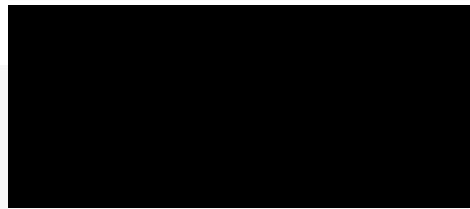


2023

Valuation Of:
REMAINDER PORTION 43 (A PORTION OF PORTION C)
OF THE FARM BRAKWATER NO. 48
(*Windhoek District - Reg. Division "K"*)



MARKET VALUE

N\$ 2 200 000.00

DATE OF VALUATION

07 June 2023

TABLE OF CONTENTS

| | |
|---|----------|
| 1. INSTRUCTION..... | 3 |
| 1.1 ANALYSES OF INSTRUCTION | 3 |
| 1.2 PREAMBLE / BASIS AND STANDARDS OF VALUATION | 3 |
| 1.3 DEFINITION OF MARKET VALUE..... | 3 |
| 2. LOCALITY OF THE SUBJECT PROPERTY | 4 |
| 3. TITLE DEED INFORMATION/PROPERTY DETAIL | 4 |
| 4. TOWN PLANNING CONDITIONS..... | 4 |
| 5. MUNICIPAL VALUATION..... | 4 |
| 6. MACRO AND MICRO LOCALITY | 5 |
| 7. MARKET RESEARCH AND APPLICATION | 5 |
| 8. DESCRIPTION OF PERMANENT STRUCTURES AND IMPROVEMENTS | 6 |
| 9. HIGHEST AND BEST USE | 6 |
| 10. MARKET CONDITIONS (SUMMARY) | 7 |
| 11. VALUATION METHOD..... | 7 |
| 11.1 COMPARABLE SALES METHOD OF VALUATION (LAND ONLY)..... | 7 |
| 12. EXECUTIVE SUMMARY | 8 |
| 13. GENERAL | 8 |
| 14. MARKET VALUE | 8 |
| 15. RESTRICTIONS..... | 8 |
| 16. CERTIFICATE OF INDEPENDENCE..... | 9 |
| APPENDIX A (VALUATION CERTIFICATE) | 10 |
| APPENDIX B (QUALIFICATIONS)..... | 11 |

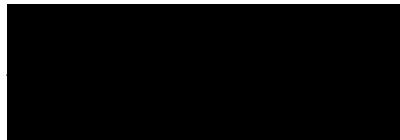
1. INSTRUCTION

DETERMINE THE MARKET VALUE OF THE SUBJECT PROPERTY.

INSTRUCTED

NAMIBIA TO

CLIENT:



CONTACT DETAILS:

EMAIL-ADDRESS:

DATE OF INSPECTION: 07 June 2023

DATE OF VALUATION: 07 June 2023

1.1 ANALYSES OF INSTRUCTION

- ❖ To determine the market value of the subject property as date of valuation "AS VACANT".

1.2 PREAMBLE / BASIS AND STANDARDS OF VALUATION

- This valuation has been prepared in accordance with the RICS Professional valuation standards and guidance. Acknowledged valuation principles applicable to the subject property node and location were utilized to derive an independent opinion on the Market Value.
- The valuation presented to management represents a bankable market value and reflects current market sentiment. (2023/2024)

1.3 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:

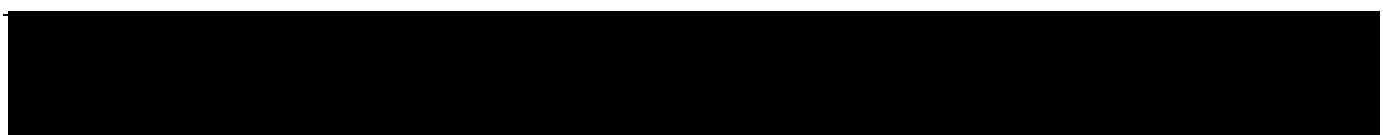
They should be in a position to enter into a contract (financially and legally);

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

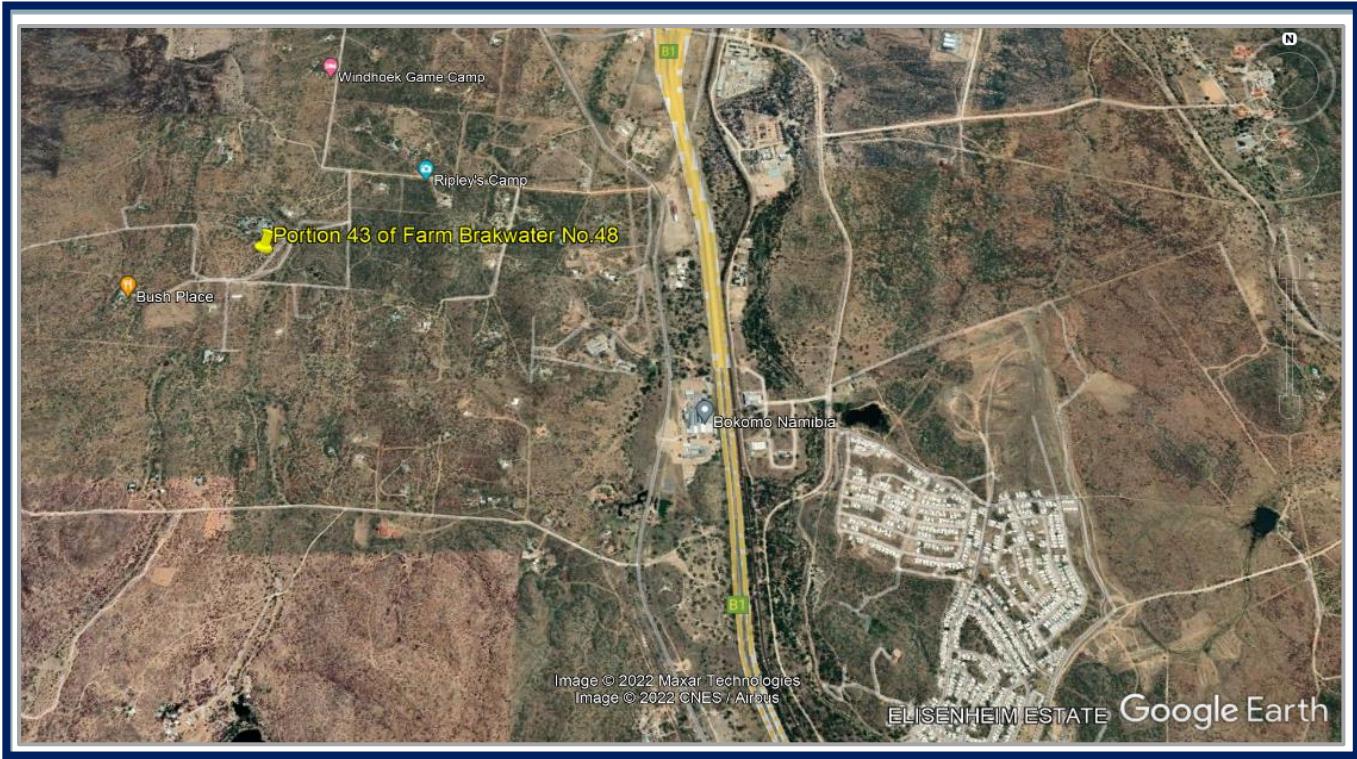
They negotiate the transaction rationally.

When we analyze 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.



2. LOCALITY OF THE SUBJECT PROPERTY

The subject property can be reached by following the B1/A1 National highway from Windhoek in a northerly direction, at the Weighbridge/Elisenheim off ramp, turn left onto the Brakwater service road and continue for 6km, turn left onto the gravel road and follow for ±2km, turn left again to follow for ±500m, turn right to follow for ±500m to reach the subject property on the right.



3. TITLE DEED INFORMATION/PROPERTY DETAIL

Deeds Registry: Windhoek
Property Type: Residential Vacant Plot/Small Holding
Farm Name: Remainder Portion 43 (a portion of Portion C) of the Farm Brakwater
Farm Number: No. 48
Local Authority: City of Windhoek
Extent: 19.1374 HA
Registration Division: "K"
Endorsements: To be announced
Mineral Rights: State
Usufruct: None
Free hereditary tenure: Yes
Servitudes: Standard as per title deed

I did not view the title deed of the subject property, this valuation is 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

Name of local authority: City of Windhoek
Zoning: Residential
Current use: Vacant

5. MUNICIPAL VALUATION

As per General Valuation Roll of 2015 from the City of Windhoek, the land and improvements were separately valued as following:

| | |
|--------------|-----------------|
| LAND | TO BE CONFIRMED |
| IMPROVEMENTS | VACANT |
| TOTAL | TO BE CONFIRMED |

- Please note that the municipal valuation of a property is not reflective of the market value thereof. The purpose of such a valuation is to create a platform which rates and taxes are levied.

6. MACRO AND MICRO LOCALITY

The subject property is located at the Brakwater Residential Smallholdings towards the northern outskirts of the City of Windhoek.

The subject property can be reached by following the B1/A1 National highway from Windhoek in a northerly direction, at the Weighbridge/Elisenheim off ramp, turn left onto the Brakwater service road and continue for 6km, turn left onto the gravel road and follow for ±2km, turn left again to follow for ±500m, turn right to follow for ±500m to reach the subject property on the right.

The immediate area comprises other similar plots, residential properties, business properties, industrial properties, etc.

All applicable amenities such as medical facilities, schools, public transport, places of worship and restaurants are located within ±20km.

The following Google map below illustrates how the subject property is integrated into the macro environment of Windhoek.



7. 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 an average base as the area had historic average marketing activity and the developed plots consisted of pre-dominant owner occupants. The demand for decentralized residential/industrial/commercial/office space has experienced mild growth over the recent past. This has in the past sustained low vacancies, created an upswing in real rentals and supported land values. Currently the market experiences an oversupply in plots, accordingly, resulting in lower prices and a longer marketing period.

The current economic slowdown, the rising interest rate environment and the aftermath of the COVID 19 pandemic coupled with strict depository regulations have negatively impacted on property values, rental yields, capitalization rates, etc. The mentioned economic downturn is expected to persevere for the following 24 months.

The current consensus is that knee jerk negative valuation reaction to 100% compensate for the rising interest rate environment is only damaging to the owners of real estate, as this is a short-term volatility. Until a longer-term pattern emerges, the best valuation consideration would be to apply a notional 50 to 100 basis points increase to established capitalisation rates (which includes discount rates) to evidence caution. The current spiking inflation rates, soaring fuel prices, coupled with a significant increase in cost of living are all elements contributing to the rising interest rate environment. We are of the opinion that interest rates locally as well as globally will remain at elevated levels for the following 24 months before we see marginal rate cuts, accordingly, suggesting that the economy and the property market will remain under pressure for the medium term.

❖ **KEY ELEMENTS SUPPORTING THE VALUE OF THE SUBJECT PROPERTY:**

| ELEMENT | SITE SUITABILITY | RATING (OUT OF 5) |
|------------------------|--|-------------------|
| Site Profile | The subject site is a near triangular 19.1374 HA "Residential" zoned allotment, with a decline in contour towards the western boundary, the aspect of which is northerly & easterly. | 2.5 |
| Land use | The subject property's current "Residential" 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 Residential type development. | 2.5 |
| Accessibility/Exposure | <p>The subject property can be reached by following the B1/A1 National highway from Windhoek in a northerly direction, at the Weighbridge/Elisenheim off ramp, turn left onto the Brakwater service road and continue for 6km, turn left onto the gravel road and follow for ±2km, turn left again to follow for ±500m, turn right to follow for ±500m to reach the subject property on the right.</p> <p>The subject site boasts low exposure levels; however, access is relatively easy with efficient time related linkages to the rest of the city of Windhoek</p> | 2.0 |
| Demand (General) | The demand for "Residential" 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. Decline evident in values, rental returns and sales prices. | 2.5 |
| Suburb Demand | Only a few new buildings have been constructed within the immediate neighbourhood during the past 5-8 years. Demand further on the decline. | 2.0 |
| Capital Growth | <p>Windhoek has historically recorded consistent growth patterns of 4-6% per annum. Growth patterns have been negative for the past 60 months.</p> <p>The envisaged growth for 2023/2024 is 1%-2%.</p> <p>Strict depository regulations, coupled with strict lending policies from financial institutions, the present economic slowdown experienced, rising interest rate environment and the aftermath of the COVID-19 pandemic has resulted in a contraction in property values, sales prices, and rental returns.</p> | 2.0 |
| Letability/Saleability | The subject property is located in the Brakwater Residential/Industrial area, where below average rental figures are achieved with available vacant plots in the area. The marketing period may exceed 12 months under the current economic downturn. | 2.0 |

8. DESCRIPTION OF PERMANENT STRUCTURES AND IMPROVEMENTS

Site: The subject site is a 19.1374m² "Residential" zoned allotment with a decline in contour towards the western boundary, the aspect of which is northerly and easterly.

Availability of Services: *Electrical*: Some distance at the neighbouring plot boundaries (No internal reticulation).

Water: Some distance at the neighbouring plot boundaries (No internal reticulation).

Sewerage: None (To be dealt with in the future by means of French drainage systems/septic tanks.)

9. HIGHEST AND BEST USE

The highest and best use refers to the highest potential in terms of value that the property can achieve with due cognizance being 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 Residential/Industrial type development, developed in terms of current market demand.

10. MARKET CONDITIONS (SUMMARY)

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

| | | | |
|---------------------------------------|-----------------------|--------|---------------|
| Inflation Rate | 6.1% | Rating | 2.0 |
| Interest Rate | 11% | Rating | 3.0 |
| Exchange Rate | N\$ 19.28 to the US\$ | Rating | 1.0 |
| Property market in general | Average | Rating | 2.5 |
| Demand in this particular node | Below Average | Rating | 2.0 |
| Location | Brakwater | Rating | 2.0 |
| Letability | Below Average | Rating | 2.0 |
| Sale-ability | Below Average | Rating | 2.0 |
| Overall Rating | | | 2.0625 |

11. 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, cognizance 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, cognizance was taken of the fact that the subject property is a 19.1374ha vacant "Residential" zoned freehold plot and that the ***Comparable Sales Method of Valuation*** will be the most appropriate to determine a possible market value of the subject property.

FACTORS INFLUENCING THIS VALUATION:

- Sub-division and development potential of the subject property.
- Far from other amenities such as shops, schools, churches.
- Current economic downturn.
- Strict lending and depository regulations resulting in a contraction of property values, rental yields and capitalization rates.
- Rising interest rate environment.
- Aftermath of the COVID-19 pandemic.
- Oversupply of plots in general.

11.1 Comparable Sales Method of Valuation (Land Only)

It has been established by the courts in actions involving market value disputes that comparable transactions afford a sound basis for arriving at a satisfactory guide in determining market value and that the comparison method has been readily accepted as a sound valuation principle.

The object of the comparison method is to enable us to arrive at a norm which will serve as a guide in estimating the market value of the subject property.

By analyzing the available selection of comparable vacant plots, we were able to deduce a reliable yard stick on a direct sales comparison basis.

❖ **COMPARABLE SALES (LAND ONLY)**

| Plot Number | Size | Date of Sale | Purchase Price | Rate/Ha |
|---------------------|------------|-------------------|------------------|----------------|
| 48/49/79 Brakwater | 25,0040-Ha | 09 December 2021 | N\$ 2 850 000.00 | N\$ 113 981.76 |
| 48/45/134 Brakwater | 25,0011-Ha | 22 September 2020 | N\$ 2 600 000.00 | N\$ 103 995,42 |
| 48/H/86 Brakwater | 25,0000-Ha | 08 October 2020 | N\$ 2 800 000.00 | N\$ 112 000.00 |
| 48/417/38 Brakwater | 4,7359-Ha | 19 August 2020 | N\$ 1 300 000.00 | N\$ 274 499.04 |

Property brokers plus accredited valuators were consulted for market related rates/hectare for land in this area. In assessing the value of the subject property, I am of the opinion that a rate of ***N\$ 90 000.00 – N\$ 120 000.00 per hectare*** is achievable as well as market related for the area.

SUGGESTED SALES BASED VALUATION (LAND ONLY):

| | |
|--|---------------------|
| Rem. Portion 43 (a Ptn of Ptn C) of the Farm Brakwater No. 48 (19.1374 Ha @ N\$ 115 000.00/ha) | 2,200,801.00 |
| | 2,200,000.00 |

12. EXECUTIVE SUMMARY

In view of the following:

- Sub-division and development potential of the subject property.
- Far from other amenities such as shops, schools, churches.
- Current economic downturn.
- Strict lending and depository regulations resulting in a contraction of property values, rental yields and capitalization rates.
- Rising interest rate environment.
- Aftermath of the COVID-19 pandemic.
- Oversupply of plots in general.

We are 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.

13. 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.

14. MARKET VALUE

Having regard for the above, I am of the opinion that as at 07th of June 2023, 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\$ 2 200 000.00 (TWO MILLION TWO HUNDRED 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.

15. RESTRICTIONS

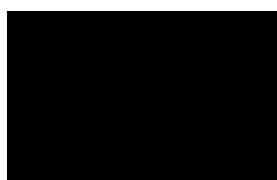
This report was prepared solely for the purposes stated herein and can therefore not be relied upon for any other purpose. In no event shall I assume any responsibility towards any third party to which this report is disclosed and/or otherwise made available.

16. CERTIFICATE OF INDEPENDENCE

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



Property Valuer
National Diploma: Real Estate (CPUT SA)
07 June 2023



Sworn Appraiser/Principal Valuer
National Diploma: Property Valuations (Technicon SA)
07 June 2023



Valuation Certificate Of:
**REMAINDER PORTION 43 (A PORTION OF PORTION C
OF THE FARM BRAKWATER NO. 48
(Windhoek District - Reg. Division "K")**

On behalf of

I, [REDACTED] **Qualified Property Valuer**, declare that the subject site was identified, and I am of the opinion that the Market Value of the subject property is as follows:

MARKET VALUE: N\$ 2 200 000.00 (TWO MILLION TWO HUNDRED THOUSAND NAMIBIAN DOLLARS)

Thus, done on the 07th of June 2023 at **WINDHOEK**.

**PRINCIPAL 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.

