

APPENDIX C7(2): COMMENTS RECIEVED

Comments on Basic Assessment Report
Review period 04 March 2021 – 06 May 2021
(C&RR: Point 1)

Key Stakeholders and Interested & Affected Parties



- b. This is also one of the limitations that the authors placed on the study, i.e., it *“does not assess the actual impacts of wind farms on tourism because of its geographical remoteness to Northumberland. It therefore only gives an indication of potential visitor intentions, not actual visitor intentions”*²¹
- c. Other statistics that are contained in the Northumberland study but which are not contained in the SEIA’s are:²²
- Of the 410 respondents, 11% (45) would be discouraged from visiting Northumberland due to the wind farms and two thirds of those are male
 - 19% (78) indicate that their decision to visit Northumberland is likely to be affected by wind farms
 - 30% of respondents will definitely or may be encouraged to book a holiday / visit to somewhere other than Northumberland in the future because of the presence of wind farms
- d. It is thus evident that only the “positive” conclusions (i.e. those conclusions which are intended to enhance or promote the positive socio-economic benefits of the project) were selected by the authors of the SEIA’s, not even mentioning the above negative feedback. This one-sided and selective reporting is not evident of an unbiased and objective opinion and this casts doubt over the unqualified use of these reports and the objectivity of the authors of the SEIA’s
- (iv) The Scottish Study was conducted in 2008. It comprised both a face-to-face survey and an internet survey. Some of the findings of the in-person survey are:
- a. Some 44% of respondents indicated that they don’t like to see several wind farms in the same view²³
- b. The general trend was that wind farms had a limited effect on decisions to visit the area again

²¹ Evolution of the impacts of onshore wind farms on tourism on Northumberland, UK, 2014, page 3

²² Evolution of the impacts of onshore wind farms on tourism on Northumberland, UK, 2014, Page 45

²³ The economic impacts of wind farms on Scottish tourism, 2008, page 127

The internet survey focussed on two groups: the first UK based, the second US based. Some of the key issues include:

- a. Of the 606 UK residents surveyed, only 34% (206) indicated that the reason for their visit was “to see Scotland”. The remainder was there for destination based purposes, eg. shopping, friends & family, an event or business
 - b. Of the 103 US based visitors, 68% (70) indicated their reason to visit as “to see Scotland”
 - c. The total number of visitors in this survey is 709. Of this, only 267 indicated the reason for their visit as “to see Scotland”. This is less than 38%. This fact alone makes this study problematic, as the majority of visitors to the neighbourhood area of Wind Garden and Fronteer Wind Farms will be there to see the country side and the scenic beauty the area offers. The study is therefore not suitable to be used in the SEIA’s as a basis for the potential or the actual impacts of these two wind farms on tourism in the area
- (v) The 2012 study in Ireland was a follow-up on a previous study, concluded in 2007. As such it is more focussed on changes in behaviour and attitudes in the intervening period rather than on future decisions. The differences indicate that over time, the percentage of respondents that had no opinion decreased from 49% to 23%. Those that were positive changed from 32% to 47% and those that were negative changed from 17% to 30%. This indicates that people either got used to the wind farms over time, or that they had more negative experiences with them. This study does not show how wind farms impacted tourism to start with, so it has limited value in the SEIA’s presented here
- (vi) The 2017 study conducted in Portugal is of very limited use, as only 68 visitors and 21 residents were interviewed. Other key issues include:
- a. Of the 68 visitors, 53 were Portugese and 15 were Spaniards (i.e. 17% foreign tourists)
 - b. The study does not contain any information on the reason for visiting the area. If for instance the reason was to visit friends and family, the existence of a wind farm will have a limited impact on the visitor experience. This could well be reason for the anecdotal comment that “visitors continue to come to Sortelha”²⁴

²⁴ Wind Farms and Rural Tourism, 2017, page 250



- c. The sample size of this study makes it a poor comparable for the Wind Garden and Fronteer projects and it add limited value to the findings of the SEIA's

3.8.4

With regard to "RSA Studies", the authors requested several accommodation establishments to complete questionnaires²⁵. As limited information is supplied on the type of questions posed or the replies received, we cannot comment on the accuracy of the conclusions drawn from this survey. The following is however essential to note:

- (i) Only eight establishments were contacted
- (ii) Of these three are in Makhanda, i.e. a bed and breakfast establishment, a backpackers lodge and a guesthouse. None of these are focussed on the experience of nature, but rather cater for over-night guests or visitors to the town. This is a fatal flaw in the "study", due to the following reasons:
 - a. Being located in Makhanda, a wind farm some 5km from the town will have a limited impact on guest numbers or income. This is due to the limited visual and other disturbances it causes in Makhanda
 - b. The type of guest frequenting these type of establishments in Makhanda has no resemblance to the type of guests to the farms and lodges in the neighbourhood area surrounding the projects. The guest requirements for establishments in Makhanda will therefore vary significantly, making a comparison impossible
- (iii) Three establishments contacted are in Jeffrey's Bay / Oyster Bay: a multi-use venue, a lodge and self catering accommodation
 - a. Once again the distance from wind farms is not reflected, so the evaluation of the evidence presented is impossible
 - b. It may be that these three establishments are shielded from the wind farms by mountains or vegetation, with the only effect a drive-by (compared to a view being affected)
 - c. With our basic knowledge of the hospitality market in the area it is however safe to assume that the type of guest to these three ventures will have totally different hospitality requirements, most likely not aimed at the nature / eco-tourism market and in any event no way comparable to the offering of the receiving environment

²⁵ WGSEIA page 44, FSEIA page 44



- (iv) The last two respondents are located in Cookhouse. The same issues noted under paragraph (iii) above are also applicable to the two ventures in Cookhouse

3.8.5 With this in mind, we are of the opinion that limited value can be placed on any of the conclusions drawn from either the international or local studies used in the two SEIA's. The type of project impact specific to the receiving environment, the type of tourist, the purpose of visits and the level of visual and other impacts differ vastly between the studies and the neighbourhood area, that they are very limited use. There is however one study that is not covered by the SEIA's presented, i.e. the only one that we could find that has an opposite finding, i.e. that there is a significant change in tourist behaviour once a wind farm is developed

3.8.6 This study, "Gone with the wind? The impact of wind turbines on tourism demand" was completed in August 2015, by Tom Broekel and Christoph Alfken²⁶. Due to the technical nature of the report, we will not go into detail, only noting the key issues and conclusions drawn from the study:

- (i) Contrary to other studies relying on surveys and interviews, this study focusses on statistics on tourism and a comparison to the location of turbines in Germany
- (ii) Spatial panel regression techniques are used to determine their relationship
- (iii) Four other studies are also noted in this report, all based on surveys. This was used to show the anomalies in this type of study and also to determine the pitfalls that had to be avoided in the new study²⁷
- (iv) As in South Africa, Germany experienced a significant growth in wind farms, from close to 0 in 1984 to 23,095 turbines at the end of 2012
- (v) There is a difference in the relationship between inland tourism and wind turbines, and coastal tourism and wind turbines. This is ascribed to the visitor requirement being different, with coastal visitors requiring "close to nature" vacations²⁸. This will therefore be comparable to the type of tourism in the SEIA's study areas

²⁶ The Institute of Economic and Cultural Geography, Leibniz University of Hannover, Germany

²⁷ Gone with the wind? 2015, page 5

²⁸ Gone with the wind? 2015, page 15

- (vi) The study found a negative relationship between the installed capacity of wind turbines in municipalities and tourist demand. In addition to this, tourist demand is negatively related to the ratio between the number of wind turbines installed within and in the vicinity of municipalities. This second conclusion was however only observed in one model
- (vii) One conclusion that is still open for discussion is the positive relation between the number of installed wind turbines in the surroundings of a municipality and tourist demand. The authors' explanation for this is that tourists avoid areas with high and further increasing turbine densities. Tourists prefer to stay in the same district, but another location, not more than say 20km away, where the density of wind turbines is lower. This is evident in the fact that areas with a lower density of turbines show an increased tourist demand when the density in other close-by areas are increased
- (viii) *"Tourists tend to avoid their preferred destinations when these are characterised by large wind turbine numbers and the surrounding regions offer locations less exposed to wind turbines. These tourists want to stay in the greater region and therefore close locations in the vicinity of their original destinations, with less turbines"*²⁹
- (ix) The studies revealed a negative relationship (in log form) of -0.01. This implies that a 1% increase in the installed wind turbine capacity relates to a reduction of 0.01% in the occupancy rates in the same and subsequent years. However, as general occupancy rates increase on an annual basis, this negative impact is difficult to observe in reality³⁰

3.8.7

With this mind, we are of the opinion that the SEIA's conclusions on the impact on tourism, i.e., that the wind farms will not significantly negatively influence the tourism industry or impede the influx of visitors to tourist facilities or ledges within the region, are flawed. This is due to the studies used as basis for the conclusions are not comparable, nor compatible to the situation in the neighbourhood area

²⁹ Gone with the wind? 2015, page 17

³⁰ Gone with the wind? 2015, page 17



3.8.8 An important international study indicating a conclusion to the contrary of the reported studies was disregarded and there was no engagement with for instance Kwandwe, one of the largest hospitality enterprises in the area and affected party, on this matter. As far as we could determine, there was also no primary research of the tourism market, nor was there any meaningful attempt to assess the actual impact of the projects on tourism in the area. The conclusion that tourist numbers will not be affected is thus in our opinion incorrect and not representative of actual trends

3.9 The Impact on Property Values

3.9.1 Chapters 7 of the two SEIA's have no relevance to the Subject Property or the areas in which the two wind farms are to be located. The writer refers to the "Non-Urban" areas of Makana, the Blue Crane Route and Kouga, with "*rural areas similar to that of the proposed development*"³¹. From this one will assume that farms will be the subject of the study, but what is in fact studied is the housing market - i.e., the residential property market that comprises vacant land / plots, freehold houses and sectional title apartments. This is a totally different market to that of the direct neighbourhood area, with the result that none of the conclusions drawn have any bearing on or relevance to the Subject Property or the receiving environment. Examples of this housing / residential applications are as follows (own underlining):

- (i) Paragraphs 7.1 states that "*The predominant perception of wind turbines is that they lower nearby housing values*"³²
- (ii) Paragraphs 7.2 notes that the Waainek Wind Farm is "*largely characterised by rural property types with some light industrial developments located to the east of the wind farm*" and "*The area can therefore be classified as rural but located on the periphery of an urban node*"³³. This is in contrast to the fairly unimproved agricultural areas surrounding the two proposed wind farms, areas accessed by mostly gravel roads

³¹ WGSEIA page 48, FSEIA page 48

³² WGSEIA page 49, FSEIA page 49

³³ WGSEIA page 49, FSEIA page 49

- (iii) All references to the Lightstone study (paragraphs 7.2 and 7.4) should be disregarded as the study has an important caveat where Suburb Reports, such as what is used in the two SEIA's, are concerned: *"The data used in Lightstone's aggregated reports (Town, Suburb, Sectional Scheme and Estate Reports) and market analysis tools reflect the trends in developed residential homes"*.³⁴ This is a totally different market to rural, agricultural and hospitality property and is therefore of no relevance to the study area around the two proposed wind farms
- (iv) The use of the FNB Housing Price Index in paragraphs 7.3 and is applicable to *"housing market performance"* - not the property market as a whole. To therefore rely on the Housing Price Index and relate that to *"South Africa's property market"*³⁵ is disingenuous. It might give a good overview when one is dealing with residential property, but is of limited use in any of the other market segments, such as the commercial, agricultural or hospitality property markets
- (v) As the writer of the two SEIA's relies on Lightstone, a residential study as indicated in paragraph (iii) above, no statistics on agricultural properties are reflected. This could be one of the reasons why *"no properties were recorded as 'transferred' in the 10 year period in Makana NU (Makhanda)"*³⁶. This is a serious oversight, as we found in excess of 65 agricultural property transactions being registered in the rural district of Albany alone, during the period of 01 January 2016 to the present
- (vi) The non-relevance of the conclusions drawn on pages 54 of the two SEIA's is emphasised where the writer uses statistics of sectional title units (usually apartments or group housing units) and vacant residential plots (with prices of around R210,000 each). It is therefore clear that the research contained in this section of the SEIA's do not cover the type of property that is potentially affected, therefore being of no use in a process such as this

3.9.2 With regard to the opinions of *Agents* (paragraphs 7.5 of the SEIA's) towards the impact of the wind farms on property prices in the *"affected areas"*, the following is applicable:

- (i) There is no indication of the boundary or location of the *"affected areas"* - does it cover agricultural properties only, or is it focussed on non-agricultural properties?

³⁴ Lightstone Website

³⁵ WGSEIA page 51, FSEIA page 51

³⁶ WGSEIA page 52, FSEIA page 52



- (ii) The questions posed in the questionnaire / survey are not discussed. Was a distinction made between the different types of property, or is it a general overview of the prices of the properties that the Agents sold in the period just prior to the survey?
- (iii) How do these Agents gauge price levels? A change in value can only be determined if the property was sold twice, in a relatively short space of time (so that external factors do not affect demand or supply), on the open market and where there were no changes to the property itself (e.g. upgrades, extensions). This scenario is quite rare and we could not find one transaction in the Albany Rural District that transacted twice in the period between 2016 and 2021. A similar situation is most likely found in other rural areas, with the effect that the opinions of the Agents interviewed is little more than anecdotal opinions - not the type of evidence one can rely on in important studies such as those required for the Wind Garden and Fronteer Wind Farms
- (iv) In contrast to this, a longer listing period for farm properties in the Cookhouse district due to the presence of wind farms is not anecdotal - this a something that can be measured in days and months. The same applies to the opinion of the Remax Frontier agent in Makhanda, with regard to finding investors for tourism and game farms. These two issues are of significant importance to the Subject Property and the market it trades it

3.9.3 In paragraphs 7.6 of the SEIA's³⁷, International Literature is reviewed. As was the case before, this portion focuses mostly on "*the values of nearby homes*" and "*home sale prices*" (own underlining). As the purchaser of a residential house has a different set of requirements when it comes to buying a house (e.g. distance to schools, number of bedrooms, extent of garden), it cannot and should not be compared to say a hospitality property or a game farm located in a rural location. Here attributes such as remoteness, the rural ambience, views and noise levels are important. As all these attributes can potentially be impacted by wind farms, it is safe to say that the effect on the value of a home cannot be used as baseline for the impact on a game farm or tourism property

³⁷ WGSEIA page 56, FSEIA page 56



- 3.9.4 With this in mind, we cannot agree with the conclusion that “*there is no direct correlation between wind farms and property values over the long-term*”.³⁸ This is in our opinion an exaggeration of the conclusions of the studies presented, in that the residential market is not reflective of all property types. Although the findings might be true for residential property, there is no evidence that it also holds true for the type of properties that are potentially affected by Wind Garden and Fronteer. This is a serious shortcoming of the two SEIA’s and to a large degree renders them to be of limited value
- 3.9.5 This misconception is also contained in the two BAR’s, where the term “*property values*” as used in the SEIA’s is expanded to now include “*land values*”³⁹. Two paragraphs later the conclusion is also indicated to be applicable to the “*rural and farm areas*” - an area that is not studied in any of the literature quoted in the SEIA’s. This gross generalisation is in our opinion an overreach by the writers, stating it as a conclusion where in fact it was not covered by any of the various studies the writers relied on. This alone indicates a lack of objectivity, not the unbiased opinion that is required in a BAR. The significance score of “Low (24)” is in our opinion not reflective of the actual state of affairs
- 3.9.6 One of the aspects that is not covered by the SEIA’s or the BAR’s, is the loss of rates revenue to the Municipality as a consequence of reductions in property values. The basis of valuation for the levying of municipal rates is market value. If the market value of the property is reduced, be it by the visual, noise or socio-economic impact of a wind farm, the rates income to the Municipality will decrease
- 3.9.7 It is possible that the writers of the relevant reports were under the impression that this loss in income will be recouped from the increase in the market value of the farms on which the wind farms are to be located. This is however not the case - for two reasons. In the first instance, Section 46 (3)(a) of the Municipal Property Rates Act⁴⁰ directs the valuer to disregard the value of equipment or machinery which, in relation to the property concerned, is immobile property. The turbines located on the farm and the income derived from it may therefore not be included in the valuation

³⁸ WGSEIA page 59, FSEIA page 59

³⁹ WGBAR page 223, FBAR page 219

⁴⁰ Local Government: Municipal Property Rates Act, No. 6 of 2004



- 3.9.8 There could be an argument that the wind farm be regarded as public service infrastructure (“PSI”), in which case the “equipment” may be rateable. However, PSI must be publicly controlled, which is not the case with a privately developed wind farm. The wind farm will therefore not be a rateable entity under current legislation
- 3.9.9 With the proliferation of new wind farm developments, it is possible that legislation could in future be amended to make provision for a wind farm, as supplier of electricity, to be regarded as PSI, even if in private ownership. This will however not benefit the Municipality either, as rates can only be levied on 70% of the value of the PSI (Section 11 (1)(b) of the Municipal Property Rates Act). In our opinion, it is therefore inevitable that the Municipality’s income will be reduced, a significant constraint for a Local Council which is already under pressure to supply adequate services to its residents

4. CONCLUSIONS

- 4.1 In paragraph 3 above, several short comings of the BAR’s and the studies on which it relies, are indicated. Although many of these might seem of limited consequence, one must keep in mind that the combined effect of the understated scoring could change the final finding of the BAR. This is especially applicable if the scoring of other portions of the reports that have not been analysed by us, is incorrect or misrepresented
- 4.2 Of concern is the fact that the status quo is not presented as a real option. In a few instances, the no-go option (paragraph 10.13 of the BAR’s) is presented as “not having a positive influence”, instead of indicating the effect to be neutral. One example of this is where Employment is discussed: *“however, if the wind farm is not developed, then the unemployment rate will not be positively influenced by the proposed development. ...Therefore, from an employment perspective, the ‘do-nothing’ alternative is not preferred as there is a perceived loss of employment opportunities”*.⁴¹
- 4.3 This statement seems to paint a bleak picture, but in fact, the situation remains the same as before - nothing gained, nothing lost. It is our opinion that the writers did not fully investigate this option with the necessary objection, stating effects to be negative where in fact, the effect remains neutral

⁴¹ WGBAR page 234, FBAR page 230



- 4.4 The purpose of a BAR should be to determine the impact of a proposed development on the receiving environment. If the scoring is above 60, the impact is regarded as “High”, i.e., *“the impact must have an influence on the decision to develop in the area”*. In this case, the BAR’s seem to go to great lengths to downplay the impacts, so that the impact is not regarded as “High”. Not only do we have reason to doubt the accuracy of the scoring, especially with regard to the visual and socio-economic impacts, but where impacts are “High”, the no-go option is disregarded or misrepresented
- 4.5 With this in mind, we believe that the BAR’s and the conclusions drawn from them should be rejected, as the reports are not deemed to be factually correct and objective



VALUATION REPORT

1. INSTRUCTION

- 1.1 Our instruction is to determine the impact of the Wind Garden and Fronteer Wind Farms on the open market value of the Subject Property, referred to as “Clifton” in the BAR’s, SEIA’s and VIA’s. For this, we will use the before and after method of valuation, determining an “Unencumbered” and an “Encumbered” value. In one scenario we will disregard the wind farms and in the other we will assume the wind farms to have been completed and in full operation. The difference between these two values will be the impact the two wind farms have on the value of the Subject Property
- 1.2 The Subject Property was inspected on 08 April 2021, with the assistance of the owner’s representative, Mr Nick Orphanides

2. PROPERTY DESCRIPTION AND TITLE DEED INFORMATION

2.1 General

The Subject Property is an agricultural unit, previously as a game farm and purchased for development as a game lodge. It is located to the north of Makhanda (previously Grahamstown) in the Eastern Cape Province. Access is via the tarred R350 route and the gravel R344 route, some all in all some 17km from this town. Please refer to **Figure 6** depicting the location of Clifton (in red)

2.2 Province, Division, Municipality & Deed Registry

The Subject Property is situated in the Albany Registration Division and is known as Portion No. 5 of Van der Merwes Kraal No. 132. It falls within the Makana Local Municipality that forms part of the larger Cacadu District Municipality. Titles to properties here were at one stage held at Cape Town, but has now been moved to the King Williams Town Deeds Registrar

2.3 Registered Owner

The property has a registered extent of 1,866.3366ha and is currently held by T63173/2016CTN. The registered owner is Gentanite (Pty) Ltd, who purchased the property on 25 June 2016 for R13,250,000. The transaction was registered at the Deeds Office on 13 October 2016. There are no bonds over the property

Figure 6: Google Imagery Showing Location of Clifton (in red)



3. MUNICIPAL INFORMATION

The Subject Property falls under the jurisdiction of the Makana Local Municipality. The website of the Makana Local Municipality indicates that, according to the Municipal Valuation Roll dated 01 July 2019, the property is valued at R7,495,400. The municipal rates are determined using the tariff applicable to the Agricultural use category, 0.001562, resulting in an annual rates amount of R11,708

4. NEIGHBOURHOOD AREA AND SUBJECT PROPERTY

4.1 The Subject Property is located in an area that was previously largely used for stock farming and to a lesser degree, mixed farming with irrigation. Over time, more and more game farms have been introduced, as is the case with the Subject Property

4.2 The property has a more or less rectangular shape, with the eastern and western sides being irregular. In the case of the western side, the boundary generally follows a valley / non-perennial river, while the eastern boundary's splay seems to be due to a koppie in this area. The property is traversed by two roads. In the east, the R344 crosses it, resulting in a portion of about 205ha being separated from the main, central portion. In the west, the location of the R350 results in about 6ha being separated from the main portion



- 4.4 The mean annual rainfall for the area is ± 435 mm. The region has a warm temperate climate with maximum daily temperatures often exceeding 35°C in the summer months (December, January and February) and minimum night-time temperatures below 5°C in the winter months (June, July and August). This is also affected by topography, with southern slopes experiencing cooler conditions, while north facing slopes are characteristically warmer and drier
- 4.5 The region falls in the Albany Thicket Biome and Bioregion, with the vegetation types mainly the Great Fish River Noorsveld on the plains and Great Fish Thicket towards the higher lying northern mountainous part. Valley Thicket is found in the higher rainfall areas and Xeric Succulent Thicket in the lower rainfall areas

5. WATER AND ELECTRICITY SUPPLY

- 5.1 Water is extracted from six boreholes. Five of these are fitted with solar powered submersible pumps, while the fourth has Eskom electricity. In addition to this water, rainwater is also harvested. Water for domestic use is purified by a reverse osmosis system and stored in various tanks. The buildings are linked to the Eskom grid, with a back-up generator also in use
- 5.2 There are a number of power lines over the property, mostly on the eastern side. These are both domestic and larger pylons. They are visible from the main dwelling, but are not deemed intrusive

6. IMPROVEMENTS

The property's buildings are found in two nodes. The first comprises the dwelling, guest accommodation, a carport and a shed. The second node is just north of this and comprises a manager's cottage. All buildings, apart from the shed and the carport, are in a good condition, with the dwelling and guest accommodation (re)built after the purchase in 2016. The Class A improvements can be described as follows:

6.1 Main Dwelling

6.1.1 This building offers finishes of a high standard and has an appealing appearance. It offers amongst others an entrance hall, an open plan lounge / kitchen / dining room, five bedrooms (three with en-suite bathrooms), a family bathroom and guest toilet, a study and TV room. The north-facing stoep extends the length of the house and overlooks the swimming pool. This area is fitted with a built-in braai, while several fireplaces are found inside the house. Most rooms are fitted with ceiling fans and the kitchen has high quality fitted appliances and cupboards. The structure is plastered brick with stone inlays, with a corrugated iron roof and concrete floors. The building has an extent of $\pm 372\text{m}^2$ excluding the stoeps and entrance pergola (some 210m^2) and outbuilding ($\pm 32\text{m}^2$). Last mentioned comprises a laundry and cold store



6.1.2 The building offers a good flow, with many rooms having exterior doors opening onto the stoep area and garden beyond. Despite the good finishes and modern lay-out, the dwelling retains the rural ambience, typical for a game / tourist venture such as being proposed for the property



6.2 Guest Accommodation

This building was built recently and comprises a large lounge, two bedrooms, both with en-suite bathrooms, and a kitchen. It has an appealing appearance, with high quality finishes fitted, similar to that of the main house. The building also includes a store room and a strong room. It has an extent of $\pm 243\text{m}^2$ excluding covered stoeps of $\pm 66\text{m}^2$



6.3 Shed

This is a dated structure in need of general maintenance. It has a corrugated iron structure built on a timber frame and a brick base. About half of the floors are gravel, the other portion being concrete. The structure houses amongst others the water filtration system. The building has an extent of $\pm 300\text{m}^2$



6.4 Manager's Dwelling

We did not have access into the buildings, but based on the exterior, it seems to be in an above average to good condition. This building was added after the property was purchased in 2016. It has an extent of $\pm 90\text{m}^2$





6.5 Class B Improvements

6.5.1 Security Systems

The main access gate to the farm is secured by means of a camera linked to the dwelling, and the dwelling and guest accommodation are fitted with alarm systems

6.5.2 Game Fence and Electrification

The property is surrounded by a 2.4m high game fence. This fence meets the requirements of the Department of Environmental Affairs with a certificate of adequate enclosure

7. VALUATION METHODOLOGY

7.1 The most apt method of valuing a property such as the Subject Property is by means of the *Market Data Approach of Direct Comparison*. With this method, comparable transactions in the Neighbourhood Area are researched and compared to the Subject Property, making adjustments for varying value attributes. In this way, rates per ha are determined for the Subject Property's different uses. This is mostly used to determine the land value of a property

7.2 For the buildings, the Depreciated Replacement Value ("**DRV**") will be used. This uses the current cost of reproduction or replacement of an asset, minus deductions for physical deterioration and all relevant forms of obsolescence and optimisation

8. THE EFFECT OF THE PROPOSED WIND FARMS

The main impact on the Subject Property would be the socio-economic impact, this being a result of the visual impacts. The impacts can be summarised as follows:

8.1 During construction, the impact on sensitive visual receptions (such as visitors and owners) will be significant, having to access their destinations and the Subject Property through the two wind farms. Noise and dust will impact their experience. In our opinion, this could deter visitors from returning, taken the high initial impact of a wind farm development in the planning stages



- 8.2 Once the development is completed, the BAR's indicate the visual impact on sensitive visual receptors (residents and visitors) located within a 5km radius of the wind turbines to be "High", with a score of 64. A similar score is attributed to observers traveling along roads within a 5km radius. What is very important to consider, is that this effect cannot be mitigated and is in place for the life time of the wind farm. One should also consider that this impact is on a "per wind farm" basis, not the combined effect of the two wind farms. The actual effect could therefore be much higher. About 95% of the Subject Property is located within this radius and all visitors and guests will be affected by this. In our opinion, this could result in a significant loss of visitors. It also affects the expansion as around 58% of the farm will be negatively affected by the wind farms. This effectively restricts possible expansion to the northernmost part of the property, some distance from the main homestead and access point. In this way, both the land value and the buildings' contributing values will be affected
- 8.3 The visual impact of operational, safety and security lighting on sensitive visual receptors is scored as "High", with a score of 60. The area currently enjoys limited night pollution, with the effect that the security lights of the wind farms, especially for a turbine closer than 1km, will be severely negative. With the majority of the Subject Property being impacted visually by the wind farms, and having no mitigating options (the new technology referred to in the BAR's might not be accepted by the CAA), this could have a very serious effect on the owner's and visitors' enjoyment of the Subject Property. This impact will be reflected in the contributing value of the buildings
- 8.4 As noted before, we are of the opinion that the noise impact of the two wind farms, and especially that of the Wind Garden project, is understated in the BAR's. This is applicable to both the construction and operational phases. With the closest wind turbine being closer than 1km from the main dwelling and guest accommodation on the Subject Property, the ambient noise levels are bound to be affected. The noise effect from construction (for at least two and a half years) and operation will in our opinion impact on the owner's and visitors' enjoyment of the property, and thus affect the contributing value of the buildings



- 8.5 Even though the BAR's indicate the impact on local tourism and the game farming industry during the construction phase and once completed to be "Medium" (scores of 36 and 30 respectively), it also notes that , the full extent of the negative impact will only be achieved in the operational phase of the project, when the word about the proximity of the project to local game farms spread amongst potential tourist and repeat visitors and when the turbines are fully operational and visible.⁴² This emphasis our opinion that these scores are not accurate
- 8.6 The above impacts have an immediate impact on the property in terms of its value to the owners and their guests. It however goes further than this, as the property's open market value will also be negatively affected. The impacts discussed above would not only affect the current owners, but also the marketability of the property to future buyers. With the visual, noise and socio-economic impacts, it will be more difficult to sell the property should the current owner elect to dispose of it
- 8.7 This was even highlighted in the SEIA's where one broker indicated that "*sellers may find it difficult to sell to those wanting to establish game farms*" and another noted that "*sellers facing difficulty in selling properties*".⁴³ If a potential buyer has to choose between a game farm affected by a wind farm and one that it not affected, the choice will most likely fall on last mentioned. This is due to the requirement of unspoilt nature and the "Wild Africa" experience. This results in fewer buyers being interested in purchasing a property that is affected (such as the Subject Property), or insisting on a reduction in price due to the encumbrance
- 8.8 This was confirmed by the broker who was involved with the selling of the farm in 2016. He indicated a loss of a much as 35% in value due to the proximity of the wind farm and its effect on the enjoyment and thus marketability of the farm

⁴² WGBAR page 229, FBAR page 225

⁴³ WGSEIA page 55, FSEIA page 55



8.9 Often the seller will not be in a position to negotiate (e.g. due to a higher price for the property before it was encumbered by the wind farm) and this may result in a longer listing period than usually experienced. Given enough time, this could well result in the seller being forced to sell, with a significant difference between the original asking and the eventual selling prices. The reduction in the property's value is therefore a direct result of the wind farm. Although this effect has been difficult to prove in empirical studies, this is in our opinion due to the fact that a price change *per se* is difficult to prove (see our discussion on this under paragraph 3.9.2 (iii) of the *General Report*). It is however our experience as valuers that a property that exceeds the average listing period is often sold at a bigger than average variance between asking and selling price

9. THE LAND VALUE

9.1 During our market research of the broader Neighbourhood Area, the following was established:

9.1.1 Buyers and sellers do not make conscious separate apportionments for land and improvements. The efficiency, condition and quality of the improvements do however influence the general price of a property

9.1.2 The transactions listed and analysed indicate that potential buyers are prepared to pay a premium when farms are purchased as part of a site assembly. Not only does this increase its "plottage value", but often these farms are purchased from different landowners who expect a premium value on their respective properties

9.1.3 Potential buyers are prepared to pay a premium for a game farm that is fully electrified with a certificate of adequate enclosure and stocked with quality game

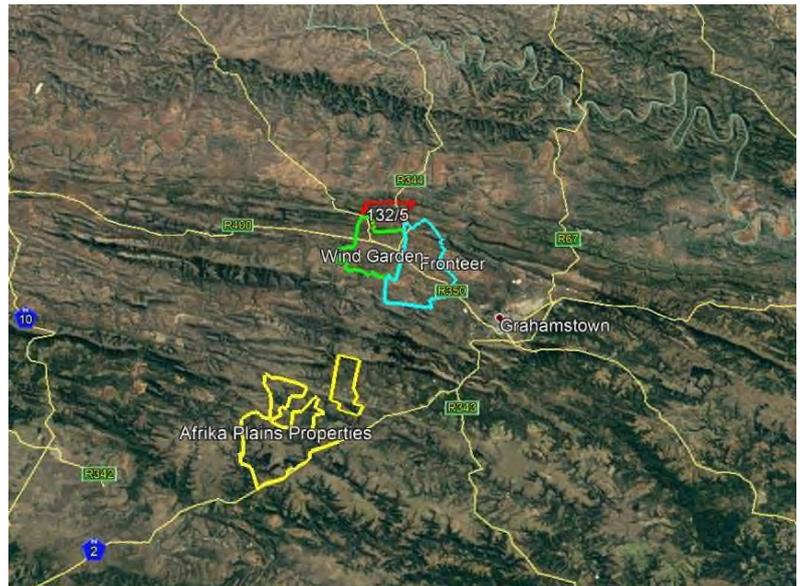
9.1.4 We found that where there is a difference in game farming characteristics (i.e. grazing capacity, rainfall, etc.) the influence thereof is reflected in the overall rate per ha paid for such properties. The Subject Property has a good grazing capacity and rainfall statistics, which will be taken into account with our value determination

9.2 Market Evidence

A number of transactions of comparable assets were be found in the direct vicinity of the Subject Property. As part of our market research, we also spoke to a number of landowners and other parties active in the area. Only a brief description of each of the transactions will be provided, even though a comprehensive analysis was done. The following transactions have relevance:

9.2.1 Transaction No. 1

Description	:	26 Farms and farm portions in the Albany Division
Land Extent	:	9,209.9488ha in total
Location	:	South of Makhanda, to the west of the N2 route
Date of Purchase	:	During the course of 2016
Purchase Price	:	R183,811,795 in total
Rate per Hectare	:	R19,958 per ha



Property Use	:	Game and lodges
Summary	:	This property has an inferior location to that of the Subject Property, adjacent to a main route carrying a high traffic load. This affects privacy, with an inferior appeal for eco-tourism to that of the Subject Property. The rate per ha however includes various hospitality buildings, in excess of that found on the Subject Property, and the rate per ha is therefore a good to maximum indication of value for the improved Subject Property

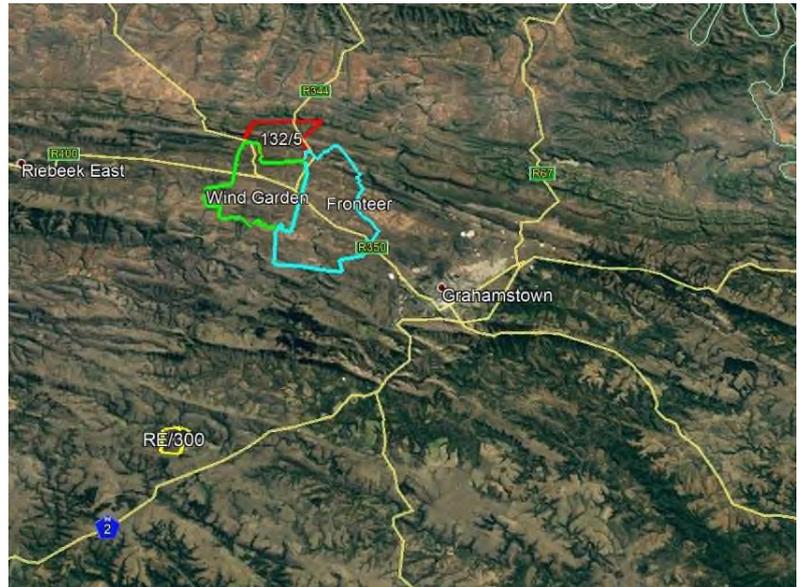


9.2.2 Transaction No. 2 - The Subject Property

Description	:	Portion 5 of Farm No. 132 Albany Division
Land Extent	:	1,866.3366ha
Location	:	Directly north of Wind Garden Wind Farm, off the R344 route
Date of Purchase	:	25 June 2016
Purchase Price	:	R13,250,000
Rate per Hectare	:	R7,099 per ha
Property Use	:	Game / stock farm with 25% game fence and remainder stock fence
Summary	:	<p>The property has since been significantly upgraded, with the owner indicating that in excess of R13,250,000 has been spent. This includes:</p> <ul style="list-style-type: none"> Upgrading the water supply system - R685,000 Upgrading the electricity system - R145,000 Extending the game fence /removing internal fencing - R520,000 Road maintenance, alien vegetation control - R700,000 New buildings and upgrades - R11,200,000 <p>This results in a total capital spend of R26,500,000 on the Subject Property, i.e. ±R14,199 per ha</p>

9.2.3 Transaction No. 3

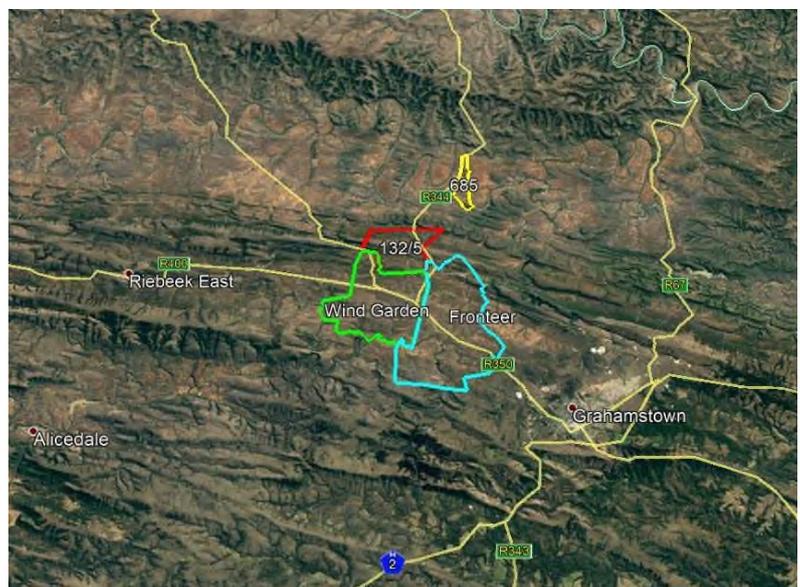
Description	:	Farm 300 in the Albany Division
Land Extent	:	310.7582ha
Location	:	Southwest of Makhanda, to the west of the N2 route
Date of Purchase	:	27 September 2017
Purchase Price	:	R22,000,000
Rate per Hectare	:	R70,795 per ha
Property Use	:	Game and lodge
Summary	:	<p>This property has a comparable to slightly inferior location to that of the Subject Property, accessed off a gravel route from the N2 route. The area has an agricultural character, with less topographical features and this results in a reduced appeal for upmarket eco-tourism</p>



It was purchased as part of a site assembly and this could be part of the reason for the high rate per ha. It also has a smaller than average extent. In light of the superior infrastructure, but smaller property extent, the price attained should be a good yardstick for the Subject Property

9.2.4 Transaction No. 4

Description : Farm No. 685 Albany Division
 Land Extent : 421.3822ha
 Location : Directly west of Kwandwe, north of the Subject Property, off the R344 route





Date of Purchase	:	09 February 2018
Purchase Price	:	R4,000,000 (excluding VAT)
Rate per Hectare	:	R9,493 per ha
Property Use	:	Stock farm, sharing northern and eastern boundaries with Kwandwe (therefore fence built to dangerous game specifications)
Summary	:	This property has a comparable location to that of the Subject Property. The property was purchased for game breeding, to be used in conjunction with Kwandwe. Although the main farm house and the stores were in a good condition, the staff housing and other structures were demolished due to their poor condition. A valuable attribute is the ± 3 km of Fish River frontage and water rights. The price attained should be an absolute minimum parameter for the Subject Property, taken the superior buildings and larger extent. Despite the smaller extent, the rate per ha must also be a minimum, due to the superior infrastructure and buildings of the Subject Property

9.3 Conclusions

- 9.3.1 The transactions quoted above (including the transaction of the Subject Property) all include buildings and infrastructure on the farms. The quality and contributing value of this varies between the different farms, from a significant contributing value in the case of Transactions No. 3 (a total rate per ha of R70,795 per ha), to the limited contributing value of buildings on Transaction No. 2 (the Subject Property at a total rate of \pm R7,099 per ha, considering that only the shed added value). Where the infrastructure added some value, a total rate of \pm R9,493 is derived. This is however for a farm with slightly inferior Class B improvements to that of the Subject Property



- 9.3.2 One must keep in mind that additional costs were spent on Class B infrastructure after the purchase, affecting marketability positively. This is applicable to the unencumbered value determination. As indicated before, some 58% of the Subject Property is affected by the proposed development, with a “Very High” impact being located within 5km from the wind farm developments. In our experience, a conventional powerline usually has a 10% value reduction on an improved residential property. However, taken the specific market at which this type of property is aimed (an outdoor lover who wants to experience the scenic and unspoilt beauty of nature), the potential impact will be higher. Finding a buyer for a “scarred” property in this price bracket could be problematic, resulting in longer listing periods and a bigger variance between asking and actual selling prices. Our calculation indicates a derogation of $\pm 17\%$ in the value

10. CONTRIBUTING VALUE OF THE CLASS A IMPROVEMENTS

- 10.1 To determine the value of an asset such as the Subject Property, it is important to determine who the most likely buyer will be. This determines not only the potential demand for the property, but also the methods most likely used to determine the property’s value. Our research indicated that a number of the large hospitality game reserves here are owned by foreign individuals and that large game farms are generally marketed to the foreign market. The Subject Property’s extent in our view limits its appeal to the local market, i.e. local high nett worth individuals who would like to have an upmarket farm in their asset trophy cabinet. Taken the amount of money already spent on the Subject Property since its purchase, it is evident that this is reflective of the typical buyer here
- 10.2 In light of the above, the buildings on the property will be valued by means of the Depreciated Replacement Cost Method. They are not generating an income and the Income Method can therefore not be applied to it. Depreciation takes on different forms - physical, functional and economical. In this case, the physical depreciation is very limited, as the buildings are immaculately maintained and most are fairly new. The functional depreciation is also a limited issue, as the buildings are suitable and used for the purpose for which they were constructed. The economic depreciation is however more of an issue, as it is possible that the actual construction cost results in the buildings, especially the main building, being over capitalised. With this in mind, an unencumbered value was determined for the Subject Property



- 10.3 Once a wind farm is developed on the border of the Subject Property, the demand for a prime asset such as this, as being representative of unspoilt nature, is diminished considerably. We will even go as far as to say that the interest from a high net worth individual will most likely be extremely limited. One must keep in mind that this type of owner is a nature lover, a person who wants to get away from the city and civilisation. If one has to gauge this love of nature by using the current owner as example, it is evident that a large part of their expectations is in experiencing nature
- 10.4 If the property is therefore scarred by a wind farm (or two), their enjoyment will be reduced, possibly to a point where they will no longer want to visit the property, even opting to dispose of it. Finding a buyer for a “scarred” property in this price bracket will be extremely difficult, having a severe downward effect on value. This will not only be reflected in the land value (as discussed before), but especially on the contributing value of the residential buildings. We are therefore of the opinion that the value will decrease by at least 24%, this being a combination of visual interference and a lack of demand

11. SUMMARY OF VALUE DEROGATION AND CONCLUSION

- 11.1 Based on the information presented under paragraphs 9 and 10 of this report, it is evident that the development of either of the Wind Garden or Fronteer Wind Farms will have a significant effect on the value of the Subject Property, and most likely other properties as well. This is largely as a result of the visual and socio-economic effects of the projects. The summary of the derogation in property value (and excluding the loss in income from the hospitality business and losses in employment opportunities), per wind farm development, is around 19.5%
- 11.2 This represents the scenario for the development per wind farm, and each of the wind farms will have this effect. If both wind farms are to be constructed, the effect will be significantly higher, due to the sheer magnitude of the two projects adjacent to each other. This must be considered in the evaluation of the desirability of the projects. What is however evident is that the BAR’s conclusions on the potential impacts of the two projects are inaccurate, being a severe understatement on the effect on the receiving environment. In light of this, we are of the opinion that the two BAR’s and their annexes are not reflective of reality and should therefore be disregarded in the evaluation process