DTB | DIAMOND TRUST BANK

DTB/CB/4074/2019 **05th December, 2019**

Directors,
Sign Warehouse Limited,
P.O. Box 1577,
Mwanza.

Dear Sir,

I) NEW TERM LOAN FACILITY OF TZS 300,000,000/- PAYABLE OVER A PERIOD OF 60 MONTHS AFTER A MORATORIUM PERIOD OF 6 MONTHS.

II) RENEWAL OF OVERDRAFT FACILITY OF TZS 200,000,000/- FOR A PERIOD OF 12 MONTHS.

We are pleased to advise you that your request for the above captioned facility has been approved by us subject to the title of your security/securities hereunder mentioned proving satisfactory and acceptable to us and your acceptance of and compliance with the following terms and conditions.

1. Credit Facilities:

'Credit Facilities' shall mean various credit facilities including but not restricted to Overdrafts, Loans, Letters of Credit, Bank Guarantees, etc. granted or to be granted to you from time to time not exceeding in the aggregate of TZS 500,000,000/- (Tanzanian Shillings Five Hundred Million Only) in such combination as agreed between you and the Bank in writing and for the present, shall constitute the following;

- Renewal of Overdraft Facility of TZS 200,000,000/- for a period of 12 months.
- New Term Loan Facility of TZS 300,000,000/- payable over a period of 60 months after a moratorium period of 6 months.

The availability of the above facilities at all times is subject to:

a) The availability of above stated currency funds to Diamond Trust Bank Tanzania Limited whose statement to the effect will be final.

b) The compliance by the Bank with any and all restrictions, rules and regulations from time to time in force of the Bank of Tanzania or any other relevant Regulatory Authority.

c) The Bank shall not be liable for any failure to perform its obligations hereunder caused by reasons beyond the Bank's control or resulting directly or indirectly from the action or inaction of the Government, any Government Authority or any strike, boycott, blockade, Act of God, revolution or civil disturbance.

THE ABOVE FACILITIES ARE SUBJECTED TO ANNUAL REVIEW BY US.

Board of Directors:
Karim Wissanji (Canadian)
(Chairman)
Shaffiq Dharamshi (Kenyan)
(Vice Chairman)
(Mrs) Nasim Devji (Kenyan)
Fayaz Bhojani (Tanzanian)
Zahir Jivani (Tanzanian)
Mrs) Zulobia Dhala (Tanzanian)
Xavier Lucas (French)

Diamond Trust Bank
Tanzania Limited
Head Office
Suite 901, 9th floor
Harbour View Towers
P.O. Box 115
Dar es Salaam, Tanzania

Tel: (255-22) 2114891/2
Fax: (254-22) 2124244

Swift Code: DTKETZTZ
www.dtbafrica.com

SIGN WAREHOUSE LIMITED

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2. Purpose:

- The overdraft Facility of TZS 200 million will continue to be utilized for working capital requirements of the company.

- The term loan facility of TZS 300 million will be utilized to partly finance purchase and installation of packaging machinery and equipments. The machine will be used for production of industrial packaging materials.

3. Validity/Repayment of Facilities:

a) Validity:

i) The overdraft facility of TZS 200,000,000/- will be valid for a period of twelve (12) months from the date of renewal. However, we reserve the right to demand immediate payment after giving two (2) weeks' notice. At the expiry of twelve months, the facilities may be renewed subject to your performance and consent of both parties. If continuation of the overdraft facilities beyond the above date is contemplated, the renewal data along with your request should reach us two months before the expiry date

ii) The Term Loan Facility of TZS 300,000,000 will be repaid within a maximum repayment period of Sixty (60) months in monthly installments after the moratorium period of 6 months. Interest will be serviced monthly during the moratorium period. A repayment schedule in this respect will be provided to you on the date of disbursement. However, we reserve the right to recall the facility with thirty (30) days written notice at any time without assigning any reasons.

b) Repayment:

i) All payments to be made by the borrower under this letter shall be made in the currency in which the facilities were made or any other available freely transferable and convertible currencies with same day value date.

ii) If as the result of any enactment or making of any applicable law or regulation or directive or in the interpretation thereof by any authority charged with its administration or compliance with any request (whether or not having any force of law) of the Bank of Tanzania or other comparable authority or for any other reason whatsoever it shall be unlawful for the borrower to give effect to this obligation to pay in such currency as stipulated in this letter, the borrower shall pay to the Bank or any receiver appointed by the Bank under the security a sufficient sum in Tanzanian Shillings as the Bank considers necessary or desirable to cover the total obligations and total liabilities actual or contingent of the borrower in such currencies at the then prevailing inter-bank rate of exchange of the Bank or if no such rate exists such other rate as may be the rate applicable to commercial banks in Tanzania in the open market at the time as conclusively determined by the Bank for purchasing such currencies with Tanzanian Shillings.

iii) If and to the extent that the Borrower fails to pay the amount due on demand, the Bank may at its absolute discretion without notice to the Borrower purchase at any time thereafter so much such currencies as the Bank considers necessary or desirable to cover

the obligations and liabilities of the borrower in such currencies at the then prevailing interbank selling rate of exchange or if no such rate exists such other rate as may be the rate applicable to commercial banks in Tanzania in the open market at the time as conclusively determined by the Bank for purchasing such currencies with Tanzanian Shillings and the Borrower hereby agrees to indemnify the Bank against all costs, charges and expenses incurred by the Bank for such purposes.

4. Interest:

i) Interest on the overdraft facility will continue to be charged on daily outstanding balance and debited to the account monthly in arrears at the Base rate plus 2%, effective 22% p.a. The bank's base rate is 20%. We reserve the right to vary the interest rate and/or the basis of computation at own discretion.

ii) Interest on the Term Loan Facility of TZS 300,000,000/- will be charged on daily outstanding balance and debited to the account monthly in arrears at the bank's Base Rate (currently 20% p.a.) minus 2%; effective 18% per annum. We reserve the right to vary the interest rate and/or the basis of computation at our own discretion, based on the change of the market conditions.

5. Appraisal Fee:

A non-refundable fee of TZS 5,500,000/- (Tanzanian Shillings Five Million Five Hundred Thousand Only) plus VAT is payable upfront calculated as follows:

- 1.1% p.a. of the Overdraft facility of TZS 200,000,000/- i.e. **TZS 2,200,000/-** plus VAT
- 1.1% flat of the Term Loan facility of TZS 300,000,000/- i.e. **TZS 3,300,000/-**

Total **TZS 5,500,000** **plus VAT**

6. Default:

In the event of any default or deviation in the purpose of utilization of the facilities, all the out standings will become due and payable immediately and the arrears amount will attract penal interest at the then applicable ruling rate.

You shall, during the currency of the facilities promptly notify us, together with full details thereof, of a happening of any event of default or breach of any other terms/conditions or occurrence of any adverse change in your business or any event of whatsoever nature, which could materially affect your ability to perform/discharge any of your obligations.

As per BOT norms, a credit facility is classified as substandard and therefore in default if an account remains in excess of the sanctioned limit or a loan installment(s) falls due and remains unpaid for 91 days and over, or transactions are no reflected in the account for a period of 61 days and over.

In the event of an account being classified as substandard as per definition above, the Bank amongst others reserves the right to take appropriate action for recovery of the outstanding and relevant costs.

In the case of a happening of any one or more events mentioned above, the total outstanding, plus accrued interest/charges shall become due and payable immediately and the arrears amount will attract interest at the then applicable ruling rate. The aforesaid interest shall automatically be applied at ruling rate without prior notification to you.

The Bank reserves the right to appoint Recovery Agents to act on behalf of the Bank in case of default. The cost and consequences of the appointment of the said Agents to recover the defaulted amounts will be your responsibility.

7. Security:

The above mentioned facilities will be collaterally secured by the following:

(i) First Legal and continuous mortgage over property with title no. 20507 LR Mwanza, located on Plot No. 1365 Block 'A', North Buswelu Area – Mwanza City, registered in the name of Fredica William Mgaya valued in October,2019 and having forced sale value of TZS 528,000,000/- (Tanzanian Shillings Five Hundred Twenty-Eight Million Only) ***(To be upstamped and charged for TZS 500,000,000/- plus interest and other charges)***

(ii) First Legal and continuous mortgage over property with title no. 24787 LR Mwanza, located on Plot No. 256 Block 'B', Ilemela Area – Mwanza City, registered in the name of Edward Barnabas Njau valued in October,2019 and having forced sale value of TZS 51,750,000/- (Tanzanian Shillings Fifty-One Million Seven Hundred Fifty Thousand Only) ***(To be upstamped and charged for TZS 500,000,000/- plus interest and other charges)***

(iii) Specific debenture over the machinery to be procured with Net Book Value of TZS 98,730,000/- as per invoices submitted. ***(To be varied and charged for TZS 500,000,000/- plus interest and other charges)***

(iv) Fixed and floating debenture over all current and future assets of the company with Net Book Value of TZS 1,058,425,758 as per the Management accounts of the company as at July 31st, 2019. ***(To be varied and charged for TZS 500,000,000/- plus interest and other charges)***

(v) Personal, Joint and several guarantees of the following directors of the company;
- William H. Mgaya
- Fredrica W. Mgaya

(vi) Personal guarantee of Edward Barnabas Njau

8. Valuation Report:

We may require from time to time up to date valuation reports in respect of the properties under charge to us as securities and referred to in paragraph 7 (i) & (ii) above from one of our approved valuers whose prior appointment will be mutually agreed upon. The value of the property covered under the charge shall not be less than the amount indicated under said paragraph.

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As per Bank of Tanzania regulations, any property pledged as security against credit facilities has to be re-valued every three years (3) from the date of last valuation.

The said valuation report will be requested for directly by us and shall be forwarded to us by the said valuers with suitable information given therein that the reports are to be used by us for mortgage purposes. The cost of the said valuation will be borne by you. We reserve the right to value our securities at any given time during the tenure of the credit facilities at your expense.

9. Insurance:

Kindly furnish us the under-mentioned insurance policies duly endorsed in our favor from one of our approved insurance companies. All the costs of affecting such insurance will be borne by you.

Property referred to in paragraphs 7. (i) & (ii) above	Insurance policies covering damage resulting from fire and allied perils, e.g. flood, earthquake etc. Minimum sum insured for the property should not be less than the open market value of the structures on them.
Assets referred to in paragraph 7 (iii) & (iv) above	Insurance policy covering stocks against damage resulting from fire, burglary and all the related special perils, e.g. flood, earthquake etc. Minimum sum insured for the assets should not be less than the prevailing book values.

The said insurance policies shall be kept in force (without change in the cover as detailed above) until all the credit facilities, together with interest due thereon, are fully repaid. Furthermore, the policies should bear an endorsement to the effect that we are jointly insured and that the proceeds for payment in the event of a claim, the cheque for payment will be issued directly to us.

These policies to also contain endorsements to the effect that:

(a) Our interest will not be prejudiced by any neglect or default of the borrower or any occupier of the building (subject to lender paying any additional premium in respect thereof).

(b) We will be notified of the policies' renewal date and confirmation of premium payment thereof.

(c) We will be informed before any changes are proposed to be made to the policy

(d) We will be notified if there is any breach of warranty or other matter affecting the policy and be given an opportunity to remedy the same before the insurers can exercise any right to invalidate cover;

(e) In case of non-renewal of the policy by you, we reserve the right to debit your account and pay the insurance premium.

(f) However, the responsibility for insuring the assets adequately shall be yours and the Bank shall not be liable for any loss on account of insurance lapsing.

Further by virtue of this letter you authorize us to debit your account to pay the insurance premium if we do not receive the renewed policy 7 days before the expiry of the existing policy.

10. Documentation:

All legal documents shall be prepared by our panel Advocates and shall contain in addition to the terms herein contained, all our standard loan conditions. All legal charges including Advocates' costs, stamp duties and registration fees will be paid by you.

11. Conditions Precedent:

It is a condition of this offer that, the drawdown of the facilities shall be subject to fulfilment by the borrower and the guarantor(s) of the conditions precedent listed below;

i. The borrower and the guarantor(s) have to sign this letter of offer to evidence their acceptance.

ii. The above offer is open for acceptance for a period of fifteen (15) days from the date of this letter. If the offer is not accepted and returned to the Bank within the time stipulated, it shall be deemed to have been withdrawn.

iii. 50% of the appraisal fees are due and payable on issuance of this letter of offer and the balance 50% on the acceptance of this offer.

iv. Execution of all charge creation documents by the borrower and the guarantor backed by Board Resolution and the same should be certified as complete documents by the Bank's Advocate.

v. Registration of the security documents with the Land Registry / BRELA as applicable.

vi. Submission of current insurance policies with DTB name noted as first loss payee on the assets offered as security (stock, vehicles, machinery & equipment, property as the case may be) and current year's land rent receipts.

vii. The borrower shall complete and submit the bank's Social and Environmental Questionnaire with supporting documents as applicable.

12. Post availment Conditions:

i. It is a condition to this offer that all sales turnover will be routed through your account with DTB.

ii. Further your current/overdraft accounts with us has to reflect reasonable turnover. Failure to route turnover through the above accounts would attract penal interest on the outstanding amount and continued default can result revocation of the aforesaid facilities.

iii. During the confirmation of the credit facilities, you shall submit to us:

a) Copies of your annual audited accounts every year within 180 days of the closing of the financial year of your company.

b) You shall also, furnish us from time to time and promptly upon request by us, with all such information as we may reasonably request concerning the business, assets, liabilities, operations and financial condition of your company.

iv. You have to abide by the environmental and social regulations and obtain necessary clearances stipulated by the regulatory authorities such as NEMC, TFDA, OSHA, Labour, Immigration Authorities and any other authority as stipulated under the Laws of Tanzania. In case, the Authority stipulates any condition to be complied with, you shall take necessary actions to meet the conditions stipulated within the time period prescribed by the Authorities. The obligation to ensure compliance with the laws and regulations of the United Republic of Tanzania rest with borrower and you will be fully liable for any consequences of non-compliance.

v. During the currency of the facility, you shall restrict the activities on the security as specified in the relevant title. You shall not use the properties pledged as security or permits the same to be used contrary to any statute or ordinance or rule or regulation made there under or for any unlawful purposes.

vi. The borrower will not borrow from any other financial institution without the DTB's prior written consent.

vii. The Bank will be given first option for import/export/ foreign exchange business and for fresh funding.

viii. You shall be required to produce documentary evidence showing that the municipal rates and the land rent in respect of all the properties mentioned under security clause for the current year have been paid. Also, you shall continue providing us with the said documentary every year immediately after the said charges become due for payment by you to the respective Government authorities, until your indebtedness to us is fully liquidated. By virtue of this letter you are authorizing us to debit your account and arrange payment of the land rent if you do not furnish us the land rent paid receipts.

ix. The borrower shall not without the prior written consent of the Bank effect any material change in ownership by lending new Shareholders nor undertake or permit any arrangement or reconstruction of its present constitution.

x. You hereby expressly agree that the bank may: -

a) Make inquiries from any bank, financial institution or any approved credit reference bureau in Tanzania to confirm any information provided by you.

b) Seek information from any bank, financial institution or any approved credit reference bureau when assessing you at any time during the existence of the facility.

c) Disclose to any approved credit reference bureau information relating to your account maintained at the bank.

xi. By accepting this letter of offer you authorize us to debit your current account with us towards the following:

a) Appraisal fees.

b) Legal / advocates fees and any other statutory charges for documentation and completion.

c) Insurance premiums of collateral securities, if the same are not furnished 15 days before the expiry date.

d) Valuation report for the assets offered as security

e) Land Rent

xii. In respect of unutilized overdraft limit, any drawing above TZS 100 million shall be done with one working day prior notice.

13. Other terms and conditions:

i. All securities, agreements, obligations given by the borrower shall continue to be valid and binding notwithstanding any change in constitution of the borrower.

ii. All other charges shall be payable as per Tariff card published from time to time.

iii. You hereby expressly agree that in respect of your liability hereunder, we shall have a lien/charge on all securities belonging to you now or hereafter held by us whether in safe custody or otherwise howsoever and also on all moneys now or hereafter standing to your credit with us.

iv. In case the turnover during a calendar quarter is not equivalent to the limit amount, the Bank at its discretion, has the right to levy from the succeeding month penalty interest of 5% per month.

v. Balance over the limit fee at a flat rate of 0.25% per quarter on all excesses with a minimum fee of TZS 25,000/- per occurrence will be charged.

vi. Upon liquidation of the facilities, a flat fee of TZS 500,000= will be charged for preparation of discharge documents.

vii. The bank reserves the right to charge interest at a penal rate of 20% p.a. above the contracted rate on the expiry of the limit, in case the required information for renewing the limit has not been submitted by you or the operations in the account does not justify the renewal of the limit. Further an appraisal fee at 0.25% p.m. of the sanctioned limit per month or part thereof will be charged till the annual review of the facilities is duly completed.

viii. Any excess over the overdraft facility will attract additional interest at the rate of 20% p.a. for over and above the interest rate charged to the account.

ix. Any arrears in the loan repayment shall attract penal interest at 20% p.a. over and above the interest rate charged to the account on reducing basis or the ruling rate, whichever is higher, or such other rate as may be determined by us from time to time.

x. In the event of your desiring premature liquidation of the Term Loan, a penalty equivalent to three (3) months interest on the balance of Term Loan payable as per the original repayment schedule will have to be paid.

xi. Interest shall accrue from day to day, will be calculated on the basis of the actual number of days elapsed by 365 days a year. The interest will be debited to the accounts with us monthly in arrears and will be compounded in the event of not being punctually paid with monthly rests. Further, the rates are subject to change depending on market conditions.

xii. We may at any time and without notice to you combine or consolidate all or any of your accounts with and liabilities to us and set off or transfer any sum or sums standing to the credit of any one or more such accounts in or towards satisfaction of your liabilities to us on any other account or in any other respect whether such liabilities be actual or contingent, primary or collateral joint or several, existing or future.

xiii. The bank reserves the right to debit your overdraft account or any other account with us for recovery of amounts including installments of term loans costs, expenses or charges and by accepting this letter of offer you specifically agree and undertake to indemnify the bank against any action, losses or claims on account of so doing.

xiv. Without prejudice to any equitable right of consolidation, it is hereby expressly declared that no asset of yours which now is or may hereafter be subject to a mortgage or charge in favour of or vested in us shall be redeemed except on payment not only of all moneys thereby secured (but also of all moneys hereby secured).

xv. The Bank reserves the right of appointing Collateral Manager at any time should, in the opinion of the Bank, circumstances so demand. Should a Collateral Manager be appointed, the costs associated with his engagement will be borne by the customer.

xvi. Stock/ Property Inspection, environmental and social compliance inspection will be carried out at quarterly/ semi-annual intervals or as dictated by the Bank at mutually convenient times. All costs including travel, accommodation incurred in this exercise will be for the account of the borrower.

xvii. The bank at its discretion may accept requests for changes in terms of repayment subject to extant BOT guidelines. However, such requests will require an entire reappraisal of the Loan and will attract fresh appraisal fees and revision of interest rate.

xviii. The appraisal fees referred to shall not be refunded by us, in case you decide not to take any of the facilities from us. In addition, we shall not refund it proportionately,

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should you decide to liquidate the facilities prematurely. Payment of this fee to us shall also not be taken into account, should we decide to raise the interest rate during the currency of the facilities.

xix. Further by virtue of this letter you authorize us to debit your account to pay the insurance premium and fresh valuation report if we do not receive the renewed policy seven (7) days before the expiry of the existing policy. Also, a penalty fee of 0.25% will be charged to your account for each month the insurance policy or valuation report is delayed.

xx. We reserve the right to withhold disbursement of the facilities or withdraw this offer without assigning any reasons prior to release of the facilities.

Acceptance of Offer:

Kindly signify your acceptance of the foregoing by signing and returning to us the attached duplicate copy of this letter under your company's seal along with supporting Board Resolution.

Yours faithfully
For and on behalf of
DIAMOND TRUST BANK TANZANIA LIMITED

Ezra Shandu
ASST. MANAGER
MWANZA MAIN BRANCH

Betty Rupia
HEAD
CORPORATE BANKING

WE HEREBY ACCEPT THE TERMS AND CONDITIONS OF THE LETTER OF OFFER: DTB/CB/4074/2019 DATED 05TH DECEMBER, 2019 AS SET OUT ABOVE.

For and on behalf of

The Directors
Sign Warehouse Limited
P. O. Box 1577
Mwanza

BY: _____
DIRECTOR

SEAL: _____

BY: _____
DIRECTOR/
COMPANY SECRETARY

DATE: 8/12/2019

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AS GUARANTORS WE HEREBY ACCEPT THE TERMS AND CONDITIONS OF THE LETTER OF OFFER REF: DTB/CB/4074/2019 DATED 05TH DECEMBER, 2019, AS SET OUT ABOVE.

BY: _____ DATE: 8/12/2019
WILLIAM H. MGAYA

BY: _____ DATE: 8/12/2019
FREDRICA W. MGAYA

BY: _____ DATE: 8/12/2019
EDWARD BARNABAS NJAU

I, THE SPOUSE OF FREDICA WILLIAM MGAYA, HAVE READ AND UNDERSTOOD THE CONTENTS OF THIS LETTER OF OFFER REF: DTB/CB/4074/2019 DATED 05TH DECEMBER, 2019 AND HEREBY GIVE MY CONSENT TO MORTGAGE THE PROPERTY MENTIONED UNDER CLAUSE 7 (I)

BY: William Mgaya _____
NAME SIGNATURE

8/12/2019
DATE

BEFORE ME

Signature: _____

Name: FIDELIS CASSIAN NYCHOMBE

Postal Address: 166 MWANZA

Qualification: **COMMISSIONER FOR OATH**.

FIDELIS ADVOCATE NOTARY PUBLIC & COMMISSIONER FOR OATHS P.O. Box 166, MWANZA

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I, THE SPOUSE OF EDWARD BARNABAS NJAU, HAVE READ AND UNDERSTOOD THE CONTENTS OF THIS LETTER OF OFFER REF: DTB/CB/4074/2019 DATED 05TH DECEMBER, 2019 AND HEREBY GIVE MY CONSENT TO MORTGAGE THE PROPERTY MENTIONED UNDER CLAUSE 7 (II)

BY: ELIZABETH MJAU
NAME

SIGNATURE

8/12/2019.
DATE

BEFORE ME

Signature: _____

Name: FIDELIS CASSIAN MTEWELE

Postal Address: 166 MWANZA

Qualification: **COMMISSIONER FOR OATH**.

FIDELIS CASSIAN MTEWELE
ADVOCATE
NOTARY PUBLIC
&
COMMISSIONER
FOR OATHS
P.O. Box 166, MWANZA