

ANNEXURE A: SPECIFICATION AND DRAWINGS

1. SCOPE AND OBJECTIVE OF THE LEASE APPLICATION DOCUMENT

- 1.1 The objective of this Request for Proposals ("RFP") is to invite interested parties to submit proposals to Transnet Property ("TP"), an Operating Division of Transnet SOC Ltd, also referred to as the "Lessor", for the lease and development of portions of the following erven: **Remainder of Erf 22933 Parow, Portion of Unregistered Erf 34104 Bellville (Portion of Remainder of Erf 11661 Bellville) and Unregistered Erf 34103 Bellville (Portion of Remainder of Erf 11659 Bellville)**, collectively referred to as the "Subject Property" and demarcated in the Discussion plan attached as **Annexure A**.
 - 1.1.1 TP owns a vast portfolio of properties and has been mandated to maximise the potential of these assets.
 - 1.1.2 TP's main objective is to manage, redevelop, acquire and dispose Transnet SOC Ltd owned immovable property assets and ensure optimum utilisation of said assets for the purpose of maximising development opportunities.
 - 1.1.3 The Subject Property has been identified as a property with development potential.
 - 1.1.4 TP intends to invite interested parties willing to lease the Subject Property from TP and develop it to its highest and best use.
 - 1.1.5 Interested parties are required to submit proposals that will express their interest to lease the Subject Property and inject capital into the assets through development. In turn, the successful Bidder will be able to recoup its capital expenditure over the duration of the lease period, after which, the property and improvements would revert to Transnet Property.
 - 1.1.6 Preference will be given to the Bidders who will demonstrate the ability to achieve the Subject Property's highest and best use while offering Transnet Property the best commercial terms on the leasehold rights.
- 1.2 The Successful Bidder will be required to enter into a lease agreement with Transnet SOC Ltd, represented by Transnet Property, an Operating Division of Transnet SOC Ltd.
- 1.3 The Successful Bidder will be required to sign a standard Transnet Property lease agreement within two (2) weeks of the date of award. Failure to return the signed lease agreement within the stipulated timeframe will result in the lease offer being withdrawn.

- 1.4 A copy of the standard Transnet Property lease agreement is attached as **Annexure B**.

2. DETAILS OF PROPERTIES AVAILABLE FOR LEASE.

- 2.1 The Subject Property, comprising of portions of three erven, is to be leased on an as-is basis. The details of the erven that constitute the Subject Property are summarized in **Table 1** below and demarcated in the **Discussion Plan** diagram attached as **Annexure A**.

DESCRIPTION	Remainder of ERF 22933 Parow Portion of Unregistered Erf 34104 Bellville (Portion of Remainder of Erf 11661 Bellville) Unregistered Erf 34103 Bellville (Portion of Remainder of Erf 11659 Bellville)
SG DIAGRAM NO.	Remainder of ERF 22933 Parow: 1975/2000 Portion of Unregistered Erf 34104 Bellville (Portion of Remainder of Erf 11661 Bellville): 8266/1952 Unregistered Erf 34103 Bellville (Portion of Remainder of Erf 11659 Bellville): 5631/1945
TITLE DEED NO.	Remainder of ERF 22933 Parow: T48324/2010-09-14 DT Portion of Unregistered Erf 34104 Bellville (Portion of Remainder of Erf 11661 Bellville): T9773/1954-06-26 CRT ENDRS Unregistered Erf 34103 Bellville (Portion of Remainder of Erf 11659 Bellville): T76455/1993-09-30 DT
EXTENT OF AREA TO BE LEASED	Remainder of ERF 22933 Parow: 0,76 ha Portion of Unregistered Erf 34104 Bellville (Portion of Remainder of Erf 11661 Bellville): 9,30 ha Unregistered Erf 34103 Bellville (Portion of Remainder of Erf 11659 Bellville): 2,83 ha Total: 12.89 ha
ZONING	Remainder of ERF 22933 Parow: General Industrial Zoning 1 (GI1): <i>"The GI zoning accommodates all forms of industry, except noxious trade and risk activity, in order to promote the manufacturing sector of the economy. Some allowance is made for non-industrial activities, but these should not compromise the general use of the area zoned for industry. It is accepted that the intensive nature of the industrial activity or the scale of the operation could generate some negative impact on adjacent properties."</i>

	<p>Portion of Unregistered Erf 34104 Bellville (Portion of Remainder of Erf 11661 Bellville) and Unregistered Erf 34103 Bellville (Portion of Remainder of Erf 11659 Bellville): Transport Zoning 1: Transport Use (TR1)</p> <p><i>"The TR1 zoning provides for transportation systems, excluding public roads and public streets, but including all other transport undertakings which serve the public such as airports, harbours, railway lines, bus, railway and other depots associated with public transport uses, public transport terminuses, ranks or holding areas, and cable car stations. Provision is made to approve other uses that can help to support the transport undertaking".</i></p>
EXISTING ENCUMBRANCES/ SERVITUDES	<p>None.</p> <p>Bidders are to note that there may be encumbrances and services that TP is not aware of and Bidders are therefore required to conduct their own due diligence to this effect.</p>
EXISTING MUNICIPAL CONNECTIONS	<p>Electricity: yes Water: yes Sewer: yes</p>

Table 1: Property details

- 2.2 The Successful Bidder is required to undertake any development at their own cost and ensure compliance with the relevant building standards, and Town planning restrictions. Should the Successful Bidder propose a use of the property that would require rezoning of the property, the Bidder's proposal should explicitly state as such. Transnet will endeavor to assist with all necessary documentation to complete all Town planning processes.
- 2.3 A maximum of 24 months Beneficial Occupation will be considered, however, all related holding costs (municipal charges etc.) will be payable to the Lessor during the Beneficial Occupation period. The length of the proposed Beneficial Occupation period must be justified in the Bidder's Business Plan which will be subject to approval by Transnet Property.
- 2.4 Bidders are advised to ensure that an inspection of the Subject Property is conducted prior to submitting their Bids.
- 2.5 Each Bidder is solely responsible, at its own cost and expense, to carry out its own independent research and due diligence and to perform any other investigations, including seeking independent advice, considered necessary by the Bidder to satisfy itself as to all existing conditions affecting its proposal.
- 2.6 Transnet seeks to align with global efforts to reduce effects of climate change and the Sustainable Development ("SDG") Goal 13 and the National Development Plan and will give preference to Bidder's proposals that reflect the implementation of

Green Building Standards and Sustainable initiatives that seek to improve building efficiencies, reduce greenhouse gas emissions as well as improve sustainability in water usage and power generation. Bidders are required to research Transnet's Environmental Stewardship goals as outline in the latest Transnet Annual Integrated Report and ensure that their submissions detail how their proposals will assist Transnet in achieving the said goals.

2.7 The rental payable by the Successful Bidder to the Lessor for the premises shall be structured such that the Lessee shall pay to the Lessor the greater of the basic rental quoted in paragraph 2.7.1, below, and the income participation rental quoted in paragraph 2.7.2, below. Transnet Property is expecting:

2.7.1 a minimum Basic Rental of **R1,000,000.00** (excluding VAT) per month (**R12,000,000.00**, excluding VAT per annum), with an annual escalation rate of **7%**, which shall be exclusive of all municipal charges which shall be for the Lessee's cost and recovered from the Lessee by the Lessor separately,

2.7.2 and a minimum Income Participation Rental percentage of **3%** of the Lessee's annual gross rental income generated by the completed development. Should the PREMISES or any portion thereof be used by the Lessee for his own business or trading purposes, a market related rental for such areas shall be determined in accordance with sub-clause 1.4 of Annexure B of the standard Transnet Property lease agreement and be included as part of the gross monthly rental income.

2.8 **Figure 1**, below, shows two Transnet-owned parcels of land adjacent to the Subject Property demarcated in yellow boundaries. Transnet will require access to these adjacent parcels of land through the Subject Property. Bidders are required to demonstrate, in their proposals, how they plan to allow Transnet access to these adjacent parcels of land through the Subject Property, which will be included as a special condition to the lease agreement to be entered into between Transnet and the successful bidder.



Figure 1: Access to adjacent Transnet owned properties.

2.9 **Figure 2** below, which is an excerpt from **Annexure A**, shows the existing access point to the Subject Property situated at the corner of Junction Road and Stoker Street.

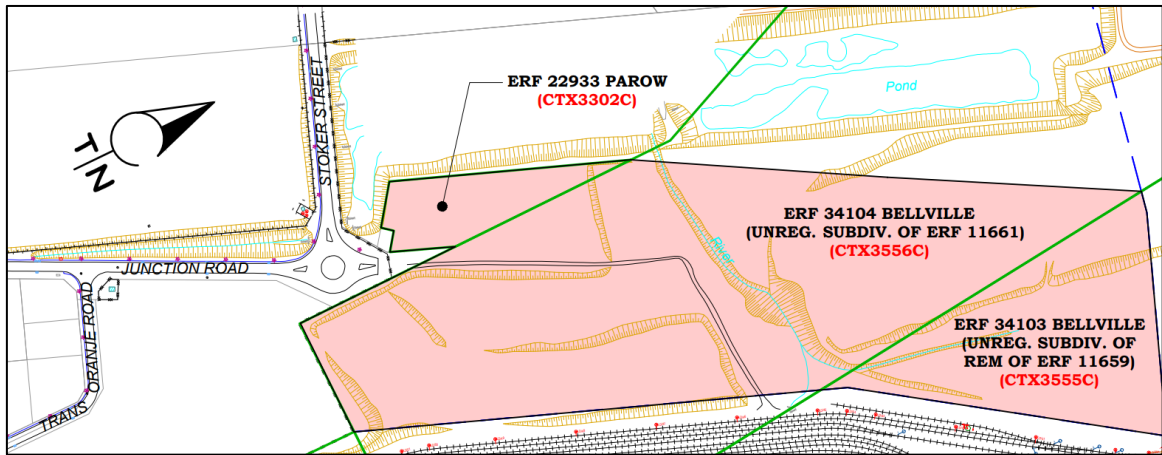


Figure 2: Access to the Subject Property

2.10 **Figure 3** below, shows the existing access Stormwater pond adjacent to the Subject Property. Bidders are to take into consideration the implications of a wetland in close proximity to the subject property.

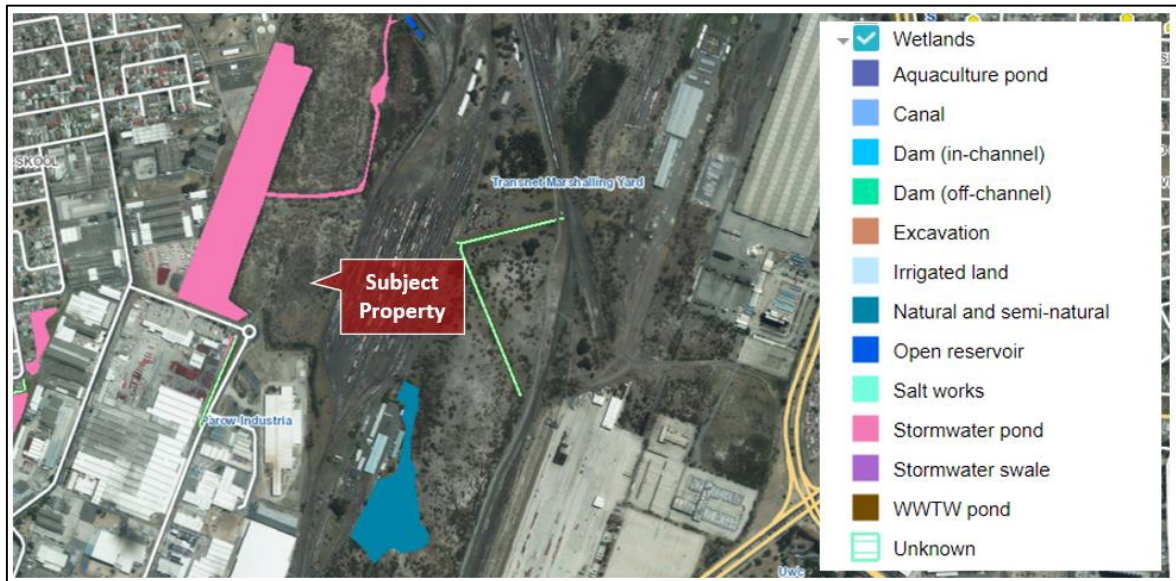


Figure 3: Wetlands (source City of Cape Town GIS)

3. LEASE TERM

2.11 The Lease Term is for a period of 25 (twenty-five) years, exclusive of the Beneficial Occupation period. Transnet Property and the successful Bidder will enter into an appropriate lease agreement for the duration of the lease term.

4. NOTICE TO BIDDERS

2.12 Lease option/Renewal periods:

2.12.1 There is no option to renew the lease.

2.13 Rates and Taxes charges:

2.13.1 Please note that the Successful Bidder will be responsible for the payment of rates and taxes to Transnet Property or the local municipality subject to annual adjustments effected by the relevant local municipality (including during the Beneficial Occupation period).

2.14 Service consumption charges:

2.14.1 Please note that the Successful Bidder will be responsible for the payment of utilities to either Transnet Property or the local municipality subject to annual adjustments effected by the relevant local municipality (including during the Beneficial Occupation period).

2.14.2 Transnet Property will raise a distribution fee for the provision and maintenance of the utilities it provides (including during the Beneficial Occupation period).

2.15 Maintenance and Repairs:

2.15.1 The successful Bidder will be responsible for all the maintenance and repair costs for the duration of the lease. To avoid any doubt, Transnet Property confirms that all improvements to the property brought about by the Successful Bidder will revert to and become the property of Transnet Property at the expiry of the lease.

2.16 Ownership of Improvements Following Termination:

2.16.1 Any Improvements made to the Leased Premises shall accede to the land and the ownership thereof shall vest in the Lessor without any compensation whatsoever being payable by the Lessor to the Lessee.

2.16.2 Notwithstanding the provisions of paragraph 2.16.1, the Lessor shall have the right to either retain or, at its sole and unfettered discretion, to order the Lessee, at the Lessee's sole cost, to remove from the Leased Premises any such Improvement.

2.17 Changes to Bid Documents:

2.17.1 Any changes to Lease bid submission documents will be communicated in writing to Bidders via briefing notes.

2.18 Confidentiality:

2.18.1 All documents including any correspondence relating to the bid submission shall be treated as confidential and shall not be disclosed to the public unless authorized in terms of legal process.

2.19 Intellectual Property:

- 2.19.1 All intellectual property relating to this bid submitted in response to this document shall remain vested in Transnet Property.

2.20 Publicity:

- 2.20.1 No public announcement or media statements shall be issued with regard to successful Bidders.

2.21 Reservation of Rights:

Transnet Property reserves the right:

- 2.21.1 Not to proceed with the bid process and cancel this process without obligation to any party that may have expressed interest.
- 2.21.2 To extend the closing date or to modify the scope of the bid submissions.
- 2.21.3 To perform a full credit review verification on any company director/s or representative/s that signs surety and agrees in writing to be bound to Transnet Property for the debts of the Bidder, being the principal debtor. Where a holding company signs surety for the debts to be incurred by its subsidiary, a special resolution of the shareholders of the holding company will be required, as well as the certification by the board of the holding company that immediately after providing financial assistance to the subsidiary, the holding company will satisfy the liquidity and solvency test.

2.22 Public Liability Cover:

- 2.22.1 The Successful Bidder shall be required to arrange and maintain, at its own cost public and third-party liability and risk insurance cover (including any other insurances as may be required by Law) and shall keep the same valid for full period of the Lease Agreement. Refer to Clause 10 of the annexed Transnet Standard Development Lease Agreement attached as **Annexure B**.