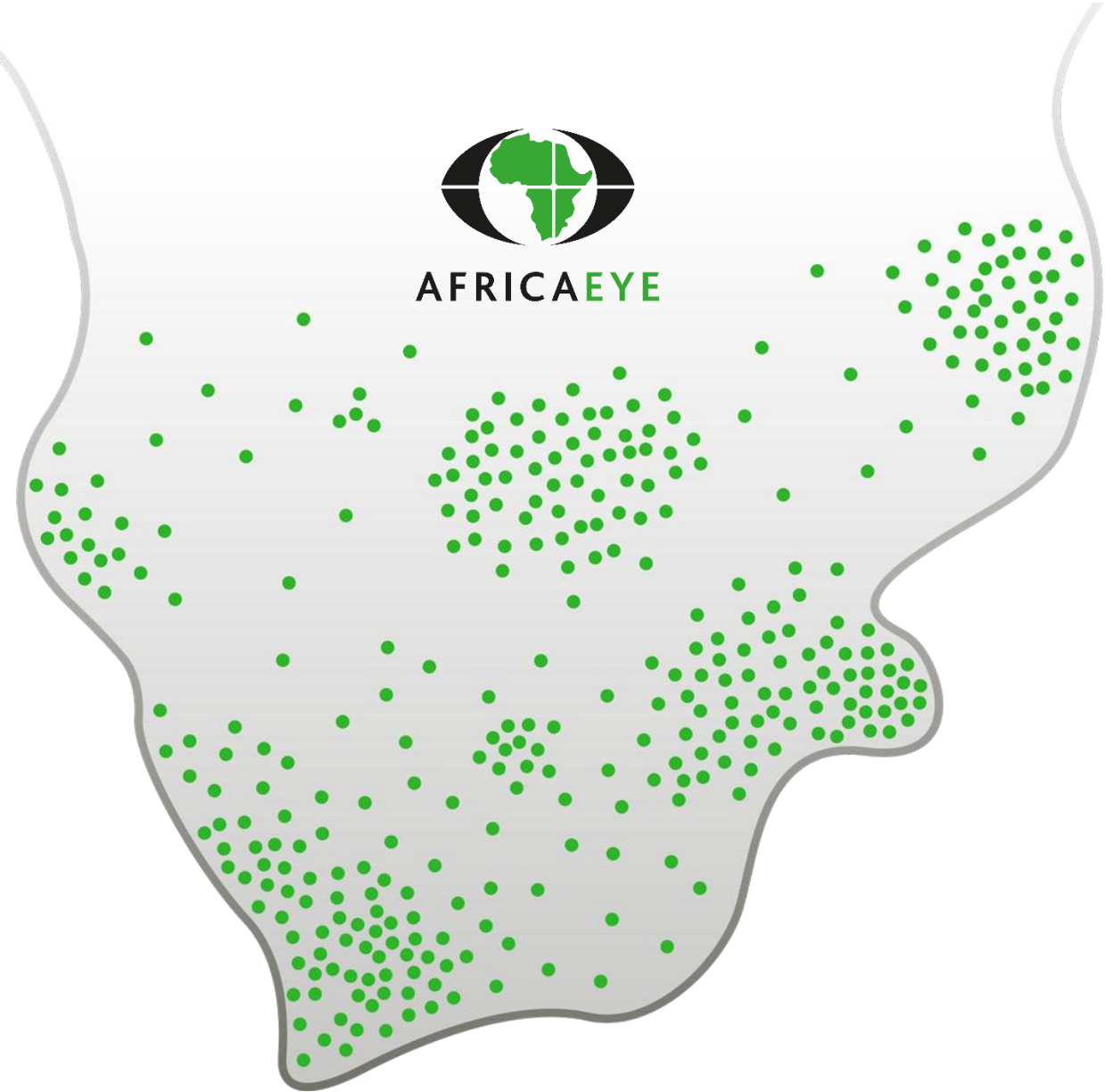


PLEASE NOTE: This is an objective, independent market report with the sole aim of limiting risk for our client and to optimize development potential. Similarly, Fernridge cannot be held responsible for the failure or under performance of any development, as many other aspects, apart from demographic potential, determine the ultimate success or failure of a scheme.

Retail Market Study



Blanco, George Municipality, Western Cape Province October 2020



Important Notes:

1. This report is Confidential as it contains Data, Information and Intellectual Property of Fernridge Solutions (Limited Distribution) Copyright 2020: Fernridge Solutions.
2. This report was done to determine the viability of a shopping centre. Any tenant recommendations made in this report are anecdotal and should be substantiated through a full study. Retailers must do their own research.
3. This assessment did not include fieldwork and site visit



- A retail centre sized at $\pm 6,000\text{m}^2$ GLA is proposed in Blanco, George, Western Cape Province. The developer has the option to either develop the centre on George Street (33°56'46.5"S 22°25'00.5"E) or on Montagu Street (33°56'52.4"S 22°24'36.5"E).
- The purpose of this report will be to determine the catchment area demographics, associated retail spent and the proposed centre's general viability, target market and required market share. Is a centre viable in Blanco, and if so, what size for the first phase, who is the target market and which site is more suitable for this development (George Street or Montagu Street)?

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- Catchment Area

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- Site Photos
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- Formal Retail Supply

4. Market Potential Demographics

- Developments
- Catchment Demographics
- Dwelling Density Modelling

5. Retail Potential Estimate

- RPE

Summary

SWOT

Glossary:

DW – Dwelling

HSE – House / Household

RPE – Retail Potential Estimate

SC – Shopping Centre

1. Orientation and Catchment Area Delineation

- Macro Orientation
- Local Orientation
- Catchment Area



Provincial Orientation

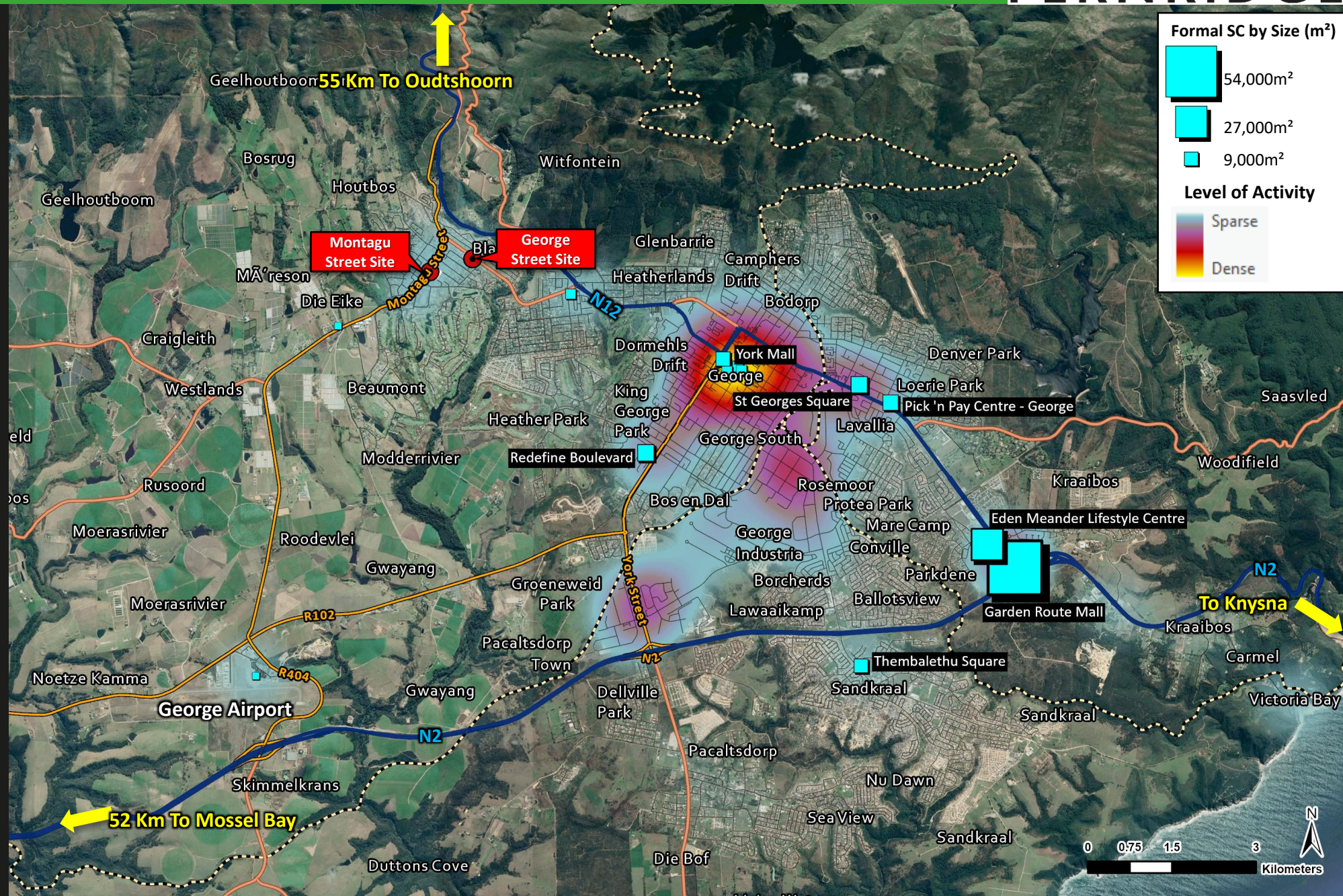
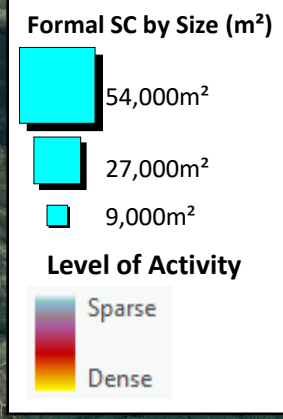


Regional Orientation

- Blanco will be the focus of this study.
- The suburb of Blanco is located ±6 Km West of George CBD, in George Municipality, Western Cape Province.
- Blanco has good macro accessibility from the N12, N2 and the R104.
- Please see below for road average road distances from the sites to major towns in the area.

AREA	DISTANCE (KM)
Plettenberg Bay	99
Oudtshoorn	55
Mossel Bay	52
George	6



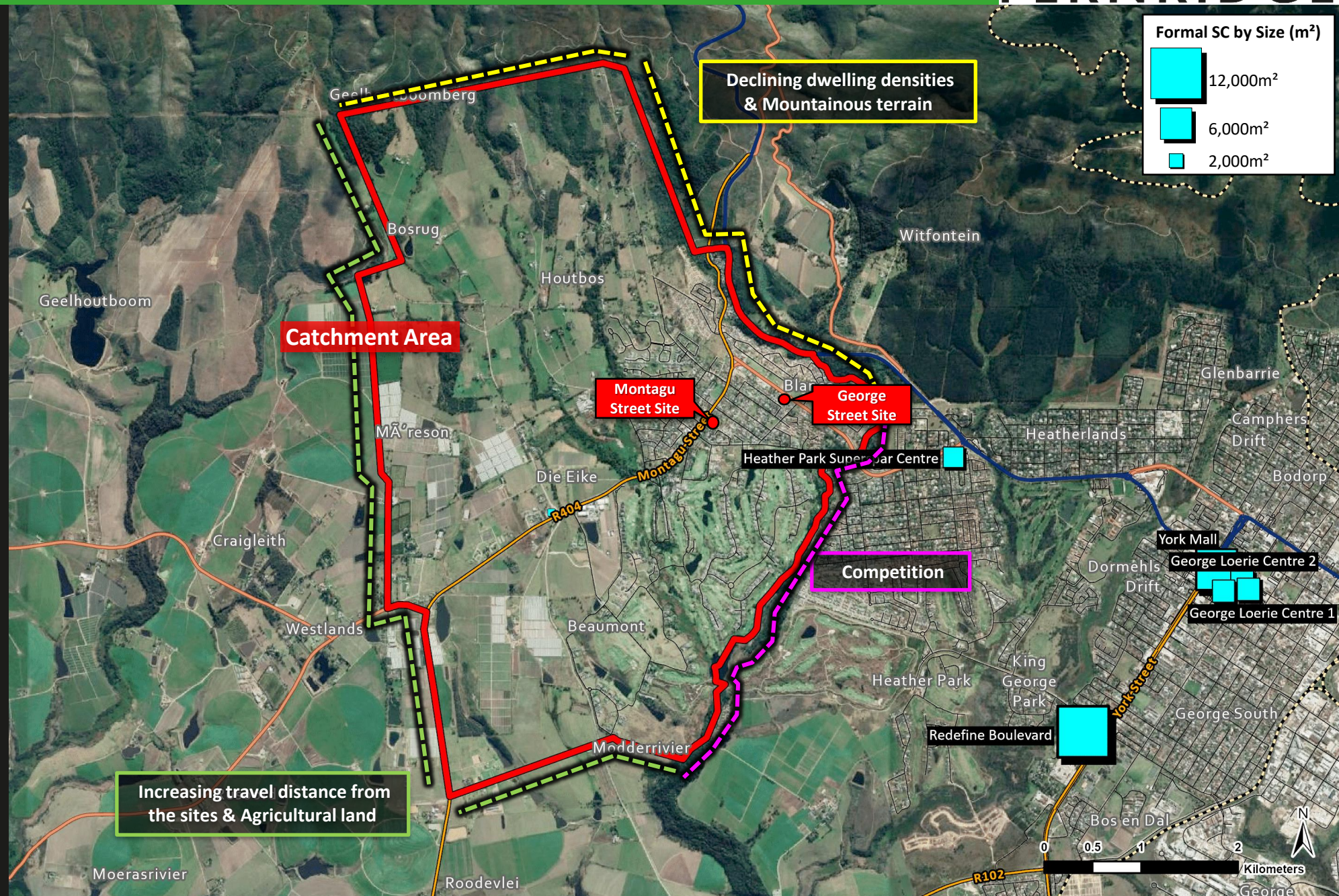


Local Orientation & Commercial Activity

- George is the second largest city in the Western Cape province. The city is a popular holiday and conference centre and the administrative and commercial hub and the capital city of the Garden Route District.
- A Shopping Centre is proposed in Blanco, ±6 Km West of George CBD.
- Blanco ‘meaning White in Spanish’ has a rich history that dates back to the year 1848.
- The density for Points of Interest “Business Activity” is displayed on the map to show the relationship between Blanco and George.
- This shows that the retail and employment opportunities can be found to the East of Blanco in George CBD, George Industrial and Garden Route Mall node.
- George Airport is situated ±7.4 Km and 8.4 Km South of Montagu Street Site and George Street Site by road, respectively.

Catchment Area Delineation Approach

- A catchment area was defined for the purpose of the study to quantify the market that is more likely to sustain the planned Shopping Centre.
- Declining dwelling densities and mountainous terrain limited the catchment area to the North and Northeast.
- Agricultural land and increasing travel distance from the proposed site hampered the catchment area to the West and South.
- Competition restricted the catchment area to south east.



2. Site Overview

- Site Profile
- Site Photos
- Site Evaluation



- The sites are located 1 Km away from one another by road.
- AfricaEye dwellings were also overlaid on the map to see which market is geared towards which site.

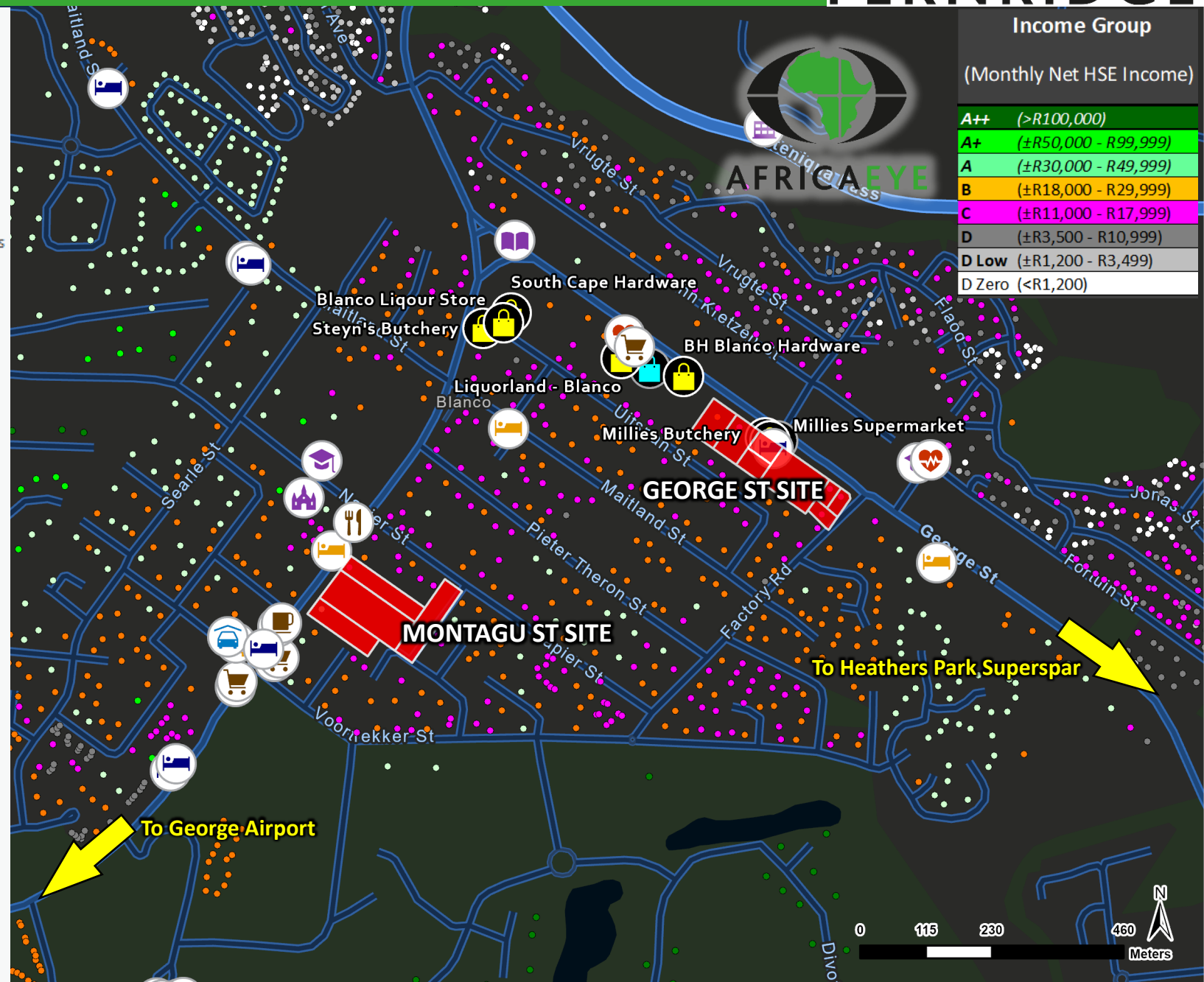
Montagu Street Site

- It is aligned more towards the middle to upper income market.
- Could easily intercept throughflow from George Airport to Klein Karoo for tourism.
- Complementary facilities near the site include bed and breakfast places, restaurants, coffee shop, a filling station, a church and a school.

George Street Site

- This site tends to have easier access to the middle to lower income profile.
- The street already has established independent retail. This includes a hardware, Supermarket, convenience store and a liquor store, just to mention a few.
- This site could however miss the tourism throughflow from the airport to the Klein Karoo.

- BedAndBreakfast
- Lodge
- Hotel/Motel
- Hostels
- CarDealer
- CarFitment/RepairShops/Accessories
- Christian
- CoffeeShop/Cafeteria
- ConvenienceStore
- Doctor
- FillingStation
- Fitness/RecreationCentre
- Golf
- Import/Export/Distributors
- InternationalRestaurant
- ItalianRestaurant
- OtherRestaurant
- Library
- PrimarySchool
- Resort/Spa
- RetailOther
- Supermarket/Hypermarket
- ConferenceCentre



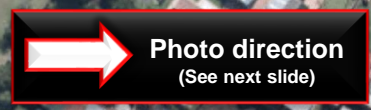
Proposed Site

- Eight erven make up George Street site.
- The site enjoys good visibility and accessibility from George Street.
- George Street separates two market segments near the site in Blanco.
- The middle to upper income residents are situated to the southwest of this road, while the middle lower income profile is situated to the northeast of the road.
- Kretzenshoop Primary Schools as well as the independent retail are the main activity generators on this street.
- The planned retail could have synergy with the established activity generators nearby.
- There are bus stops already in place near the site to drop off and pick up shoppers.

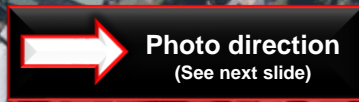


Middle to Low Income

Middle to Upper Income







Middle to Upper Income

Middle to Upper Income

Montagu Street Site

- The Montagu site is well positioned within the middle to higher income residential fabric.
- It has good visibility and accessibility from Montagu Street.
- The Caltex filling station near the site tells us that Montagu Street has good traffic volumes.
- This corridor has facilities that support tourism such as B&Bs and restaurants.
- The site has a high chance of intercepting the tourism market that access the Klein Karoo via George Airport.

MONTAGU ST SITE

To George Airport





Study Area: Blanco, George Municipality, Western Cape

All weights and variables were derived from results and conclusions obtained from the field work

				Montagu Street	George Street	SITE	
Variable	Sub-variable	Weight	Weight split	Rating 1-10	Rating 1-10	General comments	
1	VISIBILITY OF SITE	To passing vehicles	15	80%	8	8	George Street site has good visibility from Goeoge Street. Montagu Street site enjoys great visibility from Montagu Street. The residents of Blanco are expected to have good awareness of both sites. The George Street site is located on their way to the CBD via Heather Park Superspar Centre. The Montagu Street site is located near the only filling station in Blanco and is on the way to George Airport.
		To Residents		20%	8	8	
2	COMPETITION	Inside Trade Area	20	70%	7	7	Competition in the catchment area is limited to independent retailers. ±149,729m ² GLA of formal SC space is located outside the catchment area to the East.
		Outside Trade Area		30%	4	4	
3	ACCESSIBILITY Vehicles	Access from main road (Both directions)	25	50%	8	8	George Street site is easily accessible from George Street in both direction. Montagu Street site has easy access from Montagu Street. Traffic roundabout will be vital on both site to enhance access into the site without disturbing the flow of traffic.
				50%	8	8	
4	PARKING FACILITIES	Parking facilities (Availability / Congestion)	15	100%	7	7	Sufficient parking facilities should be provided on both sites.
5	ACCESSIBILITY	From Public Transport Rank	15	100%	5	5	No formal taxi ranks are located near both sites. However, formal taxi pick up and drop off zone will be vital for the lower income market of Blanco.
6	CENTRE TYPE	Neighbourhood / Regional	20	100%	7	7	A neighbourhood type centre could be suitable on both site, given their size and the amount of competition outside the catchment area.
7	ORIENTATION & PROXIMITY	Residents within trade area	15	100%	8	5	The A++ to B income Dwellings make up ±45% of the total number of dwellings in the catchment area. However, in terms of market size they make up ±84% of the total annual market size in the catchment area. The Montagu Street site is located in the better part of town and could easily intercept the A++ to B income market. The George Street Site is well located to cater for the C to D Low-income dwellings.
8	TRAFFIC VOLUME	Vehicles	20	100%	8	7	Both Montagu Street and George Street are busy throughout the day with moderate to high traffic volumes. The George Street site is likely to loose the tourism market from George Airport that travels onto the Karoo.
9	COMPLEMENTARY FACILITIES	Offices, Other Retail	20	100%	7	6	Independent retailers are currently found on George Street and the T-junction of George Street and Montagu Road. Montagu Road has B&Bs, restaurants and a filling station. The Montagu Street corridor is catering for the middle to upper local market as well as the passing trade. The retailers on George Street are failing to a certain extend to intercept passing trade on this road - fieldwork observation.

Poor	0 - 40%
Average	41% - 60%
Good	61% - 74%
Excellent	75% - 100%

Evaluation

72%	66%
Good	Good

Notes: * Failure in any of the above-mentioned variables can cause the proposed development to under-perform
* Site factors are only one success-determining variable; the operator, marketing, logistics etc. are other important factors not taken into account in this evaluation.

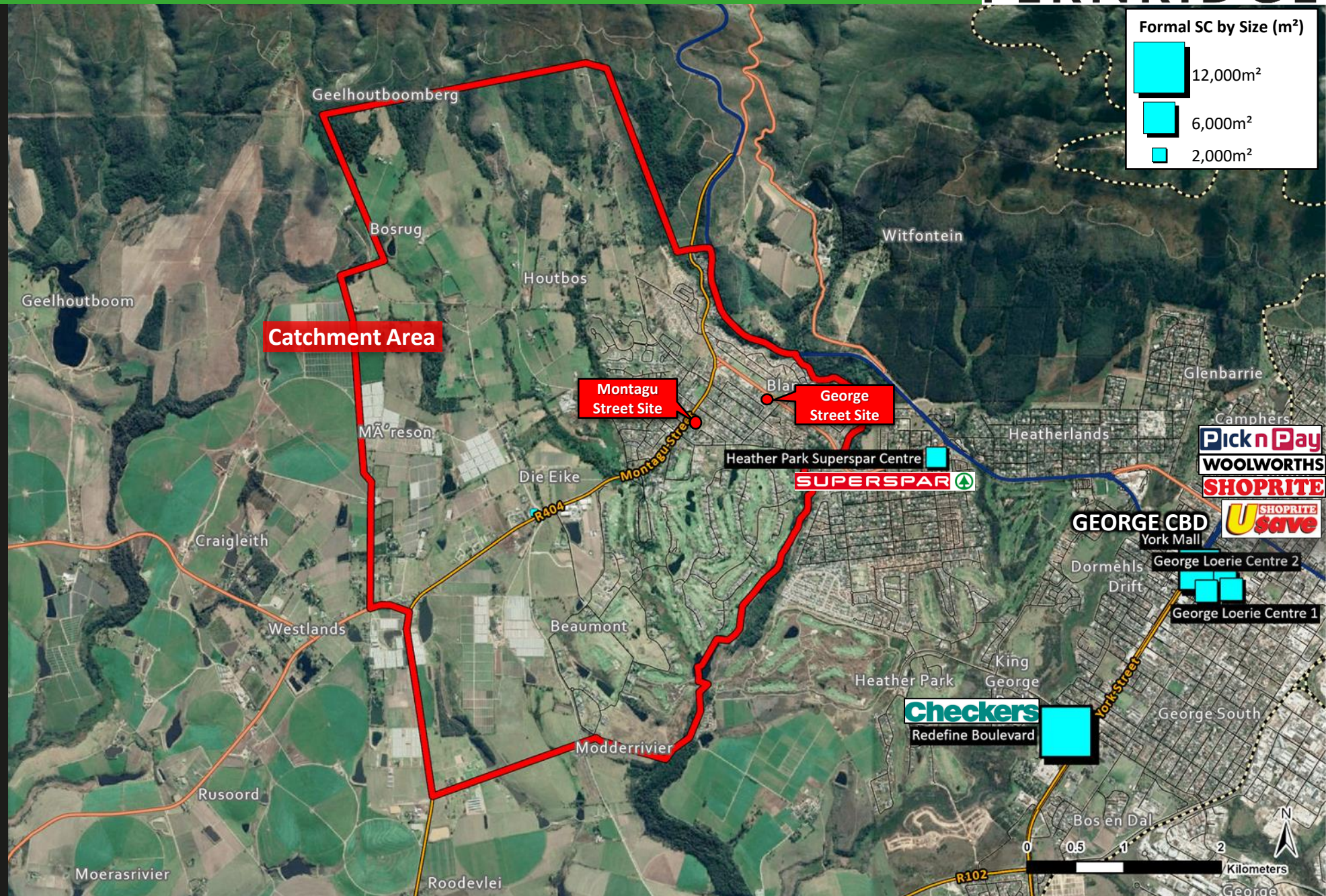
3. Retail Survey

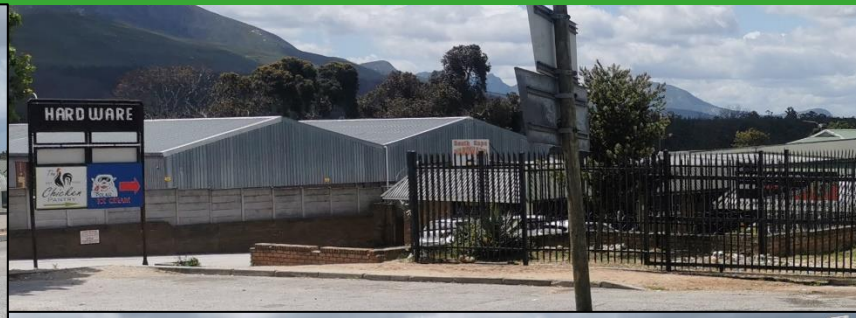
- Macro Retail Overview
- Catchment Area Retail Overview



Current Retail supply

- George is home to ±149,729m² GLA of formal Shopping Centre retail space with 13 Shopping Centres.
- The largest SC in George is Garden Route Mall (53,260m² GLA). This centre is located next to Eden Meander Lifestyle Centre (±28,240m² GLA). This is the regional retail node of George and is expected to pull support from the larger area – see slide 3.
- St George Square and Pick ‘n Pay Centre George are two community centre located along Knysna Road. These centres area expected to pull their support from the suburbs of Rosemoor and Denar Park as well as the passing trade on Knysna Rd – see slide 3.
- Important to our study is the Heather Park SuperSpar Centre, Redefine / York Street Boulevard. These centres have restricted the catchment area East.
- The CBD of George also play a major role in the retail landscape of the area. It has strong street front retail as well as some small centres.
- The CBD of George is very clean and has parking unlike other town CBD’s in the country. Therefore, it is still well supported by everyone in the town.
- George Loerie Centre 1 and 2 are separated by a street and will be analyzed as one centre – see slide 17.





Heather Park SuperSpar Centre



Size: ± 4,161m² GLA

Centre Type: Convenience

Anchor:



Tenants:

Banking

- Absa Atm

Beauty Services

- Hair Studio

BMS, Tiles, Bathrooms and Paint

- Jack'S Paint
- Fast Foods
- Foo Bar Cafe

Food & Groceries (incl. Liquor)

- Tops at Spar
- Superspar

Health & Beauty

- Active Nutrition
- Optometrist
- Pharma Warehouse
- Virgin Active

Other Speciality & Services

- Laundromat
- Postnet
- Top Persian Rugs
- The Green Room Cleaning Detergent
- Wine & Dine
- 8Th Eatery

York Street boulevard



Size: ± 11,349m² GLA

Centre Type: Community

Anchor:



Tenants:

Banking

- Absa Atm
- Capitec Atm
- Standard Bank Atm

Beauty Services

- The Men'S Room

Fashion

- Ackerman
- Jessica'S Fashion
- Ouma Bettie se Wenkel
- Pick 'n Pay Clothing
- Wildman Hunting And Outdoor
- Tekkie Town

Fast Foods

- KFC
- King Pie
- Wimpy

Food & Groceries (incl. Liquor)

- Checkers
- Checkers Liquor

Health & Beauty

- Clicks
- Motion Fitness

Other Speciality & Services

- Boxman
- C.N.A
- Cartridge Town
- KB Cell Phone And Repairing Centre
- Perfect Juice
- Suidkaap Biltong
- The Crazy Store

Loerie Centre - CBD

Size: ± 9,322m² GLA (combined GLA)

Centre Type: Commuter

Anchor: **WOOLWORTHS**



Tenants:

Banking

- African Bank
- FNB Atm

Fashion

- Exact!
- Rage
- Sportscene
- Tekkie Town
- Top Gear Sport
- Truworths

Food & Groceries (incl. Liquor)

- Woolworths

Furniture & Appliances

- OK Furniture

Health & Beauty

- Loerie Pharmacy
- Spec Savers

Jewellery

- American Swiss

Other Speciality & Services

- Fridays
- Loerie Bakery
- Vape 4 You

4. Demographics

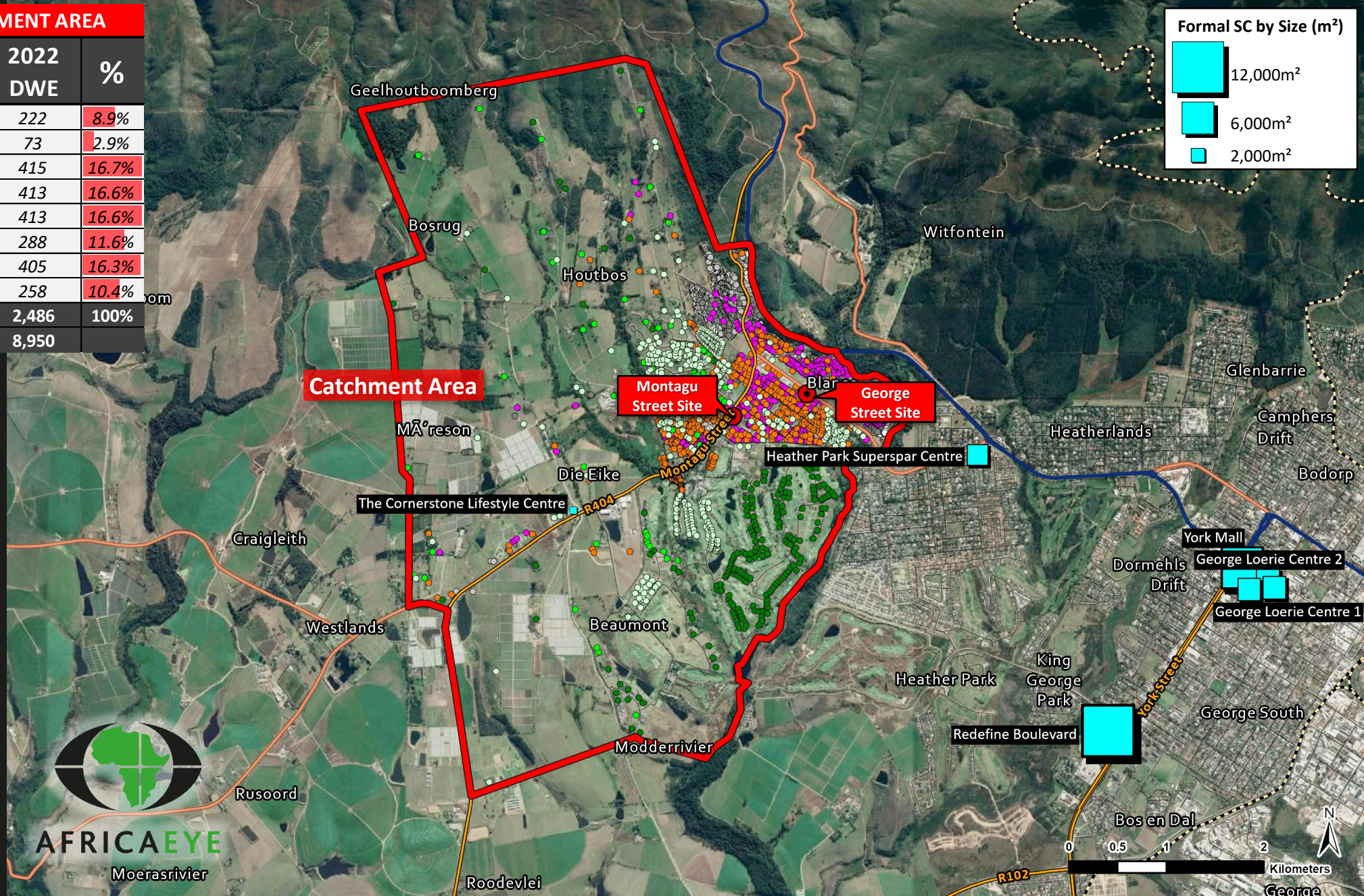
- Developments
- Catchment Demographics
 - Density Model



Income Group (Monthly Net HSE Income)	CATCHMENT AREA		
	2020 DWE	2022 DWE	%
A++ (>R100,000)	211	222	8.9%
A+ (±R50,000 - R99,999)	69	73	2.9%
A (±R30,000 - R49,999)	394	415	16.7%
B (±R18,000 - R29,999)	392	413	16.6%
C (±R11,000 - R17,999)	392	413	16.6%
D (±R3,500 - R10,999)	274	288	11.6%
D Low (±R1,200 - R3,499)	385	405	16.3%
D Zero (<R1,200)	245	258	10.4%
Total Dwellings	2,362	2,486	100%
Total Population	8,503	8,950	

Catchment Area Demographics

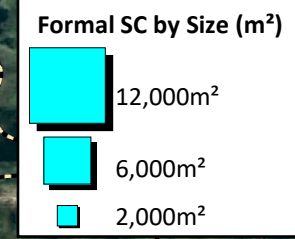
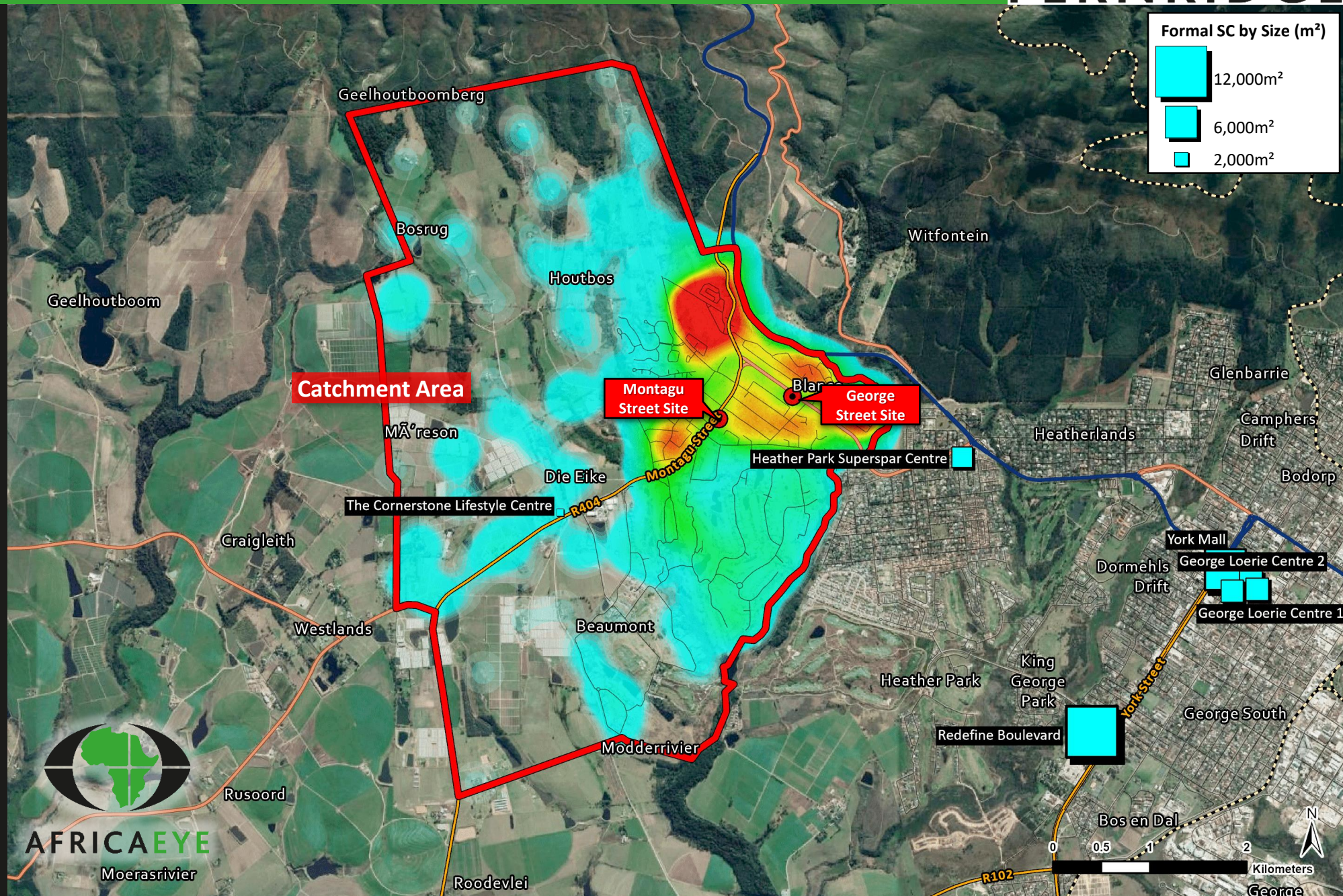
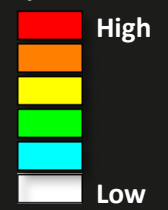
- AfricaEye data for the year 2020 were used as the demographic base for the catchment area.
- This dataset was then forecasted to the year 2022 based on the calculated historical annual growth rate of ±2.63%.
- To date the catchment area is home to 2,362 dwellings and ±8,509 people considering an average household size of ±3.6 from Census 2011 data for the catchment area.
- The impact of the COVID-19 lockdowns and economic slowdown could potentially result in lower future growth, however, this cannot be measured at this time.



Where are the People?

- The dwelling density technique is applied to the demographic data in order to establish where the densest household areas are in the Catchment Area.
- This technique highlights the areas with the highest existing density of dwellings.
- A spatial grid is "weighed" by the number of dwellings to create this hot to cold shading. The densest areas (red) have a high density of dwellings.
- The areas with the highest dwelling densities are low income areas, medium density tend to be more middle income, and the lowest densities are within the high-income segment.

Dwelling Density Legend DW per km²

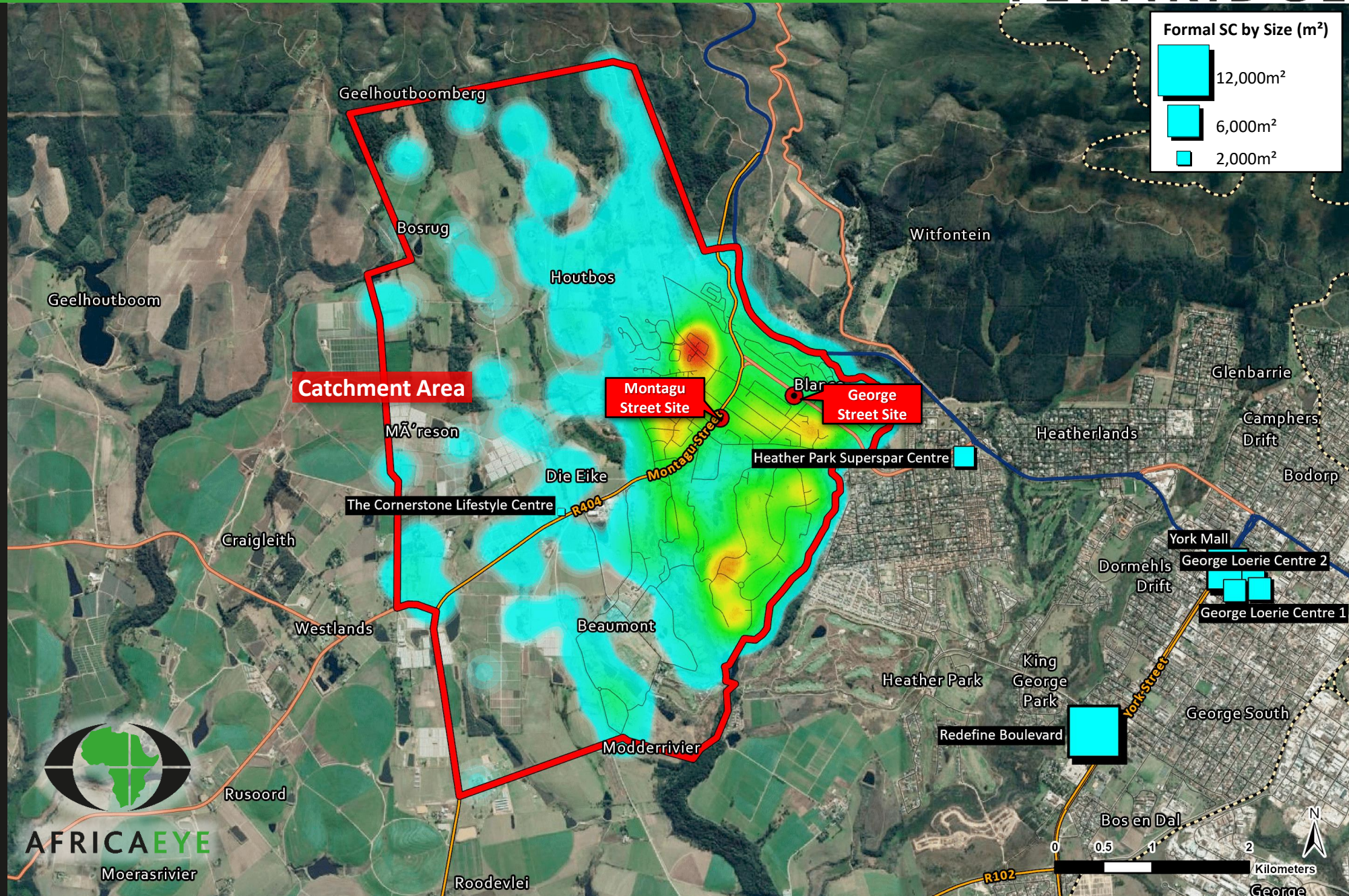


Please Note: Fernridge endeavored to provide you with the most accurate household count based on the aerial imagery available to us at the time

Where is the Money?

- The value density technique is applied to the income demographic data in order to establish "the density of money".
- This technique incorporates two important variables for retail development, namely, number of dwellings and income.
- Each dwelling is "weighed" by the average house price of the property (according to income group classification) and value is presented in a hot to cold shading.
- The densest areas (red) have a high density of property value, representing the more wealthy market.
- In contrast the dwelling density map, the value density shifts to the South.

Value Density Legend Retail expenditure by HSE income



Race Profile	%
White	33%
Coloured	58%
Black	8%
Indian & Asian	1%
Other	1%

Age Profile	%
Children 0 to 19	33%
Young Adult 20 to 29	17%
Adult 30 to 44	23%
Mature 45 to 59	17%
Pensioner 60+	10%

Income Potential	%
A++	9%
A+	3%
A	17%
B	17%
C	17%
D	12%
DLOW	16%
DZERO	10%

Language Profile	%
English	7%
Afrikaans	86%
Other Language	3%
African Language	4%

Education Profile	%
No schooling	4%
Some primary	25%
Complete primary	6%
Some High School	32%
Matriculated	24%
Tertiary Education	9%

Type Dwelling	%
House	80%
Informal Backyard	5%
Plot	5%
Shack	5%

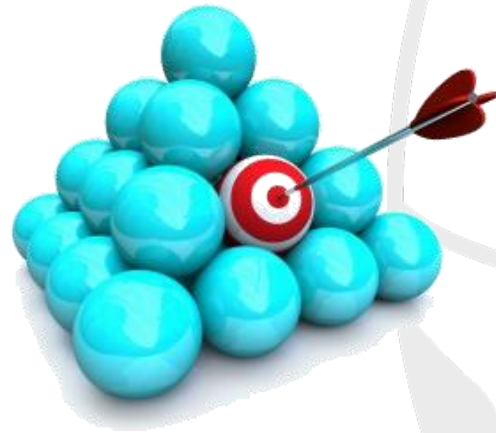
Gender Profile	%
Male	49%
Female	51%

Employment Status	%
Employed	50%
Unemployed	12%
Not Economically Acti	37%

Employment Sect	%
Formal Sector	73%
Informal Sector	13%
Private Household	14%

- The catchment area is dominated by Coloured and White people and most of them speak Afrikaans at home.
- There is almost an equal split between males and females and 57% of the people in the catchment area are aged from 20 years to 59 years.
- This is a mixed market from the household income viewpoint – 29% upper income, 34% middle income and 38% low income. Most of the people live in formal dwellings.
- 33% have matriculated or have higher education qualification and 50% employment rate was recorded on the catchment area.

5. Retail Potential Estimate



Rural setting	20%	higher trading density
Town setting	50%	higher trading density
Metro setting	60%	higher trading density

2022 Catchment Area Demographics		
No of Households by income group		
HIGH	A++	222
	A+	73
	A	415
MEDIUM	B	413
	C	413
	D	288
LOW	D Low	405
	D Zero	258
Total		2,486

Main Retail Category	Total 100% market size / month	Total 100% market size / year	AREA: AVERAGE Trading Density (Rand / m ² selling per year)	Area Total Retail Demand GLA (25% more than selling area)	Centre estimated capture rate (market share or MS)	CENTRE: @ HIGHER Trading Density (Rand / m ² selling per year)	Centre Potential m ² GLA
Food & Groceries (incl. Liquor)	R 17,006,385	R 204,076,624	R 47,521	5,368	30%	R71,282	1,074
Fashion - High end (A++ to B)	R 4,332,243	R 51,986,911	R 26,635	2,440	15%	R39,953	244
Fashion - Low end (C to D Zero)	R 842,888	R 10,114,662	R 13,318	949	15%	R19,977	95
Jewellery	R 1,289,572	R 15,474,867	R 44,392	436		R66,588	0
Health & Beauty	R 2,824,421	R 33,893,049	R 41,063	1,032	20%	R61,594	138
Beauty Services	R 3,011,396	R 36,136,758	R 19,977	2,261	10%	R29,965	151
Furniture & Appliances	R 3,282,991	R 39,395,886	R 13,318	3,698		R19,977	0
Home Retail & Dècor	R 2,042,750	R 24,512,996	R 16,647	1,841	15%	R24,971	184
DIY/ Outdoor	R 1,591,404	R 19,096,852	R 10,543	2,264	15%	R15,815	226
BMS, Tiles, Bathrooms and Paint	R 2,455,270	R 29,463,237	R 8,878	4,148	20%	R13,318	553
Other Speciality & Services	R 2,806,993	R 33,683,917	R 17,757	2,371	30%	R26,635	474
Cinemas, Ten Pin Bowling & Live Entertainment	R 628,776	R 7,545,306	R 8,000	1,179		R12,000	0
Wine & Dine	R 3,242,660	R 38,911,924	R 26,318	1,848	20%	R39,477	246
Fast Foods	R 1,463,261	R 17,559,136	R 24,416	899	20%	R36,624	120

m ² area retail demand	30,734	19%	3,505 m ²
		Average	Sub-total
		Add 10% for non-retail (banks, post office, etc.)	350 m ²
		Additional inflow for support from outside catchment	15%
		Total Centre GLA warranted	4,381 m²

- The projected 2022 demographics for the catchment area were applied to the RPE. According to the RPE model, the catchment area has a total retail demand of 30,734m² GLA.
- Maximum realistically achievable market shares were applied to retail categories that we believe could be included in the envisaged shopping centre.
- The market shares were applied bearing in mind the location of the proposed site, proposed Shopping Centre size, total market size, competition in and outside the catchment area.
- The model shows that retail facility sized ±4,381m² GLA in Blanco, an average market share of 19% and 15% inflow will be required for the centre to be feasible by 2022.
- We believe that 15% inflow could be intercepted on Montagu Street site, given the fact that tourists that a visiting the Karoo through George Airport will drive past the site.

CONCLUSION

- Summary
- Recommendations



- The purpose of this report was to investigate the viability of a proposed $\pm 6,000\text{m}^2$ GLA shopping centre in Blanco, George Municipality, Western Cape Province.
- The planned Shopping Centre could either be developed on George Street (33°56'46.5"S 22°25'00.5"E) or on Montagu Street (33°56'52.4"S 22°24'36.5"E) in Blanco.
- A catchment area was delineated for the purpose of this study to quantify the market that is more likely to support the planned development. Competition limited the catchment area to the East, while the other parts of the catchment area were influenced by low dwelling densities, mountainous terrain, agricultural land and increased travel distance from the proposed sites.
- Both sites are good for retail development; However, we believe that Montagu Street Site is better than George Street Site – see site evaluation slide 13. Orientation and Proximity, Traffic volume as well as complementary facilities differentiate Montagu Street Site from George Street Site.
- Retail in the catchment area is limited to street front, independent and convenience type of retail. We are of the opinion that the planned retail centre will not compete with the established retailers in Blanco.
- The market of Blanco is currently outflowing to Heather Park Superspar Centre, George CBD and as far as Garden Route Mall for higher order goods and specialized services. The planned centre has the potential to minimize outflow from the catchment area for convenience goods.
- The catchment area has been experiencing an average annual growth rate of 2.63% between the year 2017 and this year 2020.
- 2020 AfricaEye dwellings were then used as the demographic base for the catchment area. The data were then forecasted to 2022 based on the calculated historical annual growth rate of 2.63%.
- The 2022 Catchment Area demographics warrant an estimated total of $\pm 30,734\text{m}^2$ GLA of retail space.
- By considering the general area's dynamics and demographics, we have assigned realistically (maximum) achievable market shares to each retail category that we believe could be included in the proposed centre.
- When assigning these market shares a first phase centre sized at $\pm 4,381\text{m}^2$ GLA could be viable in the catchment area requiring to capture $\pm 19\%$ market share and 15% inflow.
- We believe that a 19% market share could be achieved in the catchment area, given the lack of convenient formal SC offering in Blanco.

Recommendations & Conditions:

- Even though both sites are good for retail development, we believe that Montagu Street is the best site for this development in the catchment area.
- A taxi drop off and pick-up point should be established at the centre for the centre to be easy to use by people from all economic backgrounds.
- The focus should be on **convenience** retail for catchment residents.
- An **attractive tenant mix** (with a high percentage of national tenants) must be provided in order to attract people to the centre.
- In our opinion, a single phased centre sized up to a **maximum of $\pm 4,500\text{m}^2$ GLA** can be considered at the proposed site (requiring a $\pm 19\%$ market share).
- Additional phases can be considered if a node is established, the centre aligns itself with the middle upper income market, the market grows, the first phase centre trades well, more space is required by tenants, and no vacancies exist.



Fernridge Consulting (Pty) Ltd is a retail / property optimization consultancy that was founded in 2002. We are based in City of Ekurhuleni, South Africa and specialize in spatial analysis using GIS (Geographic Information Systems) technology, the latest demographic data and client information. We are a subsidiary of Capital Eye Investments (formerly The UCS Group).

We conduct ± 15 shopping centre / mixed use development / revamp studies per month conducted in all nine South African provinces, as well as neighbouring countries (such as Namibia, Botswana, Swaziland, Lesotho, Mozambique, Zimbabwe) and other African countries (Zambia, Malawi, Ghana, Nigeria, Kenya, Uganda, Rwanda, DRC). We offer this service to banks, landlords, property managers, corporate and private investors and developers.

We also assist some of the leading retail groups in South Africa in their African store expansion and rationalization strategies, location analyses etc. Our clients include, among others: Spar, Woolworths, McDonald's, Nando's, Ster Kinekor, Virgin Active, House of Busby, Midas, Clicks, Tile Africa etc.

This is an objective, independent market report with the sole aim of limiting risk for our client and optimize development potential. Fernridge Consulting (Pty) Ltd has taken every care in the preparation of this report. The sources of information used are believed to be accurate and reliable, but no guarantee of accuracy or completeness can be given. Neither Fernridge, nor any Capital Eye Investments Group subsidiary, nor any director, representative or employee of Fernridge, accepts liability for any direct or indirect loss arising from the use of this document or its content. The information and opinions contained in this report are subject to change without notice. Many other aspects, apart from demographic potential, determine the ultimate success or failure of a scheme.

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