



The Trust & Estate Co (Pty) Ltd

• LAND AND ESTATE AGENTS – VALUERS • EIENDOMSAGENTE – WAARDEERDERS

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WINDHOEK, NAMIBIA

VALUATION REPORT BY D HITE/VALUER FOR MR L. SMITH & J. M. SMITH

1. VALUATION INSTRUCTION:

I was instructed by Mr Smith to determine the probable market value of **Portion 8 (Portion of Portion 1) of the Farm Klein Aub No. 490 in the Windhoek District.**

2. DEFINITION OF MARKET VALUE:

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

“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing where-in the parties have each acted knowledgeably, prudently and without compulsion”.

3. DATE OF INSPECTION:

I have inspected the subject property on Friday, the 21st of May, 2021.

4. DATE OF VALUATION:

I have done the valuation on Monday, the 24th of May, 2021.

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5. PURPOSE OF VALUATION:

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

6. DESCRIPTION OF PROPERTY:

Portion 8 (Portion of Portion 1) of the Farm Klein Aub No. 490, is situated in the municipal area of the City of Windhoek in Registration Division “K” in the Khomas Region and is **14,5120 Ha in extent** and has a **zoning of “Rural Residential”, with a density of 1:5 Ha.**

The subject property is situated \pm 8 km West of Windhoek on the C26, Kupferberg tarred road.

To reach the property one must drive on the C26 Kupferberg road for \pm 8 km, then turn left into the farm Klein Aub after which you will reach the subject property.

The property is currently used as a normal “Residential” property.



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7. RESIDENTIAL ESTATE:

The whole property consists of ± 25 portions of land and will have all the benefits of a “Residential Estate”.

The whole development is situated high on the mountain with beautiful views.

Each portion is supplied with a borehole for water, gravel roads and a security fence.

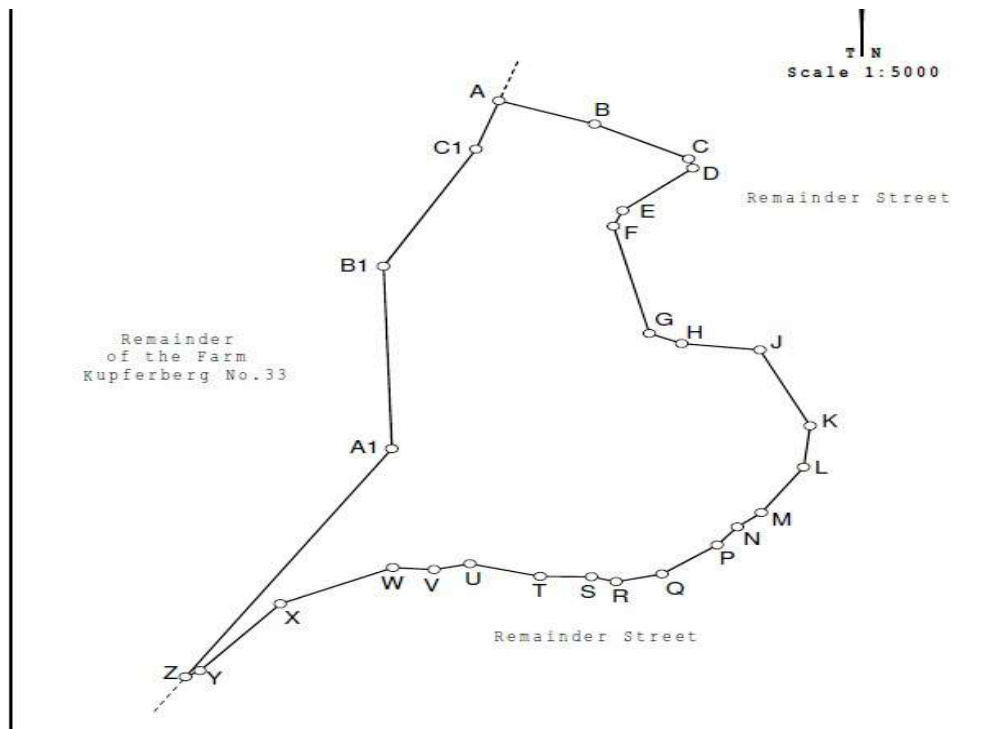
All electricity will be generated with solar energy.

8. DESCRIPTION OF IMPROVEMENTS:

8.1 PORTION LAYOUT:

Portion 8 (Portion of Portion 1) of the Farm Klein Aub No. 490 measuring 14,5120 Ha in extent and forms part of a “Residential Estate”with a security fence.

Each portion will be camped in with a normal 1,2 m high stock proof fence.



8.2 ELECTRICITY AND WATER:

No NamPower electricity exist on the property and every owner generates its own electricity by means of solar power.

Each portion will be supplied with its own borehole.

8.3. TOPOGRAPHY AND SOIL TYPE:

Landscapes on the portion consist of level grass/ bush plains, dry river beds with small to large mountain ranges.

The soil type consists of a mixture of granite/mica stone and sand.



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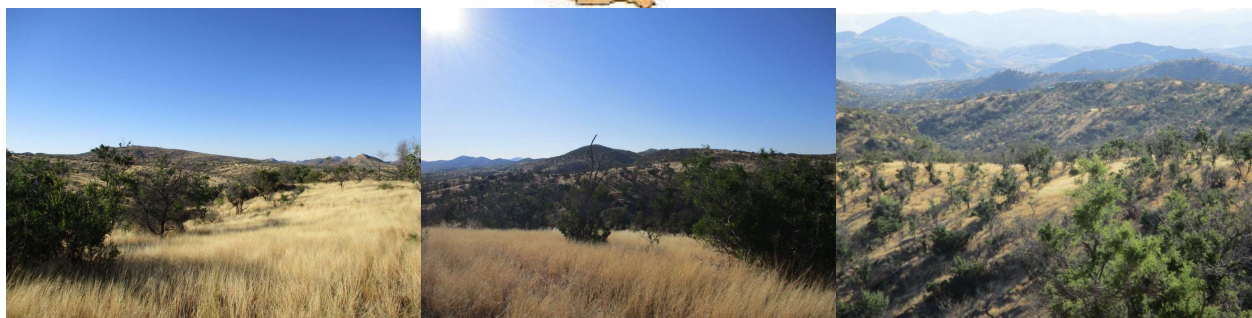
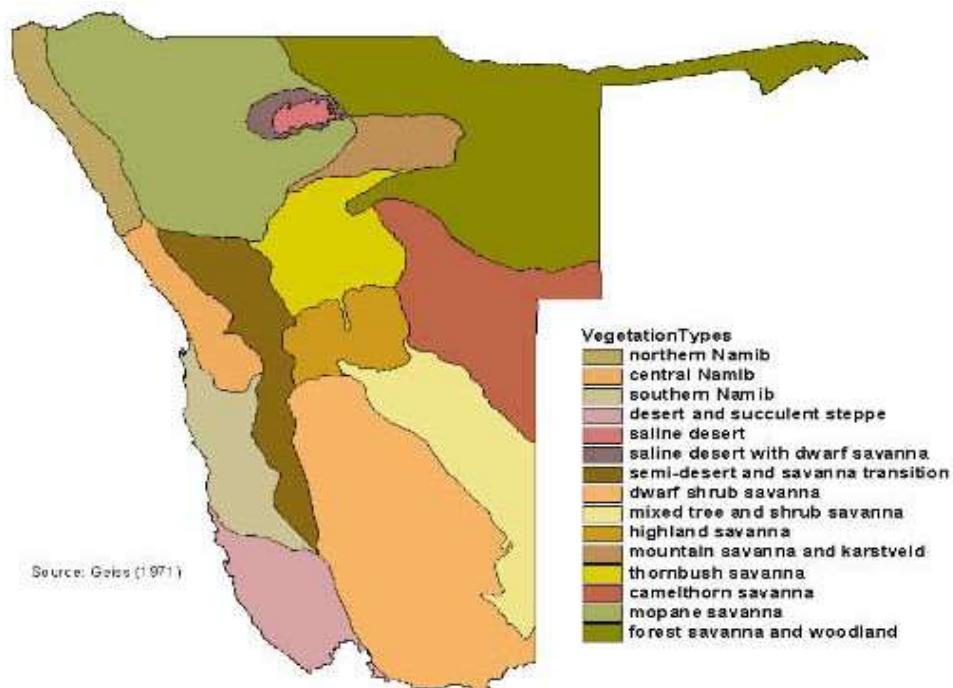
8.4. VEGETATION:

The vegetation is well suited for cattle and small-stock farming and can be regarded as a good mixture for the area.

The vegetation mainly consists of the following:

- ◆ SITPAGROTIS UNIPLUMIS (Blinkhaar Grass)
- ◆ ACACIA MELLIFERA (Swarthaak Bush)
- ◆ BOSCHIA ALBITRUNCA (Witgat Tree)
- ◆ RHIGOZUM TRICHOTOMUM (Drie-doring Bush)
- ◆ ACACIA ERIOLOBA (Camelthorn Trees)

The above is just some of the large variety of vegetation present on the property.



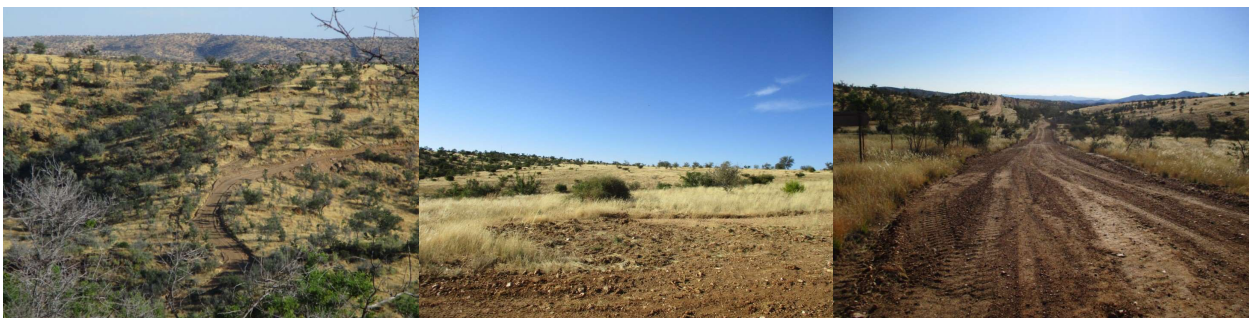
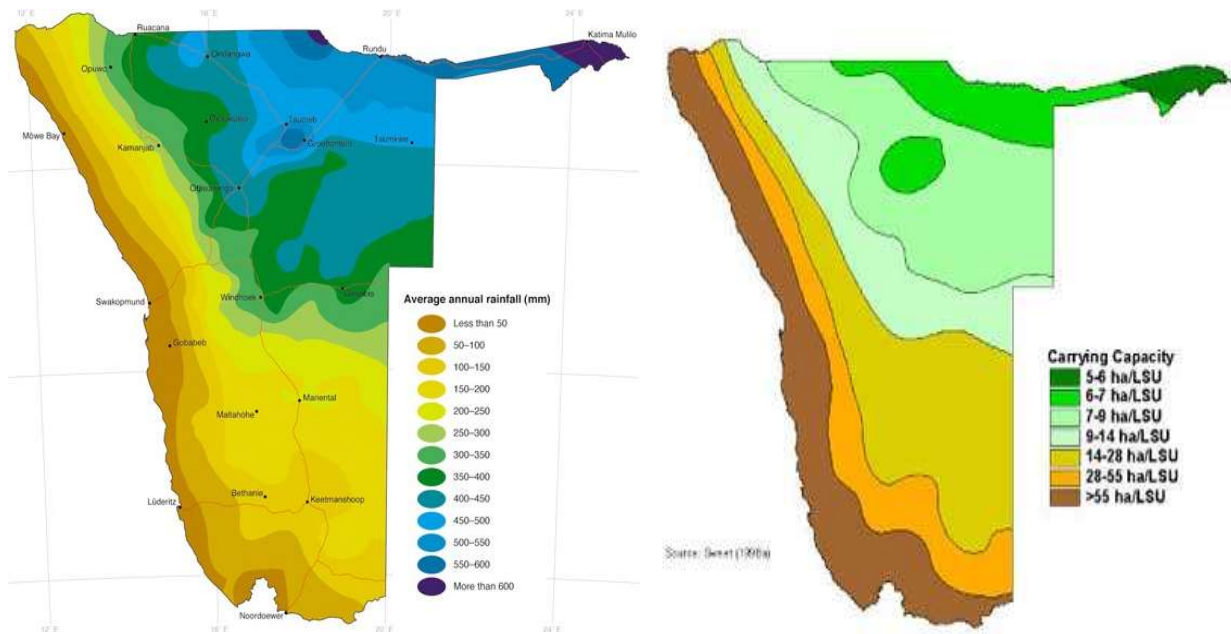
8.5 CLIMATE AND RAINFALL:

The prevailing climate of the area is semi-arid, with hot summers and cool winters. The subject property is situated in a summer rainfall area with the rainy season from October to April.

The average rainfall for the area is \pm 350 mm per annum.

Temperature during the summer ranges between 25 and 35 degrees centigrade. The dry season is from May to September and winter temperatures ranges between - 2 and 25 degrees centigrade.

The carrying capacity is 1:2,5 ha for small stock units and \pm 1:15 ha for large stock units.



9. DESCRIPTION OF PERMANENT STRUCTURES:

No permanent structures such as dwellings, outbuildings, etc. exist on the subject property and it is a vacant piece of land and will be valued as such.

10. MARKET INFORMATION:

10.1 Market Conditions:

The Namibian economy has held up relatively well in the past few years. However, the past four years was a big struggle for the economy and a negative growth of \pm - 8 % was achieved during 2020. In 2021 similar results are expected to the previous year (2020). Mining output and the short term intervention programmes by the government will be implemented to aid economic growth in 2021.

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

10.2 Domestic Interest Rates:

The Bank of Namibia almost mechanically followed the South African Reserve Banks interest rate policy. However, since the beginning of 2008 the Bank of Namibia has followed a more independent policy by focusing only on foreign reserves and credit growth. The continuing global economic uncertainties and possible spill over effects for the domestic economy, resulted in the Bank of Namibia keeping the Repo Rate unchanged at 3,75 %, in April 2021.

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

Inflationary pressures remain relatively well contained and as a result interest rates should remain unchanged for the second quarter of 2021.



10.3 Inflation Rate:

Annual inflation is currently on $\pm 3,9\%$ and it is expected that inflation will remain stable in 2021, mainly as a result of the weakening Namibian Dollar and the impact this will have on the prices of imported goods. Inflation is expected to average around $3,0\%$ for 2021 as a whole.

10.4 Exchange Rate and Global Conditions:

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

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

The Namibian Dollar is currently trading at around N\$ 14-07 to the US\$.

10.5 Market Research and Application:

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

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

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



10.6 Covid-19 Effect on Economy:

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

The internationally dreaded Corona Virus has sadly invaded Namibian borders as well. In response, the government declared a state of emergency and lock down in both Khomas and Erongo Regions aimed at introducing measures to detect, combat, contain and minimise the spread of the virus. As a result, the Namibian economy is expected to take an unavoidable hit. Even though the state of emergency has been lifted, the recovery of our economy is going to be a long process.

Both deputy prime minister and international relations minister Netumbo Nandi-Ndaitwah and finance minister Iipumbu Shiimi confirmed the adoption of extraordinary measures to breathe life into the battered Namibian economy, which is expected to shrink by 7,8% during 2020 because of the crippling effects of the Covid-19 pandemic. Sadly, the true effects on our Namibian Economy can only be measured accurately at a later stage.

11. VALUATION OF PROPERTY:

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

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

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

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



I will make use of the **Comparable Sales Method** to determine the probable market value of the subject property.

The Comparable Sales Method is used where there is evidence of actual recent sales where the sales are analysed to produce rates which are then applied to value the subject property.

The following comparable properties were sold recently in the vicinity of the subject property namely:

- **Portion 194 Farm Nubuamis No. 37 (Size 6 Ha)** was sold during November 2020 for N\$ 1 250 000 or N\$ 208 000 per Ha.
- **Portion 417 Farm Brakwater No. 48 (Size 4,7 Ha)** was sold during August 2020 for N\$ 1 300 000 or N\$ 277 000 per Ha.
- **Portion 3 Farm Klein Aub No. 490 (Size 10,4 Ha)** was sold during May 2021 for N\$ 2 150 000 or N\$ 206 000 per Ha.
- **Portion 10 Farm Klein Aub No. 490 (Size 10,1 Ha)** was sold during May 2021 for N\$ 2 350 000 or N\$ 232 000 per Ha.

The above comparable properties were sold for an average price of **N\$ 231 000 per Ha.**



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Taking all the above into consideration, as well as the downward trend in the current property market, I estimate the probable market value of the subject property, as follows:

Portion 8:

14, 5120 Ha @ N\$ 231 000 = **N\$ 3 350 000**

12. FORCED SALE VALUE:

I estimate the probable forced sale value of the property, **at an amount of:**
N\$ 2 700 000.

13. SUMMARY:

I estimate the probable market value of **Portion 8 (Portion of Portion 1) of the Farm Klein Aub No. 490 in the Windhoek District, at an amount of:**

N\$ 3 350 000 (Three-three-five-zero-zero-zero-zero)



D HITE/VALUER

24th May, 2021