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The Trust & Estate Co (Pty) Ltd

• LAND AND ESTATE AGENTS – VALUERS • EIENDOMSAGENTE – WAARDEERDERS

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Bishops Close Street, Klein Windhoek

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WINDHOEK, NAMIBIA

VALUATION CERTIFICATE BY D HITE/VALUER FOR NAMIB WOOD (PTY) LTD

This is to certify that I have inspected the improvements on
Erf 70 Lafrenz and I estimate the probable values,
as follows

MARKET VALUE	N\$ 10 500 000
INSURANCE VALUE	N\$ 14 000 000
FOCED SALE VALUE	N\$ 8 400 000

D HITE/VALUER

9th March, 2022



The Trust & Estate Co (Pty) Ltd

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WINDHOEK, NAMIBIA

VALUATION REPORT BY D HITE/VALUER FOR NAMIB WOOD (PTY) LTD

1. VALUATION INSTRUCTION:

I was instructed by Mr Theart to determine the probable market value of Erf 70 Lafrenz.

2. DEFINITION OF MARKET VALUE

The definition of Market Value as laid down by the International Valuation Standards are as follows:

“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 where-in the parties has each acted knowledgeably, prudently and without compulsion”.

3. DATE OF INSPECTION:

I have inspected the subject property on Tuesday, the 8th of March, 2022.

4. DATE OF VALUATION:

I have done the valuation on Wednesday, the 9th of March, 2022.

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5. PURPOSE OF VALUATION:

The purpose of this valuation is to determine the probable market value of the subject property.

6. DESCRIPTION OF PROPERTY:

Erf 70 Lafrenz, is situated in the municipal area of the City of Windhoek and is **2733 m² in extent**.

The subject property is also situated in Rendsburger street No. 16 and has a **zoning of "Industrial", with a bulk of 1**.



A handwritten signature in black ink, appearing to be 'D. J. van der Merwe'.

7. DESCRIPTION OF IMPROVEMENTS:

Present improvements consist of two large warehouse/workshop buildings, paving and some boundary walls.

The first warehouse consists of a warehouse area, reception, office area and ablutions.

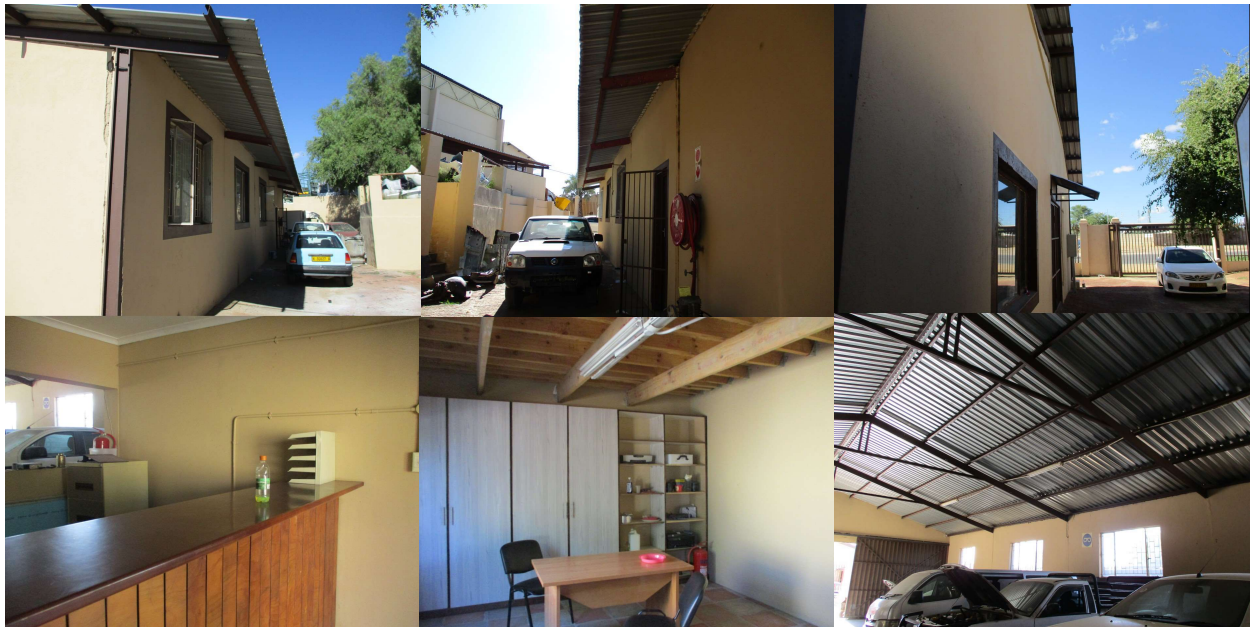
The second warehouse consists of a large warehouse/workshop area, storerooms, ablutions, some offices, kitchen and staff ablutions.

Other improvements consist of paving, some boundary walls and an alarm system.

8. CONSTRUCTION OF IMPROVEMENTS:

The improvements are built with a steel structure with cement brick walls, IBR roof sheeting, no ceilings, steel windows with cement floors.

All the improvements are in an average condition and need some renovations on the inside and outside.



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9. MARKET INFORMATION:

9.1 Market Conditions:

The Namibian economy has held up relatively well in the past few years. However the past four years was a big struggle for the economy and a negative growth of $\pm - 3 \%$ was achieved during 2021. In 2022 similar results are expected to the previous year (2021). Mining output and the short term intervention programmes by the government will aid economic growth in 2022.

Despite the risk posed by inflation and the higher than desirable consumer credit growth numbers, which may lead to higher interest rates, chances are that the Namibian economy will contract at rates similar to those witnessed in the past two years.

9.2 Domestic Interest Rates:

The Bank of Namibia almost mechanically followed the South African Reserve Banks interest rate policy. However, since the beginning of 2008 the Bank of Namibia has followed a more independent policy by focusing only on foreign reserves and credit growth. The continuing global economic uncertainties, Covid 19 and possible spill over effects for the domestic economy, resulted in the Bank of Namibia increasing the Repo Rate to 4,00%, effective from February 2022.

Monetary policy makers will continue to find a balance between supporting economic growth and managing inflationary pressures.

Inflationary pressures remain relatively well contained and as a result interest rates should remain unchanged for the rest of the first quarter of 2022.

9.3 Inflation Rate:

Annual inflation is currently on $\pm 4,6 \%$ and it is expected that inflation will remain relatively stable in 2022, mainly as a result of the weakening Namibian Dollar and the impact this will have on the prices of imported goods. Inflation is expected to average around 5,00 % for 2022 as a whole.



9.4 Exchange Rate and Global Conditions:

The Namibian economy is very open and as a result very dependent on global and regional market place and exchange rate developments.

In this regard the outlook for economic improvements both globally and regionally remains cloudy. In addition, there is also a strong focus from global investors on risk aversion, which generally results in weaker emergent market currencies (including the N\$ and ZAR). A weaker currency will generally be supportive of the local economy.

The Namibian Dollar is currently trading at around N\$ 15-28 to the US\$.

9.5 Market Research and Application:

City of Windhoek has experienced a huge downward trend over the past 4 years in most of the property sectors, i.e. residential, general business, industrial, general residential units, etc.

The area in which the subject property is situated is coming from an average base, as the area had historic average marketing activity and the developed erven consist of predominant owner occupancy.

There has been an increase in demand for occupation at this address, as can be witnessed by various new developments.



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9.6 Covid-19 Effect on Economy:

The Corona Virus (Covid-19) outbreak has an extreme impact on the global economy and various financial markets/sectors. The real cost of actual economies is still unknown and the future effects cannot be accurately determined as the situation is still developing.

The Covid-19 virus has unfortunately invaded Namibian borders and in response the President of Namibia has declared a state of emergency. The lock down is aimed at detecting, containing, combating and minimising the spread of the Covid-19 virus. The Namibian economy unfortunately will be heavily affected due to the restricted economical activities allowed within the borders of Namibia. Even though the state of emergency has been lifted, the recovery of our economy is going to be a long process.

10. VALUATION OF PROPERTY:

When valuing real estate, the Valuer must concern himself with placing a value on the rights attached to the property and the benefits of occupation and /or ownership thereof.

In the valuation process, cognisance must be taken for the purpose, use and future income, which the property is most likely to produce. At the same time the property must be compared with available substitutes and/or alternative investment opportunities.

The object of the valuation process is to arrive at a figure, which will reflect the point of equilibrium between supply and effective demand at the time of valuation.

Property's utility value or capacity to satisfy the needs and wants of humans creates value. Contributing to the value of a particular property is general uniqueness, durability, price, fixity of location, relatively limited supply and the specific utility of a given site.



I will make use of the following **two valuation methods**, to determine the probable market value of the subject property namely:

10.1 NETT REPLACEMENT VALUE &

10.2 CAPITALIZATION OF NETT RENTALS.

10.1 NETT REPLACEMENT VALUE:

According to Leading Quantity Surveyors and other professionals, the probable building cost of the subject property will be as follows:

DESCRIPTION	M ²	PRICE/M ² - N\$	PROBABLE MARKET VALUE - N\$
Workshop	283	5 800	1 641 400
Workshop	1291	5 800	7 487 800
Paving			250 000
Boundary Walls			250 000
			N\$ 9 629 200
Less 20% Depreciation + Market Factors			N\$ 7 700 000
Plus Land Value			<u>N\$ 5 300 000</u>
			<u>N\$ 13 000 000</u>



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10.2 CAPITALIZATION OF NETT RENTALS:

All rentals used in this valuation was supplied to me by Mr Theart.

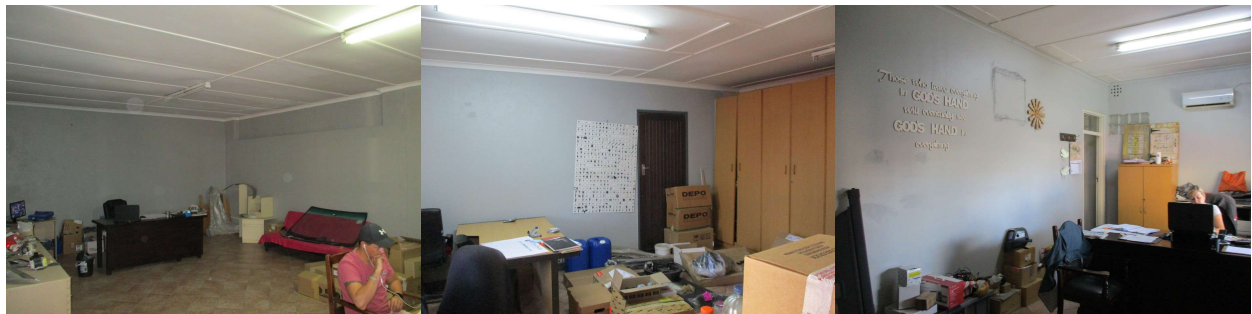
Gross Rentals Per Annum	:	N\$ 840 000
Less 15% Expenses	:	<u>N\$ 126 000</u>
Nett Rentals Per Annum		N\$ 714 000
Capitalized @ 9%		
Probable Market Value		<u>N\$ 7 930 000</u>

11. VALUE CALCULATION:

Nett Replacement Value	:	N\$ 13 000 000
Capitalized Value	:	<u>N\$ 7 930 000</u>
		N\$ 20 930 000
Probable Market Value	:	N\$ 10 465 000
(Median between 2 approaches)		
Rounded Off		<u>N\$ 10 500 000</u>

Improvements

∴	1574 m ²	@	N\$ 6 670	=	N\$ 10 499 000
	Rounded Off				<u>N\$ 10 500 000</u>



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12. INSURANCE VALUE:

DESCRIPTION	M ²	PRICE/M ² - N\$	PROBABLE INSURANCE VALUE - N\$
Workshop	283	8 500	2 405 500
Workshop	1291	8 500	10 973 500
Paving			250 000
Boundary Walls			250 000

N\$ 13 879 000

Rounded Off

*** N\$ 14 000 000**

*** The above amount includes professional fees, demolishing, escalation, VAT, etc.**

13. MUNICIPAL VALUE:

According to the General Valuation Roll of 2015, the municipal value of the subject property is as follows:

Land Value	:	N\$ 1 367 000
Improvements Value	:	<u>N\$ 5 654 600</u>
TOTAL		<u>N\$ 7 021 600</u>

14. FORCED SALE VALUE:

I estimate the probable forced sale value of the property, **at an amount of:**

N\$ 8 400 000.



15. SUMMARY:

I estimate the probable market value of **Erf 70 Lafrenz**, at an amount of:

N\$ 10 500 000 (One-zero-five-zero-zero-zero-zero-zero)



D HITE/VALUER

9th March, 2022