



NOTICE OF INTENTION TO GRANT THE LEASE OF IMMOVABLE PROPERTY TO WARWICK MALL (PTY) LIMITED

1. Notice is hereby given that eThekweni Municipality (“the Municipality”) intends to grant the lease of the immovable property, fully described hereunder, to Warwick Mall (Pty) Limited (Registration Number 2006/023113/07) for a period of fifty (50) years, with no right of renewal, at a once-off rental of R22,5 million, for the purpose of carrying out the proposed development in the Warwick area.
2. The immovable property, which is the subject of the intended granting of the lease, is described as Proposed Lease (A) over Remainder of Erf 1 Durban; Registration Division FT, in the Durban Entity, Province of KwaZulu-Natal, in extent approximately 1,4920ha, as depicted in Plan S.H. 9616, together with aerial servitude rights over adjoining pavement areas to Julius Nyerere Avenue and Market Road.
3. The details pertaining to the reasons and the impact of the intended granting of the lease on the Municipality are contained in the attached Information Statement (Annexure “A”).
4. Members of the local community and other interested persons are hereby invited to submit, to the Municipality, comments and representations in respect of the intended granting of the lease, at – Address: 70 Masabalala Yengwa Avenue, Durban 4001, Telephone: (031) 311-4720; Fax: (031) 368-3150, E-mail: strategicprojects@durban.gov.za.
5. Any person who cannot write may come, during office hours to the offices of Strategic Projects Unit at the above address, where Ms. Sandra Abrahams will assist that person to transcribe that person’s comments or representations.
6. The detailed particulars of the proposed development in the Warwick area are available on the Municipality’s website (www.durban.gov.za).



Ms. Julie-May Ellingson
Head: Strategic Projects Unit



Dr. Michael O. Sutcliffe
City Manager

ANNEXURE “A”

INFORMATION STATEMENT

The Reasons for the Proposal to Grant the Lease

- The South African Rail Commuter Corporation (“SARCC”) concluded the lease with Warwick Mall (Pty) Limited (“the Developer”) for aerial rights immediately to the south of Berea Road Station for the development of retail and taxi facilities.
- The Developer approached the Municipality with a proposal to acquire the lease of what is known as the Early Morning Market Site, together with certain aerial rights over the surrounding roads, with a view of achieving a single, integrated development, which meets the needs of both the Developer and the Municipality.
- A significant retail development of some 30,000m² is then envisaged in Phase 1, spreading across both the SARCC’s and the Municipality’s land which equates to an investment of over R350m in this area.

Any Expected Benefits to the Municipality Resulting from Granting of the Lease

- The development of the R350m Warwick Mall.
- The Developer will construct and manage a 400 bay taxi rank. The management of which shall be undertaken at its own cost and under terms to be agreed with the Municipality.
- The Developer will construct ‘Masigiye Square’, a significant public space which runs along Julius Nyerere Avenue into an open public square bordered by Wills Road. The costs associated with this element is to be shared on the basis that the Developer will contribute the cost associated with 150 trading positions within this area.
- The Developer will construct an access ramp off Brook Street, over the SARCC rail reserve, providing access to the taxi rank facilities, which will exit via the Khuzimpi Shezi Road ski-ramp thereby rationalising public transport movements through Warwick.
- The Developer will bridge David Webster Street and provide direct pedestrian access from the Victoria Street Bus Rank Site, through the Warwick Mall development, to the taxi rank facilities above and the Berea Road Station, thus integrating the public elements.
- Masigiye Square is to be managed by the Developer under terms to be agreed with the Municipality.

- Subject to the Municipality being in a position to grant occupation of the site by April 2009, the Developer commits to completing this Phase 1 development ahead of the commencement of the 2010 FIFA Soccer World Cup.
- Within 5 years of the registration of the proposed lease a minimum of 51% equity within the Developer is to be held by persons having PDI status.

Any Expected Proceeds to be Received by the Municipality from Granting of the Lease

- The payment of a phased once-off rental of R22,5m being the amount assessed as the fair market value of the rights proposed to be granted, in 3 instalments, as follows:
 - R500,000.00 on signature of the lease agreement;
 - R11,0m by 1 May 2010; and
 - R11,0m by 1 December 2010
- The Developer will construct a 400 bay taxi rank at 2nd floor level over the Early Morning Market Site, for the benefit of the Municipality (and an appropriate reserve will be registered in favour of the Municipality in this regard). This will equate to an R62,8m investment in public goods (taxi rank), and to which the Municipality will contribute R24,0m.

Any Expected Gain or Loss to Realised or Incurred by the Municipality from Granting of the Lease

- The payment of a phased once-off rental of R22,5m.
- The construction of the 400 bay taxi rank, which will equate to an R62,8m investment in public goods (taxi rank), and to which the Municipality will contribute R24,0m.
- The R 23,2m cost of the access ramp, off Brook Street, over the SARCC rail reserve, providing access to the taxi rank facilities is to be shared equally by the Municipality and the Developer.
- There are economic gains to the Municipality and Warwick Precinct in respect of the proposed R350m retail centre.