

ARTHOCK PROPERTY SERVICES (Pty) Ltd.

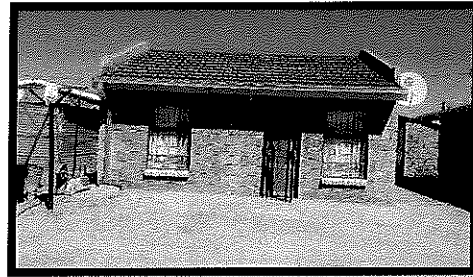
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Reg. NO: 2014/1460

REDEFINING PROPERTY SOLUTIONS



**MARKET VALUATION REPORT- PLOT No. 11292-863, HA
THETSANE, MASERU URBAN AREA**

OWNER: MATHABIZOLO ELIZA RAMATHALEA

APPROVED
15/05/2020

1.	INSTRUCTIONS, CLIENT'S FULL NAME & ADDRESS DATE OF INSPECTION DATE OF VALUATION	The instructions pertaining to this assignment were issued by Mr. Retsilisitsoe Mohlakoana of P.O. Box 1225, Maseru 100, Lesotho. The property was inspected on 28 th August 2019. The date of valuation is 28 th August 2019.
2.	ACCESS TO PROPERTY	2.1 Narrow, paved road.
3.	DESCRIPTION OF PROPERTY	The property comprises one small piece of land, two detached residential dwellings, and an ablution facility. The property is partially fenced with concrete wall fence at the back and 1.8 diamond mesh wire on the sides. The property is leased and is occupied by tenants on a rental basis.
4.	DESCRIPTION OF IMPROVEMENTS.	<p>The property is developed with the following:</p> <p>4.1 Duplex building one. Built area is 230m².</p> <p>4.1.1 External walls: concrete blocks</p> <p>4.1.2 Roof: mono pitch Harvey tiles.</p> <p>4.1.3 Windows: Steel casement</p> <p>4.1.4 External doors: Solid timber with burglar bars.</p> <p>4.2 Accommodation:</p> <p>4.2.1 Duplex 1. Two bed rooms, kitchen, sitting room, separate bath and toilet. Interior finishes comprise: gamazine walls in bed rooms and partially in kitchen, porcelain floor tiles in sitting room, and kitchen, pvc ceiling in bed rooms. BIC units fitted in bed rooms and kitchen.</p> <p>4.2.2 Duplex 2. Two bed rooms, kitchen, sitting room, separate bath and toilet. Interior finishes comprise: ceramic floor tiles, gamazine walls, Masonite ceilings, vinyl tiles in bed rooms. BIC units fitted in bed rooms and kitchen.</p> <p>4.2.3 Bachelor. Kitchen & sitting combined, bed room, bath & toilet. Interior finishes comprise: ceramic floor tiles, gamazine wall, masoniti ceilings, cearamic wall tiles, fitted BIC's in kitchen and bed room.</p> <p>4.3. One Bachelor Detached Building.</p> <p>4.3.1 Exterior= concrete blocks, mono pitch Harvey tiles, steel casement windows, solid meranti door with burglar grill door. Accommodation comprises one bachelor flat whose interior finishes comprise: large sitting room combined with kitchen (fitted), bedroom, combined bath and toilet. Interior finishes comprise: ceramic floor tiles, gamazine wall, Masonite ceilings BIC's, vinyl tiles, ceramic floor tiles and walls.</p> <p>4.4 Site:</p> <p>4.4.1 Fencing: Concrete blocks at the back and 1.8m high diamond mesh wire fence. Access is through sliding motorized gate.</p> <p>4.4.2 Shape: almost square</p> <p>4.4.3 Slope: Flat.</p> <p>4.4.5 Soil type: Black clay. We did not carry out soil tests as we are not experts in that field.</p> <p>4.4.6 Drainage: None.</p>

		<p>4.4.7 Size: 554m².</p> <p>4.4.8 Exposure to main street: No</p> <p>4.4.9 Access: Via narrow, paved road.</p> <p>4.4.10 Exposure to vehicular and pedestrian traffic: No</p> <p>4.4.11 Local Authority: Maseru Municipal Council</p> <p>4.4.12 Property Rates and Taxes: Not applicable</p> <p>4.4.13 Council Valuation Roll: Not available</p> <p>4.4.14 Location: Ha Lesia, Maseru Urban Area.</p>
5.	UTILITY SERVICES	5.1 Water: WASCO.
		5.2 Electricity: LEC
		5.3 Sewerage: Septic tank
6.	LEGAL DESCRIPTION & TENURIAL DATA	<p>6.1 Plot No.: 11292-863</p> <p>6.2 Situated at: Ha Lesia, Maseru Urban area.</p> <p>6.3 Date registered: 28/03/2014</p> <p>6.4 Lessee: Mathabizolo Eliza Ramathalea</p> <p>6.5 Ground Rent: Nil</p> <p>6.6 Issue date: 2nd January 2014.</p> <p>6.7 Permitted Use: Residential.</p> <p>6.8 Actual Use: Rented residential</p> <p>6.9 Endorsements: None were noted.</p> <p>6.10 Servitudes: None recorded against the lease and none were observed on the ground.</p>
7.	PURPOSE & DATE OF VALUATION	Open Market Value for sale purposes as at 28 th August 2019.
8.	DEFINITION OF MARKET VALUE	<p>Market value is defined as the amount of money which a willing and able buyer will pay to a willing and able seller at the date of valuation for the subject property in an open market transaction where buyers can compete with one another in order to determine a price for the subject property. In order to estimate the market value, a valuer must postulate an open market for the subject property by means of an imaginary seller under circumstances where the property will be on the market for a reasonable period of time and where possible buyers are aware that the property is for sale. It must also be assumed that the buyers have sufficient time and knowledge to negotiate for the particular property.</p> <p>Furthermore, it is important to note that in the event that the subject property is being sold under forced circumstances normally by way of a public auction, the selling price achieved under these circumstances will not necessarily reflect the market value of the subject property in the open market, subject to the prevailing market trends and conditions.</p>

9.	FUNCTION OF VALUATION	It is our understanding that this valuation is required in order to estimate the open market value of the subject property for sale purposes.
10.	VALUATION METHOD	In order to estimate the open market value of a property, the valuer must carefully analyse the property and consider all its relevant features in order to determine the full potential of the property, and then estimate its market value at its highest and best use. For a valuer to be able to take such potential into account, the potential must be economically viable, legally permissible, physically obtainable and maximally productive.
11.	NEIGHBOURHOOD ANALYSIS	11.1 Adjacent properties: Mostly owner-occupied properties and a few rental units commonly known as <i>malaene</i> . These properties are not built in accordance with modern and professional plans.
		11.2 Area Planning: Planned.
		11.3 Access roads: Clear and visible.
		11.4 Utility Services: Available with no disruptions.
		11.5 Property Market: No transactions recorded recently.
		11.6 Income levels: No survey undertaken.
		11.7 Urban or Rural characteristics: Urban.
		11.8 Social Amenities: Maseru Private Hospital, Thetsane High School, Lesia High School, Beautiful Gate, Thetsane Filling Station, etc.
		11.9 Security: Fairly safe throughout the suburb.
		11.10 Nuisances & Hazards: None observed during inspection.
		11.11 Area Grade: C
		11.12 Marketability: Due to location, adjacent properties and access, marketability is average.
12.	HIGHEST & BEST USE	12.1 Compatibility with surrounding land uses: Good correlation all round. The subject property was considered too small for further development on site. 12.2 Proposed new use: Residential.
13.	BASIS AND ANALYSIS OF VALUATION	13.1 Valuation method & Justification: <u>The Comparison Approach</u> The sales comparison approach models the behavior of the market by comparing the properties being appraised with similar properties that have recently been sold or for which offers to purchase have been made. Comparable properties are selected for their similarity to the subject property. The sales are then adjusted for their differences from the subject property. Finally, a market value rate is estimated from the adjusted sales prices of the comparable properties.

	<p>The economic principles of supply and demand provide for a frame work for understanding how the market works. The interaction of supply and demand factors determines property prices. Supply depends on current inventories and capital. Demand is influenced by population levels, mortgage rates, income levels, local services, personal housing preferences, and cost substitutes, which ensures that prudent consumers will pay no more for a piece of property than comparable properties with equal utility, assuming no unreasonable delays.</p> <p>The principle of substitution implies that the market will recognize differences in utility between the subject property and its best alternatives by a difference in price.</p> <p>The sales comparison approach requires the following steps:</p> <ol style="list-style-type: none"> 1. Definition of the value problem; 2. Data collection; 3. Analysis of market data to develop units of comparison and select attributes for adjustment (model specification); 4. Development of reasonable adjustments (model calibration); 5. Application of the model to adjust the sales prices of comparables to the subject property; 6. Analysis of the adjusted sales prices to estimate the value of the subject property. <p>The entire valuation process depends on accurately defining the appraisal/valuation problem, because the nature of the problem determines the sources of information, methods of comparable selection, and adjustment techniques.</p> <p><u>The Depreciated Replacement Cost Method</u></p> <p>A basic principle of valuation is that cost does not equal value. The cost approach can be regarded as a method of last resort. As has become evident, different methods are applicable in different circumstances. In instances where there is no comparable market data and the property is of a type not normally traded in the open market, this method is used to at least establish the cost of rebuilding a similar structure having the same size but of modern building materials. This cost of replacement is then adjusted downwards for depreciation, functional and economic</p>
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		<p>obsolescence, these being the three main elements of the cost approach.</p> <p>Valuation: Rate per square meter= M4,500.00 Building 1. 230m²x M4,500.00=M1,035,000.00 Building 2: M468,000.00 Concrete Paving= M9,000.00 Fencing= M15,000.00 Total= M1,527,000.00.</p>
14.	VALUE ESTIMATE	<p>14.1 Comparable sales: There have not been any recent transactional sales of similar properties in the area, except vacant land. Under these circumstances, the Valuer has made his own estimate based on the circumstances and data collected.</p> <p>14.1.1 Comparable 1: Date of sale Price/value 14.1.2 Comparable 2: Date of sale Price/Value 14.1.3 Comparable 3: Date of sale price/Value M1,200,000.00</p>
		<p>14.3 Income Approach. This valuation method was deemed appropriate in this instance since this is income producing property.</p> <p>14.3.1 Gross Income: M97,200.00/year 14.3.2 Potential Gross Income: M120,000.00 14.3.3 Expenses: 5% 14.3.4 NOI: M114,000.00 14.3.5 Cap. Rate 10%: Valuation amount: One Million, One Hundred and Forty Thousand Maloti (M1,140,000.00)</p>
15.	FINAL VALUE ESTIMATE:	<u>ONE MILLION, TWO HUNDRED AND EIGHTY-NINE THOUSAND MALOTI (M1, 289,000.00).</u>
16.	DECLARATION:	<p>We have no present or prospective interest in the subject property and we have no personal interest or bias with respect to the parties involved. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected) should be disseminated to the public relations media, sales media or any other public means of communication without the prior consent and approval of the undersigned.</p>
17.	VALUATION CERTIFICATE	<p>I, Letele Mosae, hereby certify that I duly inspected and valued the subject property, as described herein, to the best of my ability and according to the available market information as at the date of the valuation and that I have correctly identified the relevant property as well as the address of the subject property in accordance with the relevant local authority information and applicable survey diagrams, and that the information contained in this report is correct. The signatory further confirms that neither he nor</p>

		<p>Arthock Property Services (Pty) Ltd have any present or contemplated interest in this or any other properties or any other interests, which would affect the statements or values contained in this valuation report. The valuation enclosed herewith was therefore undertaken on a completely independent basis.</p> <p>I hereby certify the following value of the subject property, being Plot No. 11292-863 Ha Lesia, Maseru urban Area. Open Market Value= ONE MILLION, TWO HUNDRED AND EIGHTY-NINE THOUSAND MALOTI (M1,289,000.00).</p>
18.	CAVEATS	<p>Full Disclosure This valuation report has been prepared on the basis that full disclosure of all information and factors which may affect the assessment have been made to ourselves and we cannot accept any liability or responsibility whatsoever for the assessment, unless such full disclosure has been made.</p> <p>Valuation Standard This valuation report has been prepared in accordance within the guidelines of the South African Institute of Valuers and SA Council for the Property Valuers Profession. The values utilised in this report are valid for a period 12 months from the date of assessment. Thereafter, changes in the general state of the economy and market conditions for immovable property may render the comparable data inaccurate. Annual investment portfolio management is advisable for auditing purposes.</p> <p>Statutory Notices and Unlawful Use We have assumed that the property and its value are unaffected by any statutory notice or condition of Title where Title Deeds have not been inspected, and that neither the property nor its condition, nor its use, nor its intended use, is or will be unlawful. The property has been assessed as if wholly owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans or other charges.</p> <p>Confidentiality This valuation report is produced exclusively for the Client, namely, Mr. Retselisitsoe Mohlakoana and for the specific purposes to which it refers. It may be disclosed to other professional advisers assisting the Client in respect of that purpose. We accept no responsibility whatsoever to any parties other than the Client who make use of this valuation report.</p>

		<p>Non-Publication Kindly note that neither the whole nor any part of this report or any reference thereto may be included in any published document, circular or statement, nor published in any way without our prior written approval as to the form or context in which it may appear.</p>
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Letele Mosae

Estate Valuer

Signed... 

Date... 28/08/2019

Estate Valuer- B.A. (N.U.L.), M.A. (Carleton), Mphil-Housing U.C.T.), DIAPP (CPMD), CEA (EAABSA), Facilities Management (UFS), Commercial Property Management(UCT), Certified Property Manager (CPMD), Sectional Titles Management (UCT), Sectional Titles Transactions (UCT), Sectional Titles Specialist Estate Agent (UCT), Sectional Titles Trustee (UCT), Land Admin (ITC), Member - Lesotho Institute of Valuers.

PHOTOGRAPHS



LOCATION PLAN

