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Central Business District according to the Geography dictionary is the heart of an urban area, usually located at the meeting point of the city's transport systems, which contains the highest percentage of shops and offices. This area is normally characterised by high land values because of high accessibility, therefore, land use is at its most intense in order to offset rent costs. Consequently, developments are upwards (Tallest buildings are a regular sight) rather than sideways. Further vertical land use zoning is common so that retail outlets may be on the ground floor,

with commercial users above and residential users even higher up.

The old CBD is increasingly under threat from a lot of traffic congestion leading to parking restrictions

It is one of the main business centres in Gaborone. There has never been a shift from the central area since its inception in 1965 when the capital of the then Bechuanaland moved from Mafikeng to Gaborone. The city is located between Kgale hill, Oodi hill

and Notwane River. It is surrounded by tribal land territories including Batlokwa, Bakgatla, Bakwena and Balete.

Gaborone's whirlwind transformation has been rated as one of the fastest growing cities of the world with its commercial activities centred around the main mall along Independence Avenue, Botswana Road, Khama Crescent and Queens Road. The area has always been the CBD consisting of the government enclave and headquarters of most financial institutions.

In 2007, a consultative forum was organised by the city council with the theme "Making Gaborone a liveable, safe, functional, and economically sustainable city" At this forum the then city mayor Harry Mothei revealed concerns that the CBD is not attracting the right type of development initiatives in view of the construction of major office developments elsewhere which ideally should have been in the CBD. Apart from the modern buildings such as Ministry of Health, Poso House, Megaleng, Block 6 & 8 Government Buildings and Attorney General's the rest are mostly old refurbished buildings. The buildings were general (with exception of one or two), three storeys occupied by hair salons, print

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Knight Frank



We have moved

We are delighted to inform our clients that Property Finance Division has moved to new premises. 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



from page 1

shops, brief case offices, small boutiques and lacked fully fledged supermarkets. The old CBD fell short of being a destination centre like other CBDs worldwide. Architecturally, the buildings lacked character as all were rectangular shaped with dull exterior facades and lacked rhythm with each other.

After looking like nothing will happen, developers started re-developing and modernising some office buildings in the old CBD. Debswana House, Tsholetsa/Mascom building, President Hotel, Capitol Building, NDB House, Standard House were all refurbished into modern offices. Furthermore, new buildings were also conceived, the likes of

BPC building, RSA Embassy, UNHR building, Orange building, Bank Gaborone and others along independence and Botswana road. These gave life to the old CBD although there is still lack of rhythm from the buildings. With the advent of new developments on the extension of the CBD located between the railway line along Mandela Drive, PG Matante Road and Molepolole Road a new picture is starting to take shape. The Square Centre was one of the first to set the pace. The magnificent building comprises a modern ten storey office building and undercover shopping complex with modern amenities. Right next to it is the just completed SADC Head Quarters which is also architecturally pleasing and complements the design of the Square both in terms of material,

height and shape.

What lacked in the old CBD was the combination of offices, retail, recreation etc which interestingly should be a response of the extension to the CBD. The Masa Centre to be completed mid-next year will compliment the other buildings by bringing in a hotel, casino and 3D cinema element. Other buildings in the pipeline are the Twin towers, The High Court and Court of Appeal development and others which on completion will tell a story of Gaborone CBD. Certainly with the new industrial court building, the Three Dikgosi Monument, wide roads and the above mentioned buildings, the new CBD's landscape has changed to that of a storey telling.

When disaster strikes, It strikes badly

Investing in real estate is often considered the most secure and prudent investment for an individual or business primarily because unlike most other tangible assets property is considered a secure, high yielding investment employed in the long run. Most other assets in contrast actually depreciate in value with time and thus have diminishing returns on investment, to the owner.



Property investment often weighs heavily on the balance sheet of a business and is used as security to secure other financial advances from financial institutions. However most often property owners cannot pre-empt any form of tragedy or disaster which may strike and put their investment in jeopardy. In most cases, property owners are enveloped in the mind set that **"it will never happen to me."** Indeed insurance can best be thought of like a parachute, you rarely need one but when you need it, you need it badly. At the price of a pre-determined and fixed annual or monthly premium, the property owner buys piece of mind, in the knowledge that they have recourse from an insurance company,

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Terms & Conditions Apply



How can we help you?

should they lose their valuable property as a result of an unforeseen tragedy.

The standard type of insurance cover for residential and commercial properties covers loss or damage to the property as a result of fire, lightning, thunderbolt, explosion, storm, wind, water and hail damage. The policy also covers loss or damage as a result of earthquake, aircraft and other aerial devices, including impact by animals, trees, aërials, satellite dishes or vehicles plus loss or damage as a result of theft or any attempt thereat. Certain types of policies will also extend to cover the property owner against loss of rent as a result of an insured loss for a specified limit. The standard policy will also provide cover for legal liabilities arising by virtue of being property owner. However this cover is subject to terms and conditions of the insurance company's policy document. The policy does not cover loss or damage as a result of defects in construction methods or materials used in constructing the property.

It is vitally important that property owners ensure that they periodically have their properties evaluated by professional property valuers, in order, to ensure that the property has been insured for the correct market replacement value. From an insurance perspective, the property has to be insured for the true market replacement value and the outstanding loan amount is irrelevant for insurance. We recommend that a valuation of the property be done at intervals of at least three years and that an inflationary adjustment is done yearly in between these evaluations. Although some policy wordings will provide for an automatic escalation of the sum insured, it is advisable that the property owner takes charge of the actual value that the property is insured for in any one year.

It is important for the property owner to declare to the insurance company any abnormalities in the construction of the property as the insurance company needs to create provisions for that a charge at appropriate premium rate. Any building that is not constructed of standard brick and asbestos roofing is considered non-standard for insurance purposes. The most prominent example being properties that have thatched roofing. From an insurer's point of view, such properties are non standard as the thatch aspect significantly increases the fire risk

and hence presents an increased risk to the insurance company.

It is important that these facts be pointed out to the insurance company, as failure to do so could very well result in the insurer repudiating a claim on the grounds of non disclosure of material fact. Any abnormal location of the insured property such as a building located on a river bank that has a history of abnormal floods, needs to be disclosed to the insurance company as well, as this is a fact that has an influence on whether the insurance accepts to cover the risk and the premium rate at which it decides to insure it for. Any abnormal occupations of the property which increases the risk of the property suffering a loss, needs to be disclosed to the insurance company as well.

In short, the insurance company relies on the accuracy of information supplied by the property owner in connection with the

"Indeed insurance can best be thought of like a parachute, you rarely need one but when you need it, you need it badly."

application for insurance. If that information was materially inaccurate or incomplete the insurance cover may be considered to have been void from the start. The property owner is thus encouraged to make use of a proposal form when purchasing insurance and ensure that

they declare all facts that are elicited in the proposal form.

In the event that is likely to give rise to a claim under the policy, the property owner needs to notify the insurance company as soon as possible but not later than 14 days of occurrence. The police need to be notified within 24 hours if theft or criminal act is suspected. The property owner has a duty to supply at their own expense all reports, plans, specifications, information and assistance reasonably required by the insurance company or the police. In the event of damage to property for example doors and windows, the property owner has to keep the salvage of the damaged property in a safe place and take all reasonable precautions to avoid further loss or damage. The property owner would then be required to obtain at least two replacement or repair quotations for the damaged or stolen property and submit this together with a duly completed and signed claim form to the insurance company.

MARSH

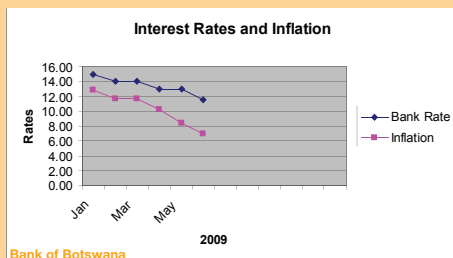
When
the right
property
speaks to you,
Speak to the
right People



Inflation Trends

There has been a significant downward movement in the inflation trend signaling that the BOB is on track to attain its 3-6% target rate. According to the Central Statistic Data the downward trend of inflation is due to significant quarterly reduction of commodity prices such as food and non-alcoholic beverages (18% to 15.3%), clothing (8.1% to 7.3%), housing, electricity and water (4.1% to 2.9%) and others with recorded increments in transport (12.8% to 14.7%) and recreation and culture (4.3% - 4.5%).

The national inflation rate stands at 7.0% as at June 2009, with expectation that it will follow the downward trend in line with the subdued upward pressure on prices. However, the status quo might change if the price of crude oil increases beyond economic levels.



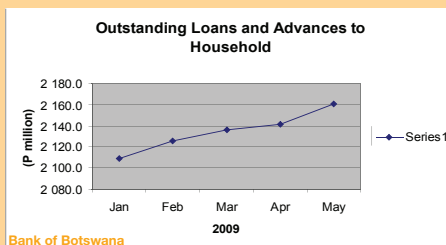
Interest rates

Interest rates have been reduced twice in less than six months in line with the falling inflation. This historic move by Bank of Botswana was a snapshot reflection of their

policy of controlling inflation by upward or downward adjustment in interest rates. In May 2009 the bank rate was 13% down from 14.0 % from the previous month and was reduced to 11.50 as of June 2009.

Residential Barometer/Index

It appears that the sector has escaped the negative effect of the global economic slowdown with significant growth in certain locations and stagnation in majority of locations. From analysis of the Property Finance Division data, the first quarter of 2009, experienced a slowdown on the approved mortgage lending. However, there was a notable upturn in the number of first time buyers indicating that there is confidence in the market to acquire residential properties. Total commercial bank credit fell by approximately 1% from the previous quarter and household credit was down by 0.7%. However, the first quarter of the year registered a steady growth reflecting returning confidence by the commercial banks on lending.



The Property Finance Division data suggests that prices for properties are stabilizing and in some areas, experiencing modest rises. Furthermore, of the deals concluded approximately 90% of the properties were acquired at market value. This indicates that the buyers are now vigilant to achieve value for money on their purchases. It follows therefore that valuers have been exercising good caution in their quest to determine fair values thus almost pricing the market right.

Conclusion

The indicators reveal that the residential market is poised to a period of sustainable growth despite the unemployment levels which could impact negatively on the property prices. The economy in general is picking up as evidenced by the return to productivity by the mines and other industries and also the global economy has shown signs of recovery. The interest rate cuts coupled with relaxed lending conditions and commercial bank competition will help fuel the recovery of the property market.



"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



Financial worries.

The global recession is in full swing and more property owners are feeling financially distressed with no one to turn to for help.

FNB Property Finance Division understands this and therefore is now offering our customers tangible solutions - aimed at assisting people in their time of need. The new Debt Remedy Programme is designed specifically to assist customers in these tough times.

The programme offers customers a core solution, which is subject to FNB Property Finance Division's approval and the applicant's potential to restore his/her financial standing. Providing our customers with a tailor made solution that suit their needs is just one of the many ways in which we are driven towards building enduring and rewarding relationships.

1. What is our Debt Remedy Programme?

It is where the bank agrees with a customer to accept a reduced payment of up to 50% for a limited period of time. Our goal is to give our customers serious financial

relief to minimise the chance of legal action being taken against them so that they are still able to access credit in the future and most importantly, they won't risk losing their homes.

2. Benefits of our Debt Remedy Programme

- We help our customers with their financial integrity to avoid legal judgment - this is in effect the customer's opportunity to normalise his/her account.
- We provide customers with a workable, affordable solution.
- The customer only needs to pay a portion of their monthly home loan repayment for a period of up to 12 months providing him/her with much needed financial relief in order to settle other debt.
- Monthly loan repayment may be reduced by as much as 50% for the period of the arrangement.



Property Rescue Plan

The global recession is in full swing and some FNB customers are feeling financially distressed with no one to turn to for help.

FNB Property Finance Division understands this and therefore is now offering our customers a tangible solution - aimed at assisting people in their time of need. The **new** FNB Debt Remedy Programme is designed specifically to assist customers in these tough times by;

- Reducing the monthly loan repayments as low as 50% for the period of the arrangement which should not exceed 12 months

For more information contact Property Finance Division at 3900610 or property@fnbbotswana.co.bw

Terms and Conditions apply



How can we help you?



Estate Agent – friend or foe?

We have all heard the saying that property value depends on three things: location, location and location. While that may be so in the long run, your choice of estate agent will go a long way towards eclipsing this home truth.

Property investors have heard many comments about estate agents over the years. Derogatory statements mainly concern greed or avoiding the truth about a property's real value. Normally a buyer senses too much was paid or too little was revealed: or a seller did not receive enough value for his prized possession. While acknowledging some things go wrong, estate agents-understood, questioned and guided correctly- are a real asset to your portfolio.

Estate agents are registered by the Real Estate Institute of Botswana (REIB) and the practice is governed under the Real Estate Act of Botswana. Any estate agent holding money in trust should have a separate trust account which is audited annually and in addition, Professional Indemnity Cover should be in place. The most qualified agents in the country are usually recognizable by the multi-national body of the Royal Institute of Chartered Surveyors (RICS) which also exists in Botswana.

They represent the seller in the transaction from whom they have received a mandate to sell the property-either a sole mandate (being one of few agencies entitled to advertise and sell the property) or an open mandate (being one of few agencies entitled to advertise and sell the property). Open mandates are preferred in Botswana, as they make it worth the while for a seller to use as many agents as possible to market the property. The most effective agents are those that advertise heavily in press, on the web and by use of boards. Estate agents therefore source potential buyers for the property once they have assisted in the determination of a realistic price.

As a seller, be sure to read the mandate carefully and agree the contents, referring to an attorney if you feel you should. Make sure you agree and record the price to be fetched for the property and any parameters

in which you may be prepared to negotiate. Set the time period for the mandate and its commencement date. Commission is payable-state it and agree any negotiability up front in writing. Agree when it is payable. Write down any special conditions to avoid disagreement that will lead to conflict. Agree the process to be followed when a better offer is received once a conditional offer has been accepted by you, the seller. Carefully agree what marketing will be conducted to sell your property and check to what extent the agent will market at their cost.

As an investor, whether for own occupation or Buy To Let, remember that the estate agent is mandated to represent the seller in the transaction. However, this does not mean that the agent is not a valuable ally in your process of acquiring a property portfolio. Follow these guidelines for long-term success:

Know your agent. Ask what qualifications the agent possesses and for how long they have sold property. Understand the agency for which they work and find out for how many years they have operated in the area and how successful they have been. Do not be put off by the size of the agency as many small estate agencies exist though the larger ones have better experience, market knowledge and access to more properties. Do not be afraid to contact parties involved in previous transactions and obtain references on the estate agent with whom you intend dealing. Good estate agents are proud of their track records.

Create a buyers mandate. Know how much you can afford and what you qualify for with **FNBB Property Finance Division**. Sit face to face with your estate agent and determine the use of the property you intend purchasing. Agree the size and contents of the unit. Agree the price parameters you are prepared to pay and the rental returns you

require to justify the purchase. Agree how much time and money you would be prepared to invest in renovating a property or whether you require a clean property in the first place. Locate the property in the area in terms of proximity to schools, major highways and shopping. Understand the good and bad areas that may exist even in the same suburb.



Establish what service you can set. Your estate agent should be able to assist you with many questions regarding taxation, VAT, insurance and finance. If they do not know the answers, they should be able to refer you to expert parties who could assist in answering questions you may have. Beware the person who just wants to sell you a property without fitting the purchase into your precise needs. This is particularly important when it comes to letting the property. Find out to whom the estate agent refers letting requirements or whether they manage their own rental agency. For Buy To Let, consider an estate agent who does both and therefore can assist you to acquire and tenant your investment property. (By the way, some would argue this not to be the case, stating that specialization is key to success.)

In order to find the right property at the right price in the right location a good agent whom you establish an honest working relationship with will ensure that your needs are satisfied. It is a common misconception (due to rogue practice) that agents only care about their fee and this is not always the case especially with reputable firms that are forward thinking and care about their reputation.

For further information on code of conduct of Estate Agents feel free to contact **Montshwari Mooketsi of the Real Estate Institute of Botswana on 3182111.**



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.

20%-30% deposit is required when the property is in peri-urban area.

100% can be considered (Terms & Conditions Apply)

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!

New Home for Property Finance Division



1.



2.



3.



4.



5.



7.



8.

1. The energized team Property
2. Ntate Sanka
3. Head of Property Finance Division: Ogone Madisa-Kgwarae
4. Reception area
5. Back office
6. Property's own Meshono and daughter
7. Welcome Lawrence Ntshabela and (8) Keamogetse Monnaatsie to team property



6.

BONANG's Farewell held at Boetelo along Notwane river.



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

We have recently relocated to new premises within the Fairgrounds Office park (Popularly known as Bifm buildings). Our new offices are much more spacious with adequate parking available for clients.

Hope to see you soon.

