

THE MEWS

INCOME-GENERATING ACCOMMODATION

*The real investment opportunity
lies in what it could become.*



FOR SALE

R6 995 000

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THE MEWS

Investor Information Memorandum

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◇ 1. EXECUTIVE SUMMARY

The Mews

Boutique Residential Redevelopment Opportunity

Makhanda, Eastern Cape

The Mews presents a rare opportunity to acquire a substantial multi-erven property with existing income and credible redevelopment potential in a university-driven rental market.

Currently configured as a multi-unit residential asset with 15 income-producing en-suite rooms (and 2 additional rooms nearing completion), the property occupies approximately 1 584m² across four erven and includes approximately 925m² of existing improvements.

The existing courtyard configuration, service infrastructure and building footprint provide a strong platform for repositioning into a boutique managed residential development targeting senior students, postgraduates and young professionals.

Preliminary concept analysis indicates potential densification to approximately 20–24 self-contained units, supported by communal amenities such as study lounge facilities, shared courtyard activation and managed services.

At current pricing, the acquisition cost per potential unit compares favourably with replacement cost benchmarks, creating a compelling entry point for value-add investors.

Based on indicative rental assumptions in the R9 000 – R10 500 per month range, stabilised gross income potential is estimated at approximately R2.6m – R3.0m per annum, subject to execution and market positioning.

The asset offers multiple strategic pathways:

- Hold as an income-producing residential investment
- Incremental densification and rental enhancement
- Full repositioning as a premium courtyard residential scheme
- Potential sectionalisation exit strategy

The Mews represents a scalable boutique redevelopment opportunity in a constrained supply environment with sustained accommodation demand.

The asking price is R6 995 000. All serious offers will be considered.

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◇ 2. PROPERTY OVERVIEW

Land Holding & Title Configuration

The Mews comprises a consolidated landholding historically formed through the amalgamation of five erven, namely:

- Erf 3814
- Erf 3815
- Erf 3816
- Erf 3844
- Erf 3845

These erven were consolidated in terms of an approved land survey process in 1981 to form **Erf 8084**, with a combined site extent of approximately **1 584m²**.

While the consolidation was affected at survey level, it has not been formally registered in the Deeds Office. As a result, the property remains legally constituted as five separate erven for transfer purposes.

Accordingly, a purchaser would acquire the five erven simultaneously, with the option to complete formal consolidation post-transfer if aligned with development strategy.

This title configuration does not preclude redevelopment potential but introduces a degree of transactional and planning flexibility that may be advantageous in structuring phased development or sectionalisation strategies.

Ownership Structure

The land and buildings are owned by:

Zacharellis Hotel Enterprises (Pty) Ltd

The shareholder of the company is:

Zacharellis Family Trust

The Trust's representative, **Ms Anastasia Zacharellis**, acts as the authorised decision-maker in respect of property sale considerations.

Movable assets associated with the current operation are held separately and are owned by the Zacharellis Family Trust.

The separation of immovable and movable ownership enables transaction structuring flexibility depending on investor requirements.

Site Characteristics

The combined landholding functions operationally as a single integrated property with:

- Central courtyard configuration
- Existing multi-building improvements
- Internal circulation between structures
- Established service infrastructure
- Mixed residential and commercial components

The built form has evolved historically in response to hospitality use, and now supports a transition toward residential accommodation.

The spatial configuration provides a foundation for adaptive reuse and medium-density residential redevelopment aligned with the proposed repositioning strategy.

Planning Context

The historical consolidation and unified operational use of the property provide a basis for planning engagement around densification and redevelopment.

Formal consolidation post-acquisition may be considered as part of a broader development strategy, subject to investor preference and planning advice.

◇ 3. LOCATION & DEMAND DRIVERS

Makhanda – Institutional Demand Anchor

The Mews is situated in Makhanda, a university-anchored town with a structurally stable accommodation demand profile driven primarily by the presence of **Rhodes University** and associated institutional activity.

The university represents the dominant economic driver in the local property market, supporting consistent residential demand across multiple accommodation segments. Student enrolment levels, combined with academic, administrative and visiting professional presence, contribute to sustained year-round housing requirements.

Central Positioning & Accessibility

The property occupies a central urban location within walking distance of key institutional, commercial and civic amenities.

This positioning enhances its suitability for residential use, particularly for:

- Senior students seeking independence from campus housing
- Postgraduate and international students requiring proximity to academic facilities
- Young professionals working within the institutional or local business environment

Central location advantages are particularly relevant in smaller university towns, where walkability and access to services materially influence accommodation preferences.

Demand Structure within the Student Market

A significant proportion of the local student population resides in private accommodation outside university residences.

This cohort includes:

- Self-funded domestic students
- International students
- Senior undergraduate and postgraduate students

These segments typically demonstrate:

- Greater willingness to pay for improved accommodation quality
- Preference for privacy and security
- Demand for reliable infrastructure and professionally managed living environments

The shift away from traditional shared housing toward more structured residential formats represents an emerging trend within the local rental market.

Limited Supply of Managed Medium-Density Accommodation

The broader accommodation landscape in Makhanda remains characterised by:

- Fragmented privately owned housing stock
- Aging building infrastructure
- Limited availability of professionally managed residential developments
- Predominance of shared housing models

This creates a supply gap within the upper segment of the rental market, particularly for tenants seeking self-contained units within secure, curated environments.

The proposed repositioning of The Mews seeks to address this gap through the introduction of a boutique medium-density residential offering.

Institutional & Professional Demand Spillover

Beyond student demand, the town supports additional residential requirements associated with:

- Visiting academics and researchers
- Institutional staff
- Early-career professionals
- Contract-based project personnel

These groups often require medium-term accommodation solutions that balance independence with service reliability.

Such demand provides an additional layer of rental resilience beyond the traditional academic calendar cycle.

Strategic Market Positioning

The redevelopment concept positions The Mews within a differentiated segment of the local market defined by:

- Managed residential environments
- Medium-density courtyard living
- Premium but not luxury rental pricing
- Academic and professional tenant targeting

This positioning aims to capture a niche demand profile that is under-served by existing accommodation stock while remaining aligned with local affordability thresholds.

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◇ 4. EXISTING INCOME PROFILE

Overview

The Mews currently operates as a multi-unit residential accommodation property with limited associated commercial and owner-occupied components.

The existing configuration provides a base level of income generation which may support short-term holding strategies while planning, design and redevelopment processes are undertaken.

This distinguishes the asset from vacant development sites and allows investors to balance redevelopment timing with ongoing cash flow considerations.

Residential Rental Income

At the time of preparation of this memorandum, the property generates gross residential rental income of approximately:

R76 000 per month

(excluding VAT; inclusive of Wi-Fi, security and water services).

Residential accommodation comprises a series of en-suite rooms and a double-storey flat, generally leased in alignment with the academic rental cycle.

All current residential leases are understood to expire on or about **1 December**, reflecting a student-driven tenancy structure.

Rental levels currently range from approximately:

- Lower band: ±R4 500 per month
- Mid band: ±R5 000 – R6 000 per month
- Upper band: ±R10 000 – R10 800 per month

This rental spread reflects variations in unit size, configuration and perceived accommodation quality.

Lease Stability & Occupancy Dynamics

The existing income stream is influenced by the academic performance cycle, with potential mid-year vacancy risk where tenants may not continue their studies.

Accordingly, income continuity should not be assumed to be contractually uniform across the full academic year. Investors may wish to negotiate minimum income warranties or lease

certification arrangements at transfer to mitigate short-term cash flow uncertainty during redevelopment planning phases.

Non-Income-Producing Components

Certain areas of the property are currently:

- Owner-occupied
- Used for operational hospitality purposes
- Held for potential adaptive reuse

These include:

- Restaurant facilities
- Takeaway trading areas
- Office and reception spaces
- Music venue and bar areas
- Ancillary kitchen facilities

While these areas do not currently contribute rental income, they represent redevelopment potential and may support future value-creation strategies.

Holding Strategy Implications

The existing rental base provides:

- Immediate income support post-acquisition
- Market validation of accommodation demand
- Flexibility for phased redevelopment implementation

However, the current income profile should be regarded as transitional rather than stabilised, given the anticipated repositioning of the asset.

Investors should therefore evaluate holding strategies within the context of redevelopment timelines, lease restructuring potential and operational repositioning objectives.

Income Optimisation Potential

Prior to full redevelopment, opportunities may exist to enhance short-term income performance through:

- Selective refurbishment
- Rental repositioning
- Lease restructuring
- Operational efficiency improvements

Such interventions may improve cash flow resilience while longer-term planning processes are undertaken.

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◇ 5. DEVELOPMENT CONCEPT NARRATIVE

The Mews – Courtyard Residential Repositioning Strategy

The Mews presents an opportunity to reposition an existing multi-building property into a cohesive boutique residential scheme centred around secure courtyard living.

Unlike many redevelopment opportunities that require extensive demolition or greenfield construction, the existing building footprint and spatial arrangement already lend themselves to a managed, medium-density residential model.

The internal courtyard configuration, anchored by a swimming pool and supported by existing circulation patterns, provides a natural focal point around which a curated residential environment can be created.

The proposed development concept envisages the transformation of the current room-based configuration into approximately 20–24 self-contained residential units, complemented by shared lifestyle and academic support amenities.

This repositioning would shift the asset from a traditional student lodging format to a professionally managed residential offering targeting:

- Senior undergraduate students
- Postgraduate and international students
- Early-career professionals
- Academic staff and visiting professionals

The objective is to create a differentiated accommodation product characterised by:

- Security and controlled access
- Private, self-contained living spaces
- Managed communal facilities
- Lifestyle-oriented courtyard activation
- Reliable infrastructure and services

The dormant restaurant and kitchen areas present opportunities for adaptive reuse into high-value communal functions such as study lounge facilities, co-working areas or fitness spaces, thereby enhancing both tenant experience and rental defensibility.

Similarly, the existing laundry infrastructure supports the managed-living positioning, reducing the need for significant new service installations.

The adjacent municipal parking area offers additional strategic flexibility, allowing for enhanced parking provision without materially compromising internal spatial efficiency.

From an architectural perspective, the development concept aligns with contemporary urban residential trends favouring:

- Medium-density living
- Shared amenity environments
- Secure internalised courtyards
- Walkable central locations

In a market characterised by fragmented and often aging accommodation stock, The Mews provides a platform for the creation of a boutique residential precinct with strong identity and operational coherence.

The concept supports both phased implementation and full redevelopment strategies, enabling investors to balance capital deployment with market absorption considerations.

Ultimately, the repositioning strategy is underpinned by the premise that well-designed, professionally managed residential environments can command premium rentals even in smaller university-driven towns where supply at this quality level remains constrained.

6. FINANCIAL SUMMARY SECTION

Concept Financial Overview

Preliminary feasibility modelling has been undertaken to assess the potential performance of a repositioned residential scheme at The Mews.

Key Assumptions

- Potential unit count: 20 – 24 units
- Rental range: R9 000 – R10 500 per unit per month
- Occupancy stabilisation assumption: 90%
- Operating cost assumption: $\pm 30\%$ of effective gross income

Indicative Stabilised Income

Conservative Scenario (R9 000 average rental):

Gross income: $\pm R2.6m$ per annum

Net operating income: $\pm R1.6m$

Base Case Scenario (R9 500 average rental):

Gross income: $\pm R2.7m$ per annum

Net operating income: $\pm R1.7m$

Optimistic Scenario (R10 500 average rental):

Gross income: $\pm R3.0m$ per annum

Net operating income: $\pm R1.9m$

Indicative Project Cost Range

Acquisition: R5.5m

Transaction costs: $\pm R450k$

Conversion / refurbishment: $\pm R3.5m - R5.0m$

Estimated total project cost:

$\pm R9.5m - R11.0m$

Yield Sensitivity

Indicative stabilised yield range:

$\pm 15\% - 20\%$ depending on rental performance and capital deployment.

These figures are indicative and intended to guide initial feasibility assessment.

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◇ 7. PLANNING & DENSITY POTENTIAL

The Mews represents an adaptive reuse redevelopment opportunity characterised by an established built form and historically integrated landholding.

The property's spatial configuration, coupled with its central urban positioning, provides a credible basis for medium-density residential intensification subject to standard planning approvals.

Existing Development Footprint

The site comprises a consolidated operational landholding historically formed through the amalgamation of multiple erven.

The existing building footprint reflects legacy hospitality use and provides:

- Established structural massing
- Internal circulation patterns
- Service infrastructure integration
- Courtyard-oriented spatial organisation

These characteristics materially reduce the complexity associated with greenfield development and support adaptive reuse strategies.

Densification Rationale

Preliminary concept analysis indicates potential to reconfigure the existing improvements to achieve approximately 20–24 self-contained residential units.

This densification range is informed by:

- Existing gross building area
- Courtyard spatial configuration
- Typical unit size efficiencies
- Circulation optimisation opportunities
- Potential adaptive reuse of underutilised spaces

The proposed density is consistent with medium-density urban residential formats commonly associated with university-driven accommodation markets.

Planning Engagement Context

Any redevelopment strategy will require engagement with the relevant municipal planning authority to confirm:

- Zoning parameters and permissible land uses
- Density and coverage thresholds
- Parking requirements
- Heritage considerations (if applicable)
- Building line and height restrictions

Early-stage planning consultation is anticipated to form part of the investor due diligence process.

The historical operational integration of the site may support a pragmatic planning approach aligned with adaptive reuse principles.

Strategic Planning Flexibility

The legal status of the underlying erven, together with their historical functional consolidation, provides investors with flexibility in structuring redevelopment outcomes.

Potential options include:

- Formal consolidation post-acquisition
- Phased planning applications
- Partial redevelopment sequencing
- Sectionalisation frameworks

This flexibility may support risk-managed development strategies aligned with market absorption dynamics.

Density & Market Alignment

The boutique scale of the proposed densification strategy reduces exposure to oversupply risk while enabling the creation of a differentiated residential product.

The proposed density level is intended to balance:

- Development efficiency
- Tenant experience quality
- Infrastructure capacity considerations
- Market absorption capability

This approach supports a sustainable redevelopment framework responsive to local demand conditions.

Planning Risk Positioning

While all redevelopment initiatives are subject to regulatory approval processes, the adaptive reuse nature of The Mews provides a foundation for planning engagement based on:

- Existing built environment integration
- Established service infrastructure
- Central urban context
- Institutional demand drivers

These factors collectively support a credible case for medium-density residential intensification.

◇ 8. MUNICIPAL SERVICES & INFRASTRUCTURE

Overview

The property is connected to established municipal service infrastructure including electricity, sewerage and refuse services. The current billing structure reflects the historic hospitality and mixed-use operational configuration of the asset.

As part of any redevelopment or repositioning strategy, investors should anticipate a review and rationalisation of municipal service arrangements to align with future residential use.

Electricity Supply & Tariff Structure

The current electricity billing reflects legacy operational usage patterns associated with prior hotel and commercial activities.

Properties of this nature are often billed under commercial or mixed tariff categories, which may include demand-based charges and non-residential pricing structures.

A redevelopment strategy focused on residential accommodation would typically involve:

- Review of tariff classification
- Potential reconfiguration of supply points
- Introduction of sub-metering or prepaid metering
- Load management and infrastructure optimisation

Such interventions can materially improve operating cost efficiency and enhance yield performance.

Electricity cost rationalisation therefore represents a potential value-creation lever within the redevelopment framework.

Water Billing Position

Current municipal statements do not reflect water consumption charges.

This is likely attributable to historic billing arrangements, classification anomalies or legacy metering configurations associated with the previous hospitality operation.

Investors should assume that under a repositioned residential configuration:

- Water consumption charges would be normalised
- Modern metering strategies would be implemented
- Utility recovery mechanisms could be introduced

Accordingly, current billing patterns should not be interpreted as indicative of future operating cost structures.

Sewerage & Refuse Services

Sewerage and refuse charges are currently levied in accordance with the property's historic operational profile.

Redevelopment and densification may necessitate:

- Reassessment of service capacity
- Adjustment of service tariffs
- Reconfiguration of waste management arrangements

These considerations form part of standard redevelopment due diligence and infrastructure planning processes.

Municipal Account Position

The municipal account reflects historical arrears associated with prior operational periods.

Settlement of municipal balances and confirmation of service status will form part of transaction structuring and due diligence processes.

This is typical in the repositioning of legacy hospitality assets and does not preclude redevelopment feasibility.

Infrastructure Optimisation Potential

The repositioning of The Mews provides an opportunity to modernise service infrastructure in alignment with contemporary residential development standards.

Potential interventions may include:

- Meter rationalisation
- Energy efficiency upgrades
- Utility cost recovery systems
- Integration of backup power solutions
- Phased infrastructure enhancement

Such measures can contribute to improved operational resilience and long-term asset performance.

◇ 9. UTILITIES OPTIMISATION STRATEGY

The repositioning of The Mews presents a structured opportunity to rationalise and modernise service infrastructure in alignment with a medium-density residential development model.

Legacy hospitality and mixed-use operational configurations often result in utility billing and infrastructure arrangements that are not optimally aligned with contemporary residential asset management practices.

As part of the redevelopment process, a comprehensive utilities optimisation programme may be implemented to enhance operational efficiency and long-term asset performance.

Electricity Rationalisation

A transition from historic commercial-style electricity consumption patterns to a residentially optimised configuration may provide meaningful operating cost improvements.

Potential interventions include:

- Tariff reclassification aligned with residential use
- Introduction of unit-level sub-metering or prepaid metering
- Load balancing and infrastructure rationalisation
- Integration of energy-efficient lighting and building systems
- Potential incorporation of backup power or renewable energy solutions

These measures can enable more predictable cost recovery and improved tenant accountability for energy consumption.

Water & Sanitation Management

Future ownership should anticipate the normalisation of water consumption billing and associated service charges.

Redevelopment provides an opportunity to introduce:

- Modern water metering strategies
- Consumption-based cost recovery mechanisms
- Leak detection and infrastructure upgrades
- Water storage and resilience planning

Such measures support both operational efficiency and environmental sustainability.

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Waste & Refuse Optimisation

A managed residential configuration allows for the implementation of structured waste management systems aligned with higher-density living environments.

This may include:

- Centralised refuse handling solutions
- Improved waste segregation practices
- Coordination with municipal service schedules
- Potential cost efficiencies through optimised service utilisation

Infrastructure Resilience & Asset Performance

Utility optimisation strategies are not solely cost-driven but form part of broader asset performance enhancement initiatives.

Key considerations include:

- Service reliability
- Tenant satisfaction
- Risk mitigation relating to infrastructure failure
- Alignment with modern residential development standards

The ability to rationalise legacy service arrangements represents an additional value-creation lever within the redevelopment framework.

Strategic Value Implications

Effective utility optimisation can contribute to:

- Improved net operating income
- Enhanced rental defensibility
- Greater predictability of operating expenses
- Increased investor confidence in long-term asset performance

Accordingly, service infrastructure rationalisation should be viewed as an integral component of the redevelopment strategy rather than solely an operational consideration.

◆ 10. MARKET EVIDENCE & RENTAL BENCHMARK ANALYSIS

Local Rental Market Context

The residential rental market in Makhanda is primarily influenced by institutional demand linked to the presence of Rhodes University, as well as associated academic, professional and service-sector activity.

This demand base supports a consistent need for off-campus accommodation across multiple market segments, including traditional student housing, private rental accommodation and professionally managed residential offerings.

While the majority of existing rental stock is fragmented and privately operated, there is a growing trend toward demand for more structured and higher-quality residential environments.

Private Accommodation Demand Dynamics

A significant proportion of the student population resides in private accommodation outside university residences.

This includes:

- Self-funded domestic students
- International students
- Senior undergraduate cohorts
- Postgraduate and research students

These tenant groups typically demonstrate increased willingness to pay for:

- Security and managed living environments
- Self-contained accommodation formats
- Reliable service infrastructure
- Proximity to institutional and commercial amenities

This demand structure supports the emergence of differentiated accommodation products positioned above conventional shared housing models.

Rental Benchmark Indicators

Existing rental levels in the local market vary significantly depending on accommodation quality, location and management standard.

Typical rental benchmarks include:

- Shared housing rooms: lower price band, management-light
- En-suite room accommodation: mid-range pricing
- Professionally managed or recently upgraded units: upper pricing tier

Emerging evidence within the local market indicates that higher-quality accommodation offerings are increasingly achieving rental levels approaching the upper segment of the student housing spectrum.

While premium-grade, medium-density residential developments remain limited in number, the performance of upgraded or purpose-managed accommodation suggests a growing acceptance of higher rental thresholds where quality and service levels justify the premium.

Premium Rental Positioning Rationale

The proposed repositioning of The Mews seeks to align with the upper segment of the rental market by offering:

- Self-contained residential units
- Secure courtyard living environment
- Managed communal amenities
- Reliable infrastructure and service provision

This positioning differentiates the asset from traditional student housing while remaining aligned with local affordability parameters for the targeted tenant segments.

The boutique scale of the proposed development further supports rental defensibility by limiting reliance on large-scale market absorption.

Market Supply Constraints

The Makhanda accommodation landscape remains characterised by:

- Limited availability of professionally managed medium-density residential schemes
- Aging building stock in key private rental areas
- Predominance of shared housing models
- Incremental rather than coordinated redevelopment patterns

These factors contribute to constrained supply within the premium segment, creating an opportunity for differentiated residential offerings.

Rental Sensitivity Considerations

While the local market is price sensitive in lower-income segments, targeted tenant cohorts demonstrate capacity to absorb higher rental levels where accommodation quality, location and management standards align with expectations.

Accordingly, rental assumptions within feasibility modelling should be evaluated within the context of:

- Product differentiation
- Operational execution quality
- Tenant segment targeting
- Phased market entry strategy

This approach supports prudent financial planning while recognising evolving demand dynamics within the local residential market.

◆ 11. COMPETITIVE POSITIONING MATRIX

Competitive Positioning Matrix

The proposed repositioning of The Mews is intended to differentiate the asset from both traditional student housing stock and fragmented private rental accommodation.

The matrix below illustrates the relative positioning of The Mews within the local accommodation landscape.

Accommodation Market Positioning Comparison

Attribute	Traditional Shared Housing	Basic En-Suite Accommodation	Upgraded Private Rentals	Proposed The Mews Concept
Privacy	Low	Moderate	Moderate	High
Security	Variable	Moderate	Moderate	High
Management Structure	Informal	Limited	Mixed	Professional
Unit Configuration	Shared	Room-based	Mixed	Self-contained
Communal Amenities	Minimal	Limited	Variable	Curated
Infrastructure Reliability	Variable	Moderate	Moderate	Enhanced
Tenant Profile	Price-sensitive students	Transitional tenants	Mixed	Upper student / young professional
Rental Positioning	Lower segment	Mid segment	Upper-mid segment	Premium-mid segment
Market Supply	Abundant	Moderate	Limited	Scarce
Lifestyle Offering	Functional	Basic	Moderate	Experience-driven

Strategic Differentiation

The repositioned concept for The Mews seeks to create a residential product that combines:

- The accessibility of student-oriented accommodation
- The privacy and independence of self-contained units
- The operational reliability of professionally managed environments
- The lifestyle appeal of courtyard-centred living

This positioning aims to capture a niche segment within the local market that is currently underserved by existing accommodation formats.

Competitive Advantage Drivers

Key factors supporting the competitive positioning of The Mews include:

- Central location within an institutional demand environment
- Established built form suitable for adaptive reuse
- Boutique development scale enabling curated tenant experience
- Potential for managed communal amenities
- Differentiated design identity relative to fragmented housing stock

These attributes collectively support rental defensibility and long-term asset performance.

◇ 12. TARGET TENANT PROFILE & DEMAND JUSTIFICATION

The repositioning strategy for The Mews is predicated on targeting a clearly defined and economically viable segment of the local residential rental market.

Unlike traditional student accommodation models that rely primarily on volume-driven, price-sensitive demand, the proposed concept seeks to attract tenants who prioritise security, independence, quality of living environment and professional management.

Primary Target Segments

Senior Undergraduate Students

A significant proportion of students in later years of study transition away from traditional shared housing arrangements in favour of more private, structured living environments. This segment typically benefits from increased financial support and demonstrates a willingness to pay for improved accommodation quality and stability.

Postgraduate and International Students

Postgraduate students, as well as international cohorts, often seek accommodation that aligns with academic demands and lifestyle expectations. Demand drivers for this segment include quiet study environments, reliable infrastructure, and proximity to campus and amenities.

Young Professionals and Academic Staff

The local economy supports a steady inflow of early-career professionals, visiting academics and institutional staff requiring medium-term accommodation. These tenants typically value managed residential environments offering convenience, security and minimal operational responsibility.

Demand Context

The broader rental market within Makhanda is characterised by:

- A substantial population of self-funded students residing off-campus
- Limited availability of professionally managed, medium-density residential developments
- An aging stock of fragmented private housing offerings
- Growing preference among certain tenant segments for structured living environments

These conditions create an opportunity for differentiated accommodation products positioned above traditional student housing in terms of quality, management and amenity provision.

Rental Defensibility

Premium rental positioning is supported by the convergence of several factors:

- Central location and accessibility
- Security-focused courtyard configuration
- Private, self-contained unit design
- Availability of shared academic and lifestyle amenities
- Managed service environment

This combination enables the repositioned asset to appeal to tenants seeking a balance between independence and community, while also supporting rental levels above the prevailing average for conventional student housing.

Market Absorption Considerations

Given the proposed boutique scale of approximately 20–24 units, the development is not reliant on capturing a large share of the broader rental market. Instead, the strategy focuses on securing a relatively small but financially robust tenant cohort within the upper segment of the local demand profile.

This targeted approach reduces exposure to oversupply risk and supports phased leasing strategies aligned with academic calendar cycles.

◇ 13. DEVELOPMENT PHASING STRATEGY

The redevelopment potential of The Mews lends itself to a phased implementation approach, enabling investors to align capital deployment with market absorption and operational performance.

Unlike greenfield development opportunities that typically require full upfront capital commitment, the existing built form and income-producing configuration allow for staged transformation while maintaining ongoing revenue generation.

Phase 1 – Stabilisation & Income Optimisation

The initial phase would focus on consolidating existing operations and enhancing rental performance within the current configuration.

Key interventions may include:

- Completion and activation of additional rooms nearing readiness
- Incremental refurbishment of existing units to improve rental defensibility
- Operational streamlining and cost management
- Establishment of consistent management standards
- Strategic repositioning of the asset's market perception

This phase enables investors to generate cash flow while undertaking detailed planning, architectural design and approval processes.

Phase 2 – Adaptive Reuse & Amenity Creation

The second phase would involve the targeted conversion of underutilised spaces into high-value communal amenities that support the premium positioning strategy.

Potential adaptive reuse opportunities include:

- Conversion of dormant restaurant and kitchen areas into study lounge or co-working environments
- Introduction of fitness or wellness facilities
- Enhancement of courtyard activation and landscaping
- Upgrading of service infrastructure to support increased density

This stage enhances tenant experience and strengthens the asset's rental differentiation.

Phase 3 – Densification & Unit Reconfiguration

The final phase would involve the reconfiguration of existing spatial arrangements to achieve the target unit count of approximately 20–24 self-contained residential units, subject to planning approvals.

This may include:

- Subdivision and consolidation of internal layouts
- Introduction of compact, efficiently designed studio or one-bedroom units
- Upgrading of circulation and access systems
- Integration of security and building management systems

The phased densification approach allows capital expenditure to be matched to leasing performance and market response.

Strategic Benefits of a Phased Approach

A staged redevelopment strategy offers several advantages:

- Reduced upfront capital exposure
- Ability to validate rental assumptions in real time
- Flexibility to adjust design and density outcomes
- Maintenance of income during planning and construction phases
- Enhanced financing optionality

This approach supports prudent investment decision-making while preserving upside potential.

◇ 14. RISK & MITIGATION SECTION

Key Risk Considerations

Planning & Density Risk

Densification potential is subject to municipal planning approvals, zoning confirmation and heritage considerations.

Mitigation:

Existing building footprint and multi-erven configuration provide flexibility for phased development strategies.

Rental Market Risk

Achieving premium rental levels depends on execution quality, management standards and positioning within the upper student / young professional segment.

Mitigation:

Target market analysis indicates a meaningful cohort of self-funding tenants seeking secure, managed accommodation.

Construction & Refurbishment Risk

Adaptive reuse projects may encounter unforeseen structural or services-related costs.

Mitigation:

Existing infrastructure reduces ground-up development exposure and allows staged capital deployment.

Municipal & Services Risk

Historic municipal account balances and service capacity considerations may require resolution during due diligence.

Mitigation:

Clear structuring of settlement and service verification forms part of transaction planning.

Exit Liquidity Risk

Smaller regional markets may present longer exit timelines relative to metropolitan centres.

Mitigation:

Boutique scale and strong yield potential support hold-and-income strategies as well as sectionalisation options.

15. INVESTMENT STRUCTURES & TRANSACTION OPTIONS

The redevelopment potential of The Mews supports a range of capital structuring approaches, allowing investors to align acquisition and development strategies with their preferred risk-return profile and operational capacity.

Given the adaptive reuse nature of the opportunity and the presence of existing income streams, the asset is suitable for both direct ownership models and collaborative investment frameworks.

Direct Acquisition Strategy

Investors may elect to acquire the property as a standalone development asset, enabling full control over:

- Redevelopment timing
- Capital deployment sequencing
- Operational management strategy
- Exit structuring

This approach is typically favoured by private developers or owner-operator investors seeking to execute boutique residential repositioning strategies.

Joint Venture Development Model

The scale and complexity of the opportunity may support structured joint venture arrangements between:

- Capital providers
- Development managers
- Local operating partners

Such structures may enable:

- Risk sharing across development phases
- Access to specialist redevelopment expertise
- Alignment of capital deployment with project milestones

This approach is particularly relevant where adaptive reuse projects require both financial and operational sophistication.

Phased Capital Deployment

Given the potential for staged redevelopment, investors may structure capital deployment progressively rather than committing full project funding at acquisition.

This may include:

- Initial acquisition capital followed by staged refurbishment funding
- Performance-linked capital injection aligned with leasing stabilisation
- Structured financing aligned with planning approval milestones

This model supports risk-managed value creation.

Hybrid Income & Development Strategy

The existing income-producing configuration allows investors to adopt hybrid strategies combining:

- Short-term income generation
- Medium-term redevelopment
- Long-term asset repositioning

Such strategies may enhance overall return resilience and reduce exposure to development cycle timing risk.

Strategic Capital Positioning

The Mews is positioned as a boutique redevelopment opportunity that may appeal to:

- Private property investors
- Family offices
- Boutique development partnerships
- Yield-focused capital seeking repositioning opportunities

The adaptable nature of the asset supports multiple investment theses, ranging from active development execution to stabilised income acquisition.

◇ 16. EXIT STRATEGY & VALUE REALISATION PATHWAYS

The redevelopment potential of The Mews supports multiple value realisation strategies, enabling investors to align exit timing and structure with prevailing market conditions and capital objectives.

Unlike single-use development opportunities with limited disposal flexibility, the boutique scale and adaptable configuration of the asset create several viable pathways for capital recovery and profit realisation.

Stabilised Income Hold Strategy

Following repositioning and stabilisation, The Mews may be retained as a long-term income-producing residential asset.

Given the indicative yield profile and manageable scale, the property is well suited to private investors seeking exposure to resilient, university-driven rental markets.

This strategy enables:

- Ongoing income generation
- Potential for rental growth over time
- Portfolio diversification benefits
- Reduced exposure to development cycle timing

Sale as a Stabilised Investment Asset

Upon achieving operational maturity and consistent occupancy performance, the repositioned development may be marketed as a stabilised residential investment asset.

In this scenario, value is primarily driven by:

- Demonstrated rental performance
- Established management systems
- Proven tenant demand
- Yield-based valuation metrics

This pathway may attract:

- Yield-focused private investors
- Property investment partnerships
- Boutique residential fund managers

The Mews Investor Information Memorandum

Sectionalisation & Unit Disposal Strategy

Subject to regulatory considerations, the property may be reconfigured into sectional title units, enabling phased or bulk disposal.

This strategy offers:

- Potential value uplift through individual unit pricing
- Flexibility in disposal timing
- Broader purchaser pool access
- Partial capital recovery options

Sectionalisation may be particularly attractive where premium positioning and design quality support owner-occupier demand alongside investor interest.

Hybrid Exit Approaches

Investors may also consider blended strategies, combining:

- Partial unit disposal to recover capital
- Retention of selected units for long-term income
- Subsequent sale of the residual asset

This approach enables risk mitigation while preserving upside exposure.

Strategic Value Drivers

Value realisation across all exit pathways is influenced by:

- Execution quality and design coherence
- Consistency of rental performance
- Operational management standards
- Market positioning within the premium accommodation segment
- Broader residential investment sentiment

The boutique nature of the proposed redevelopment enhances liquidity relative to larger, institutional-scale schemes, allowing for greater flexibility in exit timing and structure.

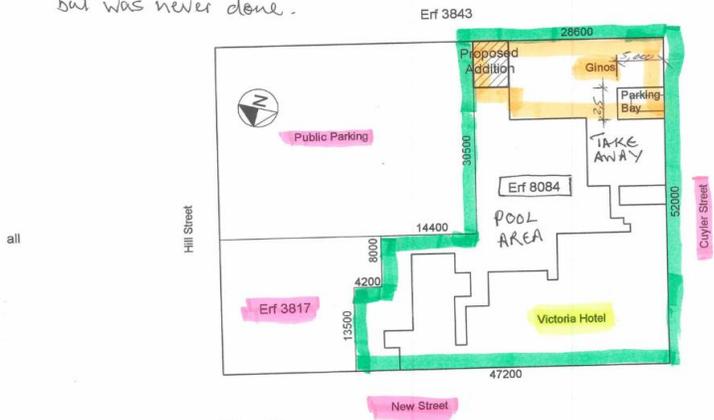
◇ 17. SITE PLANS, LAYOUT CONCEPTS & PHOTOGRAPHY

Site Plans:



The seller applied for permission to consolidate erven 3814, 3815, 3816, 3844 and 3845 into the new erf 8084. This permission was given, but was never done.

THE BOUNDARY



Site Plan
Scale 1:500

Layout Concepts:

BEFORE
Restaurant



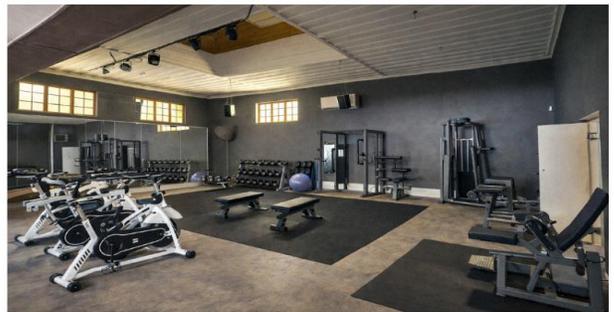
AFTER
Cafeteria



BEFORE
Music Room



AFTER
Gym



BEFORE
Balcony Seating



AFTER
Residents' Lounge



Renders are artist's impressions and are intended for illustrative purposes only.

BEFORE
Bedroom



AFTER
Self contained Unit



BEFORE
Bedroom



AFTER
Self contained Unit



Renders are artist's impressions and are intended for illustrative purposes only.

◇ 18. TRANSACTION STRUCTURING & ACQUISITION MECHANICS

The acquisition and redevelopment of The Mews may be structured in a manner that aligns with investor objectives, capital availability and development strategy.

Given the adaptive reuse nature of the opportunity and the presence of existing income streams, the transaction framework allows for flexibility in both timing and structure.

Direct Asset Acquisition

The most straightforward transaction pathway involves the acquisition of the property as a going concern, subject to standard due diligence and regulatory compliance.

Key considerations include:

- Transfer of the four erven as a consolidated development opportunity
- Settlement of municipal accounts and service-related obligations
- Assignment or termination of existing tenancy arrangements as required
- Verification of zoning, title conditions and planning parameters

This approach enables immediate control of the asset and facilitates commencement of redevelopment planning.

Phased Acquisition & Capital Deployment

Investors may elect to structure the acquisition with staged capital deployment, particularly where redevelopment is intended to occur incrementally.

This may include:

- Initial acquisition with deferred capital works programme
- Retention of existing income during early planning phases
- Sequenced refurbishment aligned with leasing cycles
- Progressive introduction of development funding

Such structuring supports prudent capital management and reduces early-stage exposure.

Joint Venture or Partnership Structures

The scale and character of the opportunity may also lend itself to collaborative investment models.

Potential structures include:

- Joint ventures between capital partners and development operators
- Strategic partnerships with local property management entities
- Equity participation models aligned with phased redevelopment milestones

These approaches can enhance operational capacity while distributing financial risk.

Due Diligence & Pre-Acquisition Process

Investors are encouraged to undertake comprehensive due diligence prior to commitment, including:

- Verification of municipal accounts and service infrastructure capacity
- Planning feasibility assessment and density confirmation
- Structural and building condition inspections
- Rental market validation and absorption analysis
- Financial modelling and sensitivity testing

The existing documentation provided is intended to support preliminary feasibility evaluation.

Regulatory & Transaction Timeline Considerations

The acquisition and redevelopment process will typically involve:

- Negotiation of transaction terms and conditional agreements
- Planning consultations and professional team appointments
- Financing structuring and approval processes
- Phased implementation aligned with regulatory approvals

Early engagement with relevant professional advisors is recommended to optimise transaction efficiency.

Strategic Positioning

The transaction structure ultimately adopted should reflect the investor's preferred balance between:

- Capital intensity
- Development complexity
- Income stability
- Exit timing flexibility

The inherent adaptability of The Mews supports a range of structuring outcomes suited to both private investors and boutique development operators.

The Mews Investor Information Memorandum

◇ 19. TRANSACTION PROCESS & NEXT STEPS

The information contained in this memorandum is intended to support preliminary investor evaluation and facilitate informed engagement regarding the acquisition and redevelopment potential of The Mews.

Investors who wish to explore the opportunity further are encouraged to follow a structured engagement process designed to enable efficient feasibility assessment and decision-making.

Initial Engagement

Interested parties may initiate discussions by requesting:

- Additional financial and operational information
- Detailed tenancy and income data
- Site and building documentation
- Planning and zoning confirmations

Confidentiality undertakings may be requested prior to the release of certain detailed materials.

Site Inspection & Concept Review

A site visit is strongly recommended as part of the early evaluation process.

This will allow investors to:

- Assess spatial configuration and redevelopment potential
- Review existing building condition and infrastructure
- Consider phasing and adaptive reuse strategies
- Engage in preliminary concept discussions

Professional advisors may be included in site visits where appropriate.

Feasibility & Due Diligence Phase

Following initial inspection, investors typically proceed to:

- Detailed financial feasibility modelling
- Architectural concept exploration
- Planning and regulatory consultations
- Technical building assessments
- Market validation exercises

The Mews Investor Information Memorandum

This phase will inform investment structuring and acquisition strategy.

Offer & Transaction Structuring

Upon completion of preliminary due diligence, investors may submit indicative offers subject to agreed conditions.

Transaction structuring discussions may include:

- Timing of acquisition and transfer
- Conditional approval frameworks
- Capital deployment strategies
- Development implementation sequencing

Professional Advisory Coordination

Investors are encouraged to engage relevant professional advisors early in the process, including:

- Town planners
- Architects
- Quantity surveyors
- Legal advisors
- Financial structuring specialists

This supports efficient progression from concept evaluation to transaction execution.

Strategic Considerations

The Mews represents a redevelopment opportunity where early engagement and structured evaluation may enable investors to secure a position in a constrained supply environment with demonstrable accommodation demand.

Parties who wish to advance discussions are invited to contact the undersigned to coordinate next steps.

CLICK HERE TO VIEW THE PROPERTY