

Our Ref: TIB/ORG/38/VOL.XX/23

23rd April 2020

The Managing Director
Msagara Investment Company Limited
P.O. Box 15711
DAR ES SALAAM

Dear Sir,

RE: CREDIT FACILITY – REVISED INDICATIVE TERMS

Reference is made to our indicative term sheet issued to you on 14th April 2020 and your letter dated 17th April 2020 then followed by an online zoom meeting on 22nd April 2020 requesting the bank to amend some of the terms and conditions therein in respect of the credit facility of TZS 4,000,000,000.

We are pleased to inform you that the bank has agreed to amend the terms as follows:

Amount: TZS 4,000,000,000 (Tanzania shillings four Billion only).
Borrower: Msagara Investment Company Limited (also referred to as 'the company').
Lender: TIB Development Bank Limited (also referred to as 'the bank' or 'TIB').

Terms and Conditions

Facility: Medium Term Loan.
Purpose: To part finance purchase of cotton gauze processing machines to be used in the production of absorbent cotton gauze.
Availability: In Tanzania Shillings after fulfilment of conditions precedent.
Disbursement: Payment for the machinery cost shall be made directly to the supplier of machinery through a red clause letter of credit (LC) which will provide immediate payment of 50% on receipt of the LC and remaining 50% paid after presentation of documents under LC.
Repayment: The principal amount is repayable in sixty (60) months instalments after a grace period of twelve (12) months.
Grace Period: Eighteen (18) months counted from the date of first drawdown. Interest and principal shall start to be paid as soon as the grace period ends.
Tenure/Expiry Date: The facility expires after sixty (60) months excluding the grace period of twelve (12) months by which date the full amount shall have been repaid.

Terms and Conditions Applicable to Loan Facility

Interest Rate: The applicable interest rate will be 15% per annum, charged daily on the outstanding amount and debited quarterly from the account. The bank reserves the right to vary the applicable base rate with notice to the Borrower.

Penalty Rate: Any principal or interest amount that remains unpaid after due date shall be charged a penalty at the rate of 2% per annum and remain payable on demand.

Appraisal Fee: Non-refundable fee of 0.5% of the total facility (i.e. TZS 20,000,000)

The stated fees shall be paid into the account detailed below;

Account number: 004 2000001 00001

Account name: TIB Development Bank Ltd

Banker: TIB Corporate Bank

Swift Code: TAINZTZXXX

Legal Documentation : Msagara Investment Company Limited will meet all costs of filing and registering of the legal documents, payable to relevant authorities and/or third parties.

Security: Provide collateral security items worth 125% of the loan value.

The security shall include:

- i. Debenture creating a first ranking charge over all the fixed assets of the company, both moveable and immovable, present and future, where so ever and how so ever, including but not limited to land & development, plant and machinery, office furniture and equipment; And a first ranking floating charge over all the current assets of the company, both present and future, where so ever and how so ever, including but not limited to stocks, work in progress, goods in transit or about to be shipped, goods represented by documentary bills of exchange, cash, bank balances, and book debts.
- ii. First class legal Mortgage over the property located on plot No. 2509 Kitopeni area in Bagamoyo District in the name of Msagara Investment Company Limited.
- iii. Plant Machinery and equipment financed by TIB Development Bank and factory buildings to be located in the project site.
- iv. Personal guarantee of the main shareholders namely Dr. Said Ally Binzoo and Mr. Faraji Ally Binzoo.
- v. Credit guarantee from a reputable institution.

Likely Conditions Precedent:

Utilisation of the above facilities will be allowed after fulfilling the following:

- i. Submission of a Board of Directors Resolution accepting the facilities on the terms and conditions of the letter of offer.

- ii. Opening of a bank account with TIB Corporate Bank or any other commercial bank that will be suggested by TIB Development Bank.
- iii. Payment of non-refundable appraisal fee of 0.5% of the total facilities amount (i.e. TZS 20,000,000).
- iv. Submission of an undertaking to meet the required equity contribution.
- v. Depositing at least TZS 1 million to meet legal documentation fees and expenses.
- vi. Purchase of insurance cover in respect of all assets financed and mortgaged to TIB. TIB shall appear as the first loss payee.
- vii. Submission of current land rent receipts and service charges clearance certificate for the mortgage property.
- viii. Submission of recent valuation report of the mortgage property. The valuation shall not be more than six (6) months old and ought to be carried out by a TIB approved valuer.
- ix. Submission of an undertaking to meet any cost overrun of the project.
- x. Submission of an undertaking letter confirming that the company will route all sales proceeds from the project through their account with TIB or any other bank approved by TIB Development Bank.
- xi. Execution of security documentation and their registration with relevant authorities.
- xii. Submission of documents of title over the plot where the factory will be constructed.

Required Additional Information:

In order to facilitate our detailed appraisal please submit the following to the bank

- i. Audited accounts for the year ended 31.12.2019.
- ii. Management accounts for the period of three months between January and March 2020.


Disclaimer:

This term sheet is intended to serve only as a basis for discussion and agreement on the major terms that would apply to a credit facility from TIB Development Bank Limited (TIB), and does not in any way constitute an offer or a commitment by TIB. Any decision by the bank to invest in your company/project is contingent upon obtaining appropriate internal bank approvals and the execution of final documentation in form and substance satisfactory to TIB. The detailed terms and conditions will be set out in the final offer letter and loan documentation to be prepared in due course.


Please indicate your acceptance of the foregoing indicative terms within a period of **fourteen (14) days** from the date of this letter by signing and returning to us the enclosed duplicate copy. Take note that further processing of your application is contingent upon your acceptance of the indicative terms and payment of the 0.5% appraisal fee as well as submission of the additional information as requested.

Yours sincerely,

TIB Development Bank Limited



Joseph F. Chilambo
Manager, Business Development



Patrick M. Mongella
Director, Strategic Planning & Corporate Affairs

Date 23/04/2020

Date 23/04/2020

ACCEPTANCE FOR AND ON BEHALF OF **MSAGARA INVESTMENT COMPANY LIMITED** PURSUANT TO BOARD RESOLUTION NUMBERDATED 23/4/2020

Name: D. AMEIR BINZOU

Designation: MANAGING DIRECTOR

Address: P.O. Box 15711 DSM

Signature: 

Name: Mr. FARAJ ALLY BINZOU

Designation: DIRECTOR

Address: P.O. Box 15711 DSM

Signature: 