

Information statement in respect of the proposed lease of a Portion of the Remainder of Portion 1 of the farm Rooiwal 270-JR and a Portion of the Remainder of Portion 6 and Portion 22 of the farm Pretoria Town and Townlands 351-JR

1. Valuation with methodology

The municipal valuation that appears in the **current valuation roll** for the above power stations is as follows:

Property description	Power station	Municipal value
Portion of the Remainder of Portion 1 of the farm Rooiwal 270-JR	Rooiwal	R200 000 000
Portion of the Remainder of Portion 6 and Portion 22 of the farm Pretoria Town and Townlands 351-JR	Pretoria West	R253 830 000

2. Reasons for the proposal

The City owns two power stations that were historically used for power generation to cater for the City's needs, namely Rooiwal Power Station (Portion of the Remainder of Portion 1 of the farm Rooiwal 270-JR) and Pretoria West Power Station (Portion of the Remainder of Portion 6 and Portion 22 of the farm Pretoria Town and Townlands 351-JR).

With the establishment of Eskom, the function of power generation was subsequently averted from municipalities, leaving the power stations producing minimum to little energy to keep the stations functional. As part of the 2023 State of the Capital Address, the City committed to implement a series of interventions to reduce load-shedding and its reliance on Eskom as a source of energy supply.

Over the next three years, the City aims to ensure that at least 1 000 MW of energy must come from alternative sources. This has occasioned the need for the City to engage with independent power producers and open up opportunities for alternative energy production. The City is therefore intending to lease out the two power stations as part of this intervention.

3. Expected benefits to the municipality

The maximum functioning and operation of the power stations will provide the City with a diversification of energy sources through alternative energy solutions. Other key benefits for the City include the following:

- Diversifying energy sources, thereby reducing the City's reliance on Eskom
- Unlocking rental revenue as part of ongoing measures to enhance the City's cash position
- Reducing and/or eliminating maintenance costs
- Enhancing the residual value of the power stations as these will revert to the City at the end of the lease period at no cost to the City

4. Expected proceeds to be received

The City will generate rental revenue from the lease of the two power stations. An independent professional valuer is being appointed to undertake a special use property market valuation of the power stations, as well as to determine the market rental income the City will generate. The final report from this independent valuation on the proposed lease of the properties will reflect the expected income from leasing the two power stations and the vacant land around Rooiwal Power Station.

5. Indication of expected gain or loss

There are no losses anticipated in respect of leasing the power stations. The gains to be accrued are in respect of the benefits and revenue outlined in the preceding sections.

The Council resolution which contains further details can be accessed on the City of Tshwane public website (<http://www.tshwane.gov.za>) and at City of Tshwane customer care centres and libraries.

Written comments can be submitted by email to johannahmae@tshwane.gov.za or at Room 105, 1st Floor, Ou Raadsaal Building, Church Square, Pretoria.

Enquiries: Johanna Maenetsa (012 358 7389 or johannahmae@tshwane.gov.za)

All written comments must be submitted on or before 31 October 2023.

Issued by Ms Verusha Morgan, Group Head: Group Property.

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