

You are instructed to report on the valuation of fixed assets of Company 'X' comprising of buildings and civil works, plant, machinery (equipment); motor vehicles, office furniture and equipment. The list of assets that are to be valued is attached in annex 1.

Purpose of valuation: The valuation is required by the Company for IFRS purpose.

The Company needs valuation report which at least fulfills the minimum valuation report requirement of International Valuation Standards.

**Brief description of the assets:**

1. The Company has two buildings: one building (production hall) is found in the main compound of the Company and the other is found in the inner city of Bishoftu Town. Some information regarding the building located in the inner city is presented in annex 2.
2. The Company also has one plant, two machinery, one motor vehicle, five chairs, five tables and five computers.
3. The Company's management has already decided to get rid of one of the machinery due to high maintenance cost. However, the market did not give any price as a response.



| S/N | Description | Plate No. | Manufacturing Year | Purchase Year | Make | Model | Motor No. | Chassis No. | Condition | GRC | FMV |
|-----|-------------|-----------|--------------------|---------------|------|-------|-----------|-------------|-----------|-----|-----|
| 1   |             |           |                    |               |      |       |           |             |           |     |     |
|     |             |           |                    |               |      |       |           |             |           |     |     |

**V. Office Furniture & Equipment**

1. Five Chairs
2. Five Tables
3. Five Computers

| S/N | Description | Asset Code | Year of Purchase | Unit | Qty | Condition | Location |
|-----|-------------|------------|------------------|------|-----|-----------|----------|
| 1   |             |            |                  |      |     |           |          |
| 2   |             |            |                  |      |     |           |          |
| 3   |             |            |                  |      |     |           |          |
| 4   |             |            |                  |      |     |           |          |
| 5   |             |            |                  |      |     |           |          |
| 6   |             |            |                  |      |     |           |          |
| 7   |             |            |                  |      |     |           |          |
| 8   |             |            |                  |      |     |           |          |
| 9   |             |            |                  |      |     |           |          |
| 10  |             |            |                  |      |     |           |          |
| 11  |             |            |                  |      |     |           |          |
| 12  |             |            |                  |      |     |           |          |
| 13  |             |            |                  |      |     |           |          |
| 14  |             |            |                  |      |     |           |          |
| 15  |             |            |                  |      |     |           |          |
|     |             |            |                  |      |     |           |          |

**Annex 2: Information for commercial property/building found in the inner city of Bishoftu Town.**

The client has a commercial property/building in the center of Bishoftu Town. The commercial property is a ground plus three and developed for the purpose of generating income. The plot size of the land is 450 square meter and the built up area is 300 square meter. The remaining 150 square meters are used for parking and other services. All the floors including the ground floor have equal floor area.

Based on the purpose of the valuation, the nature of the property and market data availability, the valuer agreed with the client to use the income approach/technique to estimate the value of the property. In an effort to estimate the current market rent achievable for the subject's unit mix, the valuer would survey several competitive commercial building summarized as follows:

Based on the survey on five commercial properties, during the past 2 years, the properties near to the subject have indicated an average occupancy rate of 96.5 percent, 95 percent, 95.5 percent, 97 percent and 94 percent, respectively. The occupancy levels among the comparables vary from 92 percent to 98 percent as indicated in the table.

**Occupancy Rate of Comparables**

| Rental Comparables Commercial Properties | Occupancy Rate (%) |              |
|--|--------------------|--------------|
|  | 2015               | 2016         |
| Rental Comparable No. 1                  | 95.00              | 98.00        |
| Rental Comparable No. 2                  | 96.00              | 94.00        |
| Rental Comparable No. 3                  | 95.00              | 96.00        |
| Rental Comparable No. 4                  | 97.00              | 97.00        |
| Rental Comparable No. 5                  | 92.00              | 96.00        |
| <b>Average</b>                           | <b>95.83</b>       | <b>96.83</b> |

The current rental values of these commercial properties are indicated below:

**1.1.1 Current Rental Prices of Comparables**

| S/N | Description  | Rent (\$/m <sup>2</sup> ) in Comparable 1 | Rent (\$/m <sup>2</sup> ) in Comparable 2 | Rent (\$/m <sup>2</sup> ) in Comparable 3 | Rent (\$/m <sup>2</sup> ) in Comparable 4 | Rent (\$/m <sup>2</sup> ) in Comparable 5 |
|-----|--------------|---|---|---|---|---|
| 1   | Ground Floor | 24.09                                     | 25.48                                     | 26.87                                     | 25.94                                     | 25.48                                     |

|   |                      |       |       |       |       |       |
|---|----------------------|-------|-------|-------|-------|-------|
| 2 | First & Second Floor | 13.90 | 12.97 | 15.29 | 14.36 | 14.36 |
| 3 | Third Floor          | 12.04 | 11.58 | 12.51 | 12.97 | 12.97 |

The subject and the comparable properties data, which may affect the value of the property, is indicated in the following table.

| Comparison Elements      | Subject                       | Comparable 1                  | Comparable 2                  | Comparable 3                  | Comparable 4                  | Comparable 5                  |
|--------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Location                 | Good                          | Good                          | Good                          | Very Good                     | Very Good                     | Very Good                     |
| Adjustment               |                               |                               |                               |                               |                               |                               |
| Depth                    | On 30 meters main Road        | On 30 meters main Road        | On 30 meters main Road        | On 30 meters main Road        | On 30 meters main Road        | On 30 meters main Road        |
| Adjustment               |                               |                               |                               |                               |                               |                               |
| Accessibility (frontage) | Two Sides (Front and Left)    | One Side (Front)              | One Side (Front)              | One Side (Front)              | Two Sides (Front and Right)   | Two Sides (Front and Right)   |
| Adjustment               | N/a                           |                               |                               |                               |                               |                               |
| Building Condition       | New/Excellent                 | Good                          | Very Good                     | Very Good                     | excellent                     | Very Good                     |
| Adjustment               |                               |                               |                               |                               |                               |                               |
| Building Facility        |                               |                               |                               |                               |                               |                               |
| Adjustment               |                               |                               |                               |                               |                               |                               |
| Lease Term               | One Year and will be Extended | One Year and will be Extended | Two Year and will be Extended | Two Year and will be Extended | One Year and will be Extended | One Year and will be Extended |
| Adjustment               |                               |                               |                               |                               |                               |                               |
| Tenant Quality           | Very Good                     | Good                          | Good                          | Very Good                     | Very Good                     | Very Good                     |
| Adjustment               |                               |                               |                               |                               |                               |                               |
| <b>Total Adjustments</b> |                               |                               |                               |                               |                               |                               |

Using the above data and additional assumption, if necessary, estimate the value of the property as per the above instruction.