

PROPERTY PERFORMANCE REPORT

- **Reporting Period:** March 2025 – February 2026
- **Property Address:** 378 West Avenue, Ferndale, South Africa, 2194
- **Holding Company:** 378 West (Pty) Ltd



Executive Summary

The 2025–2026 period was a **strategic repositioning phase** for the property. The focus was on **capital improvements, infrastructure upgrades, and operational readiness**, laying a strong foundation for both **rental income generation** and **future redevelopment value creation**.

The property has now transitioned into an **income-generating asset**, with tenants onboard and additional occupancy expected to stabilize cash flow over the next 24 months.

Capital Improvements & Upgrades

From **February to November 2025**, extensive upgrades were undertaken:

Structural & Interior Enhancements

- Replacement of doors
- Repainting of internal and external sections
- Ceiling upgrades
- Tiling improvements
- Remodeling of key interior spaces

Electrical & Infrastructure

- Full electrical rewiring
- System upgrades to improve safety and reliability

External Works

- Pavement and surrounding external improvements

Security Enhancements

- Installation of CCTV surveillance systems
- Subscription to armed response services
- Overall security reinforcement to improve tenant safety and asset protection

Alternative energy & Utilities Investment



Solar Power System

- Installed a 10kW solar energy system; Includes inverters, batteries, and solar panels
- Reduces dependency on grid power
- Enhances property resilience amid load shedding
- Improves long-term operating efficiency

Water Security

- Installation of water storage tanks
 - Preparatory work completed for future borehole installation
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Rental Operations

- First tenant onboarded: September 2025
- Additional tenants onboarded: February 2026 (3 tenants)

Operational Outlook

- The property is now in its **early income phase**, with:
- Increasing occupancy levels
- Stabilizing rental income expected over the next 12–24 months

Investment Strategy

The current plan is to:

- Operate as a rental income-generating asset for approximately two years
 - Maintain occupancy while progressing redevelopment approvals
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Development Vision



Redevelopment Strategy

- Planned development of **7 residential units**, including:
 - 1-bedroom units
 - 2-bedroom units
 - 3-bedroom units
 - Duplex units

Approval Status

- Fire Services – Approved
- City Parks – Approved
- City Power – Approved
- Johannesburg Water – Pending

Key Constraint

- Current limitation due to **water and sewer capacity constraints** in the area
- Resolution underway via construction of a **new reservoir in Kensington B**, expected completion in **2027**

Exit Strategy

Upon completion of redevelopment:

- Units will be sold to homebuyers
- Expected to unlock significant capital appreciation and investor returns

Financial Summary (March 2025 – February 2026)

Income and Expenses Summary:

Item	Amount (ZAR)
Income	33,500
Rentals	
Electricity refunds	
Total Income	33,500

Item	Amount (ZAR)
Capital spending	
Purchase/ conveyancing	1,929,060.00
Architectural	12,500.00
Town planning	38,274.13
Water and Sewer	0.00
Site Prep	0.00
Renovations	215,323.00
Solar Energy	61,843.00
Water Supply	23,500.00
COJ	0.00
Total Capex spending to date	2,280,500.13
Operational Spending	64,157.43
Total Spending	2,344,657.56

Outlook & Strategic Position

The property is currently positioned across **two value phases**:

Short-Term (2025–2027)

- Rental income generation from 6 rooms
- Occupancy growth
- Cost recovery from upgrades

2. Medium-Term (Post-2027)

- Redevelopment execution
 - Unit sales – seven units
 - 1 x bedroom unit
 - 1 x 2-bedroom unit
 - 1 x 3-bedroom unit
 - 4 x 3-bedroom duplex
 - Value realization for shareholders
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Closing Note

The past year reflects a **disciplined investment approach**, focusing on:

- Strengthening the asset
- Reducing operational risks
- Positioning for scalable future returns

With infrastructure upgrades completed and tenants now onboard, the property is well on track to deliver both **steady income and long-term capital growth**.