

Our Ref: TIB/CONS/4190/VOL.I

16th May 2023

The Managing Director,
Denels Plastics and Packaging Industries Limited,
P.O. Box 1173,
Arusha.

Dear Sir,

RE: CREDIT FACILITY- LETTER OF OFFER

Reference is made to your letter dated 13th February 2023 requesting for a credit facility of TZS 200 million.

Kindly be informed that your request has been approved, and we are therefore pleased to offer you the following.

Facility:	Medium Term Loan
Amount:	TZS 200,000,000 (Tanzania Shillings Two hundred million Only).
Borrower:	Denels Plastics and Packaging Industries Limited (hereinafter also known as "the Borrower" or the "Company").
Lender:	TIB Development Bank Limited (Also referred to as the 'bank' or 'TIB')

Terms and Conditions applicable to the facility

Purpose:	To finance acquisition of plastics processing machinery. The plant will be located at Babati town in Manyara region.
Availability:	Available for draw down in Tanzania Shillings after fulfilment of conditions precedent.
Procurement:	The borrower shall be responsible for procurement of goods and services and ensure quality and timely delivery.
Repayment:	The principal amount is repayable in 42 instalments after a grace period of six (06) months counted from the first draw down date.
Grace period:	Six (06) months counted from the first draw down date. During grace period the Borrower will service interest on monthly basis.

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Tenor/ Expiry: The facility expires after Forty-eight (48) months inclusive of the grace period of six (06) months by which date the full amount shall have been repaid.

Interest rate: The applicable interest rate will be 18% per annum, charged daily on the outstanding loan amount and paid monthly in arrears. The bank reserves the right to vary the applicable base rate with prior notice to the borrower.

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

Appraisal fee: The non-refundable appraisal fee of 1.28% of the approved loan amount (i.e TZS 200,000,000) payable upfront (Already paid).

Cost related to port clearance charges, inland freight, and commissioning:
The client is responsible for all port charges and taxes, freight cost and commissioning cost for the imported machinery.

Additional equity contributed upfront:
Deposit of an additional equity of TZS 50.0 million to cover for working capital and servicing of interest during grace period. The amount of working capital net of interest charges for six months will be refunded to the Borrower's account. The request is subject to completion of machinery port clearance. The stated amount should be paid to the below account details: -

Account Number: 011103020007

Account Name: TIB Development Bank Limited

Banker: NBC Bank

Prepayment fee: Early settlement of the loan will be allowed at zero costs.

Disbursement Payments for the costs of machinery shall be disbursed to the supplier of machinery appointed by the borrower through borrower's account. Borrower shall submit to the bank written instructions accompanied with valid proforma invoices for the bank to make payments. All charges and fees in relation to the payment mode shall be borne by the Borrower.

Governing Law: The laws of the United Republic of Tanzania shall govern this credit facility and in case of conflicts the matter shall be determined by High court commercial division.



Legal documentation fees: The borrower shall meet costs associated with the preparation and registration of legal documents as follows:-

- i. Deposit of TZS 1 million in TIB designated account.
- ii. Pay the actual cost for filing and registering the legal documents, payable to relevant authorities and/or third parties upon receipt of demand/fee notes in the event the deposited TZS 1 million is not sufficient.

Security: The proposed facility will be secured as follows: -

- 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. 1 block 'Y' with Title No 1148 MNY situated at Komoto area in Babati town in the name of Denels Plastics and Packaging Industries Limited.
- iii. Personal guarantee of the main shareholders namely Deogratus Liberatus Shayo and Neema Fanuel Mduma.
- iv. Cross company guarantee of Denels Company Limited.

Conditions Precedent: Utilization of the above facility will be allowed after: -

- i. Submission of a Board of Directors Resolution accepting the facility on the terms and conditions of the Letter of Offer.
- ii. Depositing TZS 1,000,000 to TIB designated account to meet legal documentation fees and expenses.
- iii. Depositing TZS 50,000,000 to TIB designated account as an additional equity to the project.
- iv. Purchase of a comprehensive insurance cover by the Borrower in respect of the landed property and against all risks which they may be exposed to with the TIB Development Bank being first loss payee.
- v. Submission of latest annual return filed with Registrar of companies.
- vi. Submission of latest tax clearance certificate.
- vii. Submission of annual land rent of the mortgaged 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 in excess of the provided fund.



- x. The Borrower shall undertake to submit standing order instructing its banker to transfer to TIB Development Bank Account amount enough to meet loan instalments.
- xi. Execution of security documentation and their registration with relevant authorities.

Provided that:

In the event the Conditions Precedent shall not have been met within six (6) months from the date of the Letter of Offer, the bank shall conduct a new assessment to reflect the current status of the project.

Specific conditions: The facility shall have the following specific conditions:-

- i. The borrower shall pay for all statutory charges including annual land rent, property tax, annual return filling fees and other charges before 30th June of each year for as long as any amount of principal or interest remains outstanding.
- ii. The Borrower shall submit to the bank on quarterly basis report on sales proceeds, stock and bank statements from its banker not later than the 30th day of the following quarter.
- iii. The Borrower shall submit standing order instructing its banker to transfer to TIB Development Bank amount enough to meet loan instalments after grace period.
- iv. Purchase of a comprehensive insurance cover by the Borrower in respect of the machinery to be acquired and against all risks which they may be exposed to with the TIB Development Bank being first loss payee.
- v. The Borrower shall submit NEMC certificate twenty-four months after the date of the offer letter.

General Conditions: -

- i. **Insurance:** The primary obligation to insure the assets of the Company (including those to be financed by and mortgaged to TIB) rests with the Borrower. In this respect, the Borrower shall keep all assets of the Company and those mortgaged to TIB insured against all perils throughout the loan tenure. The insurance shall be taken with a reputable company acceptable to TIB. The Borrower shall submit to TIB the list and values of the assets and the existing insurance policy (where applicable). The Insurance shall specify the amounts to be insured, risks to be covered, period of cover and TIB shall appear as the loss payee. The renewed insurance cover shall reach the bank (TIB) at least 14 days before expiry of the existing policies. Failure to renew the insurance on time shall cause event of default that will necessitate the bank to recall the facility and institute recovery measures.



- ii. The Borrower shall submit to the bank quarterly returns on sales, stock and debtors in a format acceptable to the bank not later than the 30th day of the following quarter.
- iii. The Borrower shall submit audited financial statements within six months of the end of the accounting year. The statements are to be audited by current registered Auditor with The National Board of Accountants and Auditors (NBAA).
- iv. The borrower shall submit annual returns filed by BRELA every year until the loan is fully liquidated.
- v. The Borrower shall inform the bank in advance of the intention of any further borrowing with other financial institutions.
- vi. The borrower shall inform and seek consent from the bank in advance on the intention of disposition of company shares above 25% and change of control of company.

Consent Clause: The Borrower agrees and authorizes TIB or Credit Reference Bureau approved by the Bank of Tanzania (BOT) to:

- i. Make inquiries from any bank, financial institution or BOT approved credit reference bureau in Tanzania to confirm any information provided by the Borrower.
- ii. Seek information from any bank, financial institution or BOT approved credit reference bureau when assessing the Borrower at any time during the existence of the Borrower's account.
- iii. Disclose to BOT approved Credit Reference Bureau information relating to Borrower's account maintained at the bank.

Cancellation/ withdrawal of the facility:

The facility can be cancelled or withdrawn if, in TIB's sole opinion, there is unfavourable material change in relation to the Borrower's financial position and / or adherence of the terms of the contract and /or business performance and/or economic environment.

Taxes: All payments/repayments should be net of and free from any taxes, withholdings and deductions.

Required Legal documentation:

- a) Credit facility agreement.
- b) Debenture
- c) Guarantee
- d) Mortgage
- e) Any other documents that may be required by the bank from time to time.

Representation and Warranties:

The Borrower hereby represents and warrants the following:

- a) Corporate authority to enter into this agreement.
- b) No unfavourable material change affecting the business.



Events of Default:

The following shall constitute events of default and either cause cancellation/ withdrawal of the facility or incur penalties as specified in the Credit Facility Agreement:

- a) Invalidity or non-perfection of security
- b) Breach of representation or warranties.
- c) Material changes in ownership or management.
- d) Failure to perform as provided for in related agreements.
- e) Failure to pay indebtedness when due.
- f) Breach or non-compliance with any of the conditions stated above.

These terms and conditions are not exhaustive. Any matters which may not have been covered herein shall be covered in the respective credit facility agreements. This offer is valid for your acceptance for a period of 21 days, subject to the above stated conditions.

It is our belief that the facility will meet your project requirements, and we look forward to a lasting and mutually beneficial business relationship.

Please indicate your acceptance of the foregoing by signing and returning to us the enclosed duplicate copy of this letter.

Yours sincerely,
TIB Development Bank Limited



Joseph Chilambo
Ag. Director Planning and Business Development

Date 16/05/2023



Menson L. Ngahatilwa
Director, Legal Services

Date 16/05/2023

WE, DENELS PLASTICS AND PACKAGING INDUSTRIES LIMITED PURSUANT TO BOARD RESOLUTION NUMBER OF HEREBY ACCEPT THE CREDIT FACILITY OFFERED BY TIB DEVELOPMENT BANK LIMITED UNDER THE ABOVE TERMS AND CONDITIONS.

SEALED with the COMMON SEAL of
The said DENELS PLASTICS AND PACKAGING INDUSTRIES LIMITED
And DELIVERED in the presence of us
This 22 day of May, 2023



Name: DEOGRATIUS L. SHAYO

Designation: MANAGING DIRECTOR

Address: P.O BOX 1173,

ARUSHA
Signature: [Signature]

Name: NEEMA F. MDUMA

Designation: DIRECTOR

Address: P.O BOX 1173,

ARUSHA
Signature: [Signature]

M/M