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## ASSESSMENT REPORT

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Order Number : 4500952976  
Contract Number : 4600028207  
Attention : Mrs Martie Heyneke (Land Development Manager)  
Mr Curtis Meintjies (Environmental Management Advisor)

**ESKOM Distribution – Land Development**  
P O Box 8610  
Johannesburg  
2000

15<sup>th</sup> July 2009

Dear Sir / Madam,

**RE: REQUEST AS PER REVIEW AND EVALUATION OF POTENTIAL NEGATIVE VALUE INFLUENCING FACTORS TO ADJACENT AND SURROUNDING PROPERTIES IN RETAIION TO THE DEVELOPMENT OF THE MANINGI SUBSTATION PROJECT AS PER ERF 304 SANDOWN EXTENSION 24, CITY OF JOHANNESBURG.**

Your enquiry refers.

Enclosed is our assessment report with reference to the above.

If there are any further enquiries please do not hesitate to contact the undersigned.

Yours faithfully,

From the desk off .....  
**LOURENS NEL**

For  
**DIJALO VALUATION SERVICES MANAGEMENT (PTY) LTD**

Directors	N S Gumede	L Nel	
Regional Office	Johannesburg	Durban	Cape Town
Head Office	Pretoria		

Reg.No 2005/005210/07

## **Index...**

1. INSTRUCTION
2. GENERAL ENQUIRIES
3. GENERAL INFORMATION
4. PURPOSE OF ASSESSMENT
5. GENERAL SURROUNDING NEIGHBOURHOOD & PHYSICAL ATTRIBUTES
6. ASSESSMENT CONCLUSION & MOTIVATION
7. RESERVATIONS

**Annexe - A**      COMPLAINANT / COMMUNITY REPORT

## Property Assessment Report

It is hereby certified that the undersigned person duly inspected and evaluate the applicable circumstances due to the subject property, as described herein, to the best of his/her ability and according to the available information as at the date of the assessment.

### 1. INSTRUCTION

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The principal has instructed **DIJALO Valuation Services Management (Pty) Ltd**, as service provider due to the purpose of this exercise.

1.1	PRINCIPAL	:	ESKOM Distribution – Land Development.
	1.1.1 <b>Contact Person</b>	:	Mrs Martie Heyneke (Land Development Manager)
	1.1.2 <b>Contact Number</b>	:	(011) 711 2773 or Heynekmm@eskom.co.za

### 2. GENERAL ENQUIRIES

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**Our objectives** are in order to provide a “**Property Assessment Valuation Report**” indentifying **any negative affect to adjacent property values and utility** caused by the development of the “**Maningi Substation Project, FILE REF: SSM56**”, situated at **Erf 304 Sandown Extension 24 Johannesburg**.

2.1	PROJECT DESCRIPTION		
	2.1.1 <b>Property Type</b>	:	The subject property currently features a residential property.
	2.1.2 <b>Project Name</b>	:	Maningi Substation Project, File Reference SSM56.

### 3. GENERAL INFORMATION

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3.1	PROPERTY/IES DESCRIPTION	:	Erf 304 Sandown Extension 24, City of Johannesburg.
	3.2 PHYSICAL ADDRESS	:	13 Adolf Street at Sandown Extension 24, Sandton.
	3.3 PROPERTY INSPECTED BY	:	<b>Lourens Nel</b> (SMIVSA) (SACPVP) (NDREES – Property Valuations) Assisted by: <b>Estellanie Eksteen</b> (SMIVSA) (SACPVP) For <b>DIJALO Valuation Services Management (Pty) Ltd</b>
	3.4 DATE OF INSPECTION	:	9 <sup>th</sup> July 2009.
	3.5 DATE OF VALUATION	:	16 <sup>th</sup> July 2009.

#### 4. PURPOSE OF ASSESSMENT

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The **purpose of this assessment exercise** is to **investigate all potential side affects** caused by the development of the “**Maningi Substation**” at **Erf 304 Sandown Extension 24**, and **provide an independent opinion** whether these side affects caused by the development of the proposed substation will cause any **negative value forming attributes** to the direct adjacent properties and general surrounding neighbourhood based on **property valuation perspectives**.

**Please take note** that this is not a valuation on the subject property referred to as Erf 304 Sandown Extension 24, nor any adjacent property or other.

##### 4.1 TERMS & RESTRICTIONS

###### **Valuers Note:**

- 4.1.1 A report was provided by the **Principal** drafted by the proposed **Interested** and or **Affected** party or herein referred to as the **Complainant**.
- 4.1.2 A **number of concerns were** raised by the **Complainant** relating to the “**environmental impact**” of the proposed “**Maningi Substation**” or **technically the assumed negative affects to the market values** of **adjacent** properties and **neighbouring properties**.
- 4.1.3 Our general conclusion identified that the **Principal** support the development of the “**Maningi Substation**” in order to make provision for the shortage of power for the **Gautrain Development** and **growing high-density residential and business development** within the **Sandton business node**.
- 4.1.4 And that the surrounding community of Sandown or **Complainant** disagree with the **location** of the proposed “**Maningi Substation**” being of opinion that the substation project features a **number of disaffects** causing **health risks, aesthetical damages, nuisance** and **decreasing property market values**.
- 4.1.5 The **Complainant** referring to the **EIA** (Environmental Impact Assessment) done by ESKOM. We herewith state that we have obtained no EIA with regards to Erf 304 Sandown Extension 24 from our **Principal** motivating various aspects.
- 4.1.6 We, the **Consultants** however have identified and focussed on the **most important concerns** referred to, which in our opinion **might have or not have a negative affect** on the **potential market values** of the adjacent properties and neighbouring areas or other circumstances with regards to zoning, nuisance, health risk and aesthetical appearances.  
  
(Refer to paragraph 4.1.4)
- 4.1.7 The **Complainant** further referred to **compensation for potential values** or **financial losses in event** of the above concerns caused by the new proposed “**Mangini Substation**”.
- 4.1.8 **Compensation may only be for actual loss based on realistic events**, and **not assumptions** made for **proposed future loss assuming** that the proposed substation will have a negative effect on the potential value of the adjacent properties.
- 4.1.9 These factors however need to be addressed during the **rezoning process** of **Erf 304 Sandown Extension 24**.

## 5. GENERAL SURROUNDING NEIGHBOURHOOD & PHYSICAL ATTRIBUTES

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The following value forming factors and characteristics has been considered aspects influencing the potential within the Sandown neighbourhood positive or negative.

### Micro – Economical & Environmental Characteristics

- 5.1 The subject property referred to as Erf 304 Sandown Extension 24 features an existing residential dwelling within an age range estimated between 25 to 30 years.
- 5.2 The property adjacent to the north, east and west features similar characteristics in comparison to the subject property.
- 5.3 Access to the subject property is via Adolf Street on the southern boundary, with the site topography sloping down towards the north and back of the site.
- 5.4 The site is measured 4550 m<sup>2</sup> being rectangular with a boundary dept longer the street front boundary.
- 5.5 The subject property is characterised with old established trees along with the same appearance in the established neighbourhood supporting isolation and noise reduction caused by increasing surrounding traffic and development.
- 5.6 Direct opposite the subject property is a small municipal substation and adjacent this substation is a vacant site under construction for the proposed development of high-density upmarket residential units. According to information obtained, no works was done for a long period and the development standing still. The site sloping from the south towards the north has been levelled with terraces towards the street boundary with a filling level approximately 1 storey higher that the street level. The site features an unpleasant sight.
- 5.7 In general the surrounding area are characterised with residential upmarket properties varying from older dwellings and modern units behind attractive and secured boundary walls with heights varying between 6 feet and 12 feet.

### Macro – Economical & Environmental Characteristics

- 5.8 Sandown features an upmarket residential area direct east of the Sandton City business node.
- 5.9 The area has been identified as one of the older well established residential suburbs with Sandton CBD classified an international business node.
- 5.10 There are a number of new high-density developments featuring exclusive residential accommodation in secure complexes within the direct vicinity of Sandown.
- 5.11 And a number of new developments under current construction. It is most common for existing older dwellings being demolished to make way for new development and especially higher density residential development caused by the demand for land surrounding the Sandton business node.
- 5.12 Various new hotels and business premises rise within the surrounding area due to the 2010 FIFA soccer event, as well as the Gautrain project linking Sandton with the O R Tambo International Airport and routed in-between Sandton towards Pretoria (Hatfield).
- 5.13 These various growing developments along with the demand for residential accommodation had a very valuable influence on market trends of surrounding properties and as a result of these growing developments, older residential areas such as Sandown offering residential sites with large extents have become very expensive and sought after by developers and investors.

## 6. ASSESSMENT CONCLUSION & MOTIVATION

**Referring to Annexe – A** for the report drafted by the Complainant raising a number of concerns. We have identified a number of concerns which indirectly might be considered value forming factors influencing the potential values of the adjacent and or surrounding properties.

### **Valuers Note:**

Two parties in disfavour of the development of the Maningi Substation were identified as the direct adjacent located properties and fairly close located properties to the subject property Erf 304 Sandown Extension 24 and the surrounding community.

The main major complains and concerns raised were summarised as the negative affect on the market values of their properties, aesthetical appearance, noise and nuisance, health and safety risk.

We had no sight of the required EIA and our opinion is purely based on possibilities due to our experience as independent property valuers and existing current characteristics related to the benefits and negatives of the proposed development of the Mangini Substation at Erf 304 Sandown Extension 24, which still need to pass the rezoning process.

We therefore maintain the right to amend and proposed changes to our assessment report on later stages if applicable or required.

### 6.1 REMARKS & CONCLUSIONS

The following remarks were raised by the complainant.

#### 6.1.1 Paragraph 3 (b) Page 4

The **Complainant** argues that the proposed new Maningi Substation will be developed only to support power supply to the Gautrain development and direct surrounding developments within a 400 meter diameter.

#### **Remark by the Consultant:**

The increasing residential development caused within the direct surrounding area of Sandown requires more and closer electrical power supplies. Poor power supply reduce development potential caused by higher expenses to the developer, which might have a negative affect on values of land in Sandown and surrounding areas.

#### 6.1.2 Paragraph 3 (c) Page 4

The **Complainant** has a concern about the appearance of the power lines to and from the proposed Maningi Substation.

#### **Remark by the Consultant:**

According to our information obtained from our *Principal* the power lines will be underground. Overhead power lines will not be possible, since it will be too expensive and time consuming since a number of properties will have to be expropriated. Not buildings are allowed within 23 to 40 meters from an overhead power line.

6.1.3 **Paragraph 3 (h) Page 5**

The **Complainant** has a concern that only **Res 2** zoning with a height of 2 storeys being allowed in Sandown and the proposed Maningi Substation will be higher (3 storeys).

**Remark by the Consultant:**

According to us the rezoning still needs to be done for Erf 304 Sandown Ext 24 currently still zoned as residential. But in comparison to the school opposite the road with a different zoning and a height of 3 storeys, will Erf 304 being rezoned for a purpose other than residential and required height.

6.1.4 **Paragraph 3 (k) Page 5 & 6**

The **Complainant** has a concern that property prices will reduce caused by the health risk and unpleasant appearance by the proposed Maningi Substation, and that they will require compensation.

**Remark by the Consultant:**

We have seen no EIA explaining the benefits and negatives of the potential health hazards caused or avoid by the proposed substation, but only when certain health hazards are directly visible to adjacent and surrounding properties it could have a negative affect to property values. Such as garbage and sewerage or toxic waste or smoke from near industrial areas. None of these or any other health hazard, except for the traffic pollution due to the near located M1-highway and general surrounding traffic fumes might be considered as hazardous and a health risk could be identified on site.

The aesthetical appearance can be misleading. There are various architectural ways the appearance of the substation can be manipulated structurally and naturally in order to compensate and suite the surrounding area.

One can only compensate for losses in value or financial loss, once the actual damage can me identified. Currently, none exists and if the procedures being followed by ESKOM to develop a substation not featuring held risks and negative aesthetical appearances, then it might not have major or any negative affects to values of adjacent and surrounding property.

Damages must be physical and not based on assumptions.

6.1.5 **Paragraph 5 (a) Page 7**

Refer to paragraph 6.1.3

No EIA available for more information.

6.1.6 **Paragraph 5 (b) Page 7**

The **Complainant** has a concern about **noise** that might be caused by the proposed Maningi Substation.

**Remark by the Consultant:**

No EIA available for more information. But according to our understanding the substation will not make much or any noise. Considering the centrality of the subject property and adjacent properties within the busy Sandton business node area, surrounding main roads and high density residential suburbs with the general noises caused by cars and dogs and neighbours, one cannot yet with any accuracy say that noise or low levels of humming will reduce the value of the property or being linked to any specific amount of compensation.

6.1.7 **Paragraph 5 (d) Page 7**

The **Complainant** has a concern about the perimeter enclosure and negative appearance that might be caused by the proposed Maningi Substation.

**Remark by the Consultant:**

We have no EIA and architectural indication obtained, but if the walls will match similar characteristics in comparison to the surrounding properties we foresee no reasonable factors affecting the values of property in the surrounding area or adjacent properties negative.

6.1.8 **Paragraph 5 (e) (f) (g) Page 8**

The **Complainant** has a concern about **lightning risks** that might be caused by the proposed Maningi Substation.

**Remark by the Consultant:**

We have no EIA, but considering the purpose of the proposed substation it will be of own benefit to Eskom to have the best safety measures in place. In general, all property is at risk for electrical storms caused by natural reasons.

6.1.9 **Paragraph 6 (b) Page 12**

The **Complainant** has a concern about **the period of construction** that might be caused by the proposed Maningi Substation.

**Remark by the Consultant:**

The EIA might provide a better indication towards the construction period, however since the demand for power resources increases we are of opinion that it might be completed quite fast. But the rezoning process has not been finalised yet, which will postpone any construction works.

Compensation for financial loss for damages or reduced market values if occurring can only be determined once the construction works for the proposed substation have been completed. And this might only be of affect to the adjacent properties to the proposed substation site.

6.1.10 **Paragraph 6 (c) (d) Page 12**

The **Complainant** has a concern about **the machinery and noise nuisance caused by the construction period** that might be caused by the proposed Maningi Substation.

**Remark by the Consultant:**

The nuisance will be similar to the current construction type occurring in the direct surrounding area of Sandown due to current new residential developments, which residents have to bear with because it support the investment growth and values of Sandown properties. These new development requires more electricity since the growing industry utilise more power sources than the current infrastructure can supply, which will cause more nuisance due to power failures.

The further developers are from electrical infrastructure, the more they have to spend linking developments to other substations. This reduces profits, which forces developers to pay either less for available land or focus on other areas. Therefore land closer to sufficient power sources achieve higher values.

6.1.11 **Paragraph 6 (e) Page 12**

The **Complainant** has a concern about **the architectural appearance and existing trees on site** that might be affected by the proposed Maningi Substation.

**Remark by the Consultant:**

An EIA will indicate what ESKOM intended to do, but we are of opinion that the existing trees can support softening aspects to the visible appearance of the substation if any or any negative aspects as well as reducing possible noises.

The site topography slopes downwards towards the north and back of site, which allow for terracing from the street front border at the southern boundary, in order to drop the front construction areas lower with less visual or visibility from the street.

High walls of 8 feet to 12 feet high are common in the surrounding area of Sandown. The substation site can be enclosed with a well designed wall featuring characteristics similar to the surrounding area and close sliding gate, in order to reduce negative visibility on site.

Once being familiar with the site, we are of opinion passing traffic will drive by with the substation being unnoticed.

6.1.12 **Paragraph 6 (f) (g) (h) (i) (j) Page 13**

The **Complainant** has a concern about **safety and risk measures** that might be caused by the proposed Maningi Substation.

**Remark by the Consultant:**

We are of opinion that ESKOM would have taken serious precautions of these issues. We have no EIA to brief or comment further on this aspect, but if done according to specifications we are of opinion that there are no risks that could affect the actual potential value of the property.

6.1.13 **Paragraph 6 (o) Page 15**

The **Complainant** has requested that the **opinions of local estate agents being considered** with regards to the **potential negative aspects to the market values** of adjacent and surrounding properties that might be caused by the development of the proposed Maningi Substation.

**Remark by the Consultant:**

Consultations with local estate agents all indicated that the development of the proposed substation will have possible negative affects on the sales ability of property adjacent a substation and in the area, purely based on human behaviour. Percentages of 10%, 20% and even 30% was mentioned, but none were willing to provide a written indication or estimation as to how they determine or based such estimated percentages. We were instructed not to expose the names of the agencies because their input was considered only their opinions and no supportive approach.

But based upon a request to provide an opinion on how the substation and potential adequate power supply will support the growing surrounding development and demand for old residential property sold as suitable land for high-density upmarket residential development, all was in favour. It was a common understanding that developers investing in this area will welcome the additional power sources reducing electrical costs part of their development feasibilities which will support higher profits. The current power supply is a problem for developers, but the Sandown residential area is in extremely high demand. Meaning that maybe even a substation will have no negative affect on the possible sales ability of an old residential dwelling adjacent a substation suitable for development to a developer.

6.1.14 **Paragraph 6 (o) Page 15**

The **Complainant** has requested that opinions of **independent valuers** being considered with regards to the **potential negative aspects to the market values** of adjacent and surrounding properties that might be caused by the development of the proposed Maningi Substation.

**Remark by the Consultant:**

We have been appointed to undertake an assessment of the possible affects of the proposed Maningi Substation development on adjacent and surrounding property values.

The properties within the surrounding area in our opinion will physically have no negative defects caused by the proposed substation.

Affects caused by the proposed substation might have negative affects to the adjacent properties at Erf 304 Sandown Extension 24, but will only be able to determine after the completion of the proposed substation.

In order to determine whether there might be negative influencing factors, one will have to operate separate current valuations on the adjacent properties and revalue the properties in future after the completion of the proposed substation.

If the aesthetical appearance of the substation is done on the prescribed basis complimenting all requirements as per request by the complainant, there might be no negative impact or reducing market value affect.

And if there might be any causes that negatively affected the future value after completion of the substation, the complainant must claim for compensations. Based upon the current valuations for the separate properties and the future values with consideration of the negative affects, one can find a proper solution motivating the cause of the negative affect and the proposed compensation.

6.1.15 **Paragraph 6 (p) Page 15**

The **Complainant** has requested that comparison being made between market affects caused by other ESKOM substations in similar residential suburbs.

**Remark by the Consultant:**

ESKOM has provided a list of substation sites in the surrounding neighbourhood. These substations are older substations featuring different technology and comparison to the proposed Maningi Substation.

Indications are that once the substations been developed and the trading process have proceeded, no visible affects could be identify on values for property adjacent a substation or property in the surrounding area of the substation.

One can only determine possible loss once the difference can be determined between the current value unaffected by the proposed substation and the future value of the property after the completion of the substation.

Physically the proposed substation will have no affect to the proposed adjacent properties, unless the power lines need to be laid over an adjacent property, but that will be a different scenario which needs to be part of the rezoning process.

We have obtained no EIA from our Principal, indicating the type power lines and layout of the substation and applicable power lines networking from the substation.

## 7. RESERVATION

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### **Full Disclosure**

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

### **Assessment Evaluation Standard**

This assessment has been prepared in accordance within the guidelines of the South African Institute of Valuers and SA Council for the Property Valuers Profession. The remarks related to this exercise is valid for only 6 to 12 months due changes to the economy and market conditions for immovable property. Annual investment portfolio management is advisable for auditing purposes.

### **Statutory Notices and Unlawful Use**

We have assumed that the subject property and the adjacent properties values are unaffected by any statutory notice or condition of Title where Title Deeds have not been inspected, and that neither the properties nor their condition, nor their use, nor their intended use, are or will be unlawful.

### **Confidentiality**

This assessment report is produced exclusively for **ESKOM Distribution (Land Development)** and for the specific purposes to which it refers. It may be disclosed to your other professional advisers assisting you in respect of that purpose. We accept no responsibility whatsoever to any parties other than our *Principal* who make use of this assessment report.

### **Non-Publication**

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

## Property Assessment Certificate

I, **Lourens Nel**, on behalf of **DIJALO Valuation Services Management (Pty) Ltd** hereby certify that we duly inspected the subject property, as described herein, to the best of our ability and according to the available market information as at the date of the assessment and that we have correctly identified the relevant property as well as the address of the subject property, compared to the relevant local authority information, diagrams applicable and that the within mentioned information is accordingly correct.

We trust that the *Employer* will find the above remarks in order.

Kind regards,

Yours faithfully,



From the desk off .....  
**LOURENS NEL** (CEO) (Candidate Valuer - 1995) (SMIVSA)  
(Registration Nr.4464/2) (SACVP)



.....  
**STAFFORD LEYDS** (Professional Associated Valuer)  
(Registration Nr. - 4327/4)

For  
**DIJALO VALUATION SERVICES MANAGEMENT (PTY) LTD**

**Assisted by:**



.....  
**ESTELLANIE EKSTEEN** (Candidate Valuer) (SMIVSA)  
(Registration Nr. - 5941/7)

**DATE** : 16<sup>th</sup> July 2009.

**PLACE** : Pretoria Head Office.

**ANNEXE – A**

**REPORT BY COMPLAINANT**