

VALUATION REPORT

2024

SECTION 29 OF ERF 3081, OKAPO
HEIGHT, OTJOMUISE

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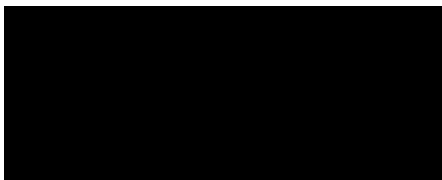
VALUATION CERTIFICATE
SECTION 29 OF ERF 3081, OKAPO HEIGHT, OTJOMUISE

I, Nadia van der Smit declare that **SECTION 29 OF ERF 3081, OKAPO HEIGHT, OTJOMUISE** has been inspected and I am of the opinion that the recommended present open market value of the property is:

MARKET VALUE	N\$650,000.00
REINSTATEMENT VALUE	N\$715,200.00

Strictly subject to conditions set out in report below.

Thus, done on 16 May 2024 at WINDHOEK.



VALUER

1. **EXECUTIVE SUMMARY**

██████████ has instructed me to provide a valuation report on subject property, SECTION 29 OF ERF 3081, OKAPO HEIGHT, OTJOMUISE, to obtain the market value for personal use.

2. **IDENTIFICATION AND STATUS OF VALUER**

I declare that I am able to provide an objective and unbiased valuation.

3. **INSTRUCTION & PURPOSE**

I have been instructed by ██████████ to determine the present market value of subject property situated on SECTION 29 OF ERF 3081, OKAPO HEIGHT, OTJOMUISE.

4. **DATE OF INSPECTION AND VALUATION**

The subject property was inspected on 16 May 2024 and the date of valuation will be taken to be 16 May 2024.

5. **ERF OWNERSHIP**

The subject property is held under Deed of Transfer.

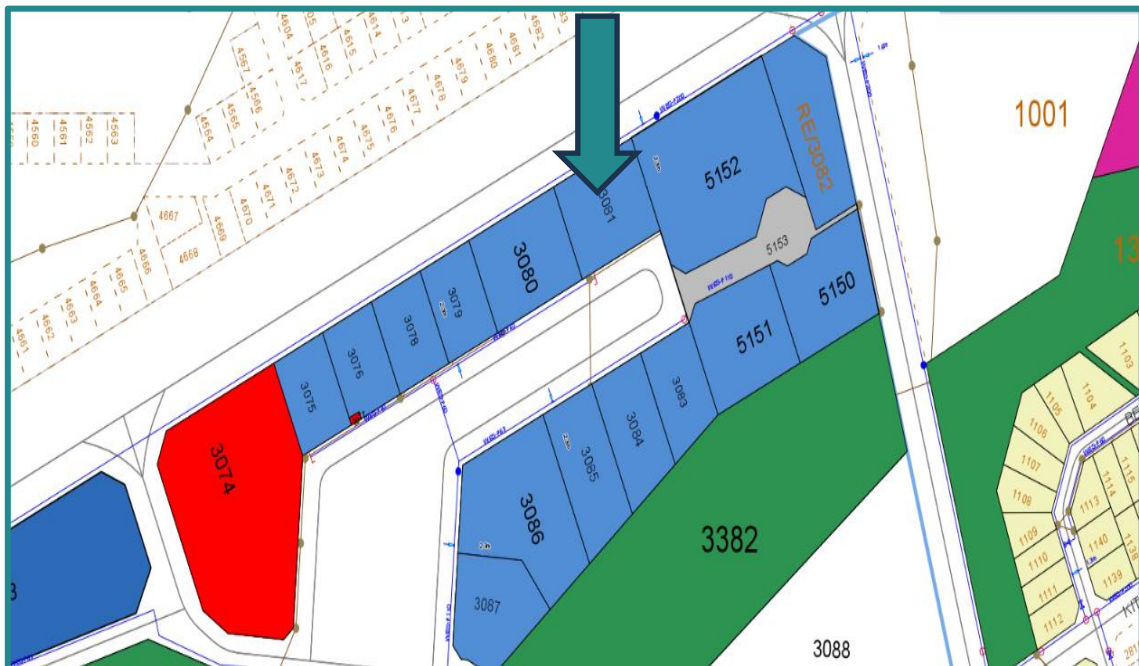
6. **STREET ADDRESS**

The subject property is situated in 31-33 Zanzibar Court, Otjomuise.

7. IDENTIFICATION OF PROPERTY & TOWN PLANNING

PROPERTY USE/TYPE:	RESIDENTIAL
DEED NO:	ST 36/2015(29)
ENDORSEMENTS	AS STIPULATED BY TITLE DEED
SERVITUDES	AS STIPULATED BY TITLE DEED
RESTRICTIONS	AS STIPULATED BY TITLE DEED
EASEMENTS	AS STIPULATED BY TITLE DEED
ENCUMBRANCES	AS STIPULATED BY TITLE DEED
NOTARIAL BONDS	AS STIPULATED BY TITLE DEED
TOWNSHIP NAME:	OTJOMUISE
COMPLEX	OKAPO HEIGHTS
ERF AREA:	1917M ²
ERF NUMBER:	U29 OF ERF 3081
ZONING:	BUSINESS
FULLY SERVICED	YES
IN FLOOD AREAS	NO
COVERAGE ALLOWABLE	85%

No responsibility is assumed for the legal description or for matters pertaining to legal or title considerations. The property is appraised as if it is free and clear of any or all liens or encumbrances. All engineering, architectural, land surveyors plan, valuation rolls, or any studies are assumed to be correct. The information furnished to the Valuer by third parties for the purpose of finalising this report is believed to be correct, but no warranty is given of its accuracy. Valuation based on that all infrastructure services have been fully completed in terms of municipal specifications and town planning by-laws. Should information be incorrect, or property does not comply valuation will be void.



8. MUNICIPAL VALUATION (complex)

In terms of the General Valuation roll, the site and improvements were valued separately as follows:

Land Value	N\$ 1 150 000.00
Improvement Value	<u>N\$ 8 667 000.00</u>
Aggregate Value	N\$ 9 817 000.00

The basis of valuation for municipal purposes (rates and taxes) according to the Local Authorities Act, act 23 of 1992, is as follows:

Land	-	Market value, willing buyer, and willing seller concept
Improvements	-	Estimated replacement cost less any Functional, physical, or economical depreciation

The municipal valuation does not represent market value.

9. BASIS OF VALUE

Market value of the properties in their existing use. Market Value which is defined as:

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

Forced Sale Value (FSV) is a term for what mortgage lenders expect a property to reach if sold after repossession.

Reinstatement Value of your home is how much it would cost to completely rebuild the property if it were totally destroyed, for example by a fire. It is not the same as the market value of your home and covers the cost of materials and labour. Reinstatement Costs are for an accurate reconstruction of your property.

10. DESCRIPTION OF IMPROVEMENT

The improvements consist of a unit with a collective floor area of 78m².

This is a 2-bedroom unit which comprises of a lounge, kitchen, and bath, toilet & basin.

Main building with practical floor layout, fitted with tiled floors, partly fitted kitchen, built-in cupboards, and cellotex ceilings. The property is fitted with average quality finishes, aluminium window frames, burglar bars and security gate. The complex is bounded with walls fitted with paving and secured with remote gate and electric fence.

The property is on street level, in average condition and there are signs of physical deterioration. The property complies with standard requirements.

Property valuation is based on what was seen on physical inspection, and all infrastructure services have been fully completed in terms of the municipal specifications and town planning by-laws. Should the approved plans differ from what is built on site, town planning information is incorrect, or the property does not comply, the valuation will be void.

11. CONDITION OF BUILDING, LOCATION AND SUPPLY & DEMAND

Rating out of 5 (1: low, 3: medium, 5 high)

- **Condition of building: Quality Finishes inside** Rating: 3
- **Tenant Quality: Multi Tenants** Rating: 4
- **Demand & Supply** Rating: 3
- **Let ability: Average:** Rating: 3
- **Saleability: Average:** Rating: 4
- **Location** Rating: 3
- **Layout / Functionality:** Rating: 3

Functional obsolescence is a reduction of an object's usefulness or desirability because of an outdated design feature that cannot be easily changed.

Signs functional obsolescence is visible in this property due to

- No functional obsolescence

Economic obsolescence is a form of depreciation caused by factors not likely on, in or within property borders. It is caused by external factors.

Signs economical obsolescence is visible in this property due to:

- rise in crime in area.
- deflating market caused by unemployment & recession leading to lower property values.
- lots of better newer developments,

Physical obsolescence occurs when a property loses value due to gross mismanagement and physical neglect resulting in deferred maintenance that is usually too costly to repair.

Signs physical obsolescence is visible in this property due to:

- average condition, paint inside & outside,
- wear & tear.
- The damages will not need urgent maintenance.

Location The subject property is situated in the Windhoek / Otjomuise neighbourhood which is an average location. The majority of properties surrounding properties are residential houses, townhouse complexes, and commercial properties. The area has seen various development in the last years. Property is in the centre of residential neighbourhood. The property is easily accessible and is in close proximity to amenities.

Demand & Supply

The surrounding area has various properties available; supply is abundant and is causing lower prices achievable and more vacancies for longer periods.

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.

"Market value is defined as "the estimated amount for which a property would exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The highest and best use refers to the highest potential in terms of value that the property can achieve with due cognisance being taken of the local authority rights, restrictions, and regulations, if applicable, as well as the general use of properties in the surrounding area and the property will be valued at its highest and best use as a *residential* property.

The International Valuation Standards (IVS 2022) define the three recognised and acceptable methods of valuation that could in principle be applied to determine the value of immovable property as follows:

The three approaches below described and defined below are the main approaches used in valuation. They are all based on the economic principles of price equilibrium, anticipation of benefits or substitution. The principal valuation approaches are:

Market approach - The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

Income approach - The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.

Cost approach - The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk, or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. The value of a partially completed asset will generally reflect the costs incurred to date in the creation of the asset (and whether those costs contributed to value) and the expectations of participants regarding the value of the property when complete, but consider the costs and time required to complete the asset and appropriate adjustments for profit and risk.

Valuation method applied.

I opted to apply the **Market Approach** to determine the current market value of the subject property as it is the preferred valuation method

13. MARKET FACTORS, BUILDING MATERIAL COST & MARKET

CONCLUSION (First capital, Fnb housing & rental index)

"The index printed a 12-month average growth of 3.3% at the end of the 3rd quarter of 2023 compared to 6.2% in the 2nd quarter of 2023 and 4.5% over the corresponding period of 2022. The 12-month national weighted average price was recorded @ N\$1 218 086 during the 3rd quarter, down from N\$1 242 713 in the 2nd quarter of 2023 and up from N\$1 179 248 over the corresponding period in 2022.

Volumes contracted sharply with the 12-month average reaching -27.7% at the end of the 3rd quarter of 2023, from -34.3% at the end of the 2nd quarter of 2023 and significantly lower than -9.4% recorded in the 3rd quarter of 2022. Inflation will moderate but remain sticky, the repo rate has peaked at 7.75% and the cutting cycle will commence in the latter half of 2024. We expected buying activity to remain constrained over the rest of 2024 and the first half of 2025. The loan-to-value (LTV) adjustment in October 2023 might incentivize investments in residential properties. The central housing price index growth continued to moderate, reaching -1.1% on a 12-month rolling basis at the end of the 3rd quarter of 2023, compared to 2.9% in the 2nd quarter of 2023 and 2.7% over the same period in 2022. The average house price in the central area amounts to N\$ 1552 000.00. Volumes did contract.

The coastal house price index experienced robust growth of 14.4% in the 3rd quarter of 2023, compared to 9.9 in the 2nd quarter of 2023 and 2.7% over the same period in 2022. The average house price in the coastal area amounts to N\$ 1 420 000.00. Volumes did contract.

The northern housing price index grew by 0.8% on a 12-month rolling basis at the end of the 3rd quarter of 2023, compared to 4.7% in the 2nd quarter of 2023 and 1.5% over the same period in 2022. The average house price in the northern area amounts to N\$ 865,000.00. The northern area volumes dominate the housing transactions in the country making up roughly 40.5% of all transactions for the 3rd quarter of 2023.

The southern housing price index grew by 5.2% on a 12-month rolling basis at the end of the 3rd quarter of 2023, compared to 3% in the 2nd quarter of 2023 and 3.6% over the same period in 2022. The average house price in the southern area amounts to N\$ 867,000.00. The volume did contract though.

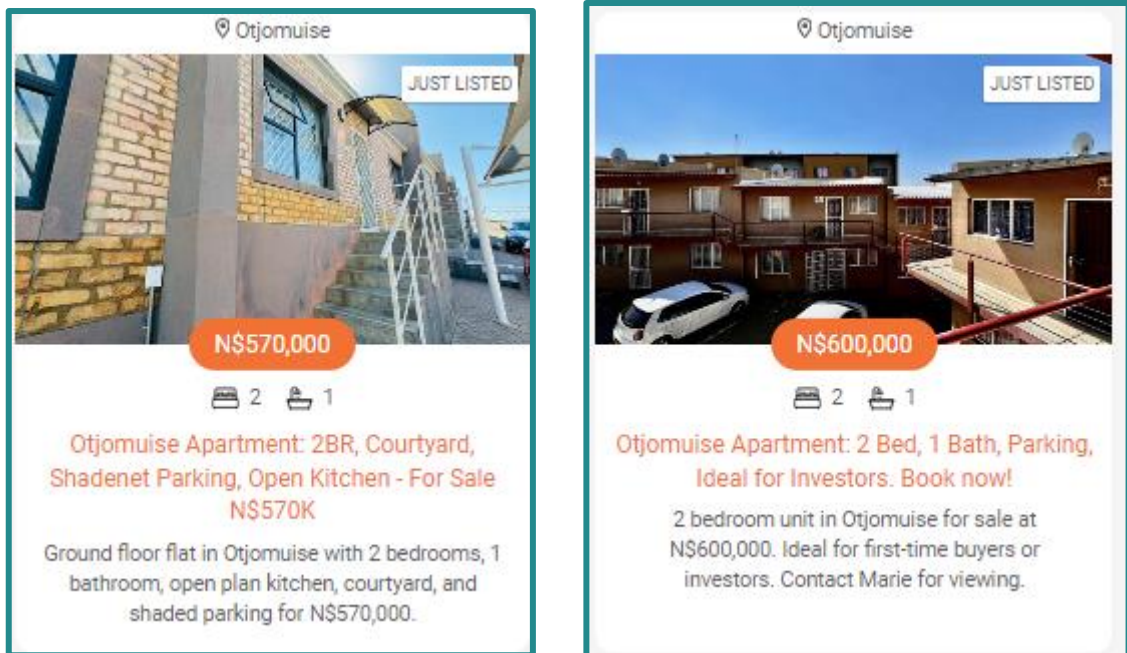
The 12-month average rental index growth stood at 4.7% in 3rd quarter of 2023 from 5.8% in 2nd quarter of 2023 and 0.1% in 2022. The national weighted average rent eased slightly to N\$7177 in 3rd quarter of 2023 from N\$7190 in 2nd quarter of 2023 and N\$6893 in 2022. The rental growth continues to be supported by the more than three bedrooms segment registering a 12-month average growth of 9.2% to N\$22703. The rental yields remain unchanged @ 7% similar to 2022 and beats inflation which stood @ 6.2% on a 12-month rolling average basis in 3rd quarter of 2023.

The overall price environment is expected to stabilize during the third and fourth quarters of 2023 according to the First Capital Building Cost Index which reached 135 in June 2023, a marked increase from the previous year's value of 131 during the same month. This trend reflects a 3% increase in building costs during the second quarter of 2023 compared to the same period in 2022. Among construction materials, doors and windows experienced the most significant annual surge of 39%. Paint supplies followed at 17%, while roofing and ceiling materials, and brickwork supplies each rose by 22% and 21%, respectively. Foundation and structural components also increased by 21% over the year. Plumbing supplies saw a smaller increase of 6%, while electrical and tiling materials rose by 8% and 18%, respectively. The inflationary pressures that have been accumulating since the first quarter of 2022 are primarily attributed to the depreciation of the Namibia dollar against major trading currencies, coupled with high energy prices.

The residential property sector has not been spared from the prevailing weak consumption growth observed over 2023. It is evident in the 3rd quarter of 2023 with generally weak activity across the board from both a region and segment perspective. With a shallow cutting cycle expected the residential property market will remain constrained as affordability bottlenecks persist.

It is important to bear in mind that while demand remains weak, supply side issues remain binding constraints on buying activity in the residential property market. An increase in the supply of serviced land and consequently housing stock is crucial for the growth of the residential property market."

14. COMPARABLE FOR-SALE LISTINGS



From the above information it can be seen that the properties are listed for between N\$570,000.00 up to N\$ 600,000.

ACTUAL SALES AS PER DEEDS OFFICE

ERF	ERF	DATES	AMOUNT	MD	MINORS	PER M ²	DEED	CONDITION & SETUP
U10/3082	61	18-Apr-2023	N\$560,000.00	57	N\$50,000.00	N\$9,824.56	ST367/2	AVERAGE, 2BEDS, 1BATH
U3/59 M	56	27-Apr-2023	N\$520,000.00	68	N\$50,000.00	N\$7,647.06	ST417/2	AVERAGE, 2BEDS, 1BATH
U60/5152	57	7-Jul-2023	N\$550,000.00	57	N\$50,000.00	N\$9,649.12	ST716/2	AVERAGE, 2BEDS, 1BATH

The best comparable to the subject is Erf U3/59

The actual sales amount to a rate of N\$ 7600.00 up to N\$ 9800.00 per square meter for properties comparable to the subject properties.

Adjustments have been made to the subject property to reflect factors such as it is the deflating market and the inferior/superior condition, inferior/superior location, and inferior/superior size to comparable and we have established that the average rate of **N\$ 8333.33/m²** is a good reflection of the market rate for subject property

15. DETERMINING OF VALUES

MARKET VALUE

<u>DETERMINING MARKET VALUE</u>		
<u>TOTAL BUILT UP AREAS</u>	<u>MARKET RATE DETERMINED</u>	<u>TOTAL MARKET VALUATION</u>
78	N\$8,333.33	N\$650,000.00

REPLACEMENT VALUE

<u>DETERMINING REINSTATEMENT VALUE</u>			
<u>DESCRIPTION</u>	<u>M²</u>	<u>N\$/M²</u>	<u>TOTAL</u>
Main Building	78	N\$7,000.00	N\$546,000.00
Total Built Up Area	78		
Minor Improvements (walling , paving etc.)	1	N\$50,000.00	N\$50,000.00
Sub Total			N\$596,000.00
Professional fees etc	20%		N\$119,200.00
REINSTATEMENT /INSURANCE VALUE			N\$715,200.00

16. CONCLUSION & RECOMMENDATION

General comments:

Residential property situated in a commercial area with similar properties found in the surrounding area.

Market value/security:

Property is an average investment due the recent increase in demand, decrease in supply and decrease in property values. The property is regarded as average security to a bank.

Adverse conditions/comments:

Limited marketability due to the deflating market.

Area and locality:

Amenities are available and near. Subject is not situated in the flood line.

Tenants

Subject property is occupied. I estimated it to be on the market between 12-24 months, but market tendency will have an impact on marketing period.

Risks factors:

Should this report be handed in at banking institution for bond registrations (after written authorisation to use report was obtain from valuer) we recommend a limited 60% loan to value exposure for mortgage purposes due to deflating market.

The ability of acquiring a new tenant to occupy premises immediately is average.

17. ASSUMPTIONS & LIMITING CONDITIONS

The Certification that appears in this valuation report is subject to the following conditions:

No title deed nor surveyor's plans of the property have been inspected. It will be assumed, unless advised otherwise that there are no particularly onerous restrictive covenants, encumbrances or other unusual matters that would adversely affect the properties and thus alter the valuations significantly.

The client should read through the report and confirm all details used in the report to be correct and any errors should be reported within 72 hours of the date of valuation. Failure to report to the valuer will be seen as all information being correct, and the client accepts the valuation report. The review period for any amendments to the valuation will be 15 days, after which a new invoice will be sent.

The property is assumed to be in good repair. No structural investigations, site surveys, soil or underground tests have been undertaken. No warranty or guarantee can be given or is implied as to the structural stability of the property and we have not inspected woodwork or other parts of the structure which are covered, unexposed, or inaccessible and we are therefore unable to report that such parts of the property are free of rot, beetle, or other defects. It has been assumed that there are no soil or site problems that would adversely affect any of the existing buildings or any of the open land which may or may not be used for future extensions.

This report is confidential to the client for the specified purpose to which it refers in point 1. It is not reasonable for any other party to rely on this report without first obtaining written authorization from the author. Liability to any person other than the client and those who obtain written consent is expressly denied and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users is assumed.

Because market conditions, including economic, social, and political factors, change rapidly and, on occasion, without warning, the market value estimate expressed as of the date of this valuation cannot be relied upon as of any other date except with further advice from the Valuer confirmed in writing.

The valuer will not be responsible for matters of a legal nature that affect either the property being valued or the title to it. The valuer also assumes that the title is good and marketable and free and clear of all encumbrances including leases, unless otherwise noted in this report.

Unless otherwise stated in this report, the Valuer has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical and other operating systems, its foundation, etc.) or adverse environmental conditions that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the valuation.

The Valuer obtained information, estimates and opinions that were used in the preparation of this report from sources considered to be reliable, and accurate and believe them to be

true and correct. The Valuer does not assume any responsibility for the accuracy of items that were furnished by other parties.

The contents of this valuation report are confidential and will not be disclosed by the author.

Written consent from the author and supervisory Valuer, if applicable, must be obtained before any part of the valuation report can be used for any purpose by anyone except the client and other intended users identified in the report. Written consent and approval must also be obtained before the valuation report (or any part of it) can be altered or conveyed to other parties.

The inspection in loco has been executed on site and the report therefore constitutes my own work, performed to the best of my ability. The report represents the opinion of the Valuer, and the Analysis and conclusions are limited only to the reported assumptions and additions.

Should this report be used for mortgage purposes registrations (after written authorisation to use the report was obtained from valuer) all information of the property should be confirmed by the mortgagee/conveyancing attorney, as the valuer does not assume any responsibility for the accuracy of the information that was furnished by other parties.

18 STANDARDS

The valuation is valid for 6 months only, from the date of signature.

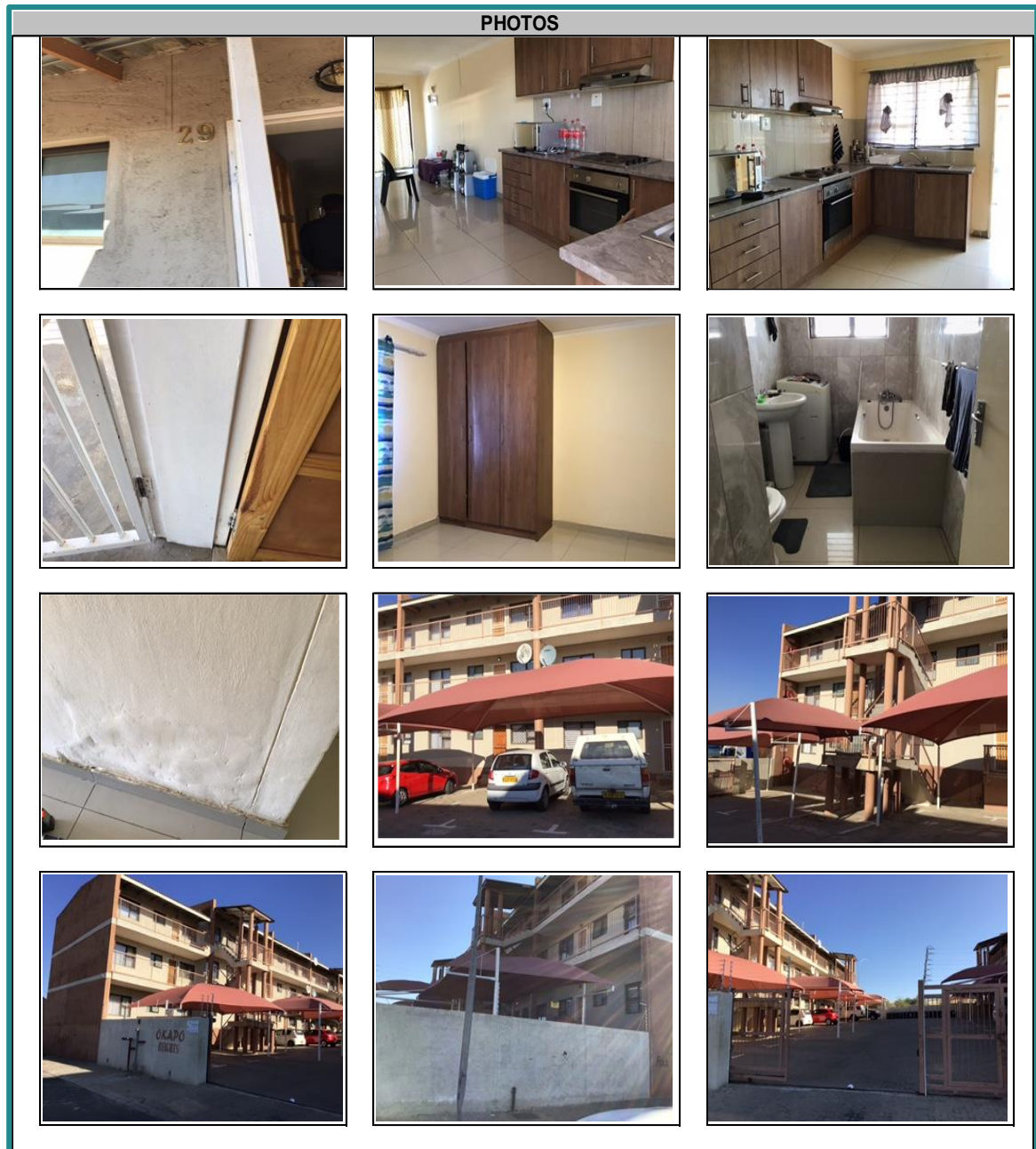
Currency:

Values are in Namibian Dollars.

Taxation:

The valuation is exclusive of any Value Added Tax, transfer fees, or any other form of taxation that may apply to the purchase price of an interest in the property.

19 PICTURES



20 TITLE DEED

2015-04-27	
san/124719	
37 / 2015 / 29	
(UNIT)	
<u>CERTIFICATE OF REGISTERED SECTIONAL TITLE</u>	
(Issued in terms of Section 8(2)(d) of the Sectional Titles Act, 1971)	
SECTION NO 29 OKAPO HEIGHTS	
Erf No 3081 Otjomuise (Ext 8)	
<div style="background-color: black; height: 20px; width: 100%;"></div>	
FISHER, QUARMBY & PFEIFER	
<i>Attorneys - Prokureurs - Rechtsanwälte</i>	

Prepared by me

CONVEYANCER
A J VAN DER MERWE

Certificate of registered sectional title No

36 /2015(29)

(UNIT)

**Certificate of Registered Sectional Title Issued in terms of
section 8(2)(d) of the Sectional titles Act, 1971**

I, Registrar of Deeds at Windhoek

hereby certify that



is/are the registered owner(s) of a unit consisting of-

- (a) section No 29 as shown and more fully described on
sectional plan No. 36 /2015 in the building or buildings known as



of which section the floor area, according to the said sectional plan, is
78 (SEVEN EIGHT)
square metres in extent; and

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- (b) an undivided share in the common property in the land and building or buildings as shown and more fully described on the said sectional plan, apportioned to the said section in accordance with the participation quota of the said section specified in a schedule endorsed on the said sectional plan;

and that the said owner's title to the said section and undivided share in the said common property is subject to or shall benefit by -

- (i) the servitudes, other real rights and conditions, if any, endorsed on the said sectional plan and the servitudes referred to in Section 19 of the Sectional Titles Act, 1971; and
- (ii) any alteration to the building or buildings or to a section or to the common property shown on the said sectional plan.

Signed at WINDHOEK this

day of AUGUST 2015 2015-08-19



For endorsements see attached schedule

PAGE NO

OKAPO HEIGHTS

ENTRY NO. 1

H/O 85C 7214/2015

SECTION 8 (2)(c), ACT 66/1971

Hypothecated by Mortgage Bond No. B 3006/2013

Dated 30 May 2013 for NS 7 648 000,00

Deeds Registry: WINDHOEK

Date:

2015-08-19



CANCELLED.

2015-11-13

SECTION 8 (2)(c), ACT 66/1971

Hypothecated by Mortgage Bond No. B 910/2015

Dated 27 February 2015 for NS 1 600 000,00

Deeds Registry: WINDHOEK

Date:

2015-08-19



CANCELLED.

2015-11-26

2015-11-26



12015

ENTRY NO. 3

Hypothecated by Mortgage Bond No. 1856/2015

Dated 12/11/2015 for NS 511 000,00

Deeds Registry: Windhoek

26

November 2015

2015-11-26

REGISTRAR OF DEEDS