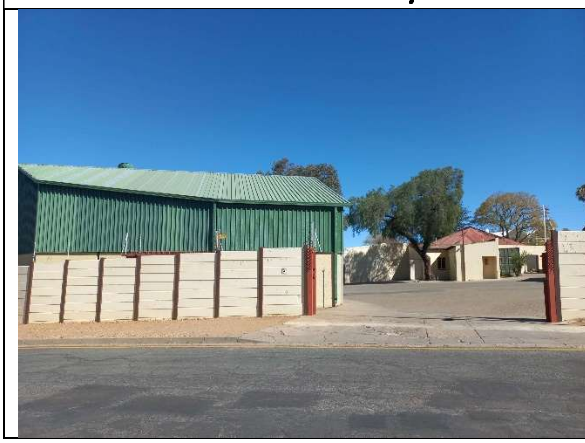
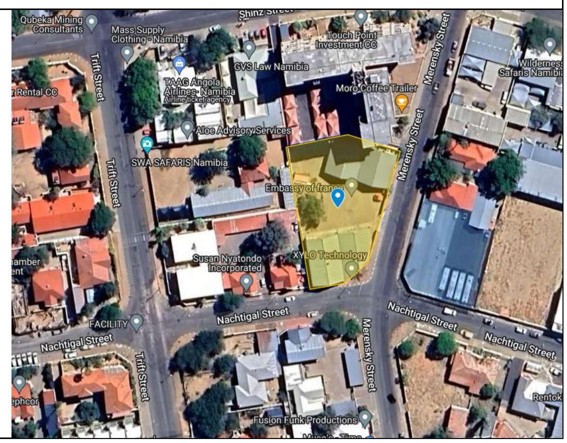
ROCKSOLID PROPERTY VALUATIONS

+264 81 1288474
jorg@rocksolidpv.com
11696 Windhoek • Namibia

Sworn Appraiser • ND Real Estate: Property Valuations (CPUT) • Trust No.T 483/16

VALUATION REPORT
ERF 1 B & RE B/351 WINDHOEK MARENSKY STREET





INSTRUCTION | SWA Safaris (Tanja Sentefol) instructed us to determine the value of the above-mentioned property.

INSTRUCTION	SWA Safaris (Tanja Sentefol) instructed us to determine the value of the above-mentioned property.
LOCATION OF PROPERTY	Merensky Street, Windhoek
AREA OF LAND	866 + 1,129 =1,995 m²
GPS COORDINATES	22.5763 S, 17.08346 E
ZONING	Special 2.0
DATE OF INSPECTION	12 February 2025
MARKET VALUE	**N$ 9,500,000.00**

Contents

HIGHEST & BEST USE

Highest and Best Use is defined as "the most probable use of a property, which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the property being valued".
This requires a thorough investigation of the Title Deeds and local authority with due regard to all legal restrictions. In order to achieve this, the property needs to be assessed against these criteria.

Taking into consideration the current market conditions, the highest and best use would be for the property to utilize its Special 2.0 zoning for potential development, not as its current use.

LOCATION OF PROPERTY

The subject property is situated in the Municipality of Windhoek in the CBD commercial area. The property is a business building situated on a large sized erf with good visibility and average access. Access to this area is gained from Nachtigal / Marensky Street from Rehobother / Trift Street. The area typically accommodates commercial properties with majority of the properties zoned office, general residential and business. The subject property is surrounded by similar use properties and a variety of commercial properties with Wernhil Park mall, SACU offices, FNB, Nedbank, police main branch, City of Windhoek Municipal Offices and Windhoek High School, to mention but a few within an 8 km radius of the property.
The property is not fully utilized for its current use. The buildings currently on the erf do not utilize the full potential of the erf as per its bulk and zoning. The Property will therefore be valued as vacant land.

PROPERTY INFORMATION

- Deeds Registry: Windhoek
- Property Type: Vacant Land
- Erf Number: Re 341 Windhoek
- District: Khomas -Windhoek Registration
- Division: "K"
- Extent: 1,650 m²
- Local Authority: City of Windhoek
- Title Deed No: TBC
- Registered Owners: TBC
- Free hereditary tenure: Yes

The property is both bound and entitled to certain conditions as per the title deed.
In our opinion they do not have a negative impact on the market value.

LOCAL, PROVINCIAL AND CENTRAL GOVERNMENT INFORMATION

6.1 LOCAL AUTHORITY

The subject property falls under the jurisdiction of the City of Windhoek (Municipal Council of Windhoek).

6.2 TOWN PLANNING INFORMATION

Detailed Town Planning Scheme information is available at the City of Windhoek, Town Planning Division, 2^{nd} Floor.

DESCRIPTION	PERMITTED	ACTUAL
Zoning	SPECIAL	SPECIAL
Coverage	TBC	Vacant
Bulk	2.0	Vacant
Parking requirements	1 per 25 m² of utilized bulk	Vacant
Loading requirements	not available	Vacant
Height restrictions	none	Vacant

6.3 ROAD WIDENING

According to the Town Planning Division of the City of Windhoek there are no indications for a road widening scheme.

6.4 MUNICIPAL VALUATION

Land Value:	N$ 1,886,000
Improvements:	N$ 762,000
Total:	N$ 2,648,000

6.5 AVAILABILITY OF SERVICES

The municipal services are supplied by the City of Windhoek (water, sewerage, refuse removal, storm water drainage). Electricity in Namibia is supplied by NamPower and redistributed by the City of Windhoek as the Public Utility Provider.

MARKET ANALYSIS

WINDHOEK MARKET

The property market in Windhoek experienced significant growth across most property segments up until 2016. However, market hesitation and economic pressures led to slower activity in the real estate market from 2017 onwards. Since the end of 2023, the market has been showing noticeable but still slow recovery, particularly in the business property segment. Centrally located commercial areas remain in higher demand compared to peripheral areas, although proximity to the Bypass is a notable advantage. All industrial areas in and around Windhoek are fully developed, with limited industrial erven available in Lafrenz and other more remote industrial areas to the north of the city. Among industrial areas, Southern Industrial, Lafrenz, and Northern Industrial are preferred over newer developments. The CBD has seen significant growth over the past five years, with the construction of various multi-storey buildings.

MACRO-ECONOMIC TENDENCIES

‘Global growth is expected to remain stable and modest in 2024 and 2025. In this regard, from 3.3 percent in 2023 global real GDP growth is projected at 3.2 percent in both 2024 and 2025, remaining broadly unchanged compared to the July 2024 World Economic Outlook Update. Nonetheless, notable upgrades were made to the forecast for the US, offsetting downgrades to those for other advanced economies, particularly the largest European countries. In emerging market and developing economies, disruptions to production and shipping of commodities, arising especially from conflicts, civil unrest, and extreme weather events have led to downward revisions to the outlook for the Middle East, Central Asia and sub-Saharan Africa. These have been compensated for by upgrades to the forecast for emerging Asia, where surging demand for semiconductors and electronics, driven by significant investments in artificial intelligence, has boosted growth.

The global economy continued to grow at a modest pace. Real GDP growth is estimated to have continued albeit at a slower pace in the US, while remaining subdued accross the AEs in general in the third quarter of 2024. In EMDEs economic activity moderated in China and Russia. Inflation decelerated in most of the monitored economies as the restrictive monetary policy stances adopted by central banks had an impact on demand. Prices of commodities such as copper, zinc and gold increased on both quarterly and annual basis, whereas diamond and crude oil prices declined. Bond yields declined during the third quarter owing to a cut in policy rates, while equity markets rose underpinned by rising profits and a reduction in interest rate by the Federal Reserve. The South African Rand appreciated against the US Dollar in the period under review as the interest rate differential between the US and EMDEs widened leading to capital inflows to EMDEs. The rise in commodity prices of export interest to Namibia, such as gold and zinc augur wells for the country’s foreign reserves. Going forward, the global economy is expected to register a steady but modest performance in 2024 and 2025. Risks to the global outlook are tilted to the downside and entail an escalation in regional conflicts, a resurgence of financial market volatility, a deeper growth slowdown in China and continued protectionist policies.' ***(Source: BoN Quaterly Bulletin, Vol 33, no. 4, December 2024)***

MICRO-ECONOMIC TENDENCIES

According to the recently released quarterly GDP data, growth in the domestic economy continued during the third quarter of 2024 but at a slower pace compared to the corresponding quarter of 2023. The moderation was primarily due to declines in the mining and agriculture sectors within the primary industry. However, the economy has remained within positive growth terrain since the second quarter of 2021, largely sustained by the secondary and tertiary industries. The wholesale and retail trade, information and communication, transport and storage, financial and tourism sectors have all contributed to the growth in the tertiary industry. Similarly, the secondary industry has seen positive growth, with construction, blister copper and cement, as well as beer and soft drinks production offsetting declines in local electricity generation and diamond cutting and polishing activity. ***(Source: BoN Quaterly Bulletin, Vol 33, no. 4, December 2024)***

According to experts, the market has made a positive turn with covid restrictions coming to an end and with the prospecting of possible oil discoveries sparking interest from foreign investors such as Shell and Total Energies, making investors excited. While the recent increases in interest rates have made many believe that loans will go down due to being less affordable, an opposite outlook could also be adopted. With higher interest rates, the creation of more supply of credit will render banks more willing to give out loans.
Data indicates that vacancies have improved in the residential sectors and slightly in the commercial sectors. Despite economic circumstances, there was an improvement in office tenancy, which directly countered the improvement in retail vacancies. There is however, still general concern for office space within the CBD as it seems that municipal rates and taxes coupled with previous Covid-19 restrictions as well as the unfavourable vehicle accommodation planning have drastically decreased activity and demand in the area.

Overall rental cash flow suffered from decreases due to the impact Covid-19 had on tenants, especially within the retail and tourism sectors, thus resulting in increased rental expenses.
In conclusion, economic activities have started a gradual recovery. However, even with improvements in vacancies across the sectors as well as increased footfall within the malls and shopping centres, it does not necessarily indicate increased spending as general buying power remains constrained due to rising inflation and absence of wage adjustments. This will result in a decline in real disposable income for many households, made worse by the rises in interest rates.

RISK ANALYSIS

The immediate surroundings of the property comprise a mix of industrial, office, and restricted business properties, as well as a variety of commercial developments. The area remains sought after due to its central location within the CBD. The property will be valued on the assumption that it is currently vacant.
However, the demand for commercial space has been declining, with rising vacancies attributed to the prevailing economic climate. While the property's prime location offers some resilience, the slow recovery of the business property segment presents a risk for prospective investors or owners. This risk is further heightened by increased competition from newer developments in peripheral areas, which often offer modern facilities and competitive rental rates. Additionally, the economic uncertainty and slower-than-expected recovery may prolong vacancy periods, affecting potential returns.

DESCRIPTION OF IMPROVEMENTS

The subject property is located on a large-sized stand in the CBD, high demand area. The erf is on street level with a gentle slope. The erf is fully serviced. The erf is currently being used as a lot for the storage of tour busses and other vehicles. There is an old building on the property that is currently being utilized as ablution/storage space.

The buildings comprise of the old, painted brick walls with corrugated iron roofing, as well as large steel sheds for storage.

The current buildings have a total lettable area of around 57 m². which does not incorporate the total possible / optimal use of the property, as the erf along with its bulk and zoning is permitted to allow almost 4,000 m².

VALUATION METHOD

The Income Capitalization Method is often used to determine the market value of commercial properties; however, this should only be done if the property to be valued has been reasonably developed, otherwise this method will not give a proper, market-related value.

In the case of the subject property, the Income Cap Method cannot be used as the property is not fully developed to its optimal potential and the rental income generated by the buildings currently on the erf will be far below the potential.

The property will therefore be valued as a vacant erf as this is where the value of the property would lie for a potential investor, instead of the current buildings on the property.

The Sales Comparison method will therefore be used to determine the market value of the property.

SALES COMPARISON METHOD

The Sales Comparison Approach consists of comparing the subject property with sales of similar properties that have sold. It is based upon the principle of substitution and implies that a prudent investor will not pay more for an existing property than he will to buy an identical substitute property. Physical characteristics such as zoning, site location, access, land size, shape of earth, topography, drainage, nature of structure, quality and condition, age, features, problems, and orientation are factors that are considered to establish a comparative market value. This report does not provide for a quantities grid, but rather for a demonstrative listing and qualitied remarks.

MARKET VALUE

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".

COMPARABLE SALES

Erf No	Land m²	Street	Zoning	Date	Price N$	N$/m²	Price/bulk m²
1347 KK	6,541	Chasie	BUS 1.0	Apr 2017	39,246,000	6,000	6,000
1348 KK	5,011	Chasie	BUS 1.0	Apr 2017	30,066,000	6,000	6,000
740 W	1,345	Liszt	OFF 0.4	May 2018	6,455,056	4,779	11,948
8764+5 W	4,605	Independence	BUS 4.0	Sep 2018	45,000,000	9,770	2,443
7455 W	1,324	H Genscher	BUS 1.0	Sep 2019	3,100,000	2,341	2,341
7025 W	1,050	H Genscher	BUS 1.0	Dec 2019	3,000,000	2,857	2,857
1321 KK	2,739	Chasie	BUS 1.0	May 2020	8,000,000	2,921	2,921
1285 PP	1,406	Coetzee	BUS 1.0	15 April 2021	4,500,000	3,201	3,201
8622 W	4,178	H Genscher	REB 1.0	12 July 2021	10,000,000	2,393	2,393
Re 307 KW	1,973	N Mandela	BUS 1.0	01 Dec 2021	8,100,000	4,100	4,100
339 C W	1,531	Wecke	OFF 1.0	15 Dec 2021	3,850,000	3,540	3,540
3962,3963,112 KW	6,273	Metje	Gen Res	11 Feb 2022	10,500,000	1,674	NA
1625 W	1,387	Bismarck	OFF 0.4	21 May 2021	6,400,0004	4,614	11,535
342 W	1,673	Nachtigal	BUS 3.5	12 Aug 2020	11,600,000	6,934	1,981
1622 W	1,389	Church	OFF 0.5	01 Dec 2021	3,700,000	2,664	5,328
1619 W	1,828	Church	OFF 0.4	19 Mar 2021	3,000,000	1,641	4,103
6239 W	1,157	Omaruru	Res 0.5	08 Nov 2022	6,700,000	5,791	11,582
7141 W	1519	Feld	Bus 2.0	2021	6,490,000	4,270	2,135
1319/1004 W	4,539	Chasie	Bus 1.0	20 Mar 2024	14,000,000	3,084	3,084
TBC Agent Bergh	1,632		Bus 1.0	Listing Nov 2024	12,012,000	7,360	7,360

COMMENTS TO COMPARABLE SALES

1347 KK: Located in the Kleine Kuppe area a distance away from the subject property. Large in size. Older sales but still gives an indication in terms of commercial vacant land demand. There is a park servitude of 858m² registered on the property.

1348 KK: Located in the Kleine Kuppe area a distance away from the subject property. Large in size. Older sales but still gives an indication in terms of commercial vacant land demand. There is a park servitude of 684m² registered on the property.

740 W: Located near the subject property in Central Windhoek with Office zoning. Demand and exposure of the area compares well to subject property. Property is smaller in size than subject property.

8764+5 W: Located near subject property in and situated in the CBD next to the Hilton Hotel. Property has a business zoning in an area with good exposure. Larger in size than the subject property. Demand for CBD properties are on the decline as investors are looking to move away from the CBD.

7455 W: Smaller sized property with Business zoning, about 5km North of subject property, located in Khomasdal. Property compares inferior in terms of size, area demand and exposure.

7025 W: Smaller sized property with Business zoning north of subject property, located in Khomasdal. Property compares inferior in terms of size, area demand and exposure.

1321 KK: Located in the Kleine Kuppe area. The property is larger in size with a business zoning. Compares superior in terms of size.

1285 PP: Similar sized property with Business located in Pioneers Park. Property has good exposure and transport network but compares inferior in terms of location.

8622 W: Large sized property with Restricted Business zoning north of subject property, located in Khomasdal. Property compares inferior in terms of area demand and exposure.

Re 307 KW: Similar sized property with Business zoning located in Klein Windhoek. Property has good exposure and transport access.

339 W: Located near subject property and situated in the CBD next to Wernhill Mall. Property has an Office zoning in an area with good exposure. Smaller sized property. Demand for CBD properties are on the decline as investors are looking to move away from the CBD. Compares well.

3962 KW: Larger sized property with General residential zoning north of subject property, located in Klein Windhoek. Property has good exposure and transport access.

1625 W: Similar sized property located in the CBD with Office zoning. Compares well in terms of size and inferior in terms of zoning but gives a good indication.

342 W: Similar sized property located in the CBD with Business zoning and very close to the subject property. Compares well in terms of size, zoning and location and gives a good indication.

1622 W: Smaller sized property located in the CBD with Office zoning. Compares inferior in terms of size and zoning but gives a good indication.

1619 W: Similar sized property located in the CBD with Office zoning. Compares inferior in terms of zoning but gives a good indication.

6239 W: Smaller sized property located closer to the Eros area which recently sold. The property currently has a residential zoning but was sold on the premise of changing to Office zoning after the betterment fee has been paid. Compares inferior in terms of size and location.

7141 W: Similar sized property located in the CBD with Office zoning. Compares inferior in terms of zoning but gives a good indication.

1319/1004 KK: Smaller sized erf located in the Kleine Kuppe area with Business zoning. Compares inferior in terms of zoning but gives a good indication.

TBC: Similar sized erf located in the CBD Area with Business zoning. Compares similar in terms of size and zoning and gives a good indication.

COMMENT ON LEASE

The property is leased for N$ 40,000 excluding water & electricity, on a month-to-month basis with a 6% yearly escalation.

ANALYZING

The sales for vacant erven range from N$ 1,641/m² to N$ 9,770/m² depending on zoning and location. With the lower amounts reflecting Office zoned properties and the higher amounts reflecting Business zoned properties, with those in high demand locations fetching the highest rates.

Subject Property Factors:

The subject property has a large erf size in a high demand area with a special zoning and a bulk of 2.0 which allows for a high development potential of 3,990 m² of building space.

It offers good access and good visibility as it borders three streets and is within walking distance of other major businesses in CBD area.

We therefore believe that the subject property can fetch a rate of N$ 1,674/m² N$ 6,934/m². This is backed up by the sale of Erf 7141 which is located nearby and has a business zoning with a bulk of 2.0. Based on this, we believe a rate of N$ 4,800/m² is applicable.

Description	**size m²**		**Rate**		**Amount**
Erf	1,995	x	4,800	/m²	9,576,000.00
Demolition Cost					110,000.00
					9,466,000.00
Market Value				**Say:**	**9,500,000.00**

RECOMMENDED MARKET VALUE

The valuation determines a market value of **N$ 9,500,000.00 (Nine Million Five-Hundred Thousand Namibian Dollars).**

GENERAL COMMENTS

I valued the property in its existing state. I have not undertaken any structural surveys nor have I arranged for tests or inspections to be carried out on any service installation. I have not arranged for tests/ inspections on soil bearing capacity or rock formations for foundation conditions, nor did I consider cost of leveling or retaining. No environmental effect on the land from flooding, erosion, contamination or other has been considered. This valuation did not investigate any easements, encroachments, or similar, neither outstanding liabilities which can be recovered. My valuation assumes that the services are in a satisfactory condition and up to date at the municipality.

This valuation may not be used for litigation purposes without my written permission. The valuation is based on the data supplied to me and / or which I have obtained from official records. I shall not be liable for any loss or damage of any nature, which any party may suffer as a result of the application of this valuation any purpose whatsoever. The valuation is open for queries for seven working days only.

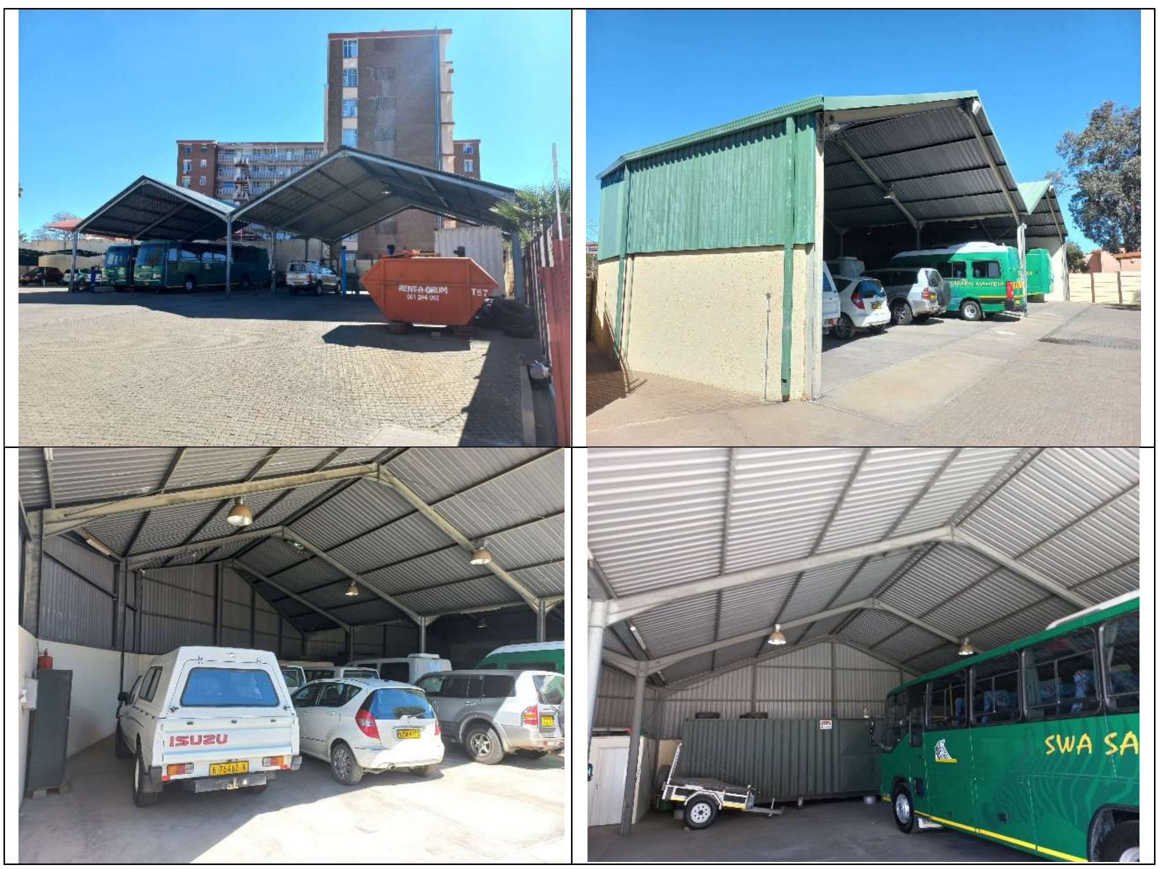
DECLARATION OF INDEPENDENCE AND COMPLIANCE WITH IVS STANDARDS

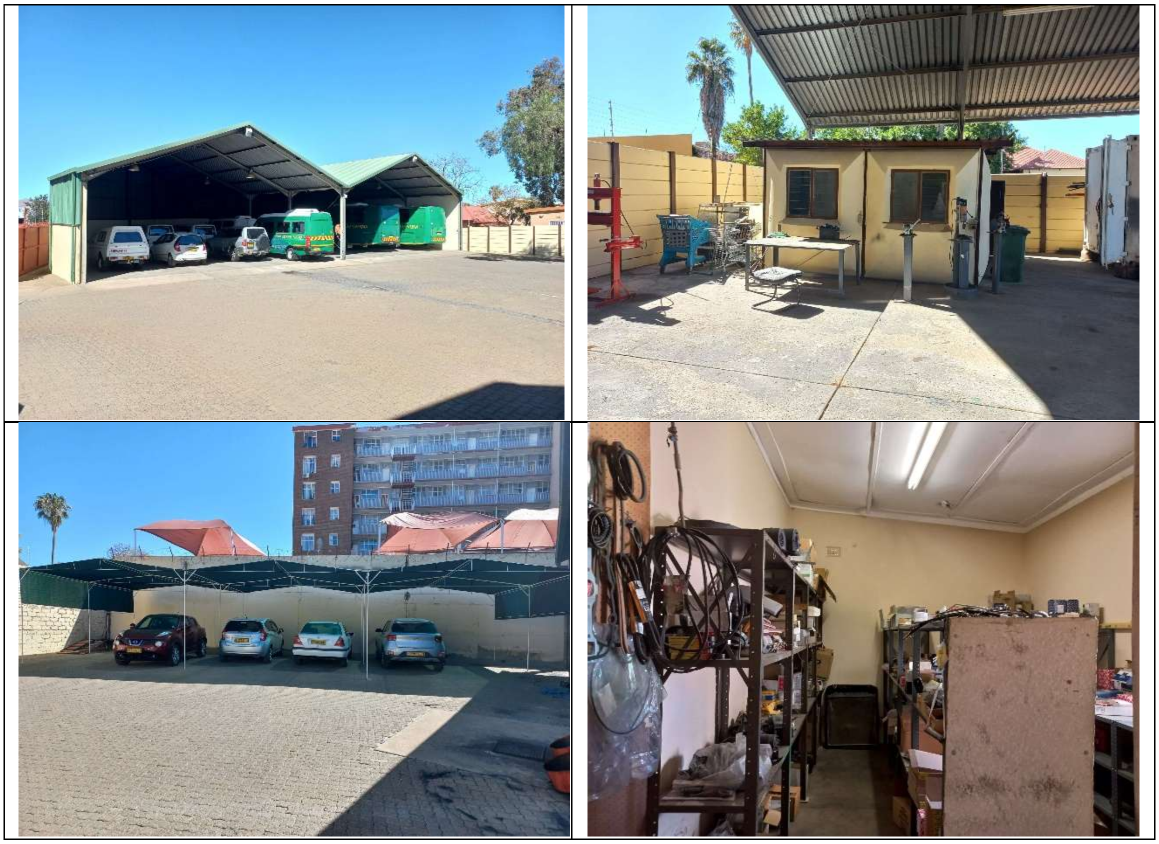
I, the undersigned hereby declare that I have undertaken this appraisal in compliance with all relevant standards issued by The International Valuations Standards Council (IVSC) and affirm that this valuation complies with all the requirements contained within the IVS.

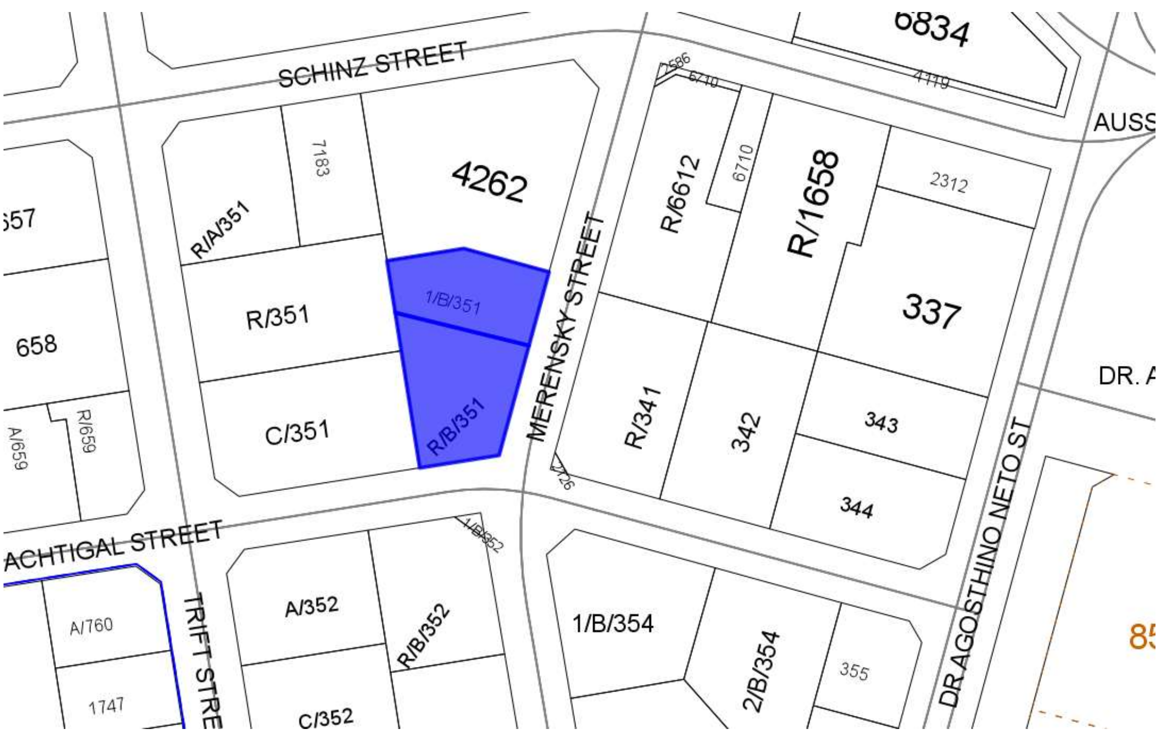
In undertaking this appraisal, I hereby affirm that I have complied with the fundamental ethical principles of integrity, objectivity, competence, confidentiality, independent and professional behaviour in fulfilment of the requirements contained in the Code of Ethical Principles for Professional Valuers of the IVSC.

I further affirm that no departure or deviation from some of the requirements within the IVS were followed in preparation of this valuation pursuant to any legislative, regulatory or other authoritative requirements that are not permitted in valuations performed in accordance with IVS.

J. Riedel **DATE: 12 February 2025**







SCHINZ STREET
6834
4119
7183
4262
R/A/351
R/351
1/B/351
R/B/351
C/351
MERENSKY STREET
R/6612
6710
R/1658
2312
337
R/341
342
343
344
658
A/659
R/659
ACHTIGAL STREET
A/760
1747
A/352
R/B/352
C/352
1/B/354
2/B/354
355
DR AGOSTHINO NETO ST

Town Planning Certificate No. 1:
Town Planning Scheme Information

Ref : __________

Enq : __________

Tel : __________

Applicants Address __________

Telephone Number : __________

Sir / Madam

Erf No: 351

Township : WINDHOEK/WINDHOEK BLOCKS

Street : MERENSKY STR

In terms of the Windhoek Town Planning Scheme the following conditions apply to the above mentioned erf.

1. Use Zone : SPECIAL — Refer to Table B.
2. Density : 1 DWELLING / 100M² — Refer to Table E.
3. Bulk Factor : 0 00 — Refer to Table F.
4. Coverage : — Refer to Table G.
5. Erf Size : 866 m²
6. Parking :

(The parking ratio should be confirmed with the Transportation Department for erven in the business zone, and for restaurants, grouped housing schemes, hotels, bed & breakfasts, resident occupations, places of amusement, social halls and churches)

7. Street Build Lines
8. Position Of Buildings :
9. Street Address : 9 MERENSKY STR
10. Flood Line :
11. Height Restriction : — Refer to Table J.
12. Street Reservation :
13. Other :

The TOWN PLANNING SCHEME and MAP are open for inspection on the passage wall of the 7th floor of the town house. The information provided herein must be verified by the applicant by inspection of the Scheme and Map.

Your attention is further directed to any condition which may be registered against your property in the title deeds. You may be required to furnish a certified copy of the title deeds conditions before any building plans are approved.

CITY OF WINDHOEK
DEPT OF URBAN PLANNING
AND ... MANAGEMENT
2023-08-30
BP
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URBAN PLANNING

Town Planning Certificate No. 1:
Town Planning Scheme Information

Ref : ____________

Enq : ____________

Tel : ____________

Applicants Address ____

____

Telephone Number : ____________________

Sir / Madam

Erf No: 351

Township : WINDHOEK/WINDHOEK BLOCKS

Street : NACHTIGAL STR

In terms of the Windhoek Town Planning Scheme the following conditions apply to the above mentioned erf.

1. Use Zone : SPECIAL — Refer to Table B.
2. Density : 1 DWELLING / 100M² — Refer to Table E.
3. Bulk Factor : 0 00 — Refer to Table F.
4. Coverage : ____________ Refer to Table G.
5. Erf Size : 1,129 m²
6. Parking : ____________

(The parking ratio should be confirmed with the Transportation Department for erven in the business zone, and for restaurants, grouped housing schemes, hotels, bed & breakfasts, resident occupations, places of amusement, social halls and churches)

7. Street Build Lines ____________
8. Position Of Buildings : ____________
9. Street Address : 10 NACHTIGAL STR
10. Flood Line : ____________
11. Height Restriction : ____________ Refer to Table J.
12. Street Reservation : ____________
13. Other : ____________

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CITY OF WINDHOEK
DEPT OF URBAN PLANNING
AND PROPERTY MANAGEMENT
2023 -08- 30
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URBAN PLANNING