



INVEST. PROFIT. PROSPER

### **LOAN TERMS AND CONDITIONS**

**Konnect Initiatives Limited** (hereinafter referred to as "the Konnect") is pleased to advise that your loan, if and when approved, is subject to the terms and conditions contained herein and any other terms and conditions set out in any ancillary documents and/ or agreements to be entered into between you and Konnect.

**1. Availability**

The facility will be made available to you subject to the completion of the formalities and the terms and conditions set out herein.

**2. Material Deterioration:**

- 2.1. Konnect has the right to cancel the facility agreement or to renegotiate the terms and conditions, if there is a material deterioration in your financial position.
- 2.2. "Material Deterioration" shall mean material deterioration in Konnect's opinion and agreed to by you. If you should not agree within 14 days of being notified by Konnect that a material deterioration has taken place, then the matter will be referred to Konnect's auditors for their opinion and you agree that the opinion of Konnect's auditors shall be binding.
- 2.3. You shall advise Konnect immediately of any Material Deterioration or major changes, events or happenings in relation to anything that may affect your ability to service the facility.

**3. Conditions Precedent**

Konnect will make the facility available to you subject to the fulfillment of the following conditions precedent to the satisfaction of Konnect;

- 3.1. A written acknowledgment from you that you have read these terms and conditions and you accept the terms and conditions stipulated herein;
- 3.2. A signed loan schedule and by signing the schedule, you accept to comply with the schedule in servicing the facility.

**4. Special Conditions**

- 4.1. While the Loan Facility remains available or any amount or commitment remains outstanding to Konnect, you will provide Konnect with such further information as Konnect may require, from time to time.

**5. Default**

If you;

- 5.1. fail to make payment by the due date of any amount due in terms of the facility or any other facilities that Konnect has accorded you; or

- 5.2. breach any term, representation, warranty, undertaking or condition of this facility Letter or any other facility letter signed by you; or
- 5.3. become bankrupt, or
- 5.4. are unable to pay your debts as they become due, or
- 5.5. enter into a scheme of arrangement or compromise with your creditors, or
- 5.6. commit any act of bankruptcy or insolvency or
- 5.7. act in any way, which, in the opinion of Konnect, may have a material adverse effect on your financial condition or assets, or your ability to perform your obligations under the Facilities, or
- 5.8. have an attachment, execution or other legal process levied, enforced, or issued out on or against any of your assets or of any of your guarantors

Then in any such event, the full amount of the facility and any other facilities accorded to You by Konnect, then outstanding, and all charges accrued thereon, together with additional interest shall immediately become due and payable. In addition, Konnect shall have the right to exercise all other remedies available in terms of the laws of Uganda.

#### **6. Costs and Expenses**

You shall reimburse to Konnect on demand on a full indemnity basis (whether or not the Facilities are drawn down) all valuation and legal fees and other out of pocket expenses (including stamp duties and Value Added Tax) incurred by Konnect in connection with the creation or any revaluation of the Security or the enforcement or preservation by Konnect of its rights under this Facility or the Security (or the documents referred to in them).

#### **7. Remedies and Waivers**

Konnect's rights under this Facility are cumulative, may be exercised as often as Konnect considers appropriate and are in addition to its rights under the general law. Konnect's rights (whether arising under this Facility Letter or under the general law) will not be capable of being waived or varied, otherwise than by an express waiver or variation in writing. Any failure by Konnect to exercise, or any delay in exercising, any of such rights will not operate as a waiver or variation of that or any other such right; any defective or partial exercise of any such right will not preclude any other or further exercise of that or any other such rights; and no act or course of conduct or negotiation on the part of Konnect shall preclude Konnect from exercising any such right or constitute a suspension or any variation of such right.

#### **8. Payments**

All payments under the Facilities, 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 You are required by law to make any deduction or withholding from any payment under the Facilities, the sum due from You in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, Konnect receives a net sum equal to the sum which it would have received had no such deduction or withholding been required.

**9. Certificate**

A certificate signed by any Manager of Konnect (whose appointment or authority need not be proved) as to any amount owing to Konnect under the Facility, by the Debtor, the rates of interest and any other fact stated therein, shall, on its mere production, be *prima facie* proof of the content of such certificate.

**10. Notices**

Any notice or communication requiring to be served on You may be served on You or on any of Your officers personally by hand delivery or by post. Service by hand delivery shall be effective on actual time of delivery. Service by post shall be to the postal address on your Konnect Membership Form or to Your registered address or at some address as notified from time to time by You, and shall be deemed to have been effected five business days after posting. Notwithstanding anything to the contrary in this paragraph a written notice or other communication actually received by any party shall be adequate written notice or communication to it notwithstanding that the notice was not sent to or delivered at its chosen address.

**11. Severability**

Each provision of these Terms and Conditions is severable, the one from the other and, if at any time any provision is or becomes or is found to be illegal, invalid, defective or unenforceable for any reason by any competent court, the remaining provisions shall be of full force and effect and shall continue to be of full force and effect.

**12. Representations and Warranties**

You represent and warrant to Konnect that:-

- (i) You are a valid legal entity with capacity to enter this contract under the laws of Uganda;
- (ii) this Facility and any Security, when executed, will constitute legal, valid and binding obligations or those of the provider thereof;
- (iii) You have the power to enter into and perform in terms of the Facility and the Security, and all necessary consents have been obtained for the acceptance of the Facility, the grant of the Security and the execution and delivery of this Facility and the Security;
- (iv) the acceptance of the Facilities or the grant of the Security do not contravene any agreement or instrument to which You or the provider thereof is a party;
- (v) You are not insolvent nor have any steps been taken or are, to the best of your knowledge, threatened against you for winding up; no action or litigation is pending or, to the best of your knowledge, threatened against you which could reasonably have a material adverse effect on your business, financial condition or assets;
- (vi) there are no material facts or circumstances in respect of You, your affairs, business and operations which have not been fully disclosed which would be likely to adversely affect the decision of Konnect to advance the Facilities.

**13. General Undertakings**

While the Facilities remain available or any amount or commitment remains outstanding, You undertake to Konnect:

- (i) that You shall not cease carrying on business;
- (ii) You shall not change Your accounting policies;

- (iii) You shall not become surety, guarantor for or give indemnity on behalf of any third party or render yourself liable in any way whatsoever for the debts or engagements of any other party;
- (iv) that none of Your assets will be encumbered or further encumbered without Konnect's prior written approval, except for encumbrances in existence at the date of this Facility, full details of which were disclosed in writing to Konnect;
- (v) that You shall not sell, transfer or otherwise dispose of or attempt to sell, transfer or otherwise dispose of the whole or any substantial part of Your undertaking, property, assets or revenues, whether by a single transaction or a number of transactions (other than in the ordinary course of its business);
- (vi) that You shall not make any material change in the scope or nature of Your business;
- (vii) that You shall, immediately upon becoming aware of it, notify Konnect of any material litigation, arbitration or administrative proceeding pending or, to the best of Your knowledge, information and belief, threatened against You;
- (viii) that You shall not change Your ownership or shareholding structure without Konnect's prior written consent.

**14. Whole Agreement, Variation of Terms, No Indulgence**

The agreement created upon acceptance of this Facility shall constitute the whole agreement between You and Konnect relating to the subject matter of this Facility. No addition to, variation, or amendment, or consensual cancellation of any of the terms contained in the Facility shall be of any force or effect unless it is recorded in writing and is signed on behalf of Konnect by one of its authorised officials and accepted by You. No indulgence shown or extension of time given by Konnect shall operate as an estoppel against Konnect or waiver of any of Konnect's rights unless recorded in writing and signed by Konnect. Konnect shall not be bound by any express or implied term, representation, warranty, promise or the like not recorded herein, whether it induced the conclusion of any agreement and/or whether it was negligent or not.

**15. Availability of Funds**

Konnect shall not be liable for any failure to perform its obligations hereunder resulting directly or indirectly from the action or inaction of any government or local authority or any strike, boycott, blockade act of God, civil disturbance or for any other act which is beyond the control of Konnect.

**16. Set Off**

Konnect may, at any time without notice or demand to You and notwithstanding any settlement of account or other matter whatsoever, combine or consolidate all or any then existing accounts of Yours with Konnect or any of its subsidiaries or associated entities, whether subject to notice or not and in whatever currency denominated and whether held in Your name alone or jointly with others wherever situate 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 Konnect whether such liabilities be present, future, actual, contingent, primary, collateral, joint or several and You expressly waive any rights of set-off that You may have, so far as is permitted by law, in respect of any claim which You may now or at any time hereafter have against Konnect and Konnect may use any such money to purchase any currency or currencies required to effect such application.

**17. Assignment**

You shall not be entitled to assign all or any part of Your obligations or benefits under this Facility without the prior written consent of Konnect.

**18. Confidential Information**

You agree with Konnect that Konnect may hold and process, by computer or otherwise, any information obtained about You as a consequence of the Facility as contemplated in these terms and conditions;

You further agree that Konnect may disclose your personal data and/or information relating to You including data and information relating to this Facility and any documents referred to herein or Your assets, business or affairs whether such personal data and/or information is obtained after the Debtor ceases to be Konnect's customer or during the continuance of Konnect's relationship or before such relationship was in contemplation:

- (i) for fraud prevention purposes;
- (ii) to licensed credit reference agencies or any other creditor, if You are in breach of this Facility or any documents referred to herein;
- (iii) to its external lawyers, auditors and other sub-contractors or persons acting as Konnect's Agents;
- (iv) to any person who may assume Konnect's rights under this Facility;
- (v) if Konnect has a right or duty to disclose or are permitted or compelled to do so by law; and
- (vi) for the purpose of exercising any power, remedy, right, authority, or discretion relevant to this Facility or any other document.

You acknowledge and agree that, notwithstanding the terms of any other agreement between You and Konnect, a disclosure of information by Konnect in the circumstances contemplated by this clause does not violate any duty owed to You either in common law or pursuant to any agreement between You and Konnect or in the ordinary course of business and the customs, usage and practice related thereto and further that disclosure as aforesaid may be made without reference to or further authority from You and without inquiry by Konnect as to the justification for or validity of such disclosure.

**19. Governing Law and Jurisdiction**

This Facility shall be governed and construed in accordance with Uganda law and in case of any dispute which may arise in connection therewith, the matter shall be referred for Arbitration.

**20. Negative Pledge of Assets**

You agree not to: -

- (i) Mortgage, pledge, assign, charge, hypothecate or otherwise encumber or further encumber any of Your movable or immovable assets to secure any liability of any nature (excluding encumbrances existing at the date of this letter of offer provided that You have been advised to Konnect in writing);
- (ii) Dispose of or attempt to dispose of any of its assets for the express purpose of raising money from the said disposal, other than in the normal course of Your trading activities;

(iii) to become surety, guarantor for or give any indemnity on behalf of any third party whomsoever or render Yourself liable in any way whatsoever for the debts or liabilities of any party;

Without the prior consent of Konnect, while the credit facilities are accorded to You by Konnect, which consent shall not be unreasonably withheld. This restriction shall not apply to suspensive sale contracts entered into in the normal course of business.

**Invest! Profit! Prosper!**