

2020

Valuation Of:
ERF. 4314 KHOMASDAL
(Windhoek District - Registration Division "K")
On Behalf of:



NAMAGRI
THE WAY FORWARD



PROPERTIES



CONSULTING AUCTIONEERS



AVIATION



WILDLIFE SERVICES



BUSH ENCROACHMENT



MARKET VALUE	N\$ 1 880 000.00
FORCED MARKET SALE VALUE	N\$ 1 500 000.00
REPLACEMENT VALUE (INCLUDING 15% VAT)	N\$ 3 600 000.00
INSURANCE VALUE (INCLUDING RENT)	N\$ 3 960 000.00
DATE OF VALUATION	08 September 2020



PREPARED BY:

Wayne Beukes

Professional Valuer

National Diploma: Real Estate (CPUT SA)

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PROPERTY VALUATIONS NAMIBIA

CREATING VALUE FOR OUR FUTURE

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1. INSTRUCTION

MR. ALEX McDONLAD, NAMAGRI, INSTRUCTED PROPERTY VALUATIONS NAMIBIA TO DETERMINE THE MARKET VALUE OF THE SUBJECT PROPERTY.

CLIENT: Ms. I. Basson
REPRESENTED BY: Mr. Alex McDonald
MOBILE NUMBER: +264 81-128 6821
EMAIL ADDRESS: alex@namagri.com
DATE OF INSPECTION: 07 September 2020
DATE OF VALUATION: 08 September 2020

1.1 ANALYSES OF INSTRUCTION

- To determine the market value as at date of valuation.
- To determine the replacement costs as at date of valuation for insurance purposes.

1.2 DEFINITION OF MARKET VALUE

The definition of 'Market Value' as laid down by the International Valuation Standards Committee is:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

A summary of the features of the 'willing' buyer and seller are:

They should be in a position to enter into a contract (financially and legally);

They negotiate on equal terms;

They are both well informed about the property and all its potentialities, as well as about the market for such properties (i.e. they are as well informed as the person who has taken all reasonable steps to obtain this information);

They are not under pressure (i.e. they are not forced to buy or sell a property within a limited time); and

They negotiate the transaction rationally.

When we analyse these features, it becomes clear that a 'real' person could seldom comply with all of them. The Valuer must therefore distance himself from the personalities concerned and imagine a hypothetical transaction in which both the buyer and the seller have the understanding and motivations that are typical of the market for the property or interests being valued [Minister of Water Affairs v Mostert 1966 4 SA 690 (A) 722c]. This definition of value holds true in the case of the subject property.

1.3 DEFINITION OF REPLACEMENT VALUE OF IMPROVEMENTS

The property is valued as at market related reconstruction cost of all fixed property and excludes insurance for the going concern value of the property. These replacement figures are based on research conducted with the relevant experts regarding construction costs of similar buildings. It is however, an assumption based on averages and given the fact the majority of the building materials would have to be transported from afar, I am recommending that an architect be appointed to work hand in hand with a quantity surveyor to calculate the precise sizes and the actual replacement costs of all improvements.

2. STREET ADDRESS

The subject property is situated at Austin Road No. 21, Khomasdal, Windhoek.



3. PROPERTY DETAIL

Deeds Registry:	Windhoek
Property Type:	Bakery/Butchery/Residential Unit
Erf Number:	Erf 4314, Khomasdal
District:	Khomas - Windhoek
Registration Division:	"K"
Local Authority:	City of Windhoek
Title Deed No:	To be announced
Extent:	452m ²
Endorsements:	To be announced
Zoning:	Business
Free hereditary tenure:	Yes
Servitudes:	Standard as per title deed

I did not view the title deed of the subject property. This valuation will be done on the basis that there are no servitudes or conditions (other than the standard stipulations), registered against the title deed that may adversely affect the content of this report.

4. TOWN PLANNING CONDITIONS

Zoning:	Business
Coverage:	85%
Height:	(To be determined in terms of bulk)
FAR/Bulk:	1.0
Building Lines:	5m from street boundary
Parking Requirements:	1 per 33m ²

5. MUNICIPAL VALUATION

As per the General Valuation Roll of the City of Windhoek, effective date 2015, the land and the improvements were separately valued as follows:

Land	N\$ 294 000.00
Improvements	N\$ 1 170 000.00
Total	N\$ 1 464 000.00

6. AVAILABILITY OF SERVICES

Fully serviced by the Windhoek Municipality with water, electricity, storm water drainage and refuse removal.

7. MACRO AND MICRO LOCALITY

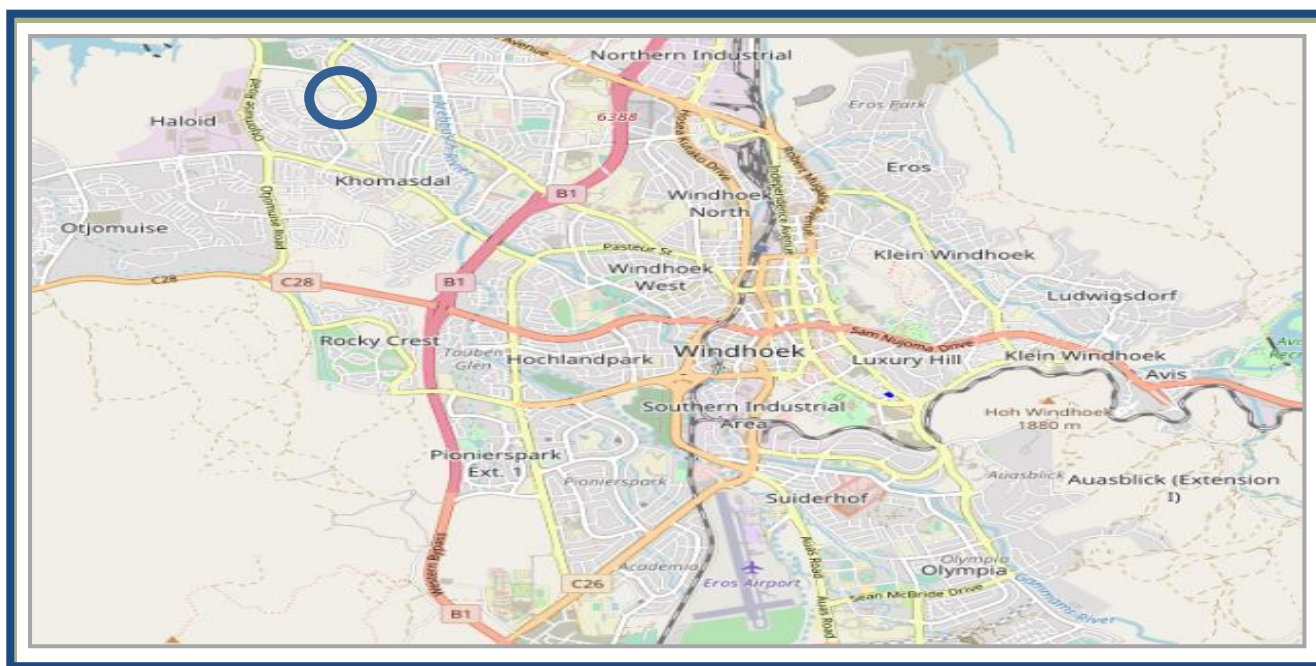
The subject property is located towards the northern area of the Khomasdal neighbourhood.

Access to and from the property is obtained from Austin Road which is off Mahatma Gandhi Street, the latter which is off Independence Avenue and Hosea Kutako Drive, both arterial routes connecting various areas within the immediate and surrounding neighbourhoods, accordingly enhancing the visibility and accessibility of the subject property.

The immediate area comprises of NamPost, other business properties, residential units, general residential units, etc.

All applicable amenities such as medical facilities, schools, public transport, places of worship and restaurants are available in close proximity.

The here below Garmin map illustrates how the subject property is integrated into the macro environment of the capital city of Windhoek.



8. MARKET RESEARCH AND APPLICATION

The City of Windhoek has experienced phenomenal growth over the past 20 years in most of the property sectors i.e. residential, general business, restricted business, industrial/light industrial developments etc. This area is coming from average a high base as the area had historic average to high marketing activity and the developed erven consisted of pre-dominant owner occupants. There has been an increase in demand for occupation at this address as can be witnessed by newly erected buildings, as well as buildings under construction. The demand for decentralized industrial/commercial/office space has experienced moderate growth over the past eight years. This has in the past sustained low vacancies, created an upswing in real rentals and supported land values. This trend has come to an end, with a decline in values evident over the past 18 months.

The current economic slowdown and COVID-19 pandemic, coupled with new depository regulations have negatively impacted on property values, rental yields, capitalization rates, etc. This trend will persevere for the next 18 months.

KEY ELEMENTS SUPPORTING THE VALUE OF THE SUBJECT PROPERTY:

ELEMENT	SITE SUITABILITY	RATING (OUT OF 5)
Site Profile	The subject site is a near rectangular 452m ² "Business" zoned allotment, a declining in contour towards the western boundary, the aspect of which is easterly.	3.0
Land use	The subject property's current "Business" zoning positively impacts on surrounding land uses and land values, at the same token, suggesting that the surrounding land uses will fulfill a complimentary role to any Business type development.	3.5
Accessibility/ Exposure	Access to and from the property is obtained from Austin Road which is off Mahatma Gandhi Street, the latter which is off Independence Avenue and Hosea Kutako Drive, both arterial routes connecting various areas within the immediate and surrounding neighbourhoods, accordingly enhancing the visibility and accessibility of the subject property. The subject site boasts moderate exposure levels which benefits, the letability and marketability of the subject property	3.0
Demand (General)	The demand for "Business" type developments have consistently been higher than the supply thereof over the past 10 years. Developable suitable land, serviced with water and electricity, has become a scarce and expensive realty, a slowdown in demand is experienced under current market conditions with supply and demand in a state of equilibrium.	2.0
Suburb Demand	A few new building/sectional title units/offices have been constructed within the immediate neighbourhood during the past 5-8 years. Demand however on the decline. There has been a historic average to high demand in this particular area, which still enjoys prominence in the marketplace with competitive rental yields and property prices being achieved (even under the current economic downturn).	2.5
Capital Growth	Windhoek has historically recorded consistent growth patterns of 4-8%. Growth patterns have been negative for the past 24-months. The envisaged growth for 2020/2021 is -2%. New depository regulations, coupled with restrictive lending policies from financial institutions and the present economic slowdown experienced have resulted in a contraction in property values, sales prices and rental returns.	2.0
Letability/Saleability	The subject property is located towards the northern area of the Khomasdal neighbourhood where average rental figures are achieved with minimal vacancies, accordingly, supporting property values. The marketing period of which may exceed 12 months, cognizance taken of the current economic climate, coupled with the poor state of repair of the subject property.	2.0

9. DESCRIPTION OF PERMANENT STRUCTURES AND IMPROVEMENTS

The permanent structures and improvements can best be described at hand of the following:

Structure:	Concrete framed brick & mortar constructions over re-enforced concrete foundations and floor slab to relevant specifications.		
GBA m ² :	Ground Floor Shops:	175m ²	
	First Floor Flat:	136m ²	
	Balcony:	39m ²	
	Outbuilding:	18m ²	
Storey:	Double storey		
Roof:	Iron roof sheets fitted onto wooden trusses		
External Walls:	Plastered and painted brick		
Internal Walls:	Plastered and painted brick		

Floors: Vinyl tiles, granulite floors

Ceilings: Rhino board, concrete soffit

Lighting: Standard i.e. sunken ceiling lights, boxed fluorescent lights, ball lights, etc.

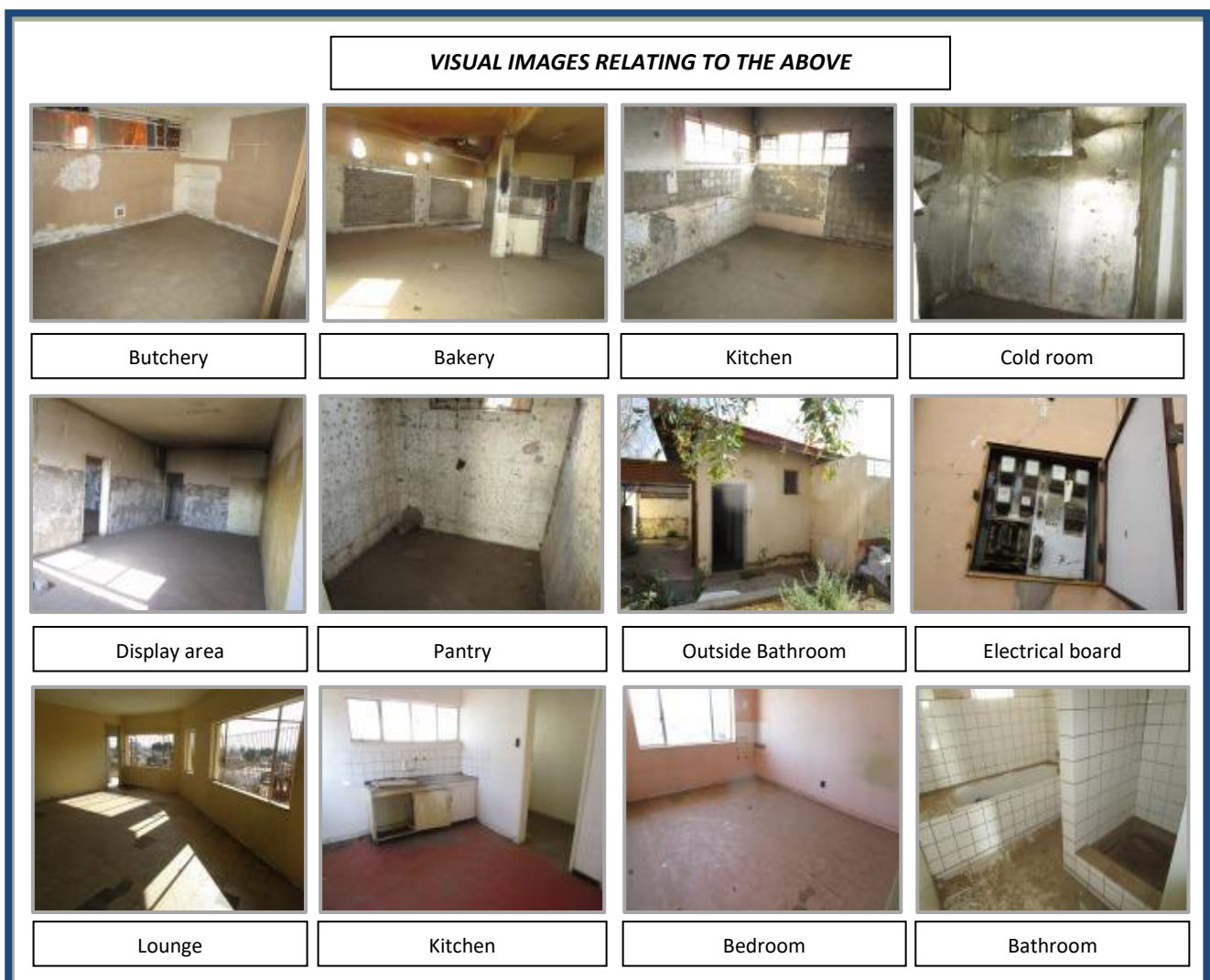
Glazing: Iron frames

Climate Controlled: None

Condition: Poor - Vandalized

Accommodation Including:

- a) *Ground Floor Shops:* Bakery, butchery, kitchen, display area, cold room, fast food area, ablution (wc/basin).
- b) *First Floor Flat:* Lounge, kitchen, pantry, 3 bedrooms, bathroom (bath/shower/basin), separate wc, balcony, etc.
- c) *Outbuilding:* Outside bathroom (shower/wc/basin).
- d) *Minor Improvements:* Walling, parking, ample onsite and street side parking, security arrangements, etc.



10. HIGHEST & BEST USE

The highest and best use refers to the highest potential in terms of value that the property can achieve with due cognisance been taken of the local authority rights, restrictions and regulations, if applicable, as well as the general use of properties in the surrounding area.

The best use of the subject property is that of a Retail/General Residential type development, optimally developed in terms of the permissible town planning conditions.

11. MARKET/PROPERTY INDICATORS (SUMMARY)

Rating out of 5 (1 being the lowest, 5 being the highest)

Inflation Rate	3.0%	Rating	3.0
Interest Rate	7.75%	Rating	4.0
Exchange Rate	N\$16.70 to the US\$	Rating	1.0
Property market in general	Average	Rating	2.0
Demand in this particular node	Average	Rating	2.0
Location	Khomasdal	Rating	3.0
Letability	Average	Rating	2.0
Sale-ability	Average	Rating	2.0
Overall Rating			2.375

12. VALUATION METHOD

When valuing real estate, the Valuer must concern himself with placing a value on the rights attaching to the property and the benefits of occupation and/or ownership thereof. In the valuation process, cognisance must be taken of the purpose for which the property is capable of being used and the future income or amenities, which it is likely to produce. At the same time, however, the property must be compared with available substitutes and/or alternative investment opportunities. The object of the valuation process, therefore, is to arrive at a figure which will reflect the point of equilibrium between supply and effective demand at the time of valuing the property.

The valuation of land as if vacant, or of land and improvements to or on the land, is an economic concept. Whether vacant or improved, land is also referred to as real estate.

Real estate's utility or capacity to satisfy the needs and wants of humans creates value. Contributing to value are real estate's general uniqueness, durability, fixity of location, relatively limited supply, and the specific utility of a given site.

There are various methods commonly used for determining the market value of real estate. These methods of valuation comprise:

- Direct Comparable Sales Approach
- Cost Approach
- Income Approach

In order to determine which method or combination of methods applies to the subject property, cognisance was taken of the fact that the subject property is an income producing property and that the **Income Capitalization Method of Valuation** is to be utilized, however the poor state in which the property is and that it cannot be leased and we are of the opinion that the **Depreciated Replacement Cost Method of Valuation** will be the most appropriate method to be utilized.

12.1 Depreciated Replacement Cost Method of Valuation

This method of valuation entails the calculation of the depreciated replacement cost of all improvements allowing for functional and economical obsolescence in the current market conditions. The following positive and negative factors were taken into consideration in determining the depreciation.

Factors Influencing this Valuation:

- Good location.
- Good accessibility.
- Average demand in this particular node.
- Average to poor quality and extent of the permanent structures and improvements.
- Property currently in a very poor state of repair – not leasable.
- Significant costly upgrading essential.
- Economic slowdown causing contraction in property values and rental yields.
- COVID-19 pandemic resulting in further pressure on the economy.

SELECTION OF COMPARABLE SALES

VACANT GENERAL RESIDENTIAL/BUSINESS/INDUSTRIAL ZONED ERVEN					
Erf Number	Extent	Zoning	Purchase price (N\$)	Date of Sale	Sales Rate/m ²
2262 Otjomuise	1,700m ²	General Residential	1,300,000.00	01/03/2018	764.71
2802 Otjomuise	828m ²	General Residential	1,270,000.00	02/08/2018	1,533.82
1439 Rocky Crest	3,138m ²	General Residential	3,500,000.00	01/08/2017	1,115.36
5411 Khomasdal	1,511m ²	Industrial	1,300,000.00	28/06/2017	860.36
6533 Khomasdal	15,492m ²	Business	11,345,000.00	07/12/2017	732.31

VALUATION FRAMEWORK:

Improvements	Size(m ²)±	Rate/m ²	Sub Total	Depreciation	Total (N\$)
Ground Floor Shops	175	8,000.00	1,400,000.00	50%	700,000.00
First Floor Flats	136	8,000.00	1,088,000.00	50%	544,000.00
Balcony	39	2,500.00	97,500.00	50%	48,750.00
Outbuildings	18	4,000.00	72,000.00	50%	36,000.00
Other improvements (Walling, Fencing, Paving, etc.)	PC Sum	PC Sum	115,000.00	50%	57,500.00
Sub Total					1,386,250.00
Land	452	1,100.00			497,200.00
					1,883,450.00
				Say	1,880,000.00

Property brokers plus accredited valuers were consulted for market rentals. In assessing the value of the subject property I am of the opinion that the projected rentals are achievable for the subject property and are market related for the area.

13. EXECUTIVE SUMMARY

In view of the following:

- Good location.
- Good accessibility.
- Average demand in this particular node.
- Average to poor quality and extent of the permanent structures and improvements.
- Property currently in a very poor state of repair – not leasable.
- Significant costly upgrading essential.
- Economic slowdown causing contraction in property values and rental yields.
- COVID-19 pandemic resulting in further pressure on the economy.
- Economic slowdown causing contraction in property values and rental yields.
- COVID-19 pandemic resulting in further pressure on the economy.

I am of the opinion that there are not many indicators that would suggest that the standard lending policy for properties of this nature cannot be followed if the subject property is to be bonded.

14. GENERAL

The property has been valued as if wholly owned, no account being taken of any outstanding monies due, in respect of mortgage bonds, loans or other charges.

15. REPLACEMENT COST (INCLUDING 15% VAT)

Improvements	Size(m ²)±	Rate/m ²	Sub Total (N\$)
Ground Floor Shops	175	8,000.00	1,400,000.00
First Floor Flats	136	8,000.00	1,088,000.00
Balcony	39	2,500.00	97,500.00
Outbuildings	18	4,000.00	72,000.00
Minor Improvements	PC Sum	PC Sum	115,000.00
Sub Total			2,772,500.00
10% Professional Fees & Local Authority & Statutory Fees			277,250.00
3% Demolition & Removal Costs			83,175.00
Total (Excl.15% Vat)			3,132,925.00
Add 15% Vat			469,938.75
Total (Including 15% Vat)			3,602,863.75
Total Replacement Cost (Rounded)			3,600,000.00

16. INSURANCE VALUE (INCLUDING RENT)

Type	Sub Total
Total Replacement Cover (Including 15% Vat)	3,602,863.75
Rent	360,000.00
Insurance Value (Including Rent)	3,962,863.75
Say	3,960,000.00

17. MARKET VALUE

Having regard for the above, I am of the opinion that as at the 08th of September 2020, the **Market Value** of the subject property, assuming an arm's length transaction between a willing, able and informed buyer, and a willing, able and informed seller and further that reasonable time is allowed for the property to be sold is:

MARKET VALUE: N\$ 1 880 000.00 (ONE MILLION EIGHT HUNDRED AND EIGHTY THOUSAND NAMIBIAN DOLLARS)

It must be kept in mind that, should the subject property as described be sold under forced conditions, normally by public auction, it will not necessarily fetch the regarded market values as stated in the report.

18. RESTRICTIONS

This report was prepared solely for the purposes stated herein and can therefore not be relied upon for any other purpose. In no event shall I assume any responsibility towards any third party to which this report is disclosed and/or otherwise made available.

19. CERTIFICATE OF INDEPENDENCE

We, the undersigned, hereby declare that we comply with the requirements of the relevant Professional bodies/standards, in particular the fundamental ethical principal, objectivity/independence, as defined/explained in the Code of Ethics for Professional valuers.



.....
W. BEUKES

Professional Valuer
National Diploma: Real Estate (CPUT SA)
08 September 2020



.....
P.J. SCHOLTZ

Professional Valuer/Sworn Appraiser
National Diploma: Property Valuations (Technicon SA)
08 September 2020

Valuation Report: Erf. 4314 Khomasdal (September 2020)

Prepared by



PROPERTY VALUATIONS NAMIBIA

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PROPERTY VALUATIONS NAMIBIA

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VALUATION CERTIFICATE OF:

ERF. 4314 KHOMASDAL

(Windhoek District - Registration Division "K")

On Behalf of:



NAMAGRI
THE WAY FORWARD



PROPERTIES



CONSULTING
AUCTIONEERS



AVIATION



WILDLIFE
SERVICES



BUSH
ENCROACHMENT

I, P.J. Scholtz, **Qualified Property Valuer**, declare that the subject property was identified and I am of the opinion that the Market Value of the subject property is:

MARKET VALUE: **N\$ 1 880 000.00** *(ONE MILLION EIGHT HUNDRED AND EIGHTY THOUSAND NAMIBIAN DOLLARS)*

Thus done on 08th of September 2020 at **WINDHOEK**.

.....
P.J. SCHOLTZ

PROFESSIONAL VALUER

NATIONAL DIPLOMA: PROPERTY VALUATIONS (TECHNICON SA)



APPENDIX B
QUALIFICATIONS

This valuation has been prepared on the basis that full disclosure of all information and factors, which may affect the valuation, has been made to ourselves, and we cannot accept any liability or responsibility whatsoever for the valuation, unless such full disclosure has been made.

We emphasize that we have not carried out a structural survey of the improvements, nor have we examined them for signs of timber infestation, and accordingly, cannot be responsible for possible defects.

Where actual income and expenditure data has been made available to us, such data has been adjusted for anomalies and used on the understanding that it is correct as a basis for assessing capitalized values; in the absence of such data, we have made what we consider to be plausible assumptions.

Open Market valuation means the price at which an interest in real estate might reasonably be expected to have sold unconditionally for cash consideration on the date of valuation, assuming:

- a. A willing and informed seller and a willing and informed buyer;
- b. That, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest for the agreement of price and terms and for the completion of the sale; and
- c. That no account is taken of any additional bid by a purchaser with a special interest.

The Insurance Value is a MINIMUM recommended value, subject to the qualifications set out above, and should be verified by the Mortgagor to avoid average being applied in the event of a claim. All alterations and additions to the property subsequent to the date hereof, must be advised to both the insurer and the Valuer by the Mortgagor.

This valuation has been prepared on the understanding that no onerous easements, rights of way or encroachment exist by or on the subject property, other than those in favour of statutory bodies, applicable to all such properties or which could be regarded as customary.

Finally, we must point out, that neither the whole nor any part of this valuation, nor any reference thereto, may be included in any document, circular or statement, without the prior written approval of the Valuer of the form and content in which it appears.

