



Our Ref: IMT/ETL/315/2023
Date: 11TH SEPTEMBER 2022
To: EMCO TANZANIA LIMITED
Company registration number: 3780
Registered office: PLOT NO. 180, SAZA ROAD DAR ES SALAAM
Postal address: 2924 DAR ES SALAAM
Telephone number: 0784 782 637
Fax number: N/A
Email: kk@kioglass.com

Dear Sirs

RE: CREDIT FACILITIES FOR EMCO TANZANIA LIMITED

With reference to your request, we are pleased to advise you, the Borrower, that your application for New Term Loan facility has been approved by the Bank subject to the availability of funds and subject to your securities hereunder mentioned proving satisfactory and acceptable to us and also to your acceptance and compliance with the following terms and conditions:

1 Facility and Purpose

- 1.1 **TZS. 3,746,000,000/- (Tanzania Shillings Three Billion Seven Hundred Forty Six Million Only)** as New Term Loan Facility.
- 1.2 The purpose of the New Term Loan Facility is to partly finance purchase of a hotel property under current ownership of Amani Beach Resort Limited.

2 Security/Guarantee(s)

- 2.1 The obligations of the Borrower in respect of the Facility (and all of your other present and future obligations to us) are to be secured/guaranteed by the following Security, such security to be in such form and substance satisfactory as the Bank may determine from time to time:
 - i) Proposed Legal Mortgage over property on Plot No 1,2, 4-7, Block 'A' Amani Gomvu area, Temeke municipality, Dar es Salaam vide CT No. 43366 in the name of M/s Amani Resort Limited. (To be transferred into the name of Emco Tanzania Limited **(Charge to be created to secure TZS. 4,683,000,000/-)**)


I & M BANK (T) LIMITED

Corporate Office, Maktaba Street, P.O. Box 1509, Dar es Salaam, Tanzania.


Tel.: +255 (0) 784 107999; Fax: +255 (22) 2127336

Email: invest@imbk.co.tz Website: www.imbankgroup.com/tz

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- (vii) The Borrower shall be required to provide insurance policies to cover the pledged securities from an insurance company in the bank panel with interest of the bank noted as loss payee.
- (viii) The Borrower shall ensure to route all of hotel business proceeds / transactions through the account operating at I&M Bank (T) Limited.
- (ix) The Borrower should ensure that rental proceeds from leasing of other properties are to be routed through I&M Bank (T) Limited in case of any shortfall in loan repayment commitment under this arrangement.
- (x) The Borrower should ensure that duly executed sale agreement is submitted to the Bank prior to disbursement of the facility and for our records.
- (xi) The Borrower shall be required to open an Escrow account with I&M Bank (T) Limited and deposit their portion of contribution which is 50% of the sale price through the said account.
- (xii) The Borrower shall ensure that all hotel operating licenses are furnished to the Bank on annual basis.
- (xiii) The Borrower shall be required to submit a written undertaking to the Bank that any cost overruns shall be met by the company from own other sources supported by shareholders up to full liquidation of the facility.
- (xiv) The Borrower shall ensure to route maximum forex and transactional business transactions through I&M Bank (T) Limited.
- (xv) The Borrower should note that no prepayment penalty fee will be charged for early loan repayment and therefore if there will be excess funds the company may opt to repay the debt.
- (xvi) At the discretion of the Borrower, in the event that the Borrower and/or any of its Subsidiaries has a regional presence where the Bank and/or its subsidiaries operates, then, 100% of the business collections of the Borrower and/or its subsidiaries shall be routed through the Borrower's and /or its subsidiaries' account held with the Bank and/or the Bank's subsidiaries.
- (xvii) The Borrower will notify the Bank for any inter-company lending/borrowing done which will not be unreasonably withheld.
- (xviii) The Borrower will be required to advise the Bank immediately if there is any change of directors or any other change e.g diversification, shareholding and or business objectives.
- (xix) The Borrower will not be allowed to dispose off/or pledge any fixed/moveable assets and/or any immovable property to create security over any borrowings from other lenders without the Bank's prior consent in writing which will not be unreasonably withheld.

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denominated in Shillings, a 365 day year and where it is denominated in a currency other than Shillings, a 360 day year.

5.3 Default Interest Rate

- (i) Any sum (whether in respect of interest, fees, costs or otherwise) which the Borrower fails to pay when due may, at the discretion of the Bank, be treated as if it were part of the Loan for the purposes of this paragraph 5 and the Borrower shall pay interest to the Bank at the Default Rate being 2% on all such monies due, such interest to accrue from the date on which such monies became due until actual payment of such monies in full (together with interest). The Borrower acknowledges and agrees that the Default Rate represents a reasonable pre-estimate of the loss to be suffered by the Bank in funding the default of the Borrower.
- (ii) The Borrower agrees that the default interest represents a reasonable pre-estimate of the Bank's losses arising by reason of any default on the part of the Borrower.

5.4 Interest Capitalisation

The Bank may, at its discretion, permit the whole or any part of the interest accruing on the Loan to be capitalised, in which event the amount of any such interest shall be added to the principal amount of the Loan and shall accordingly be debited to the Borrower's loan account on such dates as the Bank may require. Repayment installments thereafter shall be reviewed by the Bank periodically in accordance with paragraph 7.3 below.

5.5 The statement of the Bank as to the rate, mode or amount of interest payable shall, in the absence of manifest error, be conclusive.

5.6 The Bank reserves the right to vary the interest rates based on the market conditions and other factors and upon Notification of the revision of the interest rates, if the borrower is not keen to accept the revised interest rate, he may choose to do so, however the facility provided by the Bank, stands withdrawn within 7 days from the date of this communication and he has to arrange to make payment of the entire outstanding within 30 days.

6 Fees

6.1 You shall pay to us by debit to your account with the Bank, consent to such debit is being provided by execution of this letter:

- (i) The Borrower will be charged a **0.56% flat + VAT** of the total amount of the New Term Loan facility as Loan processing and administration charges and the Company will bear any other additional or incidental costs.
- (ii) The Borrower shall be required to pay Any Non Utilisation Fee at the rate of 5% calculated on a daily basis, from the date falling ninety days after the date

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8.2 Application

Any amount prepaid pursuant to paragraph 8.1 above shall satisfy, to the extent of such prepayment, the Borrower's obligations under paragraph 5 above and such amount shall be applied so as to reduce those obligations in reverse order. Any amount prepaid may not be redrawn.

8.3 Prepayment fee

The Prepayment Fee being 2% of the amount being prepaid will not apply under this arrangement.

8.4 Cancellation

The Borrower shall be entitled to cancel the whole or any part of the undrawn Facility by giving not less than seven (7) days' prior notice in writing to the Bank (which notice once given shall be irrevocable), whereupon the amount of the Facility shall be reduced accordingly; and the Bank shall be entitled to cancel the whole or any part of the undrawn Facility forthwith if the Bank determines that circumstances are such that the Facility shall be cancelled for the time being until further notice.

9 Payments

9.1 No Withholding, grossing up

All payments by the Borrower under the Facility, whether of principal, interest, fees, costs or otherwise, shall be made in full in immediately available funds, without set-off or counterclaim and free and clear of any deduction or withholding on account of tax or otherwise. If the Borrower is required by law to make any deduction or withholding from any payment due under this Letter, the sum due from the Borrower in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Bank receives a net sum equal to the sum which it would have received had no such deduction or withholding been required.

9.2 Debits

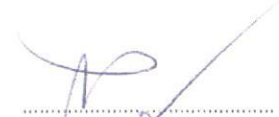
Without prejudice to paragraph 5.4 above, the Bank may, at its discretion, debit any sums (whether in respect of principal, interest, fees, costs, or otherwise) due from the Borrower to the Bank under the Facility to any account of the Borrower with the Bank, notwithstanding that any such debit may result in a debit balance or an increased debit balance on the relevant account.

9.3 Adjustment of Dates

The Bank shall be entitled to adjust the dates for the making of payments under the Facility, and the duration of Interest Periods, where in the Bank's opinion it is necessary to do so in order to comply with the law or practice from time to time in Tanzania for the purposes of the Facility.

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(vi) No Change

There has been no material adverse change in the financial position of the Borrower from that set forth in the application requesting the Bank for the Facility and in the annexures thereto (if any); and

(vii) No Default

No Event of Default or Potential Event of Default has occurred and is continuing.

(viii) No Litigation

That the Borrower is not party to any litigation of a material character and is not aware of any facts likely to give rise to such litigation or to material claim against the Borrower

Further, no suite is pending in court of law in respect of any of the properties offered by the Borrower as security to the Bank nor has the Borrower been or is being served with any notice for infringing the provision of any Act, subsidiary legislation or By Law of any local Authority.

10.2 Repetition

The foregoing representations and warranties shall be deemed to be repeated on the date of the first drawing under the Facility and on each day thereafter, by reference to the circumstances then existing.

11 Information

11.1 The Borrower shall as part of its continuous obligations provide the Bank with:


(i) Audited Accounts

Certified copies of the annual audited accounts of the Borrower (or, if the Borrower is not required by law to produce audited accounts, unaudited accounts certified by its accountants), including a balance sheet and profit and loss account (or, if the Borrower is a trustee, income and expenditure accounts) both individual and consolidated if the Borrower has Subsidiaries in each case as soon as they are available and no later than within **180** days from the end of each of the financial year of the Borrower;

(ii) Management Accounts

Certified copies of the quarterly **unaudited management accounts**, including a balance sheet, profit and loss statement, both individual and consolidated if the Borrower has Subsidiaries as soon as they are available and in any case within **45** days from the end of the period to which they relate.

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(v) Insurance

- (A) Each Relevant Party shall maintain adequate insurance in relation to all its business and assets (and in particular in respect of any properties forming part of the Security) with reputable insurance companies against risks usually insured by persons carrying on a business such as that carried on by such Relevant Party and such other risks as the Bank may from time to time reasonably require.
- (B) The Borrower shall ensure that such insurances as any Relevant Party is required to maintain in accordance with this Letter is valued by the Bank's approved valuers from time to time until such time the Bank discharges the Security.
- (C) The Bank may, in the event that such insurances as any Relevant Party is required to maintain are not promptly taken out or maintained, procure the same and shall debit the relevant charges to the Borrower's account.

(vi) Litigation

The Borrower shall, immediately upon becoming aware of it, notify the Bank of any material litigation, arbitration or administrative proceeding pending or, to the best of its knowledge, information and belief, threatened against any Relevant Party.

(vii) Notification of Event of Default

The Borrower shall immediately upon becoming aware of it, notify the Bank of the occurrence of any Event of Default or Potential Event of Default (and the steps, if any, being taken to remedy it).

(viii) Compliance with Applicable Laws and licensing requirements

- (A) Each Relevant Party shall comply with and observe all the provisions of the applicable legislation and shall obtain, comply with and promptly renew and maintain all consents, licences, approvals, rights, powers, privileges, concessions, franchises and authorizations (if any) required under any applicable law or regulation to enable such Relevant Party to carry on its business and to perform its obligations under this Letter or under the Security (as the case may be) or to ensure the legality, validity and enforceability of this Letter and the Security.
- (B) The Bank may, in the event that such provisions as any Relevant Party is required to comply with and observe are not promptly complied with and observed (such as the payment of land rent), procure the same and shall debit the relevant charges to the Borrower's account.

(ix) Cross defaults

Each Relevant Party shall comply with and observe at all times all the covenants, agreements, stipulations and conditions contained in this Letter and

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immediately notify the Bank upon the death of any trustee or the dissolution of any firm or corporation acting as trustee.

(xvi) **Environmental And Social Management**

The Borrower undertakes to ensure that it observes and perform all environmental laws (including without limitation the provisions of the Environmental Management Act (EMA), 2004 and the Occupational Health and Safety Act, 2003) the regulations, directions, and codes of practice and all covenants and stipulations from time to time and to diligently designs, constructs, operates, maintains and monitors all of its plants, sites and equipment in a safe, efficient and business-like manner.

Further the Borrower undertake not to perform any of the following activities

- i) Production or trade in any product or activity deemed illegal under Tanzania laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls, a group of highly toxic chemicals, wildlife or products regulated under Convention on International Trade in Endangered Species or Wild Fauna and Flora.
- ii) Production or trade in weapons and munitions. This does not apply to businesses which are not substantially involved in these activities i.e. the activity concerned is ancillary to the business's primary operations.
- iii) Production or trade in alcoholic beverages (excluding beer and wine). This does not apply to businesses which are not substantially involved in these activities i.e. the activity concerned is ancillary to the business's primary operations.
- iv) Production or trade in tobacco. This does not apply to businesses which are not substantially involved in these activities i.e. the activity concerned is ancillary to the business's primary operations.
- v) Gambling, casinos and equivalent enterprises. This does not apply to businesses which are not substantially involved in these activities i.e. the activity concerned is ancillary to the business's primary operations.
- vi) Any business relating to pornography or prostitution.
- vii) Production or trade in radioactive materials.
- viii) Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- ix) Drift net fishing in the marine environment using nets in excess of 2.5 kilometers in length.

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(iii) Cross Default

Any indebtedness of any Relevant Party becoming immediately due and payable, or capable of being declared immediately due and payable prior to its stated maturity by reason of the occurrence of any event of default (howsoever described), or any Relevant Party failing to discharge any indebtedness on its due date; and/or

(iv) Misrepresentation

Any representation or warranty made, or any information provided, by any Relevant Party in connection with the Facility or the Security being incorrect in any material respect when made or repeated or provided; and/or

(v) Winding-up

A petition being presented, an order being made or an effective resolution being passed for winding up any Relevant Party (except for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the Bank) or where a Relevant Party becomes insolvent or unable to pay its debts or enters into dealings with any of its creditors with a view to avoiding or in expectation of insolvency or stops or threatens to stop payments generally; and/or

(vi) Appointment of Liquidator

An encumbrancer taking possession or a liquidator, provisional liquidator, receiver, trustee, sequestrator or similar person or entity being appointed in respect of all or any of the assets of any Relevant Party; and/or

(vii) Legal Process

A distress, execution, attachment or other legal process being levied, enforced or issued against any of the assets of any Relevant Party which is not discharged or paid within seven (7) days of such levy; and/or



(viii) Suspension of Payments

Any Relevant Party suspending payment of its debts or being unable to pay its debts as they fall due or being deemed, under Section 280 of the Companies Act 2002, to be unable to pay its debts; and/or

(ix) Rescheduling of Debts

Any Relevant Party proposing or entering into a voluntary arrangement or taking or being subjected to any proceedings under any law, or commencing negotiations with one or more of its creditors, for the readjustment, rescheduling or deferment of all or a material part of its debts, or proposing or entering into any general assignment or composition with or for the benefit of its creditors; and/or

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- (A) The Bank's commitment to advance any undrawn balance of the Facility shall cease and the whole amount of the outstanding Loan and all accrued interest and other amounts owing under this Letter shall become repayable forthwith on demand in writing being made by the Bank at any time; and
- (B) The Bank may by notice to the Relevant Party in writing declare that the Security has become enforceable whereupon the Bank shall be entitled to exercise its rights under the Security.

14 Costs and Expenses

14.1 The Borrower shall reimburse the Bank on demand and on a full indemnity basis (whether or not the Facility is drawn down in whole or in part) all valuation and legal fees and other costs and out of pocket expenses (including stamp duties and VAT or similar tax or withholding) incurred by the Bank in connection with the negotiation, preparation and execution of this Letter, the creation or any revaluation of the Security, any amendment or extension of and granting of any waiver or consent or the enforcement or preservation by the Bank of its rights under this Letter or the Security or in the payment of charges, fees, levies, etc due and payable by the Borrower but which the Borrower fails or neglects to pay on the due date or otherwise in respect of any monies owing under or in respect of the Facility.

14.2 The Bank may, in the event that any such reimbursement is not promptly carried out, debit the relevant amount to the Borrower's account.

15 Change of Circumstances


The Bank reserves the right to review the terms of the Facility including but not limited to the right to demand immediate payment of any amounts outstanding in respect of the Facility:

(i) Increased Costs

in the event of any change in applicable law or regulation or the existing requirements of, or new requirements being imposed by, the Central Bank of Tanzania or any governmental, fiscal, monetary, regulatory or other authority (whether or not having the force of law) the result of which, in the sole opinion of the Bank, is to increase the cost to the Bank of funding, maintaining or making available the Loan (or any undrawn amount of thereof) or to reduce the effective return to the Bank; and

(ii) Illegality or Impossibility

if it is or becomes unlawful or impossible for the Bank to give effect to its obligations under this Letter or to fund or maintain the Facility or any of the obligations expressed as being assumed by any Relevant Party under this Letter or the Security ceases to be valid, legal and binding and enforceable against such Relevant Party in accordance with the terms thereof.

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matters referred to in paragraphs 16.1 and 16.2 above after taking into account, as far as appropriate, the discharge or reduction of the obligations of the Bank and such other factors as the Bank shall reasonably determine to be relevant.

16.4 Currency Indemnity

If for any reason, any amount payable by the Borrower under this Letter is paid or recovered in a currency (the "other currency") other than that in which it is required to be paid (the "contractual currency"), then to the extent that the payment to the Bank (when converted at the then published rate of exchange of the Bank for purchasing the contractual currency with the other currency) falls short of the amount unpaid, the Borrower shall, as a separate and independent obligation, fully indemnify the Bank on demand against the amount of the shortfall.

17 Notifications Binding

All notifications or determinations (including, without limitation, any determination of an amount payable pursuant to this Letter) given or made by the Bank shall be conclusive and binding on the Borrower, except in the case of manifest error.

18 Assignment

The Borrower shall not assign or transfer any of its rights and/or obligations in respect of the Facility. The Bank may assign or transfer all or any of its rights and/or obligations in respect of the Facility, in whole or in part, to any person or persons.

19 Set-Off

The Bank may, at any time without notice or demand to the Borrower and notwithstanding any settlement of account or other matter whatsoever, combine or consolidate all or any then existing accounts of the Borrower with the Bank (including accounts in the name of the Bank) whether current, deposit, loan or of any other nature whatsoever, whether subject to notice or not and in whatever currency denominated and whether alone or jointly held with others and wherever situated and set off or transfer any sums standing to the credit of any one or more such accounts in or towards satisfaction of any obligations and liabilities to the Bank of the Borrower (whether such liabilities be present, future, actual, contingent, primary, collateral, joint or several). The Borrower expressly waives any right of set-off that the Borrower may have, so far as is permitted by law, in respect of any claim which it may now or at any time hereafter have against the Bank.

20 Remedies & Waivers

No delay or omission on the part of the Bank in exercising any right or power in respect of the Facility shall impair such right or power and any single or partial exercise shall not preclude any other or further exercise of any such right or power or the exercise of any other right or power and the Borrower expressly agrees and covenants with the Bank that the Borrower shall not plead limitation under the Law of Limitation Act (Cap 89) or any other similar enactment. The rights and remedies

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25 Notices

25.1 Every notice, request or other communication shall:

- (i) Be in writing delivered personally or by registered post or email transmission;
- (ii) Be deemed to have been received by the Borrower when delivered personally or in the case of a notice sent by registered post seven (7) days after it has been sent or, in the case of a facsimile transmission, at the time of transmission (provided that if the date of transmission is not a Business Day it shall be deemed to have been received at the opening of business on the next Business Day); and
- (iii) Be sent:
 - (A) To the Borrower at its address specified in this Letter; and
 - (B) To the Bank at its branch address shown in this Letter,or to such other address in Tanzania as may be notified in writing by one party to the other.

25.2 All communications to the Bank shall be effective only on actual receipt by the Bank.

26 Law

This Letter and the agreement constituted by the Borrower's acceptance of the Facility shall each be governed by and construed in accordance with the laws of United Republic of Tanzania. However, nothing in this paragraph 26 shall limit the right of the Bank to take proceedings against the Borrower or any Relevant Party in any other court of competent jurisdiction, nor shall the taking of proceedings at one or more jurisdictions preclude the taking of proceedings in another jurisdiction, whether concurrently or not.

27 Acceptance

27.1 The Bank recommends that you seek independent legal advice on the terms of this Letter to help you to fully understand what the Facility involves and the potential consequences and implications for you of agreeing to its terms.

27.2 Kindly signify your acceptance of the offer contained in this Letter by signing, initialling each page and returning to us the duplicate within thirty (30) days from the date of this Letter, together with a resolution from the Borrower's board of directors certified by the chairman and/or the company secretary:

- (i) Accepting the terms and conditions of this Letter as stated;
- (ii) Authorising the execution of this Letter and each security to which it is a party;

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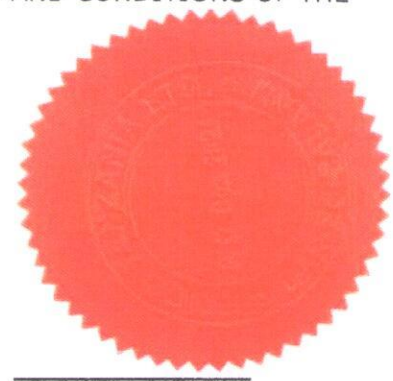
ACCEPTANCE OF OFFER

We, **EMCO TANZANIA LIMITED**, HEREBY ACCEPT THE TERMS AND CONDITIONS OF THE LETTER OF OFFER AS SET OUT ABOVE.

**For and on behalf of
EMCO TANZANIA LIMITED**

Signature : 

Name : MR. SHRAI MADHVANI



SEAL

Qualification : **DIRECTOR**

Date : _____


Signature : 

Name : MR. KUMAR KRISHNAN

Qualification : **DIRECTOR**

Date : _____

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