

Inflation Trends

Inflation trended upwards for most of 2008 and remained well above the 3-6 percent BOB target range. **PAGE 2**

The home buying process

Find out how much you can afford from FNB Property Finance Division. **PAGE 4**

Frequently asked Questions

Your questions are answered on **PAGE 4**

Re-advancing...

...and get the financial freedom to do the things you want! **PAGE 5**

Home Automation

Automation Intelligence is a citizen owned specialist company in home automation based in Gaborone. It offers the products and services to protect homes. **PAGE 6**

Home Invasion Tips

While it's difficult to protect your home from professional thieves, some simple security precautions will help. **PAGE 7**

FNB staff **PAGE 8**

The Global Credit crunch and the Office Market

The US sub-prime crisis has evolved into a wider global economic crisis slowing down the world economy. There are fears that the crisis will provoke a downturn in the office commercial property market to an unprecedented scale in history. Whilst it is true that the outlook is much bleaker than ever, there are characteristics of the market and external factors that make it unlikely that a worst scenario could develop. These are;

- The office market is characterized by increased activity of institutional buyers and occupiers and the government. These have strong financial backings whose impact in real terms stabilize market rentals..
- The office development cycle is well established and anticipated to peak in the latter half of this year. There is currently 20% of office space under construction on speculative basis. This is despite the high construction costs, tighter finance conditions and less optimistic estimates of future rentals and demand. The amount of space in the market points to a robust response from developers to strong market conditions of the late 2007 carried over 2008. Further, the low vacancy rates points to a strong demand outlook, which, some industry personalities expect not to weaken in the short term.
- The prime yields have been below the cost of borrowing, pricing property investments out of the market. However, investment activity has been solid at the back of optimistic assumptions relating to future rental and capital growth.
- Despite the weak economic data, the February budget pointed to a sustained economic growth, due to aggressive monetary and fiscal policies. Base rates will be monitored in line with the inflationary risks.
- The investment outlook is yet to feel the impact of the credit crunch. Investments yields have moved inwards and rental growth has increased in the last half of 2008. There is renewed interest to increase share of property in investment portfolios to diversify and cash in on the hedging effect from property.



Despite the foregoing, the global property market faces a difficult year ahead as the fallout from the credit crunch continues to sink into property credit.

Hundreds of thousands of bad credit property owners will begin defaulting on their mortgages.

There will be a significant dent in investor confidence that arises from widespread collapses of multibillion pula property deals, not to mention the dramatic downward valuations of property assets in the market.

Irresponsible/unscrupulous lending practices in the mortgage sector will ultimately led to collapse of confidence in commercial property, as buyers will raise doubts over the tenability of such bonds.

Knight Frank 

We're Moving!

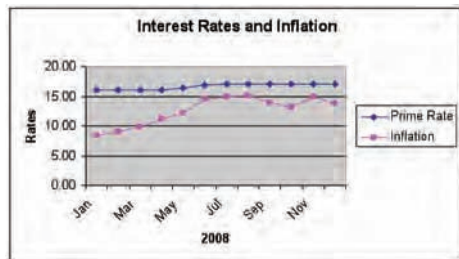
We are delighted to inform our clients that Property Finance Division will be moving to new premises as of May 2009. Our new offices are situated on the **Ground Floor of Block D, Phase 2, Fairgrounds Office Park**. Contact details will remain the same.

Thank you again for your continued support and valued business.

Property Finance Division

Inflation Trends

Inflation trended upwards for most of 2008 and remained well above the 3-6 percent BOB target range. Inflation peaked in August 2008 reaching unprecedented highs of 15.1%, before spiraling down 12.5 in January 2009.



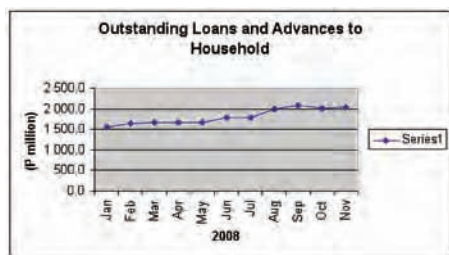
Bank of Botswana

The decline in inflation was largely due to the falling of international oil and fuel prices in the latter half of 2008 as demand deteriorated following the global economic slowdown.

Interest rates

Increases in inflation from volatile commodity prices necessitated a curbing policy by raising interest rates to mop up possible excessive borrowing. This has negative impact on investments since the cost of capital goes up.

Whilst the impact of the global slowdown is yet to be felt, indications are that the sector is holding on steady fast with some locations experiencing growth. However, the global and local economic pressures will probably continue to impact negatively on the sector. From analysis of the FNBB data, the last quarter of 2008, experienced a steady growth on the approved mortgage lending. There was a 5.23% decline in number of approvals in November as compared to October and a significant leap of 27.78% in December. The activity levels indicate that there is confidence in the market to acquire residential properties. This data is further cemented by the growth in credit lending by commercial banks households. As depicted in the graph, there is growth in the value of mortgage lending signifying good confidence in the market.



Property Finance Division



Property Finance Division



Property Finance Division

The properties sold below market values continue to dominate with 73.68% recorded for October, 66.67% for November and 69.57% for December. One should not interpret this as a buyers market because there is always a good proportion of sellers who do not achieve asking price lest the market value. Further, valuers might be over pricing the market.



Property Finance Division

Property Division

The indicators pointed out that owner occupation was primary reasons for buying properties. This indicates that buyers are willing to pay mortgage premiums as compared to renting. A good reason could be that rental market it's too steep as compared to the cost of finance. It could be deduced that majority of buyers are first time home owners who are motivated by home ownership.

Conclusion

The indicators point to a stabilized residential market with certain locations experiencing growing trend. The general slowdown in the global economy has not yet impacted on the residential sector. However, key to sustained period of growth will be interest rate cuts which are anticipated in the first quarter of 2009.

When
the right
property
speaks to you,
Speak to the
right People



Impact of Credit Crunch

- The credit crunch has increased the cost (and cut availability) of debt used to fund property.
- It has increased pressures to reduce gearing levels leading to forced property sales.
- Economic conditions are likely to deteriorate leading to lower demand for property space causing weaker rents.
- Job losses as a result will lead to strained disposable incomes resulting in restrictions in spending including restructuring in housing requirements

Factors suggesting a no worry position

- The fall in inflation will inadvertently push down interest rates and income yields for bonds, shares resulting in stagnation of property yields.
- The CBD office vacancy rates are now very low at an average of 3-4%, while rising office supply points to an increase in the next few years.
- The current good demand/supply balance for property space, rental growth remains strong and this should help offset the impact of upwards pressure on property yields and values.
- Exposure to property is strategic too illiquid to justify making big shifts, particularly in response to shifts in the value of volatile listed assets.

Tipido



Score big... with FNB thanks to Visa

Visit any FNB branch for more details or visit www.fnbbotswana.co.bw
Terms & conditions apply

frequently asked Questions

1. Who qualifies for a homeloan?

Ans: Natural persons:

- Individuals buying in an individual property
- Individuals buying jointly

Juristic Persons:

- Partnerships
- Private Companies

2. How much deposit is required?

Ans: RESIDENTIAL

10% deposit is required when the property is in major towns and cities of Botswana.

30% deposit is required when the property is in peri-urban area.

100% can be considered (Terms & Conditions)

COMMERCIAL

20% deposit is required when the property is in major towns and cities of Botswana.

30% deposit is required when the property is in peri-urban area.

3. What is the repayment period?

Ans: RESIDENTIAL

Maximum Repayment years: 20 Years.

COMMERCIAL

Maximum Repayment years: 10 years.

4. What is the interest charged on the loan?

We offer competitive interest rates based on location, value of property and amount of deposit provided.

5. What is the maximum amount that can be deducted from my salary?

Ans: 40% of your gross or joint income

6. Commission Based Salary: We need employer's letter confirming the last 12 months commission and the latest commission advice and a three month's bank statement to verify commission earned. As a basis, 70% of the average commission will be considered as income.

7. Can a person purchase property while residing outside Botswana?

Ans: Yes, provided the person is a Botswana citizen and is employed outside the country.

8. What is your turnaround time for approval?

Ans: 4 hours for the Agreement in Principle (AIP)

Final approval within 24 hours

9. If I'm building do you credit my account with the full loan amount?

Ans: A maximum of six progress payments are made to the contractor based on the work completed.

10. Can I use another property as security?

Ans: Yes, provided the property is bond free.

11. Can I apply jointly with my spouse?

Ans: Yes, you can have a joint facility with your spouse to increase affordability.

12. How do I pay my homeloan?

Ans: Debit order/ Direct Debit are the preferred methods of payment because if there is a change in the rate, payment due is automatically updated.



the home buying Process

1. Find out how much you can afford from FNBB Property Finance Division.
2. Consult an estate agent to find the home of your dreams.
3. Sign the offer to purchase / sale agreement with the seller.
4. Consult a loans originator at FNBB property division to apply for your home loan.
5. We will process your application and assess the value of the property. Thereafter we will advise you if your home loan has been granted.
6. After the loan has been approved, you will sign grant of loan agreements and all necessary documentation. A minimum administration fee will be charged.
7. An attorney will be appointed to register a bond in favour of FNBB.
8. You will be required to provide all the necessary documentation, sign relevant contracts and pay transfer and registration fees and transfer duty (money payable to government).
9. The attorney will proceed to lodge the documents at their local Deeds Registry, where the property will be registered in your name. The attorney will advise you when this has taken place.
10. We will advise you in writing that your bond has been registered and we will inform you when your first monthly installment is due.
10. You are now the proud owner of your new home!

Re-advance...

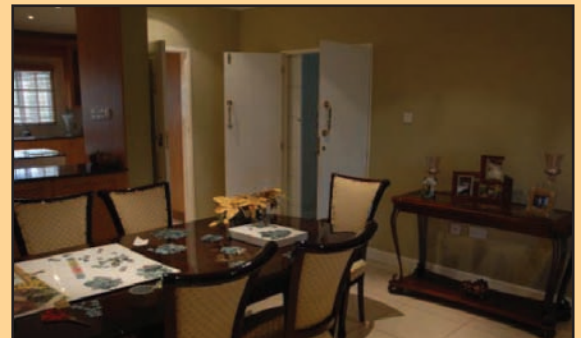
..and get the financial freedom to do the things you want!

We all want to make homes the most beautiful, comfortable places we know and any homeowner can attest to the fact that there's always something that needs to be done around the house. Some things are small and you whip out your power drill over the weekend to get it done. Then there are big jobs, the ideas that you've been speaking about for months: the extra bedroom, the swimming pool, the garden cottage, new garage all these things cost money.

So what is equity how can you benefit?

It's the different between what your house is worth and the loan you have against your home. For example, if your home is worth P350 000 and you have a home loan of P300 000 then the equity in your home is P50 000.

You can build equity in your home improving the value in it by adding on an additional room, re-doing your kitchen, building a pool, erecting fencing or adding automatic doors to the garage



Equip yourself with the funds you need today

Just by remaining an FNBB customer with a home loan, you can make use of exclusively negotiated Home Improvement Discounts from leading local brands, Loads of Living. Save your hard-earned money and make all those home improvements you've been meaning to, and at the same time you'll be increasing the value of your home for less! If you are a non FNB customer, you can move your property loan to FNBB and enjoy the benefit.

So do not miss this fantastic opportunity and take advantage of this discounted Home Improvement offer.

Equip yourself with the funds you need today

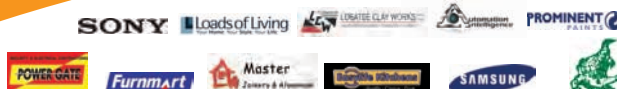
When you take a Re-advance on your home loan from FNBB, it enables you to use your available funds to create the home of your dreams. Further to that, when you improve your home, you also increase the value of your property. What's more, you can use these funds for anything you may wish, for example improving home or even paying.

"Our Property Loan buys you more than a home..."

At FNBB, we pride ourselves with our Home Improvement Programme which allows you access to discounts from selected suppliers. Whether you are an FNBBer or a new customer, revamp your

home now and take advantage of the fantastic home improvement discounts offered. For more information please contact Matshidiso or Merapelo on +267 3900610

Home Improvement



Home Automation

Automation Intelligence is a citizen owned specialist company in home automation based in Gaborone that offers the following products and services to a home owner.



that monitors the PH level of the water and only add chemicals when necessary. Furthermore we can even automate your curtains allowing natural light into your home as possible.

Imagine having a security system that not only sets off an alarm when

You may ask what is meant by home automation.

It refers to various systems in a home from lighting controls that allow you to switch any light on your property from anywhere on your property even when in the other side of the world.

Similar systems allow lighting and air-conditioning to switch on when you enter a room and switch off when there is no movement in the room for a specified period of time.

Multi room sound allows each room in the house to independently select what music to listen to from a host of sources such as radio, DSTV music bouquet, iPod or your own multimedia server which houses your entire CD collection as well as your DVD collection which similarly can be distributed throughout the house to as many locations as you please. Maybe one of those locations could be your new home cinema that is even better than the big screen.

Other electronics on offer include irrigation system that detects when the lawn needs to be watered and when it is wet enough to a swimming pool management system

already focused on the area and recording the event.

The house owner can interact with all of the different aforementioned systems from a simple and easy to use graphical interface that could be accessed from a touch screen on a wall, a portable wireless touch screen, laptop or cellphone and internet.

The system could even allow you to bring the interface up as an overlay on your TV screen so that you can control your entire property from the same remote that you use to watch TV without even leaving your chair while your favorite show is playing in the background.



Call 3902323 or email [HYPERLINK "mailto:sales@autintel.co.bw"](mailto:sales@autintel.co.bw) sales@autintel.co.bw for a quotation and visit our showroom at plot 163\4 GICP Market Gardens Unit 2.

Home Invasion Tips

While it's difficult to protect your home from professional thieves, most home burglaries are done by amateurs. These thieves are more easily thwarted if you employ some of these simple security precautions:

- Plan to "burglarize" yourself. You'll discover any weaknesses in your security system that may have previously escaped your notice. Lock up your home, even if you go out only for a short time. Many burglars just walk in through an unlocked door or window.
- Change all the locks and tumblers when you move into a new house.
- For the most effective alarm system, conceal all wiring. A professional burglar looks for places where he or she can disconnect the security system.
- Your house should appear occupied at all times. Use timers to switch lights and radios on and off when you're not at home.
- If you have a faulty alarm that frequently goes off, get it fixed immediately and tell your neighbors that it's been repaired. Many people ignore an alarm that goes off periodically.
- A spring-latch lock is easy prey for burglars who are "loiding" experts. Loiding is the method of slipping a plastic credit card against the latch tongue to depress it and unlock the door. A deadbolt defies any such attack. It is only vulnerable when there is enough space between the door and its frame to allow an intruder to use power tools or a hacksaw.
- If you lose your keys, change the locks immediately.
- Before turning your house key over to a professional house cleaner for several hours, make sure the person is honest and reputable as well as hardworking. Check all references thoroughly.
- Instead of keeping a spare under the doormat, or on a nail behind the garage, wrap the key in a foil or put it in a 35mm film can and bury it where you can easily find it if you need it.
- Don't leave notes for service people or family members on the door. These act as a welcome mat for a burglar.
- If the entrances to your home are dark, consider installing lighting with an infrared detector. Most thieves don't want to be observed trying to get in a door.
- Talk to your neighbors about any suspicious people or strange cars you notice lurking about.
- To keep your tools from being stolen, paint the handles. Thieves avoid items that are easy to identify.
- Trees located near windows or shrubbery that might shield a burglar from view can be major flaws in your home-protection plan. Consider your landscaping plan in light of your protection needs.
- Ask for credentials from any sales-person who requests entry to your home. Ask that their ID be pushed under the door. Many professional burglars use this cover to check out homes. If you're doubtful, do not open the door.
- If someone comes to your door asking to use the phone to call a mechanic or the police, keep the door locked and make the call yourself.
- Dogs are good deterrents to burglars. Even a small, noisy dog can be effective. Burglars do not like to have attention drawn to their presence. Be aware, however, that trained guard dogs do not make good pets. Obedience training and attack training are entirely different and only the former is appropriate for a house pet.
- Dogs are a good deterrent to burglars.

Securing Doors

- To help burglar-proof your home, install 1-inch throw deadbolt locks on all exterior doors.
- A door with too much space between the door and the frame is an invitation for the burglar to use a jimmy. Reinforce the door with a panel of 3/4-inch plywood or a piece of sheet metal.
- If there are door hinges on the outside of your house, take down the door and reset the hinges inside. Otherwise all a thief has to do to gain entry to your home is knock out the hinge pin.
- You can burglar-proof your glass patio doors by setting a pipe or metal bar in the middle bottom track of the door slide. The pipe should be the same length as the track.
- A pipe or metal bar can be used to burglar-proof a patio door.
- It's easy for a burglar to pry through rot. Replace rotted door frames with new, solid wood.
- It's simple for a thief to break glass panels and then reach in and open a doorknob



from the inside. A door with glass panels should be fortified, replaced, or secured with deadbolts that can only be opened with a key.

Securing Windows

- Protect your windows with one or more good locks, an alarm system, burglar-resistant glass, or many small panes instead of one large area of glass.
- When installing a window lock, drip some solder on the screw heads. It will stop a burglar from unscrewing the lock after cutting a small hole in the windowpane.
- In the next section, we'll focus on the special steps to take to keep your home secure while you're away.

Garage Security

- Garages present special challenges for security. Here are some tips for keeping your garage secure.
- If you frost or cover your garage windows, burglars won't be able to tell if your car is gone.
- Keep your garage door closed and locked even when your car is not in the garage.
- Install a peephole in the door separating the house from the garage. If you hear suspicious sounds, you can check without opening the door.
- Are you worried about someone entering your house through your attached garage? If the garage door lifts on a track, a C-clamp can provide extra security since the door cannot be opened if you tighten the C-clamp on the track next to the roller.

Property Finance Division at the Team Building session held in Mafikeng. '08



Matshidiso Baitseng
Senior Sales Consultant (External)
Sales contacts:
Tel: +267 390 0610, Cell: +267 72112392
mbaitseng@fnbbotswana.co.bw



Merapelo Phalaagae
Senior Sales Consultant (Internal)
Tel: +267 367 2128, Cell: +267 71333575
mphalaagae@fnbbotswana.co.bw



At FNBB we pride ourselves in offering tangible solutions during trying times.

We ensure that our customers maintain their financial integrity and most importantly avoid losing their properties. So if you are in financial distress, talk to us. We could provide you with a workable and affordable solution.

Why don't you consider consolidating your debts into your existing home loan. This could ease your cashflow constraints.