

2020

# Valuation Of:

## KLEIN EDEN GUEST FARM

PTN 5 (LITTLE EDEN) (A PTN OF PTN 2) OF THE FARM OMBURO  
SUD NO. 69.

(Omaruru District - Registration Division "C")

On behalf of:



	MARKET VALUE	FORCED SALE VALUE
KLEIN EDEN GUEST FARM	N\$ 12 100 000.00	N\$ 9 680 000.00
INSURANCE VALUE (INCLUDING 15% VAT)	N\$ 25 583 000.00	
VALUATION DATE	30 September 2020	

PREPARED BY:

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**PROPERTY VALUATIONS NAMIBIA**

CREATING VALUE FOR OUR FUTURE

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## **1. INSTRUCTION**

**THIS VALUATION REPORT HAS BEEN PREPARED UPON INSTRUCTIONS RECEIVED FROM MR. NICK STRAUSS TO DETERMINE THE MARKET VALUE OF THE SUBJECT PROPERTY.**

**CLIENT:** Klein Eden Guest Farm  
**REPRESENTED BY:** MR. Nick Strauss  
**MOBILE:** +264 81 275 399  
**E-MAIL ADDRESS:** kleinedengasteplaas@iway.na  
**DATE OF INSPECTION:** 28 September 2020  
**DATE OF VALUATION:** 29 September 2020

### **1.1. ANALYSES OF INSTRUCTION**

- To determine the market value as at date of valuation.
- To determine the replacement costs plus 15% Vat 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. PROPERTY INFORMATION/PROPERTY DETAIL**

Deeds Registry:	Windhoek
Property Type:	Accommodation/Lodge
Farm Name:	Ptn 5 (Klein Eden) (a Ptn of Ptn 2) of the farm Omburo Sud no.69
Farm Number:	69
Region:	Erongo
District:	Omaruru
Registration Division:	"C"
Local Authority:	Ministry of Agriculture
Title Deed No:	TBA
Extent:	131.5564 Hectares
Endorsements:	To be announced
Mineral Rights:	State
Usufruct:	None
Free hereditary Rights:	Yes
Servitudes:	None

I viewed the title deed of the subject property and can confirm that there are no servitudes or conditions (other than the standard stipulations), registered against the title deed that my adversely affect the content of this report.

## **3. LOCAL AUTHORITY INFORMATION:**

Zoning:	Agriculture
Local Authority:	Ministry of Agriculture
Current Use:	Lodge, Game and stock farming
Additional Use:	Tourism, conference facilities & related activities.

## **4. MUNICIPAL VALUATION:**

Although valuations were done on farm land in Namibia in order to introduce a land tax system, it must be reported that no municipal valuations exists on farms or farm portions as yet.

## **5. AVAILABILITY OF SERVICES**

Water at the lodge is sourced from 1 installed borehole and 1 installed pit next to the Omaruru river, both by means of solar powered submersible pumps, ensuring constant water supply to all applicable areas. Furthermore, the subject property is connected to Erongo red with 3 phase power supply. The subject property also has 2 separate grid tied solar power plants (one at the lodge and one at the main residence) that supply electricity and 2 separate back-up gen sets again one at the lodge and one at the main residence.

## **6. MACRO AND MICRO LOCATION OF THE SUBJECT PROPERTY**

The subject property is located ±30km north-east of Omaruru next to the Omaruru river. The macro location can be regarded as relatively stable in terms of accommodation- and tourism related activities. The micro location is seen as good in a good sustainable precinct (Tourism), serving as a halfway stop for visitors on their way to the Etosha National park and northern Namibia. The property is near Erindi and may attract more budget friendly tourists/visitors.

The subject property is located on the D2330 road approximately 30km east of Omaruru. Access to and from the property is obtained from the D2328 road, which is a turn-off from the C33 national road to the north, an arterial route connecting various towns within Namibia, accordingly enhancing the accessibility of the subject property.

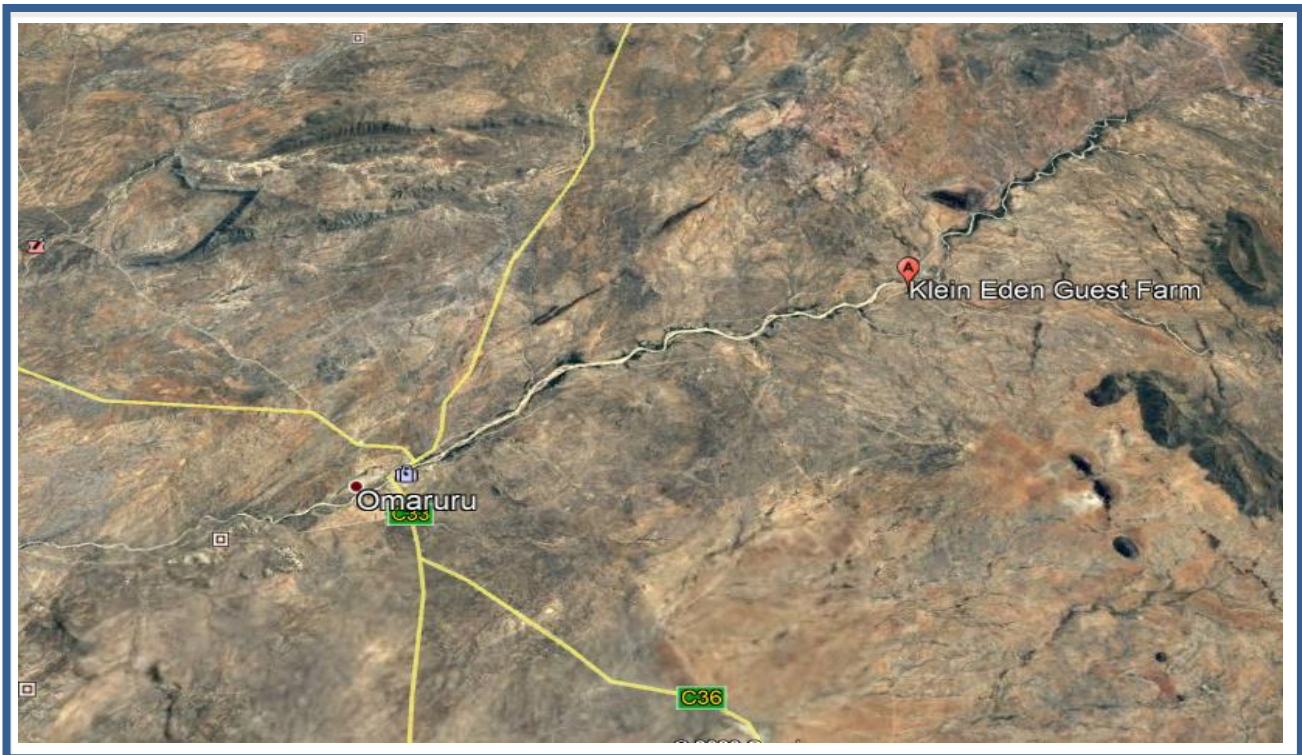
The surrounding area is characterized by the town of Omaruru, numerous privately-owned farms, guest/hunting farms, lodges, residential plots, etc.

The GPS coordinates are as follows: **21°18'18.13" S 16°11'54.44" E**





The following google earth image illustrates how the subject property is integrated into the macro environment of the town of Omaruru.



#### **7. NAMIBIA TOURISM OUTLOOK/ OVERVIEW IN GENERAL**

Growth in the tourism industry is envisaged to be  $\pm 6\%$  per annum over the medium term (8 years – slightly declining in 2017/18/19). It should be noted that the Namibian Tourism Industry is still heavily reliant on the European market i.e. Germany, Netherland, United Kingdom, etc. This sector has an obvious currency advantage, resulting in excessive prices being charged to overseas tourists, coupled with the fact that most of the Namibian Tourist facilities do not really cater for the local or South African market. It is important that the Namibian Tourism sector increases growth in the tourism industry by breaking into emerging markets as well as local markets.

The Government and Namibia Airports Company should by now consider turning the Hosea Kutako International Airport into a regional tourist hub. This will increase arrivals as well as their spending. With the Walvis Bay Harbour extension nearing completion, a proper waterfront development in Walvis Bay becomes necessary. Cruise ship type tourism could be introduced as a more frequent tourism product.

Seasonality remains a challenge with overseas tourist arrivals peaking from June to November. These findings have implications for our product offering for intra-regional travel, overseas arrivals, as well as domestic tourism. I am of the opinion that an aggressive inward-looking domestic tourism marketing strategy and intra-regional strategy needs to be implemented to combat seasonality and its challenges.

Namibia is a sought-after destination for International visitors, with world renowned attractions, including Etosha National Park, Damaraland, Skeleton Coast, Swakopmund, Sossusvlei, Fish River Canyon, Lüderitz, Kalahari Desert, North Eastern National parks. etc.

The combination of upmarket lodging with game farming is very successful, resulting properly developed game lodges enjoying prominence in the marketplace.

Rainy Season: The area is a summer rainfall area with approximately 85% of its rainfall between November and March. The annual rainfall varies between 200mm and 300mm. Temperature during summer range between 23 – 40 degrees centigrade in summer.

The outbreak of the Novel Coronavirus (COVID-19) declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020 has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, Property Valuations Namibia consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

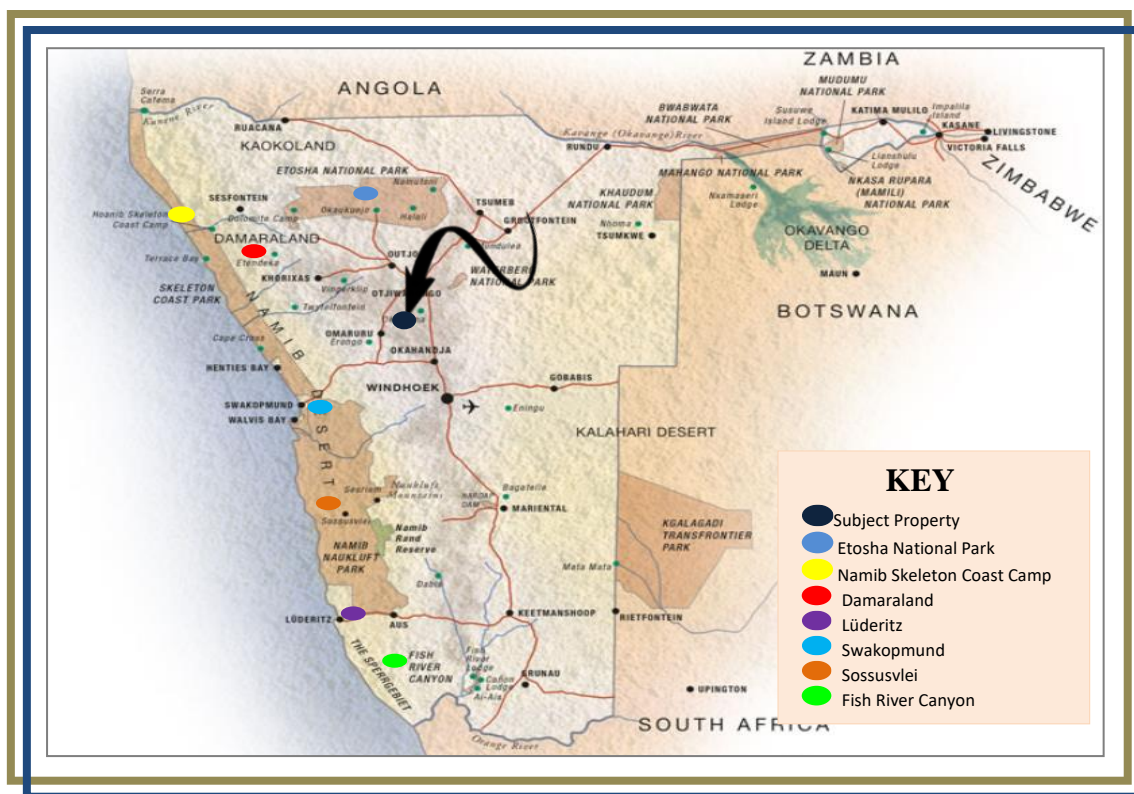
The current consensus is that knee jerk negative valuation reaction is only damaging to the owners of real estate, as this is a short-term volatility. Until a longer-term pattern emerges, the best valuation consideration would be to apply a notional 25 to 50 basis points increase to established capitalisation rates (which includes discount rates) to evidence caution.

Dry Season: April to October. Winter temperatures range between 2 - 36 degrees centigrade.

High Season (Tourism): July – November

Low Season (Tourism): December – June

The following map illustrates the subject property's location in relation to Namibia's main attractions/routes.



**8. SITE AND SERVICES**

The subject property is a 131.5564-hectare farm fenced in by a 2.7m high game and jackal proof fence. The plot furthermore has 5 separate game proof blocks totalling 14ha. The guest farm boasts the full range of services one would expect an upmarket game lodge to offer with restaurant, bar, swimming pool, conference facilities, hiking trails, etc. All of which are situated amongst landscaped gardens and tranquilly surroundings.

Klein Eden Guest Farm offers a competitive range of accommodation options including:

- 12 Separate Chalets
- 5 Campsites
- 1 Tented Camp

In addition to the above, a game park where a selection of game can be viewed, scenic sundowner and nature drives, hiking trails, etc. are just some of the activities offered on own domain.

## 9. DESCRIPTION OF PERMANENT STRUCTURES AND IMPROVEMENTS

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

Structure: Conventional brick and mortar constructions over concrete foundations and floor slab to relevant specifications.

GBA m<sup>2</sup>:

### **LODGE**

Reception:	21m <sup>2</sup>
Managers Dwelling:	201m <sup>2</sup>
Bar/Pizza Building:	76m <sup>2</sup>
Restaurant/Conference Building:	293m <sup>2</sup>
Shed:	223m <sup>2</sup>
Engine room:	18m <sup>2</sup>
Laundry:	28m <sup>2</sup>
Workers Flats:	203m <sup>2</sup>
Accommodation/Chalets:	1 027m <sup>2</sup>
Campsite Ablutions:	68m <sup>2</sup>
Tented Camp Ablution:	9m <sup>2</sup>

### **RESIDENCE**

Main Dwelling:	277m <sup>2</sup>
Garage:	83m <sup>2</sup>
Closed Veranda:	65m <sup>2</sup>
Outbuilding:	102m <sup>2</sup>
Generator room:	29m <sup>2</sup>
Slaughter building:	16m <sup>2</sup>

Storey: Single storey

Roof: Iron sheets roofs fitted to wooden/steel trusses/Thatch to Tantalite poles.

External Walls: Plastered and painted brick/ Rock

Internal Walls: Plastered and painted brick

Ceilings: Rhino board

Floors: Ceramic tiles

Lighting: Standard i.e. ball lights, boxed fluorescent lights, pendants, chandeliers, etc.

Glazing: Combination of aluminium, wooden and iron frames

Climate Controlled: Split units air conditioners, main dwelling also has a central water cooler.

Condition: Good -minimal repairs evident.

### **Accommodation:**

#### **LODGE:**

- a) Reception: Reception desk and managers office.
- b) Managers Dwelling: Kitchen, scullery, pantry, lounge, dining room, full bathroom, 2 bedrooms, entertainment veranda with BBQ.



- c) Bar/Pizza Building: Bar area, Gents and Ladies wc's, Pizza kitchen.
- d) Restaurant/Conference Building: Conference hall, restaurant area, kitchen, scullery, gents and ladies wc's, shop.
- e) Workers Flats: 4 Separate flats each with a kitchen, dining area, 2 bedrooms and a shwr/wc/hwb.

**ACCOMODATION:**

- a) Chalet 1: Lounge, kitchen, dining area, bedroom, shwr/wc/hwb
- b) Chalet 2: Kitchen, dining area, 2 bedrooms, shwr/wc/hwb.
- c) Chalet 3: Lounge, kitchen, dining area, 2 bedrooms, shwr/wc/hwb.
- d) Chalet 4: Kitchen, lounge, dining area, 2 bedrooms, shwr/wc/hwb.
- e) Chalet 5: Kitchen, dining room, 2 bedrooms, shwr/wc/hwb.
- f) Chalet 6: Kitchen/dining area, bedroom, shwr/wc/hwb.
- g) Chalet 7: Kitchen, lounge, dining area, 2 bedrooms, shwr/wc/hwb
- h) Chalet 8: Dining area, bedrooms, shwr/wc/hwb, kitchen nook
- i) Chalet 9: Dining area, bedrooms, shwr/wc/hwb, kitchen nook
- j) Chalet 10: Dining area, bedrooms, shwr/wc/hwb, kitchen nook
- k) Chalet 11: Dining area, bedrooms, shwr/wc/hwb, kitchen nook
- l) Chalet 12: 2 Bedrooms, 2 shwr/wc/hwb, kitchen, lounge, dinig area and veranda.

Note: Each chalet is fitted with an internal BBQ stand and split unit air conditioners.

**CAMP SITES:**

- a) Campsites: 5 separate campsites each with own ablution block with a shwr/wc/hwb.
- b) Tented Camp: Large tent with attached ablution block with a shwr/wc/hwb.

**MAIN RESIDENCE:**


- a) Main dwelling: Kitchen, scullery, cold room, freezer room, 2 bedrooms, full bathroom, dressing room, shwr/wc/hwb, separate guest wc, study/3<sup>rd</sup> bedroom, laundry, lounge, dining area, closed veranda with BBQ stand, separate guest shwr/wc/hwb, triple garage, etc.
- b) Outbuilding: Meat processing room, tool room, Workers flat (kitchen, lounge, bedroom, shwr/wc/hwb.)
- c) Other: Separate generator room and slaughter room.

**MINOR IMPROVEMENTS:**


Pools at lodge, campsites and main residence, large paved areas, walls, irrigation, water infrastructure and installations, solar power plants, backup generators, security arrangements, air conditioning, carports, children's play area, etc.

**VISUAL IMAGES RELATING TO THE ABOVE**


**LODGE**




Entrance



Paved carport areas



Reception



Managers office





Managers dwelling



Lounge area



Kitchen



Bedroom



Bathroom



Bar/pizza building



Bar



Pizza kitchen



Conference/restaurant



Conference hall



Kitchen



Restaurant



Ablutions



Shed



Workers flats



Kitchen/dining



Bathroom



Walkways



Pool area



Kids play area

**ACCOMODATION**



Typical dining area



Typical dining area



Typical kitchen



Typical kitchen



Typical bedroom



Typical bedroom



Typical bathroom



Typical bathroom



Campsite ablution



Interior



Campsite



Pool area

**MAIN RESIDENCE**



Main Residence



Bedroom



Bathroom



Kitchen





Cold room



Lounge



Closed Veranda



Guest Bathroom



Slaughter building



Generator building



Outbuilding



Meat Processing



Workers flat - kitchen



Bathroom



Landscaping



Paving/pool area

**MINOR AND OTHER IMPROVEMENTS**



Extensive paving



Carport



Water storage



Dam



Generators



Fencing



Fencing



Landscaping



**10. 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 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. The best use of the subject property is that of an upmarket lodge/conference/accommodation facility with related activities.

**11. MARKET CONDITIONS/INDICATORS**

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\$17.00 to the US\$	Rating	1.0
Property market in general	Average	Rating	2.5
Demand in this particular node	Average	Rating	2.5
Location	Omaruru	Rating	2.5
Letability	Average	Rating	2.5
Saleability	Average	Rating	2.5
Overall Rating			<b>2.562</b>

**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 is various method 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/s applies to the subject property, cognisance was taken of the fact that the subject property is a freehold small holding with a guest accommodation facility erected upon it, accordingly suggesting that the **Depreciated Replacement Cost Method of Valuation** will be utilized in combination with the **Income Capitalization Method of Valuation** to

determine the market value thereof. Reference will be made to the **Comparable Sales Method of Valuation** to determine the market value of land.

**FACTORS UNFLUENCING THIS VALUATION:**

**Positive**

- Good location for type of property, just north-east of Omaruru, close to Erindi
- Well known accommodation establishment
- Extent, quality and well-maintained nature of permanent structures and improvements.
- Sought after halfway stop, capitalizing on numerous travellers en-route to Etosha National park and northern Namibia.
- Various income generation activities besides accommodation offered by the subject property i.e. conference facilities, scenic sun downer /game drives, hiking trails, etc.

**Negative**

- Current Covid19 pandemic crippled the tourism industry.
- Strong competition from similar accommodation facilities in the area.
- Current economic downturn.
- Number of game has to be limited due to the smaller extent of the farm.

**12.1. Comparable Sales Method of Valuation**

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 properties, I was able to a certain extent to deduce a reliable yard stick to assist me with the valuation.

**Selection of Comparable Sales:**

SALE 1				
Farm Number	Ondonganji	Details	Larger in size than the subject property, similar in vegetation & topography. Located in the same area. Same Registration Division "C".	Ha
Purchase Price	71/1			
Date	N\$6 900 000.00			
Farm size	28 September 2015			
Rate per Ha	204,6862			
	N\$33 710.14/ha			
SALE 2				
Farm Number	Kassandara	Details	Smaller in size, extensively developed. Same area, similar vegetation and carrying capacity. Located in the same area to the subject property. Registration Division "C".	Ha
Purchase Price	40/5			
Date	N\$5 014 304.10			
Farm size	8 March 2016			
Rate per Ha	68,1875			
	N\$73 537,00/ha			
SALE 3				
Farm Number	Kassandara	Details	Located in the same area with comparable topography, vegetation and Smaller in size, same registration Division "C".	Ha
Purchase Price	40/6			
Date	N\$1 921 621.13			
Farm size	8 March 2016			
Rate per Ha	68,9177			
	N\$27 882,83/ha			





SALE 4			
Farm Number	Kristall 208/1/4	Details    Ha	Smaller plot vacant, similar in terms of topography, vegetation, etc. Located in the Omaruru district. Registration Division "C".
Purchase Price	N\$830 000.00		
Date	4 June 2019		
Farm size	10,3274		
Rate per Ha	N\$80 368,72/ha		
SALE 5			
Farm Number	Kakombo 90/G	Details    Ha	Larger than subject property, similar in terms of topography, vegetation, etc. Subject property better developed. Located in the Omaruru district. Registration Division "C".
Purchase Price	N\$3 007 000.00		
Date	14 December 2018		
Farm size	1528,0513		
Rate per Ha	N\$1 967,86/ha		
SALE 6			
Farm Number	Eileen 164	Details    Ha	Larger farm, similar in terms of topography, vegetation, etc. Located in the Omaruru district. Registration Division "C".
Purchase Price	N\$6 500 000.00		
Date	28 April 2017		
Farm size	1 905,1007		
Rate per Ha	N\$3 411,89/ha		

Property brokers plus accredited valuers were consulted for market related rates/hectare for farmland in this area. In assessing the value of the subject property, we are of the opinion that a rate of **N\$ 15 000.00 – N\$ 25 000.00/ha** is achievable as well as market related for the area. Further cognisance taken of the fact that the subject property is a well-established accommodation facility.

❖ **Suggested Sales Based Valuation (Land Only):**

Extent: 131.5564 ha @ N\$ 20 000.00/ha	2,631,128.00
<b>SAY</b>	<b>2,631,000.00</b>

### 12.2. Depreciated Replacement Cost Method of Calculation

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.

#### ❖ Valuation of Improvements:

Improvements	Size(m <sup>2</sup> )±	Rate/m <sup>2</sup>	Sub Total	Depreciation	Total
Reception	21	6,500.00	136,500.00	45%	75,075.00
Managers Dwelling	201	6,500.00	1,306,500.00	45%	718,575.00
Bar/Pizza building	76	6,500.00	494,000.00	45%	271,700.00
Restaurant/Conference	293	6,500.00	1,904,500.00	45%	1,047,475.00
Shed	223	3,500.00	780,500.00	45%	429,275.00
Engine room	18	3,000.00	54,000.00	45%	29,700.00
Laundry	28	3,500.00	98,000.00	45%	53,900.00
Workers Flats	203	5,000.00	1,015,000.00	45%	558,250.00
Accommodation/Chalets	1027	7,000.00	7,189,000.00	45%	3,953,950.00
Campsite ablutions	68	5,500.00	374,000.00	45%	205,700.00
Tented camp ablutions	9	5,500.00	49,500.00	45%	27,225.00
Main Dwelling	277	7,000.00	1,939,000.00	45%	1,066,450.00
Garage	83	3,000.00	249,000.00	45%	136,950.00
Closed Veranda	65	3,500.00	227,500.00	45%	125,125.00
Outbuilding	102	6,000.00	612,000.00	45%	336,600.00
Generator room	29	3,500.00	101,500.00	45%	55,825.00
Slaughter building	16	3,500.00	56,000.00	45%	30,800.00
Minor Improvements: (i.e. Water installations, generators, pools, walling, paving, security, etc.)	PC SUM	PC SUM	3,100,000.00	45%	1,705,000.00
<b>Sub Total</b>					<b>10,827,575.00</b>
<b>Land Value</b>	<b>131.5564</b>	<b>20,000.00</b>			<b>2,631,128.00</b>
<b>Total</b>					<b>13,458,703.00</b>
<b>Say</b>					<b>13,459,000.00</b>

### 12.3. Income Capitalization Method of Valuation

This method concerns the determination of the gross income by making use of market income of comparable properties, actual turnover and projected turnover, from which operational expenses are deducted to determine a possible net income of the subject property. The suggested Nett annual income is capitalised at an appropriate capitalization rate to derive the market value of the subject property.

#### ➤ Capitalization Rate

The Capitalization rate is best determined by referring to market transactions of comparable properties as it is based on information derived from market analysis. The Capitalization rate must take the prevailing interest rate into consideration. The higher the interest rate, the better the return an investor will require. Similar risk is another factor that will influence the Capitalization rate. The higher the risk factor, the better the return an investor will require. The risk inherent to income producing properties is the degree of certainty that the income stream will be realized despite the uncertainty of the future. A Capitalization rate of 12% is considered to be the market norm for the type of space offered by the subject property, located in an average risk lending area with good exposure. This in turn is equivalent to a price earning index of 8.33 which is in line with what the market should offer for a property of this nature under current market conditions.

#### ➤ Income Calculations

Occupation Rate:	45%
Expenses:	65%

Income Capitalization Rate: 12%  
Price Earning Index: 8.33  
Profit/Rental Ratio: 30/70% (70% of nett annual income will be capitalized towards value)

➤ **Market Related Room Rates Per Night (B/B)**

Accommodation	Variance (Room Rate per Night)	Room Rate Applied
Single rooms (B/B)	N\$ 950.00 - N\$1 100.00 per room	N\$ 650.00
Double rooms (B/B)	N\$1 200 - N\$ 3 000.00 per room	N\$ 1 300.00
Family/Triple room (B/B)	N\$ 1 500.00 – N\$ 3 500.00 per room	N\$ 1 840.00
Conference Facilities	N\$ 2 500.00 - N\$ 5 000.00 per event	N\$ 3 000.00 per event
Other Income (Bar, Dining, Activities, etc)	N\$200.00 - N\$400.00 per person	N\$ 250.00 per person

➤ **COMPARABLE BED-NIGHT RATES**

Accommodation	Omaruru Game Lodge	Roidini Safari Lodge	Frans Indongo Lodge (BB)	Casa Forno Country Hotel (BB)	Otjiwa Safari Lodge (BB)
Single Rooms	N\$ 1 980.00	N\$ 750.00	N\$ 1 036.00	N\$ 990.00	N\$ 1 200.00
Double Rooms	N\$ 3 630.00	N\$ 1 500.00	N\$ 1 890.00	N\$ 1 260.00	N\$ 1 890.00

➤ **COMPARABLE CAPITALIZATION RATES**

Accommodation Facility/Farm	Farm Number	Extent (Ha)	Sales Date	Title Deed Number	Sales Price (N\$)	Capitalization Rate
Camp Chobe (20 Rooms)	Zambezi	50 ha	5-Jun-17	Leasehold/PTO	N\$ 10 000 000.00	12.37%
Kalizo (18 Rooms)	Zambezi	50 ha	1-Mar-17	Leasehold/PTO	N\$ 10 000 000.00	12.51%
Hyas (Betesda Lodge)	99	5 783.6370 ha	04-Nov-16	T2418/1997	N\$ 13 000 000.00	13.70%
Zebra River (Zebra River Lodge)	211	12 625.3036 ha	15-Mar- 16	T4432/2009	N\$ 12 000 000.00	14.92%
Rostock Ritz	414/1	440 Ha	Nov. 2019	T981/98	N\$ 20 000 000.00	13%

❖ **SUGGESTED INCOME**

Suggested Income	Number of Rooms	Rate/Room	Total (N\$)
<b>Accommodation Income:</b>			
Single Rooms	2	650.00	1,300.00
Double rooms	5	1,300.00	6,500.00
Family rooms (Incl chalet no.12)	5	1,840.00	9,200.00
Campsites	5	510.00	2,550.00
Tented camp	1	1,650.00	1,650.00
<b>Other Income</b> (i.e. Activities, bar, etc.) per day	35 persons	N\$250.00/person	8,750.00
<b>Total per day</b>			<b>29,950.00</b>
For 365 Days			10,931,750.00
45% Occupation Rate			4,919,287.50
1 Conferences (1x N\$3000x220 Days x55% Occupancy)			363,000.00
<b>Suggested gross turnover/annum</b>			<b>5,282,287.50</b>
65% Expenses			3,433,486.88
<b>Total per annum (less 70% expenses)</b>			<b>1,848,800.63</b>
<b>Total Nett Income/Annum</b>			<b>1,848,800.63</b>
<b>Profit @ 30% of Nett Annual Income</b>			554,640.19
<b>Rent @ 70% of Nett Annual Income</b>			1,294,160.44
<b>Capitalized @ 12% (x 8.33)</b>			10,780,356.44
<b>Total</b>			<b>10,780,356.44</b>
<b>Say</b>			<b>10,780,000.00</b>

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Prepared by



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❖ **VALUATION SUMMARY:**

**Note that the median of the Income Capitalization Method of Valuation and the Depreciated Replacement Method of Valuation will be regarded as market related.**

Thus:

<i>Depreciated Replacement Cost Method of Valuation</i>	<i>13,459,000.00</i>
<i>Income Capitalization Method of Valuation</i>	<i>10,750,000.00</i>
<b>TOTAL</b>	<b>24,209,000.00</b>
<b>MEDIUM</b>	<b>12,104,500.00</b>
<b>SAY</b>	<b>12,100,000.00</b>

**13. EXECUTIVE SUMMARY**

In view of the following:

- Good location for type of property, just north-east of Omaruru, close to Erindi
- Well known accommodation establishment
- Extent, quality and well-maintained nature of permanent structures and improvements.
- Sought after halfway stop, capitalizing on numerous travellers en-route to Etosha National park and northern Namibia.
- Various income generation activities besides accommodation offered by the subject property i.e. conference facilities, scenic sun downer /game drives, hiking trails, etc.
- Current Covid19 pandemic crippled the tourism industry.
- Strong competition from similar accommodation facilities in the area.
- Number of game has to be limited in view of the smaller extent of the farm.
- Current economic downturn.

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 or to be offered as security.

**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. INSURANCE VALUE (ON COMPLETION)

<b>Improvements</b>	<b>Size (m<sup>2</sup>)</b>	<b>Rate/m<sup>2</sup></b>	<b>Total</b>
Reception	21	6,500.00	136,500.00
Managers Dwelling	201	6,500.00	1,306,500.00
Bar/Pizza building	76	6,500.00	494,000.00
Restaurant/Conference	293	6,500.00	1,904,500.00
Shed	223	3,500.00	780,500.00
Engine room	18	3,000.00	54,000.00
Laundry	28	3,500.00	98,000.00
Workers Flats	203	5,000.00	1,015,000.00
Accommodation/Chalets	1027	7,000.00	7,189,000.00
Campsite ablutions	68	5,500.00	374,000.00
Tented camp ablutions	9	5,500.00	49,500.00
Main Dwelling	277	7,000.00	1,939,000.00
Garage	83	3,000.00	249,000.00
Closed Veranda	65	3,500.00	227,500.00
Outbuilding	102	6,000.00	612,000.00
Generator room	29	3,500.00	101,500.00
Slaughter building	16	3,500.00	56,000.00
Minor Improvements:	PC SUM	PC SUM	3,100,000.00
<b>Sub Total</b>			<b>19,686,500.00</b>
10% Professional Fees			1,968,650.00
3% Demolition & Removal Costs			590,595.00
<b>Total Replacement Cover (Excl.15% Vat)</b>			<b>22,245,745.00</b>
Add 15% Vat			3,336,861.75
<b>Total Replacement Cover (Incl.15% Vat)</b>			<b>25,582,606.75</b>
<b>Total Replacement Cover (Rounded)</b>			<b>25,583,000.00</b>
<b>ANNOTATIONS &amp; EXCLUSIONS</b>			
No fences are included in the replacement cover			

## 16. MARKET VALUE

Having regard for the above, I am of the opinion that as at the 30<sup>th</sup> 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\$ 12 100 000.00 (Twelve Million, One 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.

## 17. 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.

## 18. 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 principal, objectivity/independence, as defined/explained in the Code of Ethics for Professional valuers.




**MARNUS DE WAAL**

Property Valuer

National Diploma: Real Estate (CPUT SA)

30 September 2020



**P.J. SCHOLTZ**

Sworn Appraiser

National Diploma: Property Valuations (Technicon SA)

30 September 2020

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Prepared by



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# PROPERTY VALUATIONS NAMIBIA

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## *Valuation Certificate:*

### **KLEIN EDEN GUEST FARM**

**PTN 5 (LITTLE EDEN) (A PTN OF PTN 2) OF THE FARM OMBURO  
SUD NO. 69.**

*(Omaruru District - Registration Division "C")*

*On behalf of:*



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 can be summarized as follows:

**MARKET VALUE: N\$ 12 100 000.00**

**(Twelve Million, One Hundred Thousand Namibian Dollars)**

Thus, done on 29<sup>th</sup> 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.