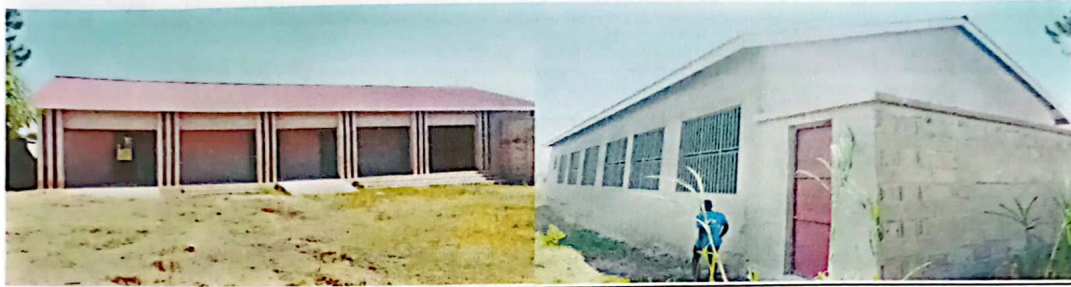


VALUATION REPORT OF A SERVICE INDUSTRY PROPERTY LOCATED ON PLOT NO. 365 BLOCK "W" BUKALA, SENGEREMA URBAN AREA, SENGEREMA DISTRICT, MWANZA REGION: C.T NO.107659 LR



'VALUATION FOR MORTGAGE PURPOSE I.F.O TONNY QUALITY BAKERS CO LTD

**CONSULTANT:**



HNC House, Ground Floor  
Plot No.60/74, Malapa Street  
P.O. Box 105984  
Tel: +255 763923107  
Mob: +255 788499500

**PREPARED FOR:**



AZANIA BANK LTD  
AZANIA BANK LIMITED  
ROCK CITY MALL BRANCH,  
P.O BOX 3014  
MWANZA

JULY, 2024

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**SECTION 1.0: INTRODUCTORY NOTE**

**1.1 OPINION VALUE**

Taking into account the size of the property, location, uses, state of repair and maintenance, type of building materials used and in considering the Basis and Methods of Valuation; we are of the opinion that the Insurable Value, Market Value and Forced Sale Value of the Property located on Plot No. 365 Block "W" Bukala, Sengerema Urban Area, Sengerema District, Mwanza Region for mortgage purpose as described in this report are as follows:

PARTICULAR VALUE	AMOUNT (TZS.)	AMOUNT IN WORDS
Property Market Value	586,000,000.00	Five Hundred Eighty-Six Million
Forced Sale Value	440,000,000.00	Four Hundred Forty Million
Insurable Value	572,000,000.00	Five Hundred Seventy-Two Million

**1.2 CERTIFICATION**

This report has been prepared and signed on 03<sup>rd</sup> July, 2024 for Azania Bank Limited, Rock City Branch of P.O. Box 3014, Mwanza, for mortgage purpose for and on behalf of Romatun Company Limited of P.O. Box 105984, Dar Es Salaam;

Prepared by:

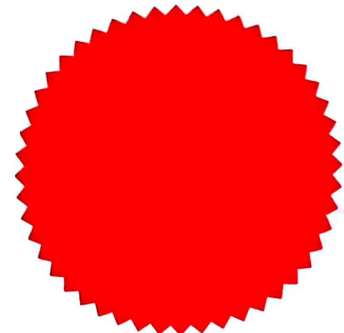
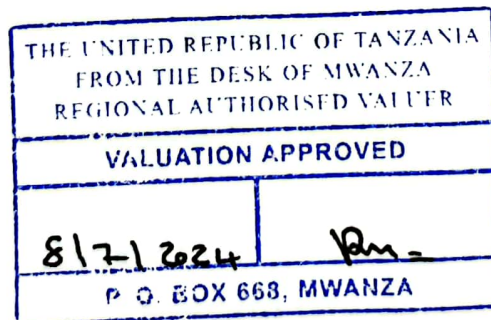


Rajabu B Idrisa  
Bsc. Land Man & Valuation (ARU),  
A-AREPTA  
Provisionally Registered Valuer,  
VRB, No. VRB/PRV/219/2019

Certified by:



Neema E. Ndetiko  
Bsc. Land Man & Valuation (ARU)  
FRV(T) A-AREPTA  
Fully Registered & Licensed Valuer,  
VRB, No. VRB/FRV/231/2022



### 1.3 INSTRUCTION AND PURPOSE OF VALUATION

**ROMATUN COMPANY LIMITED** was instructed by **Azania Bank Limited, Rock City Branch of P.O. Box 3014, Mwanza** to carry out a Physical Verification, Inspection and prepare a valuation report of a property located on Plot No.365 Block "W" Bukala, Sengerema Urban Area, Sengerema District, Mwanza Region for mortgage purpose in favor of **Tonny Quality Bakers Company Limited of P.O. Box 90, Sengerema.**

The purpose of this valuation report is to consult the following opinions of values in respect of the said property as narrated below:

#### I. Insurable Value of the property

The **Insurable Value** of a property refers to the cost of replacing or reinstating (as new) the property under appraisal at the date of valuation or that of a similar substitute property performing or capable of performing the same function or offering the same utility less the land value component.

#### II. Market Value of the property

The **Market Value** of a property is the highest price in terms of money which the property under appraisal should or could fetch in a competitive and open market under conditions requisite for a fair sale.

Implicit in this definition is the consummation of a sale at a specified date and the passing of ownership from seller to buyer under conditions whereby: -

- Both the Buyer and Seller are economically motivated and are both acting prudently

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- Both the Buyer and Seller are economically motivated and are both acting prudently

- The sale price is not affected by any undue influence
- Both parties are well informed and well advised and are acting in what they consider to be their own best interest
- A reasonable time is allowed for exposure in the open market

Generally the Open Market Value would form the Basis of Valuation for Mortgage purpose.

### III. Forced Sale Value of the property

Although the basis of valuation for Mortgage is the **Market Value**, it is very rare that the collateral of a defaulting mortgagor would be sold under perfect **Market Conditions**, hence realizing a **Market Value**.

It would usually be sold within a time limit whereof a sale would be required to take place within that time at the best price obtainable under the circumstances. It is this value which is referred to as a **Forced Sale Value/Restricted Realisation Price**.

A **Forced Sale Value** is therefore the same as an **Open Market Value** except that in the former, the seller would be forced to sell without the benefit of a reasonable period of time in which to negotiate a sale.

Accordingly, the property was inspected as per Terms of Reference from the customer and enclosed in this booklet is our complete valuation report of the property located on Plot No. 365 Block "W" Bukala, Sengerema Urban Area, Sengerema District, Mwanza Region

## **SECTION 2.0: VALUATION METHODOLOGY**

### **2.1 DATE OF INSPECTION AND VALUATION**

The property was inspected on June, 2024 by Rajabu B Idrisa, a Valuer from Romatun Company Limited in the presence of owner representative. We confirm that the values expressed in this Valuation Report are those current on June,2024 and will remain valid for a period of one year from the date of approval.

### **2.2 BASIS OF VALUATION**

The basis of valuation for mortgage in Tanzania and as per the International Valuation Standards IVS-2007 IVA 2 Sect. 5.1 is the open Market Value. Market Value has been defined by the IVSC as "... the estimated amount for which a property should exchange on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after property marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion..." Implicit in this definition is the consummation of a sale by a specified date and the passing of ownership from seller to buyer under open market conditions.

IVS 2 published in 2007 permits deviation from the market value assessment requirement to a non-market-based assessment of the value of specialised property. IVS recommends that specialized property should be valued on the basis of the highest and best use assuming vacant possession. What the recommendation entails is for the Valuer to estimate the value of the property under appraisal on the basis of the net benefits that an informed management could derive from the land by considering its decisions on investment, operation and financing of the business. It may also mean considering the assets of the business on the basis of their depreciated replacement cost (DRC).

## 2.3 THE NATURE OF A MORTGAGE

### 2.3.1 Mortgage

A mortgage (of a property) is an agreement or transaction whereby one party (the mortgagor) grants the interest in his property to another party – (the mortgagee) as security for a loan.

The transaction is effected by means of a Mortgage Deed in which the Mortgagor usually agrees to pay back the loan plus interest on the loan principal at a given rate of interest per annum (and may also enter into express covenants as to the repair and insurance of the mortgaged property) over an agreed period of time by instalments.

The mortgagor retains the right to recover (free) his property from the charge created by the Mortgage Deed upon repayment of the amount due to the mortgagee. This is known as his 'equity of redemption'. So long as the mortgagor pays his instalments regularly and observes all covenants of the Mortgage Deed, the mortgagee will usually be content to leave him in possession and control of the mortgaged property.

### 2.3.2 Mortgagee's Security

The mortgagee's security for the money lent depends primarily upon the property and upon the sum it might be expected to realize if brought to sale at any time.

The common advance by way of mortgage is **two-thirds** of the estimated Market Value of the property, thus leaving the mortgagee a **one-third** margin of safety.

If the mortgagor defaults in payment of interest, observance of the covenants of the Mortgage Deed or repayment of the loan when legally demanded, the mortgagee has the following remedies against the property:

- Under certain conditions, he may sell the mortgaged property and use

the proceeds towards repayment of the loan and any interest thereto together with expenses of sale, with any surplus paid to the mortgagor.

- He may at any time take personal possession of the income from the property and after paying all necessary outgoings, may apply the balance to pay the mortgage debt, including arrears, with the surplus, if any, paid to the mortgagor.

He may appoint a receiver to collect the income from the property and apply it to the paying of all outgoings, interest on the mortgage debt, arrears etc., including payment of the receiver's commission.

## **2.4 METHODS OF VALUATION USED**

There are five methods of valuations which could be applied in deriving the market value of a property/an asset. These include the Comparative Method of Valuation, the Replacement Cost Method of Valuation, the Investment Method of Valuation, the Profits Method of Valuation and the Residual Method of Valuation.

As to which method of valuation should be used at any time would depend on the purpose of the valuation, nature of the business/property being valued and the availability of data. In this valuation, we have used the Replacement cost Method of valuation to determine market value of the property and the Comparative method of valuation to determine value of land.

### **2.4.1 The Replacement Cost Method of Valuation**

We have used the Replacement Cost approach to determine the Market Value of the unexhausted improvements (buildings) on the land because this is the conventional method of valuation used to derive values of unexhausted improvements on land.

By this method, the value of the unexhausted improvements is determined by reference to their cost of replacement or reinstating them (as new) or that of

their substitute as at the date of valuation. Where the unexhausted improvements are not new or are obsolete, the replacement cost thus established is then depreciated to derive a depreciated replacement cost which is equated to the property's market value and incorporated into the Land Value component (site value) derived in 2.4.1 above to derive the aggregate value of the property (Land Value + Building Value = Value of the Property).

The method is based on the rationale that the value of a property comprises two components namely: the value of improvements on the land and the value of the land.

## **2.5 STRUCTURAL SURVEY**

General survey as opposed to structural survey was carried out as the latter is out of the scope of a general valuation survey. In this regard, no testing was done on services such as water pipes, electrical wiring or drainage pipes and no testing was made to establish the extent of damp, timber rot, metal fatigue etc.

## **2.6 THIRD PARTY INFORMATION**

Where information was obtained from a third party who is a stake holder in this Mortgage transaction, we have assumed that the information given is true and we shall not be liable should it be proved to be otherwise.

## **2.7 ENVIRONMENTAL ISSUES**

There were no obvious environmental issues observed during property inspection that could result into environmental hazards at the property. The property is developed on a gently sloping terrain on account of which is not prone to flooding.

## SECTION 3.0: DETAILED VALUATION REPORT

### 3.1 GENERAL DESCRIPTION AND TYPE OF PROPERTY

The subject property consists of two single storey Service Industry properties, Poultry Building and Servant Quarter which are under ongoing construction built in a super low-density plot measuring 4625 square meters in the planned all built to a good standard of workmanship and material specification.

### 3.2 LOCATION AND LOCALITY

The subject property is located at Plot No.365 Block "W" Bukala, Sengerema Urban Area, Sengerema District, Mwanza Region. The subject property is located at Bukala Area, a working distance from Sengerema Geita High way about 600m away, Industrial Surveyed Area. Access to the property is via Ibisabageni Primary school road branches off Sengerema Geita High way on the left side when heading to Geita. It is easily accessible by all road means of transport throughout the year. The major land mark within the subject property is nearby Ibisabageni Primary school and Sengerema Bus Stand. The property is found within the following coordinates 2°39'40" E latitudes and 32° 39'24" S longitudes.



*Satellite image showing the neighbourhood of the subject property*

### 3.3 LAND TENURE

The interest over the subject property is granted in favor of **Tonny Quality Bakers Company Limited of P.o.Box 90 Sengerema.**

The right of occupancy is for the term of Ninety nine (99) years with effect from the 1<sup>st</sup> day of July, 2023. The certificate of right of occupancy expires after 98 years from now (2024). The ownership is evidenced by a **CT No. 107659** and a **Land Office No. 930032.**

### 3.4 PERMITTED LAND USE

According to the development conditions contained in the Certificate of Title, the permitted land use is **Service Industry Purpose only** as stated under Use group 'M' Use classes (a) as defined in Urban planning (Use Groups and use Classes) Regulation,2018. During our site inspection, we established that the land was utilized according to the development conditions contained in the Title Deed. In this regard therefore, the developments on the ground comply with the permitted land use.

### 3.5 ENCUMBRANCES

Refer to the official search attached from Mwanza Land Registry.

### 3.6 PROPERTY SUITABILITY AS A BANKING SECURITY

In the event of default leading to recovery, saleability of the property is promising due to the reason that the property is located in planned area.

### 3.7. CONFIDENTIALITY

This report is confidential to **Azania Bank Limited** and **Tonny Quality Bakers Company Limited of P.o.Box 90 Sengerema** or the specific purpose for which it refers (**Mortgage purpose**) and neither the whole nor any part of it or any reference thereto may be included in any published document, circular or

statement without a written approval of Romatun Company Limited on the form and content in which it may appear.

### 3.8 DETAILS OF THE VARIOUS DEVELOPMENTS

#### 3.8.1 Godown

##### Construction Details

The building is built of a gable end pitched roof covered with corrugated aluminum sheets resting on steel members. Walls are constructed of structural reinforced beam and columns with sand cement blocks infill which are plastered and rendered externally. Windows are ant burglar bars incorporated with glazed aluminium casements in front view. Doors are grill gates. The flooring is of rough concrete throughout.



View of the Godown

### Accommodation details

The building under appraisal exhibits the following accommodation arrangements

- Baking room
- A Store room
- 3 staff offices
- 2 public toilets

### Condition and Comments

The building is in a good condition.

### 3.8.2 Baking Building

The building is built of a gable end pitched roof covered with corrugated aluminum sheets resting on steel members. Walls are constructed of structural reinforced beam and columns with sand cement blocks infill which are plastered and rendered externally. Windows are ant burglar bars. Doors are grill gates. The flooring is of rough concrete throughout.



View of the Baking Building

### Accommodation details

The building under appraisal exhibits the following accommodation arrangements

- 3 Nos. Baking room
- A Store room

- staff office
- 2 public toilets

### Condition and Comments

The building is in a good condition

### Percentage of Completion of Baking Building

S/N	Percentage on progress of Baking building	COMPLETE	SUBJECT PROPERTY
1	Plinth level with floor concrete	15%	15%
2	Full height of walls	15%	15%
3	Roof work completed	15%	15%
4	Plaster and ceiling completed	15%	15%
5	Floor rendering and skirting	6%	4%
6	Sanitation work completed	6%	3%
7	Decorating and painting	6%	3%
8	Doors and windows in position	15%	10%
9	Water supply, storage tank	2%	2%
10	Cleaning of site, building floors windows etc	5%	5%
		100%	87%

### 3.8.3 Servant Quarter

#### Construction Details

This is built of Multi-pitched type of roof covered with corrugated iron sheets. Walls are burnt clay bricks which are plastered both sides. Window are welded grilles fitted on steel frame. Doors are of timber frame with timber panel and secured with welded metal gate. The floor finish is cement sand screed





View of the Fuel canopy

### 3.9 SCHEDULE OF AREAS (G. E. A BASIS)

S/N	Property Description	Area In (GEA Basis)
1	Godown	591.34
2	Veranda	43.04
3	Baking Building	177.46
4	Corridor	65.29
5	Poultry Building	110.62
6	Servant Quater	51.23
7	Veranda	3.06
	<b>Total Building</b>	<b>1,042.04</b>

### 3.10 PLOT AND SITE WORKS

The Service Industry property which is under ongoing construction built in a super low-density plot measuring 4625 square meters. There are no other siteworks worth reporting

### 3.11 SERVICES

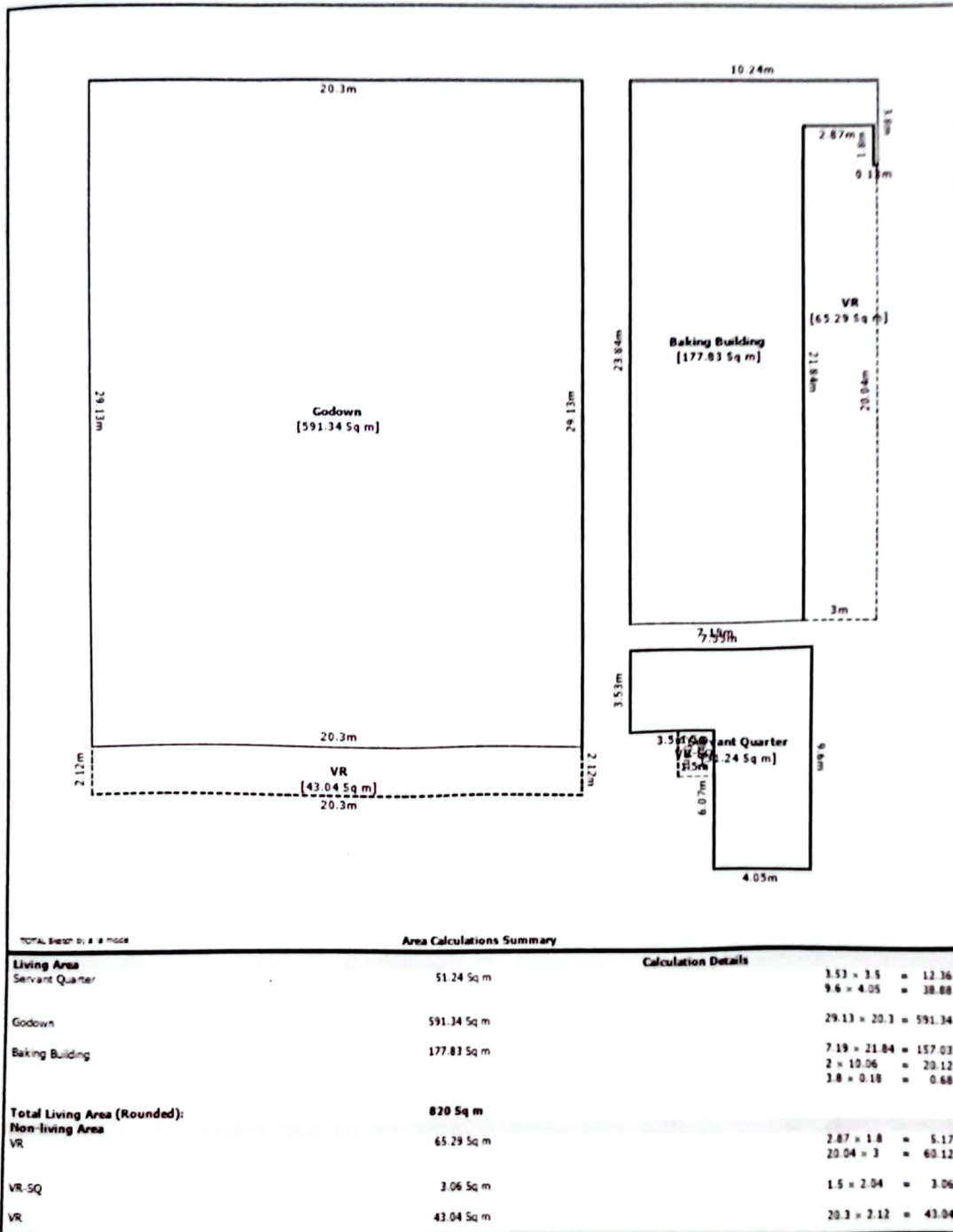
Water and electricity are from their respective public mains. Drainage is to a septic tank and soaks away pits.

**SECTION 4.0: VALUATION SUMMARY**

SN	Particulars	Property
1	Name of Property Owners	TONNY QUALITY BAKERS COMPANY LIMITED OF P.O.BOX 90 SENGEREMA
2	Property Details	Service Industry property
3	Location	Plot No. 365 Block "W" Bukala , Sengerema Urban Area,Sengerema District Mwanza Region
4	Permitted Land Use	Service Industry property
5	Current land use	Service Industry property
6	Plots size	4625sq.m
7	Built-up area	1,042.04 m <sup>2</sup>
8	Adopted Land value per m <sup>2</sup>	8,000/=
9	Current Market Value	TZS 586,000,000
10	Forced Sale Value	TZS 440,000,000
11	Insurable Value	TZS 572,000.00
12	Valuation Methods adopted	The Replacement Cost and the Comparative Methods of Valuation
13	Valuation Date	June, 2024
14	Property Spot Coordinate	Centred at coordinates 2°39'40" E latitudes and 32° 39'24" S longitudes.

SECTION 5.0 APPENDICES

APPENDIX 5.2: SKETCH PLANS OF SERVICE INDUSTRY PROPERTY LOCATED ON PLOT NO.365, BLOCK "W", BUKALA,SENGEREMA URBAN AREA, SENGEREMA DISTRICT COUNCIL, MWANZA REGION



Telegrams: LANDS  
Telephone: 2121241-9  
In reply please quote:  
Ref. No. LR/T 107659



LAND REGISTRY,  
P.O Box 1191,  
Dar es salaam.  
Date: 14 Jul, 2023

TONNY QUALITY BAKERS COMPANY LIMITED  
P.O Box P.O BOX 90 SENGEREMA  
Sir Gentlemen Madam,

RE: TITLE NO: 107659 LAND OFFICE NO: 930032

PLOT NO. 365 BLOCK W AT BUKALA-SENGEREMA URBAN AREA

I have the honour to enclose herewith duplicate of the Certificate of Title Numbered as above please.

*ASST.* REGISTRAR OF TITLES

Copy to: Commissioner for Lands  
Your LD File No: LD SENG BKL/0365 refers

*(Under Section 29)*

Date of Issue: 14.07.2023

Title Number: 107659 I.R. Mwanza

Land Office Number: 930032

Land: PLOT NO. 365 BLOCK 'W' BUKALA, SENGEREMA URBAN AREA  
SENGEREMA DISTRICT

Term: NINETY NINE (99) YEARS

TITLE No. 107659 L.R. Mvionze  
 REGISTERED ON 14.07.2023  
 AT 1:00p  
 Senior Asst. Registrar of Titles

Land Form No.22  
 TANGANYIKA STAMP DUTY ACT  
 Stamp Duty Paid 500/= Paid  
 Receipt No. 923191189097306  
 of 10.07.2023

THE UNITED REPUBLIC OF TANZANIA

THE LAND ACT, 1999  
 (No. 4 OF 1999)

CERTIFICATE OF OCCUPANCY  
 (Under Section 29)

TANGANYIKA STAMP DUTY ACT  
 Stamp Duty Paid 5458/= Paid  
 On Original Receipt No. 923191189097306  
 of 10.07.2023

Title No. 107659 L.R. Mvionze  
 L.O. No. 930032  
 L.D. No. SENG/BKL/0365

The 13<sup>th</sup> day of July 20 Two thousand and Twenty Three

THIS IS TO CERTIFY that TONNY QUALITY BAKERS COMPANY LIMITED a Limited Liability Company incorporated under the Companies Act(CAP 212 R.E 2002) of P.O. Box.90, SENGEREMA (hereinafter called "the Occupier") is entitled to a Right of Occupancy (hereinafter called the Right) in and over the land described in the schedule hereto (hereinafter called "the Land") for a term of ninety nine years from the first day of April Two Thousand and Twenty three according to the true intent and meaning of the Land Act and subject to the provisions thereof and to any regulations made there-under and to any enactment in substitution therefore or amendments thereof and to the following special conditions:-

1. The Occupier having paid rent up to the thirtieth day of June 2023 shall thereafter pay rent of Tanzania shillings five hundred forty five thousand seven hundred fifty (Tshs.545,750/=) only a year in advance on the first day of July in every year of the term without deduction PROVIDED that the rent may be revised by the Commissioner for Lands.
2. The Occupier shall:-
  - a. Be responsible for the protection of all beacons on the land throughout the term of the Right. Missing beacons will have to be re-established at any time at the Occupier's expenses as assessed by the Director responsible for Surveys and Mapping.

- b. Do everything necessary to preserve the environment and protect the soil and prevent soil erosion on the land and do all things, which may be required by the authorities responsible for environment and to achieve such objective.
  - c. Erect the building with **permanent materials** on the land.
  - d. Submit building plans to **Sengerema District Council** within **six months** from the commencement of the Right.
  - e. Begin building construction within six months from the approval of the plans.
  - f. Complete building within thirty six months from the commencement of the Right.
3. **USER:** Only one main building together with the usual and necessary out buildings shall be built on the land and the same shall be used for **Service Industries purposes only** Use Group '**M**' use class (**a**) as defined in the Urban planning (use groups and use classes) regulations, 2018 as per Government Notice No. 91 of 2018.
4. The Occupier shall not assign the right within three years of the date hereof without the prior approval of the Commissioner.
5. The Occupier shall deliver to the Commissioner notification of disposition in prescribed form before or at the time the disposition is carried out together with the payment of all premia, taxes and dues prescribed in connection with that disposition.
6. The President may revoke the right for good cause or in public interest.

# SENGEREMA DISTRICT

N

INSERT SHOWING DETAILS OF PLOT

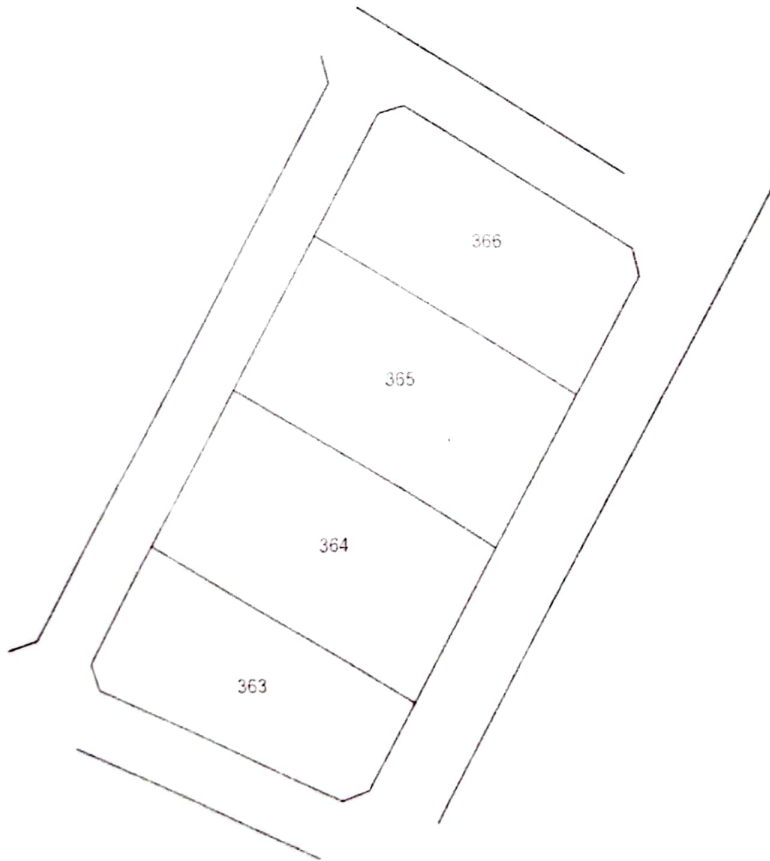
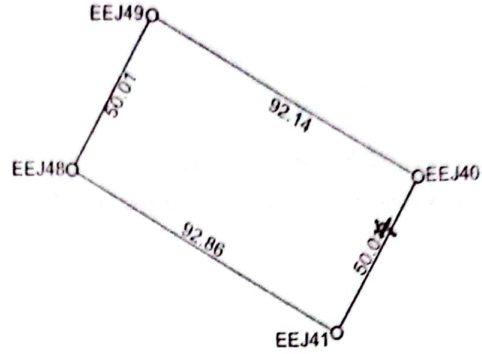
LOCATION: BUKALA - SENGEREMA URBAN AREA

BLOCK 'W'

PLOT No 365

L.O.No 930032

AREA = 4625 SQM



The issue of The Plan implies no guarantee admission of title of Government.

This plan prepared in accordance with Registered plan No 82778 is approved for the purpose of Land Registration ordinance.

For Director of Surveys and Mapping

Date 10/7/2023  
Ministry of Lands & Human Settlement  
Development Dodoma.

