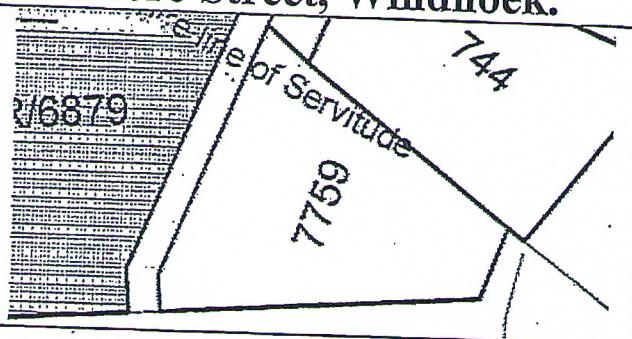
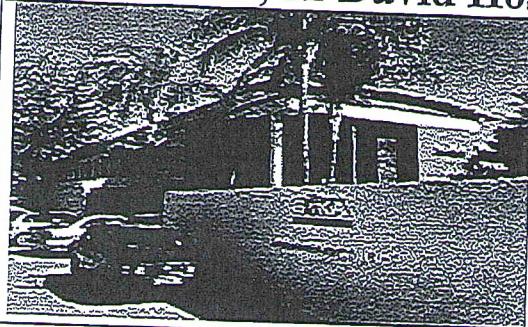


Unit 1010, West Care Medical Centre,
Cnr Beethoven & Sam Nujoma St,
Windhoek-West.
Cell: 081 128 3856
E-mail: admin1@pwv.com.na
P O Box 31362, Pionierspark,
Windhoek, Namibia.

VALUATION REPORT Erf 7759, 32 David Hosea Meroro Street, Windhoek.



INSTRUCTION

Mr Willie van Wyk instructed me to recommend the present market value of the above-mentioned commercial property.

LOCATION OF PROPERTY

32 David Hosea Meroro Street, Windhoek.

AREA OF LAND

3328 m²

ZONING

Restricted Business

BULK

2

DATE OF INSPECTION

1 September 2021

MARKET VALUE

N\$ 32,600,000.00

INSURANCE VALUE

N\$ 23,000,000.00



TITLE DEED INFORMATION

| | |
|------------------------|--------------------------|
| Certain: | Erf 7759, Windhoek |
| Situated: | Municipality of Windhoek |
| Registration Division: | "K" Khomas Region |
| Measuring: | 3,358 m ² |
| Title Deed: | To a confirmed |
| Servitude: | To be confirmed |
| Zoning: | Restricted Business |

CITY OF WINDHOEK INFORMATION

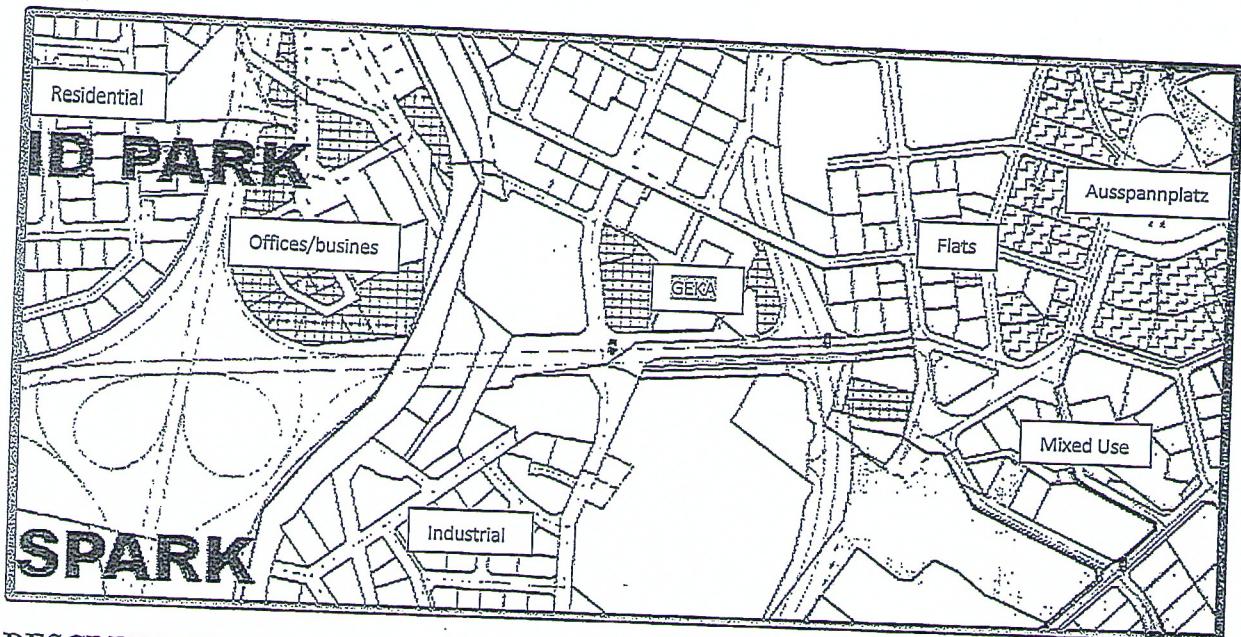
| | |
|------------------|---|
| Zoning | Restricted Business |
| Bulk Allowed | 3,358 m ² |
| Bulk Used: | 1,960 m ² |
| Coverage Allowed | 80% |
| Coverage Used | 43% |
| Parking Required | 55 |
| Parking Provided | 24 (insufficient parking on site, but municipality land is rented to provide in the need) 5-meter street front and 3-meters sides. |
| Building line | |

LOCATION

The subject property is situated in David Hosea Meroro Road on the outskirts of the CBD, near the Southern Industrial Area. The subject property is situated between the BMW showroom and Décor House, and close to the new government Road Administration Building, Game, and Auas Delta showroom. The erf can be accessed from David Hosea Meroro Road. The subject property is visible from Mandume Ndemufayo and David Hosea Meroro Road - both main access roads to the CBD.



MAP

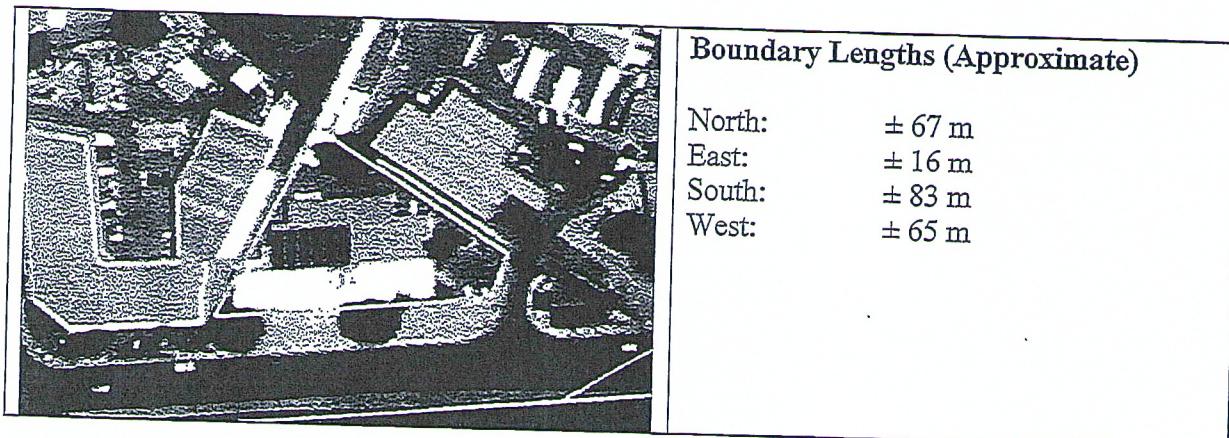


DESCRIPTION OF LAND AND ERF BOUNDARIES

The average sized erf is situated on street level, with no slope.

- The northern boundary is next to offices.
- The eastern boundary is bordering a street and Décor House.
- The southern boundary neighbours a main street.
- The western boundary is adjacent to the BMW showroom.

SITE MAP



DESIGN & LAYOUT

CONSTRUCTION: 1959 m² GBA

The double-storey building has plastered- and painted brick walls, filled in with aluminium window- and doors frames, under an iron roof and with suspended ceilings. The floors of the offices are tiled. The building is equipped with air-conditioners. The necessary security measures are in place and solar power panels have been installed. The building includes the following:

FIRST OFFICE: 430 m² GLA

The first-floor office comprises of a reception, the CEO office, four executive offices, a boardroom, a safe, eight small offices, two toilets and a kitchen.

GROUND FLOOR OFFICE 557 m² GLA

The ground floor accommodates a main entrance-reception, a telesales office, three small offices, an IT office, two rest rooms, two fridges, an open plan rear office, with a kitchen and a toilet.

WAREHOUSE: 912 m² GLA

The warehouse comprises of a large double-volume warehouse, a receiving area, a dispatch area, and restroom.

OVERALL IMPRESSION

The building is in a very good condition, and well maintained.

MINORS

| | |
|------------------|---------|
| Carports | 35,000 |
| Boundary walls | 295,000 |
| Solar system | 625,000 |
| Air-conditioning | 265,000 |
| Paving | 125,000 |

MARKET CONDITIONS

Economy Overview

The Namibian economy was already under severe pressure, having been in a recession for three years prior to the COVID-19 pandemic, with mining and agriculture performing below expectations, primarily as a result of the continued drop in commodity prices and the severe draught experienced in the country. With the closing of borders and nationwide lockdown, tourism, the main contributor to Namibia's GDP growth, has been devastatingly affected. The tertiary industry has also been severely impacted by the lockdown as



'stay home restrictions' limit any movements throughout the nation. However, on a positive note, interest rates have decrease by approximately 2%, providing necessary relief to consumers and business that may need to borrow money to sustain themselves.

Retail Overview

Restrictions on trade due to the lockdown have severely affected the retail industry with only essential service providers being permitted to trade. With the uncertainty in the economy and the possible loss of income, consumers are being more cautious, lessening their spending resulting in reduced turnover for those essential retailers still trading.

Industrial Overview

The COVID-19 lockdown appears to have had a minimal impact on the industrial sector with no requests for rental reductions or deferments, despite closure.

Office Overview

The Office market appears stable in Namibia amidst the Coronavirus lockdown. However, the risk of business closures and the change in work patterns, (i.e., more people who could be starting to work from home), could aggravate vacancy rates in the future. A significant amount of request for rental reduction, even prior to the crises, have also been received.

Market research - Elaine Wilson, Divisional Director Research - Cushman & Wakefield

INCOME CAPITALIZATION METHOD

The Income Approach consists of first estimating the probable annual gross income, based upon actual leases or market rentals. From this amount is deducted an allowance for vacancy and rent loss, based upon the property's historical operating experience and/or future projections. Next, all expenses attributable to the real estate are deducted. Also, deducted, when appropriate, is a Reserve for Replacement of short-lived components that would normally be replaced during the investment holding period. The resulting net income is then converted into value by capitalization.

CAPITALIZATION RATE

"The capitalization rate (or "Cap Rate") is a real estate valuation measure to indicate the ratio between the net operating income produced by an asset and the original capital cost or alternatively its current market value. Rates and price/earnings multiples are inversely related. In other words, as the cap rate goes up, the valuation multiple goes down. One component for utilizing the cap rate methodology is to assess certain risk factors such as creditworthiness- and diversity of the tenant, quality of the location, length of the lease, age of the property and local market factors of demand and supply in the asset class." Calculating the capitalization rate of the subject property, it will be compared to the cap rate at which comparable properties sold recently.



CAPITALIZATION RATE SALES

| Property description | Building name | Selling price Date sold | Zoning | Lettalbe area | Income | Outgoings | Cap rate |
|----------------------|----------------|-------------------------|---------|---------------|-----------|-----------|----------|
| 2074 W | Parson | 7,300,000 | REB | 688 | 660,480 | 99,072 | 9,05% |
| | | 26 Feb 2020 | | | | | |
| 1853 W | John Meinert | 5,800,000 | Off 0.4 | 329 | 512,000 | 76,800 | 8.83% |
| | | 5 Mar 2020 | | | | | |
| Re 72 W | Crohn/R Mugabe | 6,035,000 | Bus 0.5 | 354 | 509,760 | 95,400 | 8.43% |
| | | 18 Aug 2020 | | | | | |
| 8161 Windhoek | RCC | 104,000,000 | Bus | 8,867 | 9,227,104 | 1,384,000 | 8.92% |
| | | 04-03-2020 | | | | | |

2074 W: Similar location, smaller improvements that sold at a rate of N\$10,610/m².

1853 W: Inferior location, smaller improvements that sold at a rate of N\$13,520/m².

Re/72 W: Better location, inferior improvements that sold at a rate of N\$17,040/m².

8161: Office and warehouses on a larger erf, inferior accommodation, superior location. This property sold at a rate of N\$ 11,728 per m².

Based on our investigation, it was revealed that a capitalization rate of commercial properties in the commercial areas in Windhoek was sold or financed in the last few months at a rate between 8.6% to 9.0%. A capitalization rate of 8.75% will apply for this report.

INCOME

Comparable rentals of Warehouses in southern CBD area, close to the subject property.

| Area | Building | Rental N\$/m ² | Description | Building m ² |
|-----------|----------|---------------------------|--------------------|-------------------------|
| South Ind | 7827 W | N\$ 95 | Office & Warehouse | 898 |
| South Ind | 1607 W | N\$ 75 | Showroom & Store | 420 |
| CBD | 8570 W | N\$ 70 | Warehouse | 1140 |

Comparable rentals of Offices in southern CBD area, close to the subject property.

| Area | Building | Rental N\$/m ² | Description | Building m ² |
|-----------|----------|---------------------------|------------------|-------------------------|
| South Ind | 183 W | N\$ 185 | Office (A grade) | 803 |
| South Ind | 1667 W | N\$ 155 | Office (B Grade) | 50-200 |
| CBD | 1053 W | N\$ 190 | Office (A grade) | 1050 |
| CBD | 780 W | N\$ 195 | Office (A grade) | 880 |

After research undertaken in the area it is revealed that the current market rentals vary between N\$70.00 for Warehousing and N\$ 95.00 for showroom/warehouse, and N\$ 155.00-195.00 for offices, depending on location and finishes.



Due to the quality finishes and visibility and size, a rate of N\$ 185.00 per m² for the showrooms and N\$70-85 for workshops is recommended

VACANCY

A 2% vacancy factor is used in this report, as there is presently only one tenant occupying the building, with a long-term rental contract.

EXPENSES

A 10% expense rate has been deducted from the gross income. Most of the expenses is covered by the tenant and the electricity generated with solar installation.

CURRENT INCOME

Monthly Income:

| Lettable Space | | Per Client | | | | Per Valuer | | | |
|----------------|------|-------------|----------------------------|-------|---------------------|-------------|---------------------------|-------|-----------------------|
| Tenant | Type | Area/client | Gross Rate /m ² | % GLA | Actual gross rental | Area/market | Gross Rate/m ² | % GLA | Gross rent per market |
| Office | Off | 987 | 210.00 | 52.0% | 207,270.00 | 987 | 185.00 | 52.0% | 182,595.00 |
| Warehouse | Ware | 912 | 101.69 | 48.0% | 92,741.28 | 912 | 85.00 | 48.0% | 77,520.00 |
| Solar plant | | | | | 10,000.00 | | | | 10,000.00 |
| | | 1899 | | | 310,011.28 | 1899 | | | 270,115.00 |

MARKET VALUE

| Description | Size m ² | Rate | Amount |
|-------------------|---------------------|----------------------|------------------------------|
| Offices | 987 | m ² x 185 | p.m ² N\$ 182,595 |
| Warehousing | 912 | m ² x 85 | p.m ² N\$ 77,520 |
| Electricity | 10000 | 1 | N\$ 10,000 |
| Monthly Income | | | N\$ 270,115 |
| Vacancy | 2% | | N\$ 5,402 |
| Less Expenses | 10% | | N\$ 27,012 |
| NET INCOME | | | N\$ 237,701 |
| Annual Net Income | | | N\$ 2,852,414 |
| Cap. Rate | 8.75% | 11.43 | N\$ 32,603,097 |
| Market Value | | Say: | N\$ 32,600,000 |
| Forced Sale Value | | | N\$ 26,080,000 |



RECOMMENDED MARKET VALUE

I have verified the particulars set out in this valuation and I value the herein described property for the purposes of this valuation to the best of my knowledge and skill at today's date to be N\$ 32,600,000.00 (Thirty-Two Million Six Hundred Thousand Namibian Dollars only).

REPLACEMENT VALUE FOR INSURANCE PURPOSES

The property is valued as at market related reconstruction cost of all fixed property and the minor improvements i.e., walling, paving, parking bays etc. This valuation excludes insurance for the going concern value of the property. These replacement figures are based on research concluded with the relevant experts regarding the construction costs of similar buildings. It is however and assumption based on averages and also includes the following:

- 15% building cost escalation (insurance values are calculated on a 12-month period in advance).
- Provision must also be made for additional cost, viz. demolition cost, professional fees, and a lease amount, (8-months) if another property should be leased for the period that it takes to reconstruct the subject property.

Having regarded the above, the insurance value of the subject property may be as follows.

INSURANCE

| Description | Size in | Rate | Amount |
|----------------------|---------------------|-------------|----------------|
| Main Building | 1048 m ² | x 8,750 N\$ | N\$ 9,170,000 |
| Warehouse | 912 | x 5,750 N\$ | N\$ 5,244,000 |
| Minors | | | N\$ 1,345,000 |
| Sub Total | | | N\$ 15,759,000 |
| Plus Escalation | 15% | | N\$ 2,363,850 |
| Sub Total | | | N\$ 18,122,850 |
| Plus Prof Fee | 12% | | N\$ 2,174,742 |
| Plus Demolition Cost | 3% | | N\$ 543,686 |
| Total | | | N\$ 20,841,278 |
| Leasing | | | N\$ 2,160,000 |
| Total | | | N\$ 23,001,278 |
| Say | | | N\$ 23,000,000 |



REPLACEMENT VALUE

I have verified the particulars set out in this valuation and I value the herein described property for the purposes of this valuation to the best of my knowledge and skill at today's date to be N\$ 23,000,000.00 (Twenty-Three Million Thousand Namibian Dollars).

GENERAL

The property is valued in its existing state. I have not undertaken any structural surveys of the buildings, nor have I arranged for tests or inspections to be conducted on any service installation or systems or any components that requires maintenance or renovations. We have not inspected woodwork or other parts of the structure that are covered, unexposed or inaccessible and we are therefore unable to report that such parts of the property are free of rot, beetle- or ant damage, or other defects. Reference to such only covers the obvious. This valuation assumes that the services are in a satisfactory condition and that all building plans are updated and approved by the municipality. This valuation does not corroborate adherence to restrictions set by statute or deed or contract in respect of surveyed boundary lines, building line setbacks from the curb, boundary line set offs, or compliance to flood lines within flood hazard areas. This valuation does not warrant compliance with the town-planning scheme in relation to parking requirement, coverage, encroachment over building lines, etc., and assumes that fire safety and the building services are in a satisfactory condition. Mensuration of areas is subject to human error and open for correction when noticed. This valuation may not be used for litigation purposes without my written permission. You are invited to examine the numerical - and factual data and respond with remarks and queries within 7 days.



P.J.J. WILDERS

DATE: 1 September 2021

