

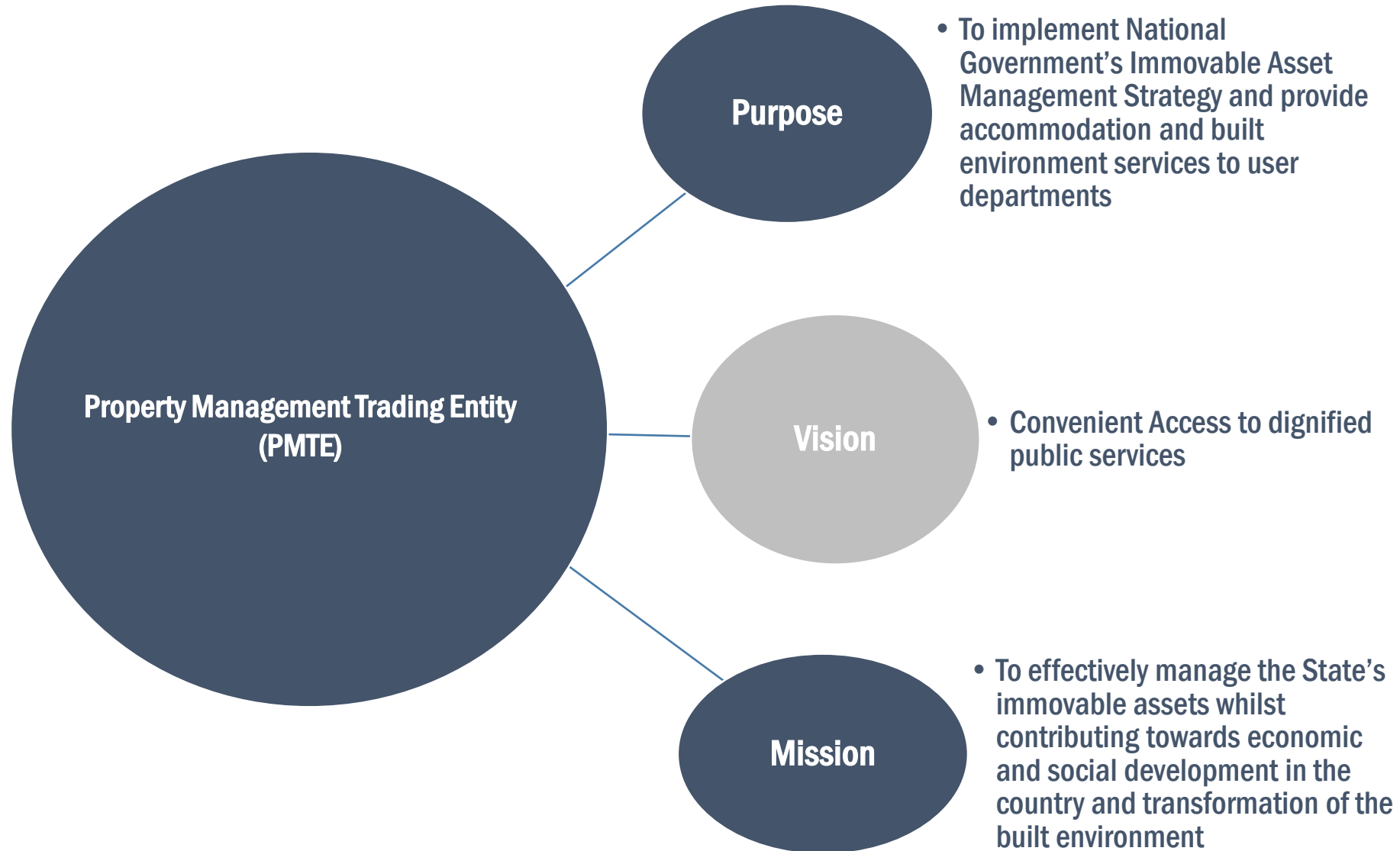
Leasing Framework

Mr. Paul Serote

**Head: Property Management Trading
Entity**



PMTE In A Nutshell

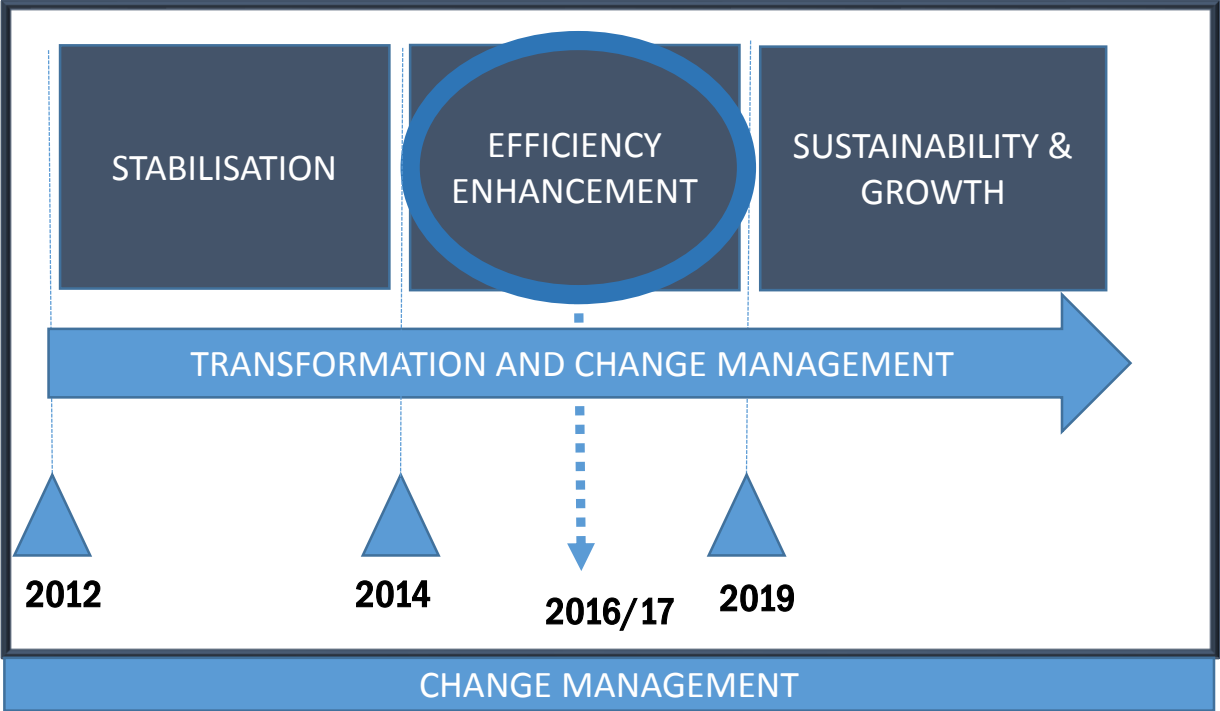


PMTE In The Context Of DPW Recovery

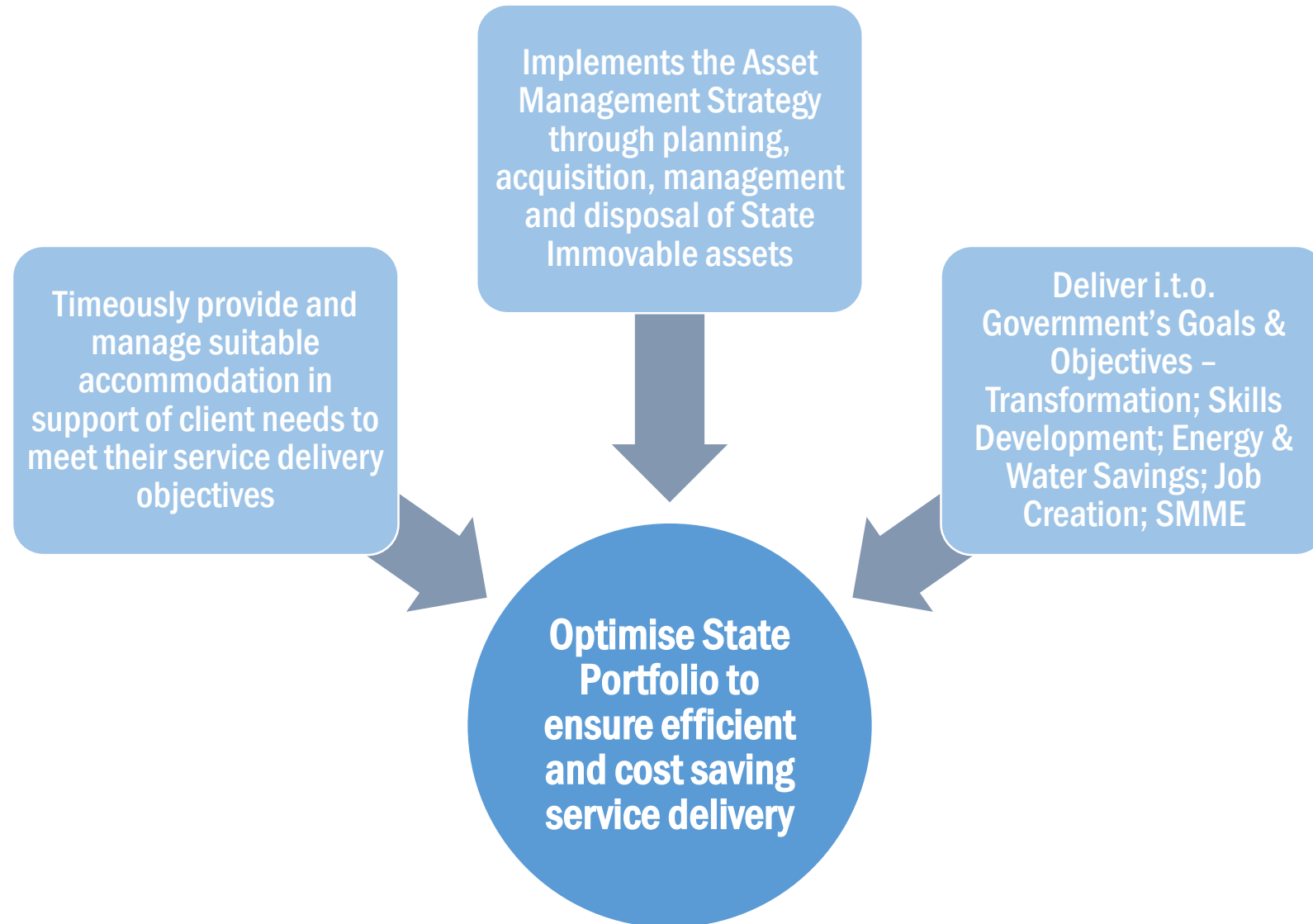


TURNAROUND STRATEGY

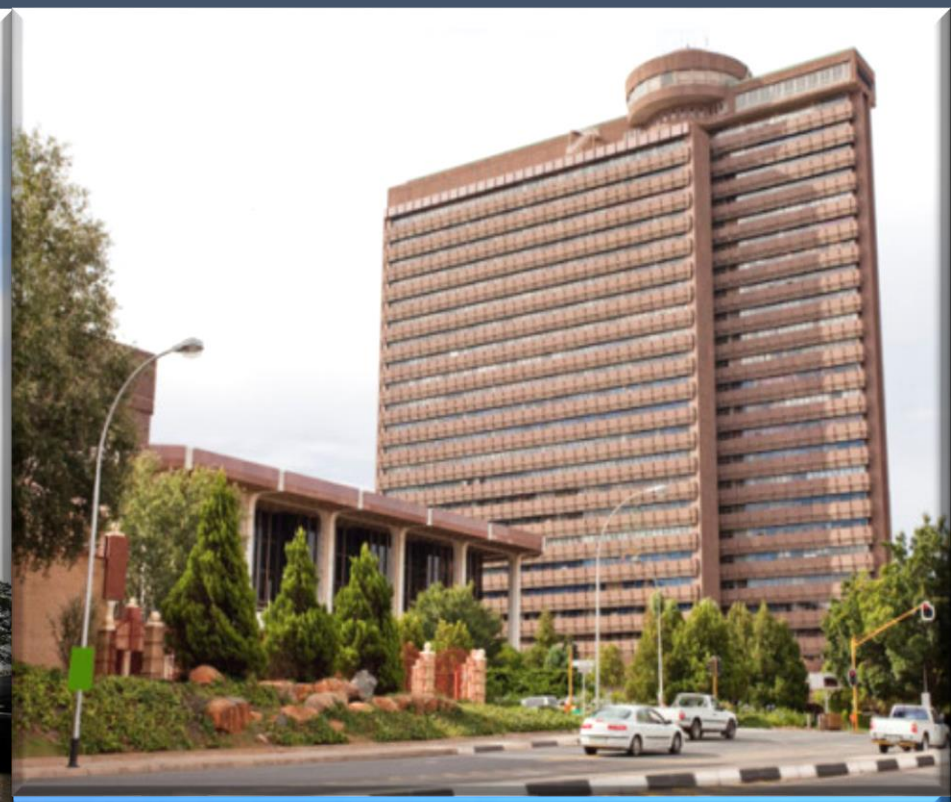
Stabilisation of DPW due to historical poor performance and lack of adequate management and financial controls



PMTE'S Mandate

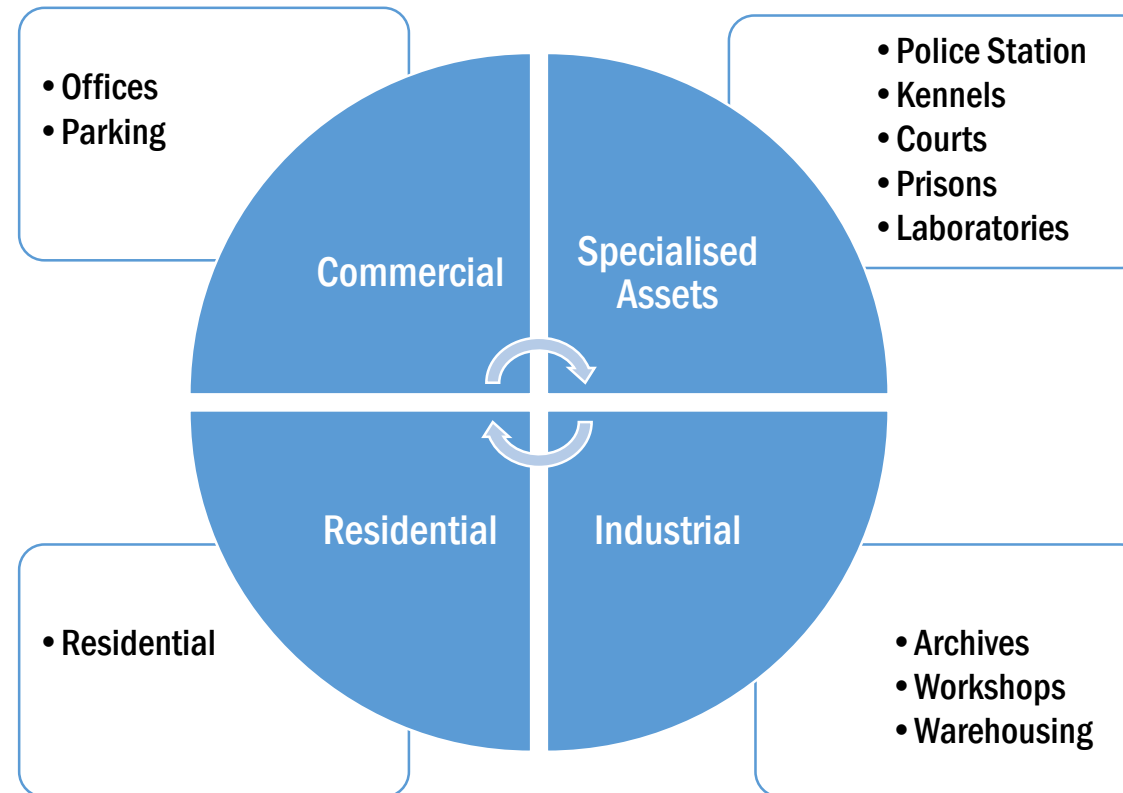


State of Leasehold Portfolio



State of Leasehold Portfolio

Types of accommodation leased by the PMTE include but not limited to:



State of Leasehold Portfolio

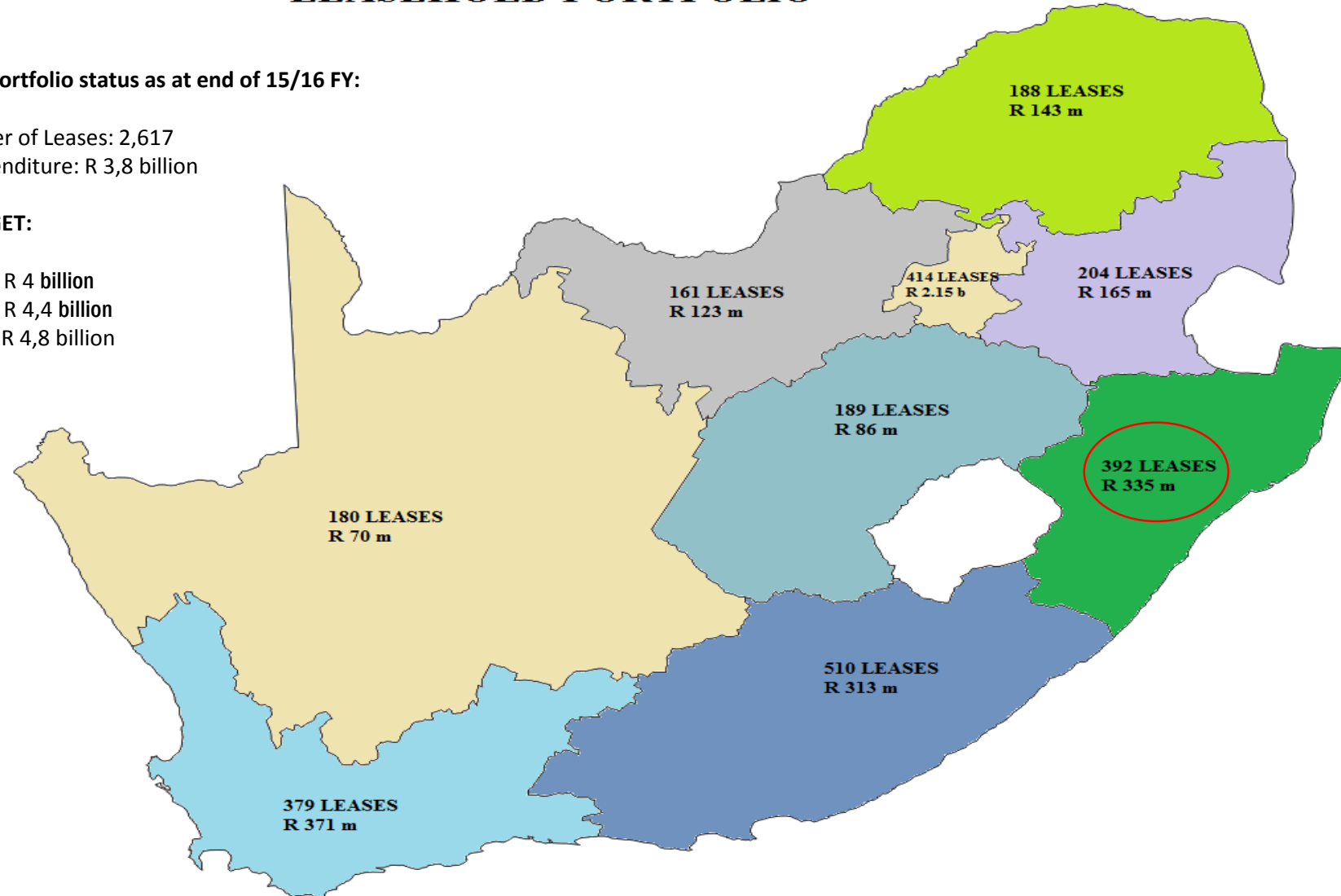
LEASEHOLD PORTFOLIO

Leasehold portfolio status as at end of 15/16 FY:

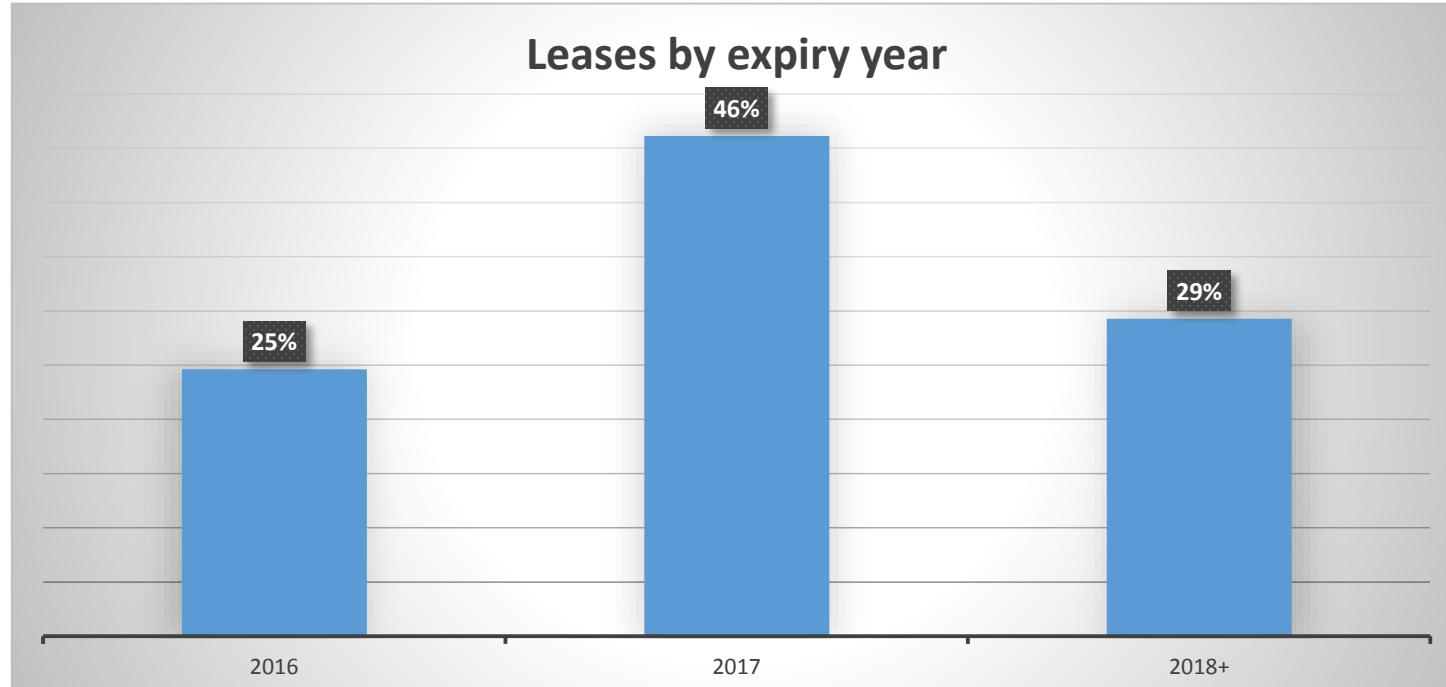
Total number of Leases: 2,617
Annual Expenditure: R 3,8 billion

MTEF BUDGET:

2016/17 FY: R 4 billion
2017/18 FY: R 4,4 billion
2017/18 FY: R 4,8 billion

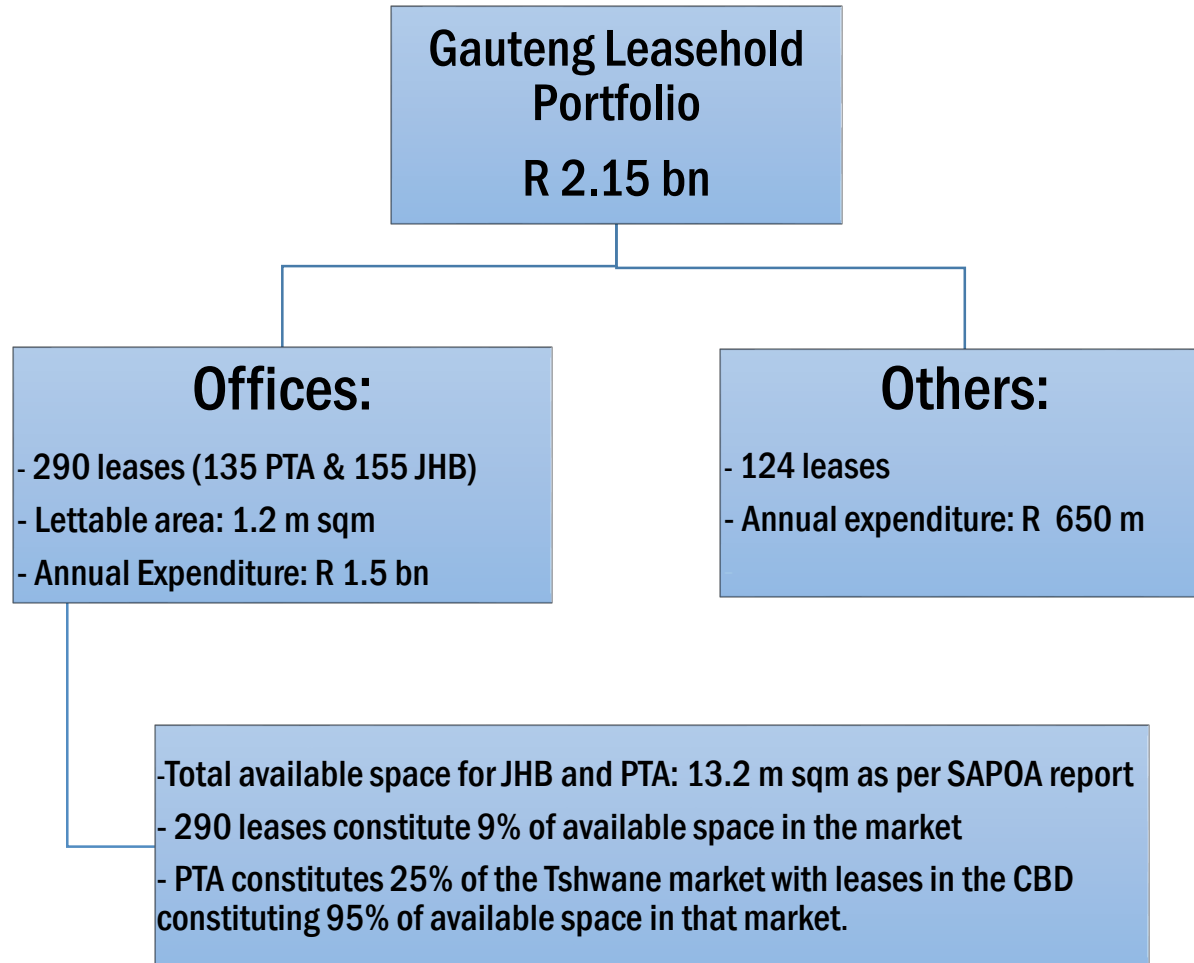


State of Leasehold Portfolio

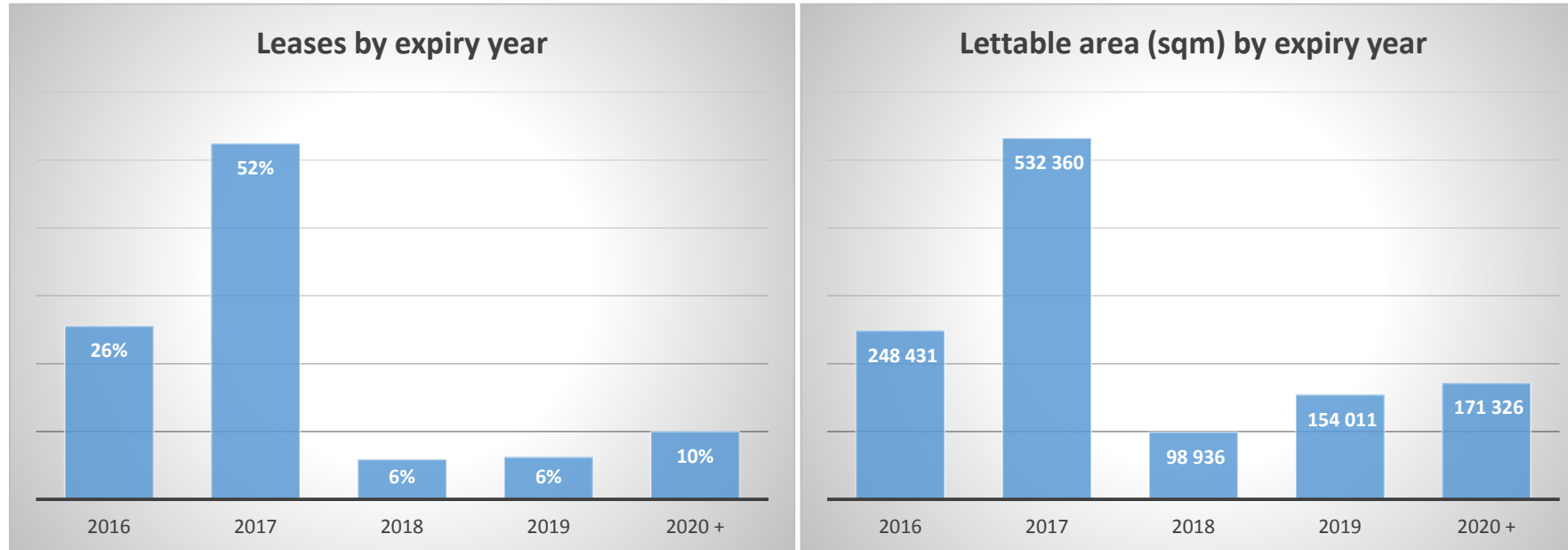


- At least 71% of leases expiring in the next 2 years
- High volumes require a different approach to concluding leases

Gauteng Leasehold Portfolio



Gauteng Leasehold Portfolio



- **76% of office leases in Gauteng expiring in the next 2 years with a total lettable area of 780 791 square meters**
- **This further demonstrates a need for a new approach to manage the renewals**

Current Challenges

- The current leasing process is inefficient and ineffective;
- Leases are procured on a reactive basis vs strategically
- Can take up to 18 months to conclude procurement of accommodation
- Procured space is not optimally utilized (archaic norms and standards
- Insufficient contract management
- Current rates are expensive and out of line with the market
- Current rates not related to age and condition of buildings and facilities;

- Inadequately equipped facilities procured
- Lack of commitment to transformation by industry
- Market sell-off to new entrants at inflated prices
- Sale of buildings that undo transformation initiatives of government
- Fronting
- Poor maintenance of leased properties
- High tenant installation costs
- Landlords not complying, e.g. not registered on Central Supplier Database

New approach to accommodation management

Leasing Framework (Panel)

- PMTE in collaboration with the Office of the Chief Procurement Officer, National Treasury have embarked on SCM reforms from which this leasing framework was developed
- The **objectives** of the framework are:
 - Reduction of government rental expense
 - Effective and Efficient delivery of accommodation to User Departments
 - Shorten turnaround time on delivery of accommodation
 - Compliance to the Constitution and National Treasury prescripts on procurement

Period of the panel not exceed three (3) years and be reviewed once a year to allow for new entrants

Development of the Framework

The Leasing framework will be approached in two main phases. The first phase will involve registration on the Panel and the 2nd phase will involve procurement of accommodation from the Panel. These phases are as follows:

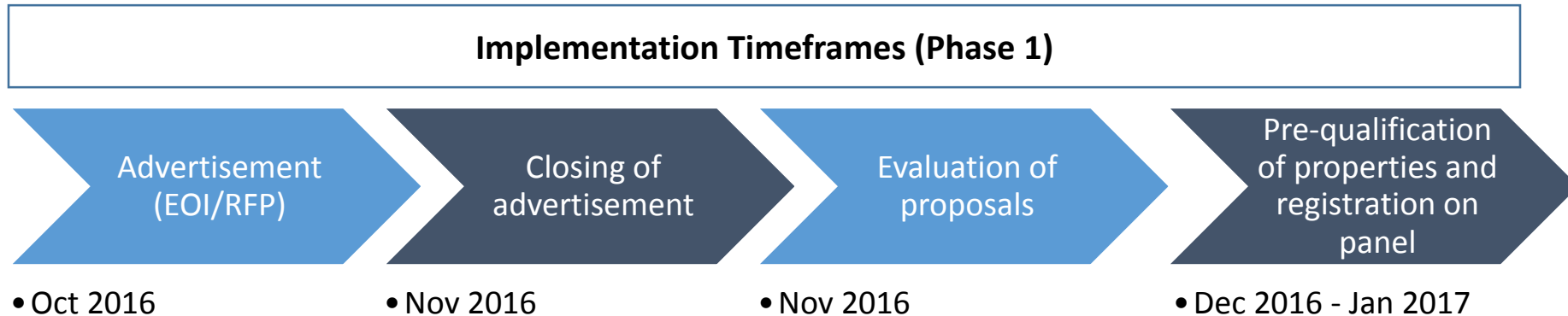
Phase 1

- An expression of Interest/request for proposal will be advertised inviting Landlords to apply for registration on the PMTE Lease accommodation register
- All proposals received will be processed and successful applicants will be registered on PMTE IT Portal/Accommodation register
- Successful Landlords will be required to upload information of available accommodation to the Portal on a regular basis
- The panel will not be restricted to Private Landlords and will also include State Owned Entities, Tribal Land & Trusts

Development of the Framework

Phase 2

- Procurement from the panel shall be on a competitive basis
- Client needs will be matched against available listed accommodation
- Landlords with accommodation that meet requirements will be invited to participate in a competitive bidding process
- Functionality, Price and Preference shall be used as evaluation criteria



**Automated Accommodation
Management System**



Supplier Interface

Home Back Help Policy Logout

Khathu Nekhumbe : Is Logged In

powered by Dept. Public Works

WORX4U Lease Portal

Asset(s) to Lease

UAMPS

Enquiries / Matches

Reporting / Dashboards

Change Password

Esri

Supplier Details

UNIQUE NUMBER

Supplier Unique Number Retrieve

Status

SUPPLIER DETAILS

Company Name

Trading Name (If Applicable)

Company / Individual Company Individual *

Company Registration No. / ID No.

VAT Registered? YES NO *

VAT No

Expiry Date

Contact Person's Name

Supplier's Telephone No

Supplier's Cell No

ASSET(S) LIST

...FILTER...

NO	NAME	CONDITION	VACANT	CLIENT	LETTABLE SPACE	AVAILABLE SPACE	R/M ²
W4U-01	Poytons	5	Yes	Correctional Services	5000m ²	1000m ²	250
W4U-02	Civitas	4	Yes	National Dept. Health	2500m ²	1500m ²	150
W4U-03	Center	5	Yes	Public	2000m ²	1000m ²	200

Map showing asset locations in Johannesburg, South Africa. The map includes major roads like M1, M2, M3, M4, M6, M8, M10, M11, M12, M14, M16, M18, M20, M26, and M30. Red markers indicate the locations of assets. The map is powered by Esri.

System developed in-house

Supplier interactive portal

Real time vacancy information

Consolidated picture of market information

Integration with ERP

Accommodation Need(UAMP) Registration

Home Back Help Policy Logout

Khathu Nekhumbé : Is Logged In

powered by :: Dept. Public Works

WORX4U
Lease Portal

UAMP

Information
Supplier Name
Invoice Number
Invoice Amount
Approved By

UAMP INFORMATION

Unique Number Retrieve

User Department *

Accommodation Requirement

Specify

Recommended Lease Period

Accommodation Type

If Other, Specify

Staff Complete /m2

Total Space Required

Preferred Location

LIST OF NEEDS

Alignment to user requirements

Pro-active management

Matching Needs to Assets

... Main Menu ...

Supplier Details

Asset(s) to Lease

UAMPS

Enquiries / Matches

Reporting / Dashboards

Change Password

Esri

Match Need to Available Assets

Match Information

Client Department	Space Size m ²	yYy	xXx
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<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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250 per m²



1000m² Office Space to Let in Pretoria

100 300 Floor Size 1000m²

A grade offices x2 offices on the ground floor Board room and open plan offices on the 1st floor 2 toilets Kitchenette Big Reception

5 Photos Mapped

250 per m²



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1000m² Office Space to Let in Pretoria

LIST OF NEEDS

- Pro Active matching of:
- User requirements
 - State assets
 - Available stock for lease

Transformation in the Property Industry

B-BBEE

- PMTE will drive the transformation agenda
- Property Empowerment Policy under review
- PMTE will enhance opportunities for black and female owned participation



Sustainable Buildings

Energy Efficiency

Water Efficiency

Green Buildings





The End

Thank You