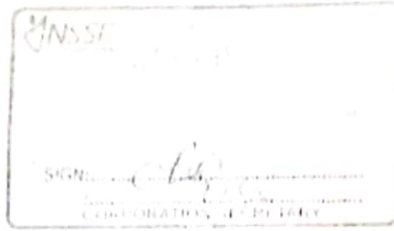


10th August 2020

Our Ref. NR/GEN/NAK/NSSF/2020

The Company Secretary,
National Social Security Fund,
14th Floor Workers House,
P. O. Box 7140,
KAMPALA.



RE: FINAL DUE DILIGENCE REPORT ON LAND AT NAKIGALALA.

The above captioned subject refers.

On the 3rd October 2019, we received instructions from yourselves to carry out a due diligence on land perfectly described as being comprised in the following titles.

- Freehold Register Volume 2 Folio 23 Block 374 Plot No.8
- Freehold Register Volume WAK2866 Folio 10 Block 374 Plot No. 5
- Freehold Register Volume WAK3923 Folio 6 Block 366 Plot No.3
- Freehold Register Volume 45 Folio 2 Block 372 Plot No 5
- Freehold Register Volume WAK2866 Folio 12 Block 374 Plot No. 6

On the 23rd October 2019, we supplied your office with a provisional due diligence report (copy attached), in which we furnished our findings then. This report has delayed owing to a delay in getting a survey and physical verification report to ascertain whether what is on ground is consistent with what is on the title. It was very necessary to ascertain what is physically on the ground and whether the land is free from adverse possession. We hereby furnish you with the final report of our findings after carrying out a due diligence to the best of our ability using resources and means available.

Freehold Register Volume 2 Folio 23 Block 374 Plot No.8

We do need to repeat what we had earlier reported on this piece of land. The size of land on the ground matches the description on the title and deed plan. These are the new findings following a boundary survey and verification exercise:-

- The land is developed with an office block, 3 houses and what is described as staff quarters with 4 housing units. A conglomeration of these developments is described as Nakigalala Labour Village. There is a need to interview the proprietor as to whether these developments belong to it. Besides, there is a garden planted with bananas and maize near or around the staff quarters. Unless, there is a clear understanding between the registered proprietor and the owners of these gardens, a claim for compensation usually arises during

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Senior Associates: ...
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a sale of land on which such gardens form part. This land is therefore not free from adverse possession.

- The boundary opening exercise also revealed that part of Plot 8 measuring 3.9 acres is taken up by a major access road used by the public. In a possible sale such area covered by an access road must be deducted from the sale price.
- 113 acres is covered with a tea plantation with a part of the area being unused.

Freehold Register Volume WAK2866 Folio 10 Block 374 Plot No. 5

In our earlier provisional report, we had indicated that a search report could not be generated as the land was undergoing a certain transaction. We are now furnishing a search report indicating that the proprietor is still Madhvani Group Limited who is also the caveator of the land. A copy of the search report is attached.

The physical verification exercise report indicates that this land is entirely covered with private gardens from people described as licencees. We are unable to confirm that these are real licencees within the legal meaning ascribed to the term. A licencee is a person who is permitted to enter land by the owner without which permission the act would constitute a trespass. We would advise that before any sale negotiations can be entered into, these people must be evicted, and the land cleared of any of their crops. Such occupants are usually a problem to a new owner as they turn out to describe themselves as bonafide occupants. The end result is that they create a lot of nagging litigation.

Part of the plot has an access road measuring about 3 acres. This road is used by the public and as such is an established easement on the land.

Freehold Register Volume WAK3923 Folio 6 Block 366 Plot No.3

The survey report confirms land on the ground as matching the description on the title and deed plan. In addition to what we had earlier reported, the physical verification exercise revealed the following:-

- There is a tea plantation on part of the land measuring 56.66 hectares only.
- The rest of the land is covered by gardens with crops belonging to various people. The verification report refers to them as licencees a description we cannot confirm. We can only advise acquisition of this land when all the occupants have vacated.

Freehold Register Volume 45 Folio 2 Block 372 Plot No 5

The orientation of the land on the ground matches the deed plan on the title. A physical due diligence report established that this particular piece of land has a tea plantation covering an

area of about 205 acres. The rest of the area is entirely covered with gardens parceled in small pieces each. Again, the owners of the gardens are described in the report as licencees, a description we cannot confirm. Dilapidated buildings could also be seen in this particular area. We can only advise acquisition of this land when all the occupants have been evicted. A reminder is made that this land was subject of litigation. It is not known whether the occupants claim through the previous disputants or through the registered proprietor.

Freehold Register Volume WAK2866 Folio 12 Block 374 Plot No. 6

The land is as described above and measures approximately **8.8710 hectares** and is situate at Nakigalala Busiro. The Registered proprietor is Madhvani Group Limited of P. O. Box 121 Jinja registered on 27th March 2017. We have since the last report had chance to look at a copy of the owner's title and established that the Registered proprietor is the first owner. The title was issued on 27th March 2017 and was created out of land then comprised in Freehold Register Volume 2 Folio 23

This plot has a squatter settlement with a residential house and ablution block measuring about 1 acre. The owner of this encroachment is said to be a one Benjamin Kalumba who lays claim on ownership of the entire **Block 374**. This ownership claim also covers Plot 5 above. Plot 6 has a cover of mango and jack fruit trees in addition to assorted crops owned by various occupants. We would not advise acquisition of this land.

CONCLUSION

All the pieces of land are subject to adverse possession and are capable of developing serious land disputes and possible litigation. The registered proprietor needs to first clear all the pieces land of the adverse possessors before negotiations can commence. Acquisition of these pieces of land would require their being fenced off immediately with a fairly strong fence to bar further encroachment.

Let us know if you have any further question.

Yours faithfully,


NANGWALA, REZIDA & CO. ADVOCATES