



14 November 2016

RESPONSE TO CARTE BLANCHE EPISODE ON PROPERTY DEVALUATIONS AT CITY OF JOHANNESBURG

The airing of an episode on property devaluations by Carte Blanche on the evening of 13 November 2016 refers.

This programme insinuated illegal council devaluations of certain properties and made specific reference to the Company, creating an impression that Rebosis was involved in these alleged practices.

At the outset we want to make it clear that Rebosis stands against all and any form of corruption and encourages authorities to expose and deal with such as it corrodes our country and those found guilty must be dealt with accordingly.

These allegations are completely unfounded and misleading.

Carte Blanche engaged with Rebosis on 27 October 2016 on the matter and the Company duly responded in detail on the 29 October 2016. This correspondence as well as supporting documentation is available in attachments hereto.

In 2013, following significant and unrealistic increases in property valuations from the City of Johannesburg, Rebosis appointed Hirsuflo Trading as an independent valuations' consultant to deal with the valuations' process.

Rebosis does not engage directly with council valuers but utilises valuers and specialised consultants to object to council(s) unilateral increases in valuations each year. This process commences with council valuers and failing resolution it runs through to their independent valuations' appeal board consisting of 10 (ten) members, including 7 (seven) independent members.

Of the four properties mentioned by Carte Blanche, our independent valuers objected to three properties in respect of the valuations, and one property in respect of rezoning from residential to commercial (Erf 4767) resulting in an increase in the valuation.

Two of the objections were not successful and the process went through to the valuations' appeal board and adjustments were made as per the detailed response herewith. Hirsuflo provided us with all official objection numbers and official appeal numbers. (Refer table below.)

All these objection and appeal numbers are logged and exist in the City of Johannesburg System for the period July 2013 to March 2015.

Erf	Original CoJ valuations as at June 2013	CoJ valuations role increases effected 1 July 2013	Objection number	Intervention	Appeal number	Final valuations post appeal board ruling	Difference between June 2013 & final valuations
4767	R5 750 000	R20 600 000	No objection	Rezoning from Resi to Commercial	No appeal	R20 600 000	R14 850 000
1271 Harrison Str	R37 432 500	R132 200 000	OBJ-257213	Appeal lodged	4637	R92 500 000	R55 067 500
4442	R23 000 000	R79 600 000	OBJ-266431	Appeal lodged	4639	R52 000 000	R29 000 000
5145 Braamfontein	R68 890 000	R152 200 000	SUP3-404	Supplementary objection won	No appeal	R44 700 000	(R24 190 000)
	R135 072 500					R209 800 000	R74 727 500

It is important to note that the difference from the original CoJ valuations dated June 2013 is actually R74 727 500 higher, which equates to a 55% increase in value (R135 072 500 to R209 800 000).

Our response to Carte Blanche (which information Carte Blanche conveniently ignored) stated that Erf Selby South Ext 1 increased in valuation from R0 to R120 million, which was the purchase price.

Our valuers have received official notification today that the valuation increased from zero to R58.4 million, following the Carte Blanche airing.

With regard to Erf Selby South Ext 1 we did not receive any correspondence from the municipality regarding the rates accounts for a period of time. When we informed the municipality that we were not receiving rates accounts they discovered that the erf was not on their records.

Further, as a pre-caution, not only do we utilise consultants with good credentials, we also require them to sign an indemnity whereby they undertake and warrant not to bribe nor solicit undue favour from any council officials in rendering their duties, same is attached for your information dated 03 September 2015. This is over and above the consultant's mandate and has become standard practise for Rebosis as a public entity in utilising external consultants.

We will be taking this matter up with the Mayor of Johannesburg and all other role players concerned and are engaging further with Carte Blanche, reserving all our rights, in particular our right to lodge a complaint with the Broadcasting Complaints Commission.

By order

The Board

Po Box 1099
Pinegowrie
2123

28 October 2016

Dear Ms Schwendenwein,

Your letter dated 27 October 2016 refers.

We appreciate the opportunity to respond to your query and clear the matters raised.

The valuation of properties falls under our operations unit, headed by Mr Nigel Adriaanse who deals with these valuations annually.

All municipalities, including The City of Johannesburg periodically re-values properties on an annual basis. This process makes provision for property owners to appeal the municipality's assessment, based on valuations provided by qualified, independent third party practitioners. Accordingly it is common practice in the property sector to make use of valuers and consultants to engage directly with municipalities on valuation matters.

The properties mentioned in your report were re-valued by the municipality in 2015. Over a number of months in 2015 and 2016 our rates consultant (Hirsuflo Trading) placed on record our objections to these excessive valuation increases.

The matter was eventually heard by the Valuations Appeal Board, who subsequently found in our favour. (Kindly refer to the documentation attached).

We assume that the valuations would have been made on the system at the City of Johannesburg, pursuant the approvals from the Valuations Appeal Board.

It therefore follows that your information could be factually incorrect in its assumptions of the valuations settled on with the Valuations Appeal Board:

1. Erf 5145 was re-valued at R44.7 million (from the initial R152.2 million)
2. Erf 4767 in fact increased in valuation to R20.6 million (from the initial R3.0 million)
3. Erf 4442 was re-valued at R52 million (from the initial R76.6 million)
4. Erf 1271 was re-valued at R92.5 million (from the original R132.1 million)

Point 5 of your letter states that *"ERF: Selby South Ext 1.... was devalued from R0 to R120,000,000."*

We wish to point out that Erf Selby South Ext 1 in fact increased in valuation from R0 to R120 million.

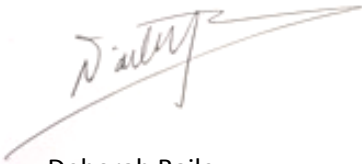
With regard to Erf Selby South Ext 1 we did not receive any correspondence from the municipality regarding the rates accounts for a period of time. When we informed the municipality that we were not receiving rates

accounts they discovered that the erf was not on their records and subsequently valued the property at R120 million.


Our policy is that all valuation appeals are done on a transparent and legitimate basis. Furthermore, and as a cautionary practice, we insist on consultants dealing with third party authorities to sign an anti-corruption agreement over and above their normal mandate terms.

We believe that due process was followed with regards to the revaluations of the above properties.



Regards



Deborah Bailey
Group Marketing Manager

 Physical address
Tulbagh North
369 Oak Avenue
Randburg 2194 South Africa

 P O Box 1099 Pinegowrie 2123

 Telephone +27 (0) 11 886 8899
 www.cartelblanche.co.za

Thursday, October 27, 2016

Mr. / Ms,

I am a journalist at the television programme Carte Blanche. We are currently producing a story on the City of Johannesburg's property rates and taxes.

As part of our investigation, a report has come to light which found that 22 properties were devalued. Employees at the City of Joburg were alleged to have altered these values. According to the City's LIS system 4 Rebasis property's:

1. ERF 5145 Johannesburg, 86 Juta Street was devalued from R152,200,000 to R64,000,000.
2. ERF 4767 Johannesburg, 119 Commissioner Street was devalued from R20,600,000 to R3,000,000.
3. ERF 4442 Johannesburg, 95 Albertina Sisulu Road was devalued from R76,600,000 to R19,000,000.
4. ERF 1271 of Marshalls Town, 24 Harrison Street was devalued from R132,100,000 to R30,000,000.

Our investigation showed that after this report a 5th property was also devalued.

5. ERF: Selby South Ext 1, 2 John Street West was devalued from R0 to R120,000,000.

This would have resulted in a decrease in property rates and taxes.

Are you aware of this and can you explain how this could have happened?

We would like to request an on-camera interview with you regarding this report and its findings. We would appreciate a response **by Tomorrow 5pm, 28 October, 2016**. The latest we **can accommodate the interview is Monday, 31 October, 2016**.

Thank-you kindly,



Sasha Schwendenwein
Researcher: Carte Blanche
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www.carteblanche.co.za



A Combined Artists production



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City of Johannesburg
Group Finance: Valuation Services

Valuation Department
4th Floor, 'A' Block
Metropolitan Centre
158 Civic Boulevard
(previously 158 Loveday
Street)

PO Box 32422
Braamfontein
2017

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HIRSUFLO TRADING
35 BALLY DRIVE
BALLY OAKS HOUSE
BRYANSTON
2021

16-Sep-16

NOTICE

Notifications of outcome of objection in terms of Section 53(1) of the Municipal Property rates act No 6 of 2004.

Description of Property: **ERF 5145 JOHANNESBURG**

Notice is hereby given in terms of section 51 of the Municipal Property Rates Act No.6 of 2004 that the objection SUP 3-404 against an entry to the above property in or omitted from the Supplementary Valuation Roll 3 of the General Valuation Roll 2013 (GV2013) has been considered by the Municipal valuer, and his decision is as follows:

Supplementary Valuation Roll 3 (GV2013)		Municipal Valuer Decision	
Value:	R 152 200 000		R 44 730 000
Area (sq m):	4210		4210
Category:	Business & Commercial		Business & Commercial
Effective Date	2013/07/01		2013/07/01
Remarks:			

Kindly note that in terms of Section 52 of the Municipal Property Rates Act No.6 of 2004, if the value has changed by more than 10% upwards or downwards, an automatic review by the Valuation Appeal Board will be conducted who may confirm, amend or revoke the decision.

Right of Appeal:

In terms of Section 54(1) an appeal to the Appeal Board against the above decision may be lodged in the prescribed manner (forms available at our offices) on or before 15.00 PM on **04-Nov-16** by **HAND** at:

Valuation Department (Administration)
Metropolitan Centre
2nd Floor
'B' Block
158 Civic Boulevard
Braamfontein.

Kindly bring along this notice when submitting your appeal, as this will expedite the submission process.

No form of electronic, e-mail or facsimile submissions will be accepted.

Kindly note that objections against issues other than the above (eg. Owners name, street address etc) are not dealt with as an objection, but as an amendment to the Valuation Roll in terms of the Section 79 of the above Act.

For any enquiries please contact us on 011 407 6408 or 011 407 6622

F.P.J. Eloff
Municipal Valuer
Supplementary Valuation Roll (3) GV2013

OBJ. No SUP 3-404



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City of Johannesburg
Finance & Valuation Services

Metropolitan Centre
158 Civic Boulevard
Braamfontein

PO Box 32422
Braamfontein
2017

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6606
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**HIRSUFLO TRADING
35 BALLYCLARE DRIVE
BALLY OAKS
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2021
DEE@HIRSUFLO.CO.ZA**

3 June 2016

Dear Sir/Madam

**VALUATION APPEAL BOARD: OUTCOME-APPEAL DECISIONS FOR THE
GENERAL VALUATION ROLL 2013**

With reference to the above matter, I wish to advise that the Valuation Appeal Board for the property description below:

<i>Township</i>	<i>Erf</i>	<i>Portion</i>	<i>RE</i>	<i>Objection number</i>	<i>Appeal number</i>
JOHANNESBURG	4442	0	0	OBJ-266431	4639

Resolved inter alia as follows:

Property Category	Area	Value
BUSINESS & COMMERCIAL	1488	R 52 000 000

The value will be accordingly adjusted to the implementation date being: **1 July 2013**

If you feel aggrieved by the above decision, you are well within your rights to take the matter on review to the High Court of South Africa at your own cost.

Regards,

Adèle de Beer
Secretary: Valuation Appeal Board
Tel : (011) 407-6402 or
Tel: (011) 407-6408



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City of Johannesburg
Finance & Valuation Services

Metropolitan Centre
158 Civic Boulevard
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**HIRSUFLO TRADING
35 BALLYCLARE DRIVE
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DEE@HIRSUFLO.CO.ZA**

3 June 2016

Dear Sir/Madam

**VALUATION APPEAL BOARD: OUTCOME-APPEAL DECISIONS FOR THE
GENERAL VALUATION ROLL 2013**

With reference to the above matter, I wish to advise that the Valuation Appeal Board for the property description below:

<i>Township</i>	<i>Erf</i>	<i>Portion</i>	<i>RE</i>	<i>Objection number</i>	<i>Appeal number</i>
MARSHALLS TOWN	1271	0	0	OBJ-257213	4637

Resolved inter alia as follows:

Property Category	Area	Value
BUSINESS & COMMERCIAL	3716	R 92 550 000

The value will be accordingly adjusted to the implementation date being: **1 July 2013**

If you feel aggrieved by the above decision, you are well within your rights to take the matter on review to the High Court of South Africa at your own cost.

Regards,

Adèle de Beer
Secretary: Valuation Appeal Board
Tel : (011) 407-6402 or
Tel: (011) 407-6408

4767

64 Eloff

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Computer generated

COPY OF TAX INVOICE

REBOSIS PROPERTY FUND LTD
64 ELOFF EXT STREET
JOHANNESBURG
2001

You can contact us in the following ways

Phone:
Tel: 0860 56 28 74
Fax: (011) 358-3408/9

Correspondence:
P O BOX 5000
JOHANNESBURG
2000

E-mail:
joburgconnect@joburg.org.za

VAT NO: CITY OF JOHANNESBURG: 4760117194
VAT NO: JOHANNESBURG WATER: 4270191077

VAT NO: PIKITUP: 4790191292
VAT NO: CITY POWER: 4710191182

Date	2016/10/12
Statement for	October 2016
Physical Address	64 ELOFF EXT STREET
Stand No./Portion	00004767 - 00000 - 00
Township	JOHANNESBURG

Stand Size	Number of Dwellings	Date of Valuation	Portion	Municipal Valuation	Region
993 m2	1	2013/07/01	J	Market Value R 20,600,000.00	Region F WARD 60

Invoice Number: 600001361765

Next Reading Date: 2016/11/02

Client VAT Number:

Deposit: R 146,500.19

Account Number: 552389347**PIN CODE: xxxxxx**

Previous Account Balance

740,358.00

Less: Incoming Payment (Last Payment Made 2016/10/04)

- 57,826.41

Sub Total

682,531.59

Interest on Arrears

340.57

Current Charges (Excl. VAT)

61,491.74

VAT @ 14%

4,287.20

90 DAYS +	60 DAYS	30 DAYS	CURRENT	INSTALMENT PLAN	TOTAL AMOUNT OUTSTANDING	Total Due	748,651.10
524,842.06	5,562.53	40,240.18	178,006.33	0.00	748,651.10	Due Date	2016/11/02

You are hereby notified that unless immediate payment of the outstanding amount is made the Council will issue instruction to cut off services and institute legal action.



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Remittance Advice:

This stub must accompany payment,
please do not detach if paying at the post office



EasyPay 91115 5523893476



Postal Office 0146 552389347



516008800111159 55238934702

Date: 2016/10/12 REBOSIS PROPERTY FUND LTD
Acc. No.: 552389347 64 ELOFF EXT STREET

Standard Bank City of Johannesburg Banking details:

Internet banking - Use the banks pre-loaded Company details
SBSA branch deposits - CIN no AA45 to be used in place of bank acc. nr.
Client Account No/Deposit Reference 552389347

Total Due 748,651.10
Due Date 2016/11/02

HIRSUFLO TRADING CC
RATES DISPUTE DEPARTMENT
28 August 2015

Dear Sir/Madam

INDEMNITY

We, the undersigned

HIRSUFLO TRADING CC REGISTRATION NUMBER 2010/051763/23 ("HIRSUFLO")

Do hereby declare and state the following:

1. On or about 15th January 2015, Hirsuflo entered into a mandate agreement with Rebasis Property Fund, registration number 2010/003468/06 ("Rebasis") in terms whereof Rebasis appointed and authorised Hirsuflo to *inter alia* attend to the lodgement of an objection with the City of Johannesburg in respect of the municipal property valuations in the Rebasis portfolio:
 - 1.1 Arbour Square
 - 1.2 28 Harrison Street/Fox street/Drummond Garage
 - 1.3 64 Eloff street
 - 1.4 18 Rissik Street
 - 1.5 99 Market street
 - 1.6 124 Main street ("the properties") on behalf of Rebasis and to attend any appeal hearings pertaining to the objection in question, in order to reduce the valuations of the properties in the Rebasis portfolio ("the Services")
2. In executing the Services, Hirsuflo warrants that it understands its obligations under the Prevention and Combating Corrupt Activities Act No. 12 of 2004.
3. Hirsuflo warrants that neither Hirsuflo nor any principal, officer, employee or director of Hirsuflo is or has been subject to the following:
 - 3.1 Convicted or charged with any crime involving public corruption.
 - 3.2 The target or subject of any criminal investigation involving public corruption or other criminal wrongdoing.

4. As an ongoing warranty throughout the term of Hirsuflo's engagement and/or affiliation with Rebasis, Hirsuflo warrants that it shall not make, or authorize or tolerate to be made, in the performance of any of its obligations and/or the Services, any payments, loans or gifts, or promises or offers of payments, loans or gifts, of any money or anything of value, directly or indirectly, to or for the use or benefit of any person including without limitation an official employee of any government, or the agencies or instrumentalities of any such government, to any political party of official or candidate thereof, the making of which would violate either the anticorruption laws or policies of the Republic of South Africa.
5. Hirsuflo consents to Rebasis the right to review Hirsuflo's books and records relevant to Rebasis' account at any time with reasonable notice, to ensure that no such payments, loans or gifts, or promises or offers of payments, loans or gifts, are being made.
6. Hirsuflo acknowledges that the work is undertaken as a specialist service and will be rendered in a professional and diligent manner like any other professional service to a third party with the requisite duty of care to Rebasis.
7. If Hirsuflo breaches any of the covenants set forth in this section: -
 - 7.1 Rebasis shall have a right of action against Hirsuflo for the amount of any monetary payment or thing of value made or given by Hirsuflo in breach of any of the above-mentioned covenants;
 - 7.2 All obligations by Rebasis to pay any fees or monies to Hirsuflo shall cease immediately and without notice; and
 - 7.3 Rebasis may, in its sole discretion, rescind any mandate that it may have given Hirsuflo and Hirsuflo shall hold harmless and indemnify Rebasis from any damage or loss, of whatever kind or nature, arising from any transaction in violation of this indemnity.

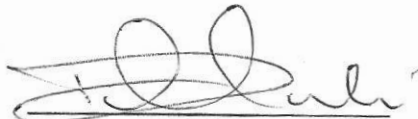
THUS DONE AND SIGNED AT FOURWAYS ON THIS 3RD DAY OF SEPTEMBER 2015



ERNEST GUMBO

ID NO : BN 640251

DULY AUTHORISED HERETO



DARLINGTON MATINYADZA

ID NO : DN 148572

DULY AUTHORISED HERETO