

MARKET VALUATION

RESIDENTIAL PROPERTY PLOT No. 12301 – 10155



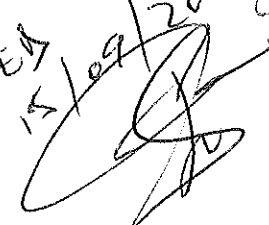
NET PROPS (PTY) LTD – PROPERTY VALUERS

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Registered Valuer with LAA

APPROVED
15/09/2020


1. INSTRUCTIONS

We have been instructed by Mr Tlhopho Ietsoa to determine the fair market value of a residential property plot no. 12301-10155 referred to herein as the subject property. The property is located at Ha Shelile in the Maseru Urban Area.

2. DATE OF VALUATION

05th August 2020.

3. PURPOSE OF VALUATION

To determine the open market value of the subject property on valuation date. 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".

4. S10 INFORMATION

It is imperative to note that the subject property has no registered title yet, however S10 has been issued to the applicant.

Table 1:

APPLICANT	Rabotso Makoetje
SURVEY DATE	25 th June 2020
APPLICATION NO.	1300002351
CADASTRAL PLOT NO.	12301-10155
AREA (M²)	496
REQUESTED USE	Residential

5. MUNICIPAL INFORMATION

Name of Local Authority: Maseru City Council

According to the Planning Act of 1980 and Development Control Codes, the property is zoned as follows:

Table 2:

Zoning:	Residential
Floor Area Ratio (FAR):	N/A
Coverage:	30 percent
Height:	Max 6.5m above mean ground level to the roof eave height, and 8m at any point.
Buildings Lines:	Front setback: 5m Side and rear setbacks: 3.5m
Parking Ratio:	Minimum parking space: 2.75 x 5m and maximum 40m ²

6. PLANNING

There are no municipal or government planning/development Schemes that may necessitate compulsory acquisition of the property that we are aware of. Street layout in this area is not orderly; characterized by narrow streets with haphazard layouts. The property is zoned for residential use.

7. IMPROVEMENTS

Primary use: There are four single storey two roomed flats/Li-line; the flats are adjoined and form a row facing south. The property is constructed of hollow concrete blocks and plastered on the interior with a paint. The following external and internal features are incomplete: the floor is not covered, electrical reticulation is incomplete, WASCO water is not yet connected to the site.

The intended use of the property is for rentals, however during the survey the flats were not yet occupied due to the fact that electricity and water utilities were not yet connected to the subject property. Only one of the flats is occupied by the caretaker, mainly for security purposes.

MEASUREMENTS

- Building: 99.4m²
- VIP latrine: 4.5m²

CONSTRUCTION DETAILS

Structure :	hollow concrete blocks, plastered on the interior with a paint finish.
Storeys :	one.
Roof :	parapet pitch roof surmounted with corrugated iron roof sheeting.
Floors :	concrete screed not covered.
Ceilings :	none.
Windows :	steel window frames fitted with glass and burglar bars.
Doors :	wooden external doors on steel frame fitted with burglars.

8. CONDITION OF IMPROVEMENTS AND AGE

Even though no structural survey was conducted, the property appears to be in good structural and decorative condition. The building was completed in 2020.

9. LOCALITY

Macro Area

The site is located Ha Shelile; this is a suburb in the Maseru Urban Area, located in the southern part of the capital city. The suburb is about ten kilometers from the central business district (CBD).

Micro Area

The property is located within a low income location; the area is provided with basic utility services such as water and electricity but a sewer reticulation is not provided, however these services are not yet connected to the subject property. Accessibility to the subject property is via a dirt road for about five hundred meters from the main tarred road.

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Other amenities in the area are a police station about five kilometers from the subject property, two industrial estates about five kilometers and three kilometers respectively and a fuel station about four kilometers away.

-29.358155° 27.467573°





10. DESCRIPTION OF PROPERTY

The subject property is situated on a steep topography; the site is rectangular in shape, it is not fenced. The subject property is surrounded by neighbouring rental accommodation properties and private residential properties on the southern, eastern and western sides. On the eastern end is a dirt road providing access to the subject property.

The subject property is zoned for residential use, and it is used for offering accommodation for rental purposes. An analysis of the market indicates that there is high demand for rental accommodations in this area from factory workers working in the adjacent industrial estates. During the survey the subject property was not yet let out since it is incomplete however adjacent properties offering rental accommodation were fully let.

11. MARKET ANALYSIS

This indicates the demand in the market; there is a potential market for the subject property should it be put up for sale. Generally the economy has slowed down over the past years due to the weakening rand and an unstable political environment in the country which has consequently depressed investor confidence. The COVID 19 pandemic has also negatively

contributed to the already ailing economy in the short term as jobs have been lost and businesses have suffered from the effects of the pandemic. Notwithstanding the demand for rental residential accommodation in this area is still high due to the subject property's proximity to the industrial estates and the capital city. There is an increase in construction activities particularly increase in malaene (L-Line) in this area. Land values in this area have continued to rise despite the slowing economic conditions.

Planning of the area is however haphazard and not defined; the streets layouts are irregular, characterized by narrow streets. The area is provided with basic utility services but sewer reticulation.

12. VALUATION METHOD

The preferable valuation approach for the subject property is the **Income Capitalisation Approach**; with this method the capitalisation rate is determined by referring to market transactions of comparable properties as it is based on information derived from the market. The risk inherent in income producing properties is the degree of certainty that the income stream will be realised despite the uncertainty of the future. The Income Capitalisation Approach determines the net normalised annual income of the property, assuming the property is fully let at market related rentals, and market escalations, with an allowance made for vacancies (where applicable). Market related operating expenses are incurred, resulting in a net annual income which is then capitalized at a market related rate.

However it is imperative to note that the subject property is not yet habitable and does not realize any income. On this it becomes impractical to apply the income capitalization method to determine the value, an alternative approach; the **Depreciated Replacement Cost** method will therefore be adopted in this case. The Depreciated Replacement Approach (DRC) estimates the replacement cost as new of a property and makes an allowance for depreciation. The depreciation in this regard is observed taking cognizance of the building's age, level of maintenance and functional obsolescence. However it is imperative to note that the property is new constructed in 2020, therefore the depreciation factors aforementioned will not apply.

The approach will also take into consideration the value of the residual land with development potential taking into consideration the coverage of the building.

13. MARKET VALUE

Having taken location, state of repair, size of the property and land and available services and amenities in the location, it is our carefully considered professional opinion, that the current market value of the subject property is **LSL 223,000.00 (Two Hundred and Twenty Three Thousand Maloti).**

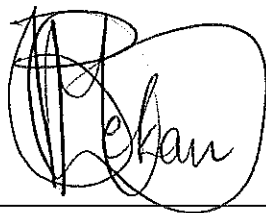
14. VALUATION CERTIFICATE

I, Majoro Lekau, declare that I have inspected the above property, that I have verified the particulars set out in this valuation, and that I value the herein described property for the purposes of this valuation to the best of my knowledge and skill as at the 05th August 2020 at:

LSL 223,000.00

(Two Hundred and Twenty Three Thousand Maloti).

DATE: 05th August 2020

A handwritten signature in black ink, appearing to read 'Majoro Lekau', is written over a horizontal line. The signature is stylized and somewhat cursive.

Sign:

Majoro Lekau (Professional Valuer)
MSc Real Estate; UP-RSA

CAVEATS

1. Full Disclosure

This valuation has been prepared on the basis that full disclosure of all information and factors which may affect the valuation have been made to ourselves and we cannot accept any liability or responsibility whatsoever for the valuation, unless such full disclosure has been made.

2. Third Party Involvement

In undertaking this valuation, we have relied on information supplied by third parties and have assumed such information to be substantially correct.

3. Valuation Standard

This valuation has been prepared in accordance with the International Valuation Standards Committee requirements and as adopted by the South African Institute of Valuers.

4. Mortgage Bonds, Loans or Other Charges

The property has been valued as if wholly owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans or other charges. No deductions have been made in our valuation for the cost of acquisition, such a legal or transfer fees, or disposal of the assets.

5. Calculation of Areas

All areas quoted within the Valuation Report have been provided by you and have been arrived at using the SAPOA standard method of measurement.

6. Plans

All plans referred to within the Valuation Report are supplied for the purpose of identification only and are not necessarily to scale.

7. Structural Condition

The property has been valued in its existing state. In the event of its ownership or use changing in such a manner that the local authority will require the upgrading of the premises to comply with fire protection and other regulations, it may be necessary to reduce the valuation by the amount covering the cost of such compliance.

We have had regard to the apparent state and condition of the property but have not carried out a structural survey, nor inspected those areas which were covered, unexposed or inaccessible, neither have we arranged for the testing of electrical, heating or other services. The valuation assumes that the services and structures are in a satisfactory state of repair and condition, unless otherwise stated in our report. The valuation further assumes that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations.

We have not inspected woodwork or other parts of the structure, and we are therefore unable to report that such parts of the property are free from rot, beetle or other defects.

We have assumed that no deleterious or hazardous materials or techniques were used in the construction of the property nor have since been incorporated.

8. Contamination

Our valuation assumes that a formal environmental assessment is not provided and further that the property is not environmentally impaired nor contaminated, unless otherwise stated in our report.

9. Vacant Land

We have not carried out any soil or substratum tests on the property and we have assumed that the property is suitable for the purpose for which it would be put without having to provide excessive reinforcement to any structure built thereon.

10. Statutory Notice and Unlawful Use

We have assumed that the property and its value are unaffected by any statutory notice, and that neither the property nor its condition, nor its use, nor its intended use, is or will be unlawful.

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PICTURES

