



(Registered Microfinance Institution)

Untu Capital Limited

(The "Issuer") Incorporated in Zimbabwe on 29 February 2008 (Registration number 6276/2008)  
(Formerly Untu Microfinance (Private) Limited)

## US\$5,000,000 MEDIUM TERM NOTE PROGRAMME

### PROGRAMME MEMORANDUM AND PRE-LISTING STATEMENT

(Referred herein as such or as the "Programme Memorandum")

Prepared and issued in terms of the Fixed Income Board Listings Requirements of the Financial Securities Exchange (Private) Limited ("FINSEC") and the requirements of the Companies Act (Chapter 24:03)

Financial Adviser, Sinking Fund  
Manager & Receiving Bank



Arranger



Transfer Secretary, Calculation  
Agent & Payment Agent



Debt Sponsor



Guarantor



Reporting Accountant and  
Independent Auditor

**Deloitte.**

Legal Adviser



Trustee



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## PROGRAMME MEMORANDUM AND PRELISTING STATEMENT

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IN RESPECT OF AN ISSUANCE OF MEDIUM TERM NOTES OF UP TO US\$5,000,000 ISSUED AT PAR.

and incorporating a Note Application Form.

The date of this Programme Memorandum and Prelisting Statement is 01 December 2017.

### UNTU CAPITAL LIMITED

Incorporated in terms of Companies Act (Chapter 24:03) of the Laws of Zimbabwe

On 01 December 2017 or such other date Untu Capital Limited, Intellego Investment Consultants (Private) Limited (the **"Arranger"**) and MMC Stockbrokers (Private) Limited (the **"Debt Sponsor"**) may agree (the **"Issue Date"**), the Issuer will, subject to compliance with all relevant laws and regulations and Financial Securities Exchange (Private) Limited (**"FINSEC"**) Fixed Income Board Listing Requirements, issue US\$5,000,000 Medium Term Notes (the **"Notes"**).

The Notes will be issued in electronic form by default, serially numbered and with interest coupon attached on issue, and will constitute registered debt obligations of the Issuer constituted by and owing under the Trust Deed. At the request of subscribers, the Notes may be issued physically. All Notes, whether electronic or physical, will be issued in denominations of US\$50,000 for institutional investors; US\$1,000 for individuals and small to medium enterprises; US\$50 for mobile subscribers and integral multiples of US\$50,000, US\$1,000 and \$50 respectively in excess thereof. If there is any variation of this, it will be clearly stated in the Applicable Pricing Supplement.

The Notes constitute direct, general, secured, unsubordinated and unconditional obligations of the Issuer and will be preferred obligations against all other present and future unsecured obligations of the Issuer, except for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Notes may be marketed as a private offer to targeted investors. The rights of the Noteholders are governed by the terms and conditions of the Notes (the **"Terms and Conditions"**) as contained in the Trust Deed dated 06 October 2017 (the **"Trust Deed"**) between the Issuer and ZB Bank Limited (the **"Note Trustee"**). The sale of the Notes by the Noteholders will be subject to the Terms and Conditions set out in this Programme Memorandum.

Application for approval of the issuance of the Notes has been made to, and granted by FINSEC and the Securities and Exchange Commission of Zimbabwe (**"SECZ"**). As a matter of policy, FINSEC does not assume responsibility for the correctness of statements or opinions made or reports contained in this Programme Memorandum and Prelisting Statement. The approval of the Notes by FINSEC and SECZ is not taken as an indication of the merits of the Issuer or of any investment in the Notes.

To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with facts and does not omit anything likely to affect the import of such information.

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## IMPORTANT NOTICE AND DISCLAIMER

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### **THIS DOCUMENT IS IMPORTANT FOR MAKING A DECISION TO INVEST AND REQUIRES YOUR CAREFUL ATTENTION AS IT INCLUDES HISTORIC, CURRENT AND FUTURE FINANCIAL INFORMATION**

This Programme Memorandum should be read in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference").

The Arranger and the other Note Participants (including the Guarantor, the Transfer Secretary, Calculation and Payment Agent and the Note Trustee) have relied on information provided by the Issuer herein. Accordingly, to the fullest extent permitted by law, none of Arranger or the other Note Participants accept any responsibility for the contents of this Programme Memorandum (and do not provide assurance for the accuracy or completeness of the information contained in this Programme Memorandum) or for any other statement, made or purported to be made by the Arranger or other Note Participants or on their behalf in connection with the Issuer or the issue and offering of the Notes.

Neither this Programme Memorandum nor any other information supplied in connection with the Notes or their distribution is intended to provide the basis of any credit or other evaluation and should not be considered as recommendations by the Issuer, the Arranger or any of the other Note Participants that any recipient of this Programme Memorandum, or of any other information supplied in connection with the Notes or their distribution, should purchase any of the Notes.

**In making an investment decision in relation to the Notes, investors are advised to seek independent advice (from their professional advisers) on the Issuer and the terms of the Notes, including the merits and risks involved. An investment in the Notes involves risks including, but not necessarily limited to, those set out under "Risk Factors" beginning on page 24.**

No person has been authorised to give any information or to make any representations other than those contained in this Programme Memorandum and, if given or made, such information or representations must not be relied upon as having been authorised. This Programme Memorandum does not constitute an offer to sell or the solicitation of an offer to buy securities by any person in circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Programme Memorandum nor any sale made under this Programme in any circumstances implies that there has been no change in the affairs of the Issuer since the date of this Programme Memorandum or that the information contained in this Programme Memorandum is correct as of any time subsequent to its date.

Neither the delivery of this Programme Memorandum nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

None of the Arranger, the Note Participants or the Trustee will review the financial condition or affairs of the Issuer during the life of the Notes or advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, the most recently published documents incorporated by reference into this Programme Memorandum when deciding whether to purchase any Notes.

The Notes may not be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations.

Each investor contemplating purchasing the Notes should make their own independent investigation of the financial condition and affairs of the Issuer and make an informed appraisal of the credit worthiness of the Issuer. It is recommended that investor should get professional advice before making a decision to invest in the Notes.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Programme Memorandum:

- (i) the most recently published audited financial statements as at 31 December 2016;
- (ii) the Guarantee issued by the Guarantor in favour of the Noteholders;
- (iii) unaudited pro forma financial information;
- (iv) independent reporting accountants' report on the unaudited pro forma financial information;
- (v) all supplements or amendments to this Programme from time to time.

Any statement contained in this Programme Memorandum or in a document which is deemed to be incorporated by reference in this Programme shall be deemed to be modified or superseded for the purpose of this Programme to the extent that a statement contained in any such subsequent document which is deemed to be incorporated in this Programme modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the Programme.

The Issuer will, for so long as any Note remains outstanding, publish a new Programme Memorandum or a supplement to this Programme, as the case may be, if:

- (i) a change in the condition (financial or otherwise) of the Issuer or the Guarantor has occurred which is material in the context of the Notes; or
- (ii) an event has occurred which affects any matter contained in this Programme, the disclosure of which would reasonably be required by Noteholders and/or potential investors in the Note; or
- (iii) any of the information contained in this Programme Memorandum becomes outdated in a material respect; or
- (iv) this Programme Memorandum no longer contains all the materially correct information;

Provided that, in the circumstances set out in paragraphs (iii) and (iv) above, no new Programme or supplement to this Programme, as the case may be, is required in respect of the Issuer's annual financial statements if such annual financial statements are incorporated by reference into this Programme and such annual financial statements are published within six months after the financial year end of the Issuer.

Any such new Programme Memorandum as supplemented, as the case may be, will be deemed to have substituted the previous Programme Memorandum from the date of issue of the new Programme Memorandum as supplemented, as the case may be.

The Issuer will electronically provide, without charge for inspection to each person to whom a copy of this Programme Memorandum has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Transfer Secretary at its office on 2nd Floor ZB Centre, Cnr 1st and Kwame Nkrumah Avenue, Harare.

## **Reporting Accountants' Opinion**

This Programme Memorandum contains a statement from Deloitte and Touché Chartered Accountants (Zimbabwe), the Reporting Accountants, which constitutes a statement made by an expert and they have not withdrawn their consent to the issue of the said statement in the form and context in which it is included in **Annexure 2** of this Programme Memorandum.

## **Forward Looking Statements**

This Programme Memorandum contains certain forward-looking statements with respect to the financial condition, results of operations and business of Untu and certain of its plans and objectives. In particular, among other statements, certain statements about expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. Forward-looking statements are based on the current views and assumptions of Untu management ("Management") and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed.

Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Programme Memorandum. Among the key factors that have a direct bearing on the results of operations are:

- general economic conditions, including in particular economic conditions in Zimbabwe;
- fluctuations in interest rates;
- fluctuations in foreign currency exchange rates;
- changes in laws and regulations; and
- general competitive factors.

These and other factors are discussed under “Risk Factors” and elsewhere in this Programme Memorandum and Prelisting Statement.

Any forward-looking statements contained in this Programme Memorandum and Prelisting Statement speak only as at the date hereof. Untu expressly disclaims any obligation or undertaking to release publicly any updating or revisions to any forward-looking statements, whether as a result of new information, future events or otherwise save as required under applicable laws and regulations. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Programme Memorandum and Prelisting Statement might not occur and actual results may differ materially from those described in the forward-looking statements.

## CORPORATE INFORMATION

Issuer	<b>Untu Capital Limited</b> 3 Drury Lane Strathaven Harare Zimbabwe Date of Incorporation: 29 February 2008 Company Registration: 6276/2008
Company Secretary	<b>Marko Mahuni CA(Z)</b> 3 Drury Lane Strathaven Harare Zimbabwe
Financial Advisor, Receiving Bank and Sinking Fund Manager	<b>NMB Bank Limited</b> 4th Floor, Unity Court Cnr Kwame Nkurumah Avenue/First Street Harare Zimbabwe
Arranger	<b>Intellego Investment Consultants (Private) Limited</b> 22 Arundel Road Alexandra Park Harare Zimbabwe
Debt Sponsor	<b>MMC Stockbrokers (Private) Limited</b> 22 Arundel Road Alexandra Park Harare Zimbabwe
Reporting Accountant & Independent Auditor	<b>Deloitte &amp; Touche Chartered Accountants (Zimbabwe)</b> West Block, Borrowdale Office Park Borrowdale Road, Borrowdale Harare Zimbabwe
Legal Advisors	<b>Scanlen &amp; Holderness Legal Practitioners</b> 74 Jason Moyo Avenue Harare Zimbabwe
Trustee	<b>ZB Bank Limited</b> 21 Natal Road Avondale Harare Zimbabwe
Transfer Secretary, Calculation Agent, and Paying Agent	<b>Corpserve Registrars (Private) Limited</b> 2nd Floor ZB Centre Cnr 1st and Kwame Nkrumah Avenue Harare Zimbabwe

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## INTERPRETATION

In this Programme Memorandum, the following definitions apply, unless the context indicates otherwise, the words in the first column hereunder have the meanings stated opposite them in the second column, words in the singular shall include the plural and vice versa and words importing natural persons shall include juristic persons, whether corporate or incorporate and vice versa and all monetary values unless expressly stated otherwise are in United States dollars and cents.

<b>Application Form</b>	The application form substantially in the form "Application Form" as set out in Annexure 5 in this Programme which has to be completed by the prospective Noteholder(s) to subscribe and be issued Notes;
<b>Applicable Pricing Supplement</b>	The pricing supplement issued in relation to a Series of Notes, substantially in the form "Pro Forma of Applicable Pricing Supplement" as set out in this Programme. This will be issued as an annexure to this Programme and will give details of the particular Series, and the terms and conditions applicable to each Series in so far as the conditions are different from these Terms and Conditions;
<b>Applicable Laws</b>	In relation to any person, all and any statutes and subordinate legislation and common law, regulations, ordinances and by laws, directives, codes of practice, circulars, guidance notices, judgments and decisions of any competent authority, or any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation and other similar provisions, from time to time, compliance with which is mandatory for that person, including but not limited to the Debt Listings Requirements of Finsec and the Companies Act [Chapter 24:03];
<b>Applicable Procedures</b>	The rules and operating procedures for the time being of the Participant and the Debt Listings Requirements of FINSEC;
<b>Arranger</b>	Intellego Investment Consultants (Private) Limited trading as Intellego Advisory in their capacity as arrangers or such person or entity specified in the Applicable Pricing Supplement as the Arranger(s) or such other party that might be appointed from time to time, as detailed in the Applicable Pricing Supplements;
<b>Assets</b>	The total amount of the consolidated gross assets of the Issuer as shown in the latest published audited consolidated balance sheet of the Issuer, but adjusted for contingencies and subsequent events in such manner as the directors of the Issuer, the auditors of the Issuer or a liquidator of the Issuer (if applicable) may determine;
<b>Authorisation</b>	An authorization, consent, approval, resolution, license, exemption, filing, registration or notarization;
<b>Board</b>	Collectively the Directors of the Issuer as specified under the section headed "Description of the Issuer";
<b>Books Closed Period</b>	10 business days prior to each Interest Payment Date that is payable every year until the Redemption Date, or such other period(s) as the Issuer may determine in the Applicable Pricing Supplement and during which period the Transfer Secretary will not record any transfer of Notes in the Register, as specified in the Applicable Pricing Supplement;
<b>Business Day</b>	A day (other than a Saturday or Sunday or public holiday in Zimbabwe) which is a day on which commercial banks settle payments in Zimbabwe;
<b>Business Day Convention</b>	A business Day of an Interest Payment Date as provided in Condition 5.3 (Business Day Convention);
<b>Calculation Agent</b>	In relation to a Series, Corpserve Registrars (Private) Limited or such person or entity specified in the Applicable Pricing Supplement as the Calculation Agent;
<b>Calculation Period</b>	This relates to the time for which interest is payable to the Noteholder;
<b>Certificate and Certificated Note (s)</b>	A registered Note issued by the Issuer by the section headed "Form of the Notes" and issued by way of physical securities certificate;



<b>Class of Noteholders</b>	The holders of a Series of Notes or, where appropriate, the holders of different Series of Notes;
<b>Clearing and Settlement</b>	Each Tranche of Notes listed at FINSEC will be issued, cleared and settled in accordance with the Applicable Procedures of the exchange;
<b>Change of Control</b>	A change in the control of the Issuer as provided in Condition 7.4.5.2 (Change of Control);
<b>Change of Control Event</b>	An event that constitutes a Change of Control as Provided in Condition 7.4.2 (Change of Control Event);
<b>Change of Control Notice</b>	Notice to the effect that a Change of Control Event has occurred as provided in Condition 7.4.3 (Change of Control Notice);
<b>Companies Act</b>	The Companies Act (Chapter 24:03) as amended from time to time;
<b>Concurrent claims</b>	All unsubordinated, unsecured claims of creditors of the Issuer;
<b>Condition</b>	The terms and conditions of the Notes as set out in the section of this Programme headed "Terms and Conditions of the Notes." The Applicable Pricing Supplement may specify other terms and conditions (which may replace, modify or supplement the Terms and Conditions) about specific terms and conditions of the Notes of any Tranche or Series of Notes issued;
<b>Cross-Default</b>	An Event of Default as set out in Condition 9.1.2;
<b>Currency</b>	United States Dollar (US\$) or any other currency as specified in the Applicable Pricing Supplement;
<b>Day Count Fraction</b>	<p>In relation to a Series (where applicable) and the calculation of an amount for any period (the "<b>Calculation Period</b>"), the day count fraction specified as such in the Terms and Conditions or the Applicable Pricing Supplement and:</p> <p>(a) if "<b>Actual/365</b>" or "<b>Act/365</b>" is so specified, means the actual number of days in the Interest Period in respect of which payment is being made divided by 365 (or, if any portion of the Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);</p> <p>(b) if "<b>Actual/Actual (ICMA)</b>" is so specified, means</p> <ol style="list-style-type: none"> <li>1. Where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and</li> <li>2. Where the calculation Period is longer than one Regular Period, the sum of: <ol style="list-style-type: none"> <li>a. The actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year: and</li> </ol> </li> </ol>

**Day Count Fraction**

- b. The actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- c. If **"Actual/Actual"** or **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- d. If **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- e. If **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- f. If **"30/360"**, **"360/360"** or **"Note Basis"** is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows: Day Count Fraction =

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where

**"Y<sub>1</sub>"** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**"Y<sub>2</sub>"** is the year, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

**"M<sub>1</sub>"** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**"M<sub>2</sub>"** is the calendar month, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

**"D<sub>1</sub>"** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

**"D<sub>2</sub>"** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30; **"D<sub>1</sub>"** is the first calendar day, expressed as a number, of the Calculation Period unless such number would be 31, in which case D1 will be 30; and

**"D<sub>2</sub>"** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31, in which case D2 will be 30;

<p><b>Day Count Fraction</b></p>	<p>Where if <b>"30E/360 (ISDA)"</b> is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows: Day count fraction:</p> $\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$ <p>Where <b>"Y<sub>1</sub>"</b> is the year, expressed as a number, in which the first day of the Calculation Period falls; <b>"Y<sub>2</sub>"</b> is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls; <b>"M<sub>1</sub>"</b> is the calendar month, expressed as a number, in which the first day of the Calculation Period falls; <b>"M<sub>2</sub>"</b> is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls; <b>"D<sub>1</sub>"</b> is the first calendar day, expressed as a number, of the Calculation Period unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and <b>"D<sub>2</sub>"</b> is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;</p>
<p><b>Dealer(s)"</b></p>	<p>A dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer's right to terminate the appointment of any Dealer;</p>
<p><b>Debt Sponsor</b></p>	<p>MMC Stockbrokers (Private) Limited, a registered stockbroker acting as the Debt Sponsor to the Programme, or such other party whom might be appointed from time to time;</p>
<p><b>Default Rate</b></p>	<p>The default rate as specified in the Applicable Pricing Supplement;</p>
<p><b>Deloitte</b></p>	<p>Deloitte and Touche Chartered Accountants (Zimbabwe); Reporting Accountant &amp; Independent Auditor. ("Deloitte")</p>
<p><b>Dematerialisation</b></p>	<p>The process of converting certificated (physically held notes) into electronic form tradeable on the Financial Securities Exchange (FINSEC). To facilitate this process, noteholders with note certificates should deliver the certificates to their (i.e. the noteholders') stockbrokers or custodians ahead of trading the notes on the exchange.</p>
<p><b>Denomination of Notes</b></p>	<p>Notes will be issued at any time, subject to a minimum denomination (as determined in the Applicable Pricing Supplement), in consistent and equal denominations as may be agreed by the Issuer and as indicated in the Applicable Pricing Supplement;</p>
<p><b>Director(s)</b></p>	<p>A Director or Directors of the Issuer as specified under the section headed "Description of the Issuer";</p>
<p><b>Disposal</b></p>	<p>A sale, transfer, grant, lease or other disposal (whether voluntary or involuntary);</p>
<p><b>Early Redemption Amount</b></p>	<p>In relation to a Tranche of Notes, the amount, as set out in Condition 7.5 (Early Redemption Amounts), at which the Notes will be redeemed by the Issuer, pursuant to the provisions of Conditions 7.2 (Redemption for Regulatory and/or Tax Reasons), Condition 7.3 (Redemption at the Option of the Issuer), Condition 7.4 (Redemption in the event of Change of Control) and/or Condition 9 (Events of Default);</p>

<b>Early Redemption Event</b>	an event in which the Notes will be redeemed by the Issuer pursuant to the provisions of Conditions 7.2 (Redemption for Regulatory and/or Tax Reasons), Condition 7.3 (Redemption at the Option of the Issuer), Condition 7.4 (Redemption in the event of Change of Control) and/or Condition 9 (Events of Default);
<b>Encumbrances</b>	Any mortgage, pledge, lien, hypothecation, assignment, cession in securitatem debiti, deposit by way of security or any other agreement or arrangement (whether conditional or not and whether relating to existing or to future assets), having the effect of providing a security interest to a creditor or any agreement or arrangement to give any form of a secured claim to a creditor but excluding statutory preferences and any security interest arising by operation of law;
<b>Event of Default</b>	An event of default by the Issuer as set out in Condition 9 (Events of Default);
<b>Exchangeable Notes</b>	Notes which may be redeemed by the Issuer in the manner indicated in the Applicable Pricing Supplement by the delivery to the Noteholders of cash or of so many of the Exchangeable Securities as is determined by the Applicable Pricing Supplement;
<b>Exchange Period</b>	In relation to a Tranche of Exchangeable Notes to which the Noteholders' Exchange right applies (as indicated in the Applicable Pricing Supplement), the period indicated in the Applicable Pricing Supplement during which such right may be exercised;
<b>Exchangeable Price</b>	In relation to a Tranche of Exchangeable Notes, the amount determined in accordance with the manner described in the Applicable Pricing Supplement, according to which the number of Exchangeable Securities which may be delivered in redemption of Exchangeable Notes will be determined;
<b>Exchangeable Securities</b>	In relation to a Tranche of Exchangeable Notes, the securities indicated in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of the Exchangeable Notes to the value of the Exchangeable Price;
<b>Final Broken Amount</b>	In relation to a Tranche of Notes, the final broken amount specified as such in the Applicable Pricing Supplement
<b>Final Redemption Amount</b>	In relation to a Tranche of Notes, the Principal Amounts specified in the Applicable Pricing Supplement payable in respect of such Tranche of Notes upon the Maturity Date;
<b>Financial Securities Exchange (Private) Limited</b>	A registered Securities Exchange (Alternative Trading Platform) in terms of section 30 of the Securities & Exchange Act [Chapter 24:25], as read with the Securities (Alternative Trading Platform) Rules, S.I.100 of 2016
<b>FINSEC</b>	Financial Securities Exchange, a licensed Securities Exchange.
<b>First Interest Payable</b>	The first amount of interest payable in respect of the Nominal Amount of the Notes as specified in the Applicable Pricing Supplement;
<b>Fiscal Agent</b>	The collective term used for the calculation and paying agent;
<b>Fixed Rate of Interest</b>	Notes entitled to a fixed rate of interest as specified in the Applicable Pricing Supplement;
<b>Fixed Rate Notes</b>	Notes which will bear interest at the Fixed Rate of Interest, as indicated in the Applicable Pricing Supplement;
<b>Fixed Interest Period</b>	The six-monthly period or other period in which the interest is payable on the Fixed Rate of Interest specified as such in the Applicable Pricing Supplement;
<b>Floating Rate Notes</b>	Notes entitled to a floating rate of interest as specified in the Applicable Pricing Supplement;
<b>Floating Rate Business Day Convention</b>	The Business Day Convention on the Interest Payment Date in respect of the Floating Rate Notes as provided in Condition 5.3.1 (Floating Rate Business Day Convention);

<b>Following Business Day Convention</b>	The following day after the Business Day Convention as provided in Condition 5.3.2 (Following Business Day Convention);
<b>Governing Law</b>	The laws of the Republic of Zimbabwe in force from time to time;
<b>Guarantee</b>	The Programme allows for multiple tranches to be issued, some of which may be issued to Noteholders, in the sole discretion of the Issuer, together with guarantees in respect of the relevant Notes, as described in Condition 18;
<b>Higher Redemption Amount</b>	In relation to a Series of Notes, the higher redemption amount specified as such in the Applicable Pricing Supplement;
<b>Indebtedness</b>	Any indebtedness in respect of monies borrowed and guarantees given, whether present or future, actual or contingent, which includes, but is not limited to, any bond, bilateral loan or any other financial arrangement that qualifies as debt.
<b>Index-Linked Notes</b>	An Indexed Interest Notes and/or an Indexed Redemption Amount Notes, as applicable and as indicated in the Applicable Pricing Supplement;
<b>Indexed Interest Notes</b>	Notes in respect of which the Interest Amount is calculated by reference to an index and/or a formula as indicated in the Applicable Pricing Supplement;
<b>Individual Certificates</b>	a Note in the definitive registered form of a single certificate and being a certificate exchanged for an Uncertificated Note in accordance with section 10 (Exchange of Uncertificated Notes and Replacement of Individual Certificates) and any further certificate issued in consequence of a transfer thereof;
<b>Initial Broken Amount</b>	In relation to a Tranche of Notes, the initial broken amount specified as such in the Applicable Pricing Supplement;
<b>Instalment Amount</b>	In relation to a Tranche of Instalment Notes, the amount expressed (in the Applicable Pricing Supplement) as a percentage of the Nominal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note;
<b>Instalment Dates</b>	In relation to a Tranche of Instalment Notes, the dates specified as such in the Applicable Pricing Supplement;
<b>Instalment Notes</b>	Notes issued on the same date but redeemed in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as indicated in the Applicable Pricing Supplement;
<b>Interest Commencement Date(s)</b>	The date on which interest on a Note commences its accrual, as specified in the Applicable Pricing Supplement;
<b>Interest Determination Date</b>	In relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
<b>Interest Period(s) or Interest Payment Date(s)</b>	such period(s) or date(s) as the Issuer may agree and as indicated in the Applicable Pricing Supplement;
<b>Interest</b>	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate, and the method of calculating interest will be specified in the Applicable Pricing Supplement;
<b>Interest Amount</b>	In relation to a Tranche of Notes, the amount of interest payable in respect of the Nominal Amount of Notes as specified in the Applicable Pricing Supplement;
<b>IT</b>	Information technology;
<b>IPC</b>	Internationale Projekt Consult GmbH is registered in Germany and is the largest shareholder of the ProCredit banks. It is also a MSME consultant and provides management and technical support to Untu Capital;
<b>ISDA</b>	The International Swaps and Derivatives Association Inc;
<b>ISDA Definitions</b>	The 2006 ISDA Definitions published by ISDA (as amended, supplemented, revised or republished from time to time) as specified in the Applicable Pricing Supplement;
<b>ISIN</b>	The ISIN number allocated to an Uncertificated Note;

<b>Issue Date</b>	The date of issuance of a Note, as specified in the Applicable Pricing Supplement;
<b>Issue Price</b>	in relation to a Tranche of Notes, the price specified as such in the Applicable Pricing Supplement;
<b>Issuer</b>	Untu Capital Limited, a company incorporated in accordance with the Applicable Laws of Zimbabwe with company registration number 6276/2008;
<b>JSM Capital</b>	JSM Capital (Private) Limited is a 7.51 % shareholder in Untu Holdings Limited and is an Investment vehicle controlled by Mr. Joseph Mutizwa incorporated in Zimbabwe registered 1688/2000 on 18 February 2000;
<b>Last Day to Register</b>	No later than 10 (ten) business days preceding a Relevant Date in respect of Notes on which the Register is closed for further transfer or entries until the payment date. Noteholders reflected in the Register on the relevant Last Day to Register shall be entitled to payments of interest and principal. The Last Day to Register shall always be a Friday, or the next Business Day, where the Friday is a public holiday in the Republic of Zimbabwe;
<b>Last Practicable Date</b>	The last practicable date for the purposes of finalisation of this Placing Document, being 30 November 2017;
<b>Legal Advisor</b>	Scanlen & Holderness Legal Practitioners or such party whom might be appointed from time to time;
<b>Listing and Trading</b>	The Programme has been approved by FINSEC for listing and trading. Notes issued under the Programme will therefore be issued in uncertificated form, for trading and settlement through the FINSEC trading and settlement infrastructure.
<b>Listings Requirements</b>	The debt listings requirements of FINSEC as amended from time to time;
<b>Mandatory Exchange</b>	In relation to a Tranche of Notes, the mandatory exchange specified as such in the Applicable Pricing Supplement;
<b>Margin</b>	In relation to a Tranche of Notes (where applicable), the margin specified as such in the Applicable Pricing Supplement;
<b>Maris Africa</b>	Maris Capital Limited is a diversified Investment Company Incorporated in Mauritius and a 31.03% shareholder of Untu Holdings Limited;
<b>Material Change</b>	A change in the business, operations or capital of the Issuer that would reasonably be expected to have a significant effect on the Issuer's ability to meet its obligations under the Programme, including but not limited to, any change in applicable laws;
<b>Material Group Company</b>	The Issuer and its subsidiaries which represents more than 15% (fifteen percent) of the assets of the Issuer;
<b>Maturity Date</b>	In relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
<b>Maximum Rate of Interest</b>	In relation to a Tranche of Notes, the maximum rate of interest specified as such in the Applicable Pricing Supplement;
<b>MFI</b>	micro-finance institution;
<b>Minimum Denomination</b>	denominations of not less than US\$50 for mobile phone subscribers, US\$1,000 for individuals and small to medium enterprises and US\$50,000 or integral multiples thereof shall be issued;
<b>Minimum Rate of Interest</b>	In relation to a Tranche of Notes, the minimum rate of interest specified as such in the Applicable Pricing Supplement;
<b>Minimum Redemption Amount</b>	In relation to a Tranche of Notes, the minimum redemption amount specified as such in the Applicable Pricing Supplement;

<b>Minimum Subscription Amount</b>	the aggregate Issue Price of a Tranche of Notes subscribed by a Noteholder which should be a minimum amount of US\$50 for mobile phone subscribers, US\$1,000 for individuals and small to medium enterprises and US\$50,000 or the equivalent Currency for every single purchase of Notes;
<b>Mixed Rate Notes</b>	notes which will bear interest over respective periods at differing Interest Rates applicable to any combination of Fixed Rate Notes, Floating Rates Notes, Zero Coupon Notes, Index-Linked Notes or Other Notes, each as indicated in the Applicable Pricing Supplement and as more fully described in Condition 5.2.8(Mixed Rate Notes);
<b>Modified Following Business Day Convention</b>	The postponed Following Business Day Convention as provided in Condition 5.3.3 (Modified Following Business Day Convention);
<b>MSME</b>	Micro, small and medium-sized enterprises;
<b>Nominal Amount</b>	in relation to any Note, the total amount, excluding interest and any adjustment on account of any formula, owing by the Issuer under the Note;

<b>Notes</b>	<p>The Notes comprise of the following or such combination of any of the following or such other type of Notes as may be determined by the Issuer and specified in the Applicable Pricing Supplement:</p> <p><b>Exchangeable Notes:</b> Exchangeable Notes may be redeemed by the Issuer in cash or by the delivery of securities, as specified in the Applicable Pricing Supplement;</p> <p><b>Fixed Rate Notes:</b> Interest on Fixed Rate Notes will be payable in arrears on such date or dates as may be agreed by the Issuer as indicated in the Applicable Pricing Supplement, and will be calculated on the basis of such Day Count Fraction as may be specified in the Applicable Pricing Supplement;</p> <p><b>Floating Rate Notes:</b> Floating Rate Notes will bear interest calculated at a rate determined in accordance with the provisions of Condition 5.2 (Floating Rate Notes and Indexed Interest Notes) of the Terms and Conditions and as indicated in the Applicable Pricing Supplement. The Margin (if any) relating to such floating rate will be as indicated in the Applicable Pricing Supplement. Floating Rate Notes may also have a Maximum Rate of Interest, a Minimum Rate of Interest or both, as indicated in the Applicable Pricing Supplement. The Interest Period for Floating Rate Notes will be as indicated in the Applicable Pricing Supplement;</p> <p><b>Index-Linked Notes:</b> Payments (whether in respect of interest on Indexed Interest Notes or in respect of principal on Indexed Redemption Amount Notes and whether at maturity or otherwise) will be calculated by reference to such index and/or formula as the Issuer and the relevant Arranger(s) may agree, as indicated in the Applicable Pricing Supplement;</p> <p><b>Instalment Notes:</b> The Applicable Pricing Supplement will set out the dates on which, and the amounts in which, Instalment Notes may be redeemed;</p> <p><b>Mixed Rate Notes:</b> Mixed Rate Notes will bear interest over respective periods at the rates applicable for any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Index-Linked Notes or Other Notes, each as specified in the Applicable Pricing Supplement;</p> <p><b>Partly Paid Notes:</b> The Issue Price will be payable in two or more instalments as set out in the Applicable Pricing Supplement;</p> <p><b>Zero Coupon Notes:</b> Zero Coupon Notes will be issued at a discount to their Nominal Amount and will not bear interest (except in the case of late payment as specified) as further indicated in the Applicable Pricing Supplement;</p>
<b>Noteholder</b>	The holders of certificated and uncertificated Notes as recorded in the Register of Noteholders;
<b>Ordinary Resolution</b>	A resolution passed at a meeting (duly convened) of the Noteholders or a Class of Noteholders, as the case may be, as contemplated in Condition 14 (Trust, Trustee and Meetings of Noteholders) holding in the aggregate not less than 50%+1(fifty percent plus one) of the votes as defined herein at such meeting upon a show of hands or if a poll be duly demanded then by 50%+1(fifty percent plus one) of the votes given on such poll;
<b>Optional Redemption Dates</b>	In relation to a Tranche of Notes, the optional redemption date specified as such in the Applicable Pricing Supplement;
<b>Optional Redemption Amount</b>	In relation to a Tranche of Notes, the optional redemption amount specified as such in the Applicable Pricing Supplement;



<b>Outstanding</b>	<p>In relation to the Notes, all the Notes issued under the Programme other than:</p> <ul style="list-style-type: none"> <li>(a) Those which have been redeemed in full</li> <li>(b) Those in respect of which the Redemption Date in accordance with the terms and conditions has occurred and the redemption moneys wherefore (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the terms and conditions after such date) remain available for payment against presentation of Individual Certificates (if any);</li> <li>(c) Those which have been purchased and cancelled as provided in Condition 7 (Redemption and Purchase);</li> <li>(d) Those which have become prescribed under Condition 8 (Prescription);</li> <li>(e) Those represented by mutilated or defaced Individual Certificates which have been surrendered in exchange for replacement Individual Certificates pursuant to Condition 10.1.3 (Exchange of Uncertificated Notes and Replacement of Individual Certificates)</li> <li>(f) (For the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose) those Notes represented by Individual Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Individual Certificates have been issued pursuant to Condition 10.1.3 (Exchange of Uncertificated Notes and Replacement of Individual Certificates), provided that for each of the following purposes: <ul style="list-style-type: none"> <li>(i) The right to attend and vote at any meeting of the Noteholders;</li> <li>(ii) The determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 13 (Amendment of these Terms and Conditions) and 14 (Trust, Trustee and Meetings of Noteholders), all Notes (if any) which are for the time being held by the Issuer (subject to any Applicable Law) or by any person for the benefit of the Issuer and not cancelled shall (unless and until ceasing to be so held) be deemed not to be Outstanding;</li> </ul> </li> </ul>
<b>Participant</b>	A person accepted by FINSEC as a trading, custodial, registry, settlement or market making participant on the exchange;
<b>Party</b>	A Party or any other person includes that person's permitted successor, transferee, cessionary and/or delegate;
<b>Partly Paid Notes</b>	Notes which are issued with the Issue Price partly paid and which Issue Price is paid up fully by the Noteholder in instalments as indicated in the Applicable Pricing Supplement;
<b>Paying Agent</b>	In relation to a Series, Corpserve Registrars (Private) Limited or such person or entity specified in the Applicable Pricing Supplement as the Paying Agent;

<b>Permitted Encumbrances</b>	<ul style="list-style-type: none"> <li>(a) ANY Encumbrance existing as at the date of the Applicable Pricing Supplement; or</li> <li>(b) any Encumbrance with regard to receivables of the Issuer which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the Indebtedness is limited to the value of such receivable; or</li> <li>(c) Any Encumbrance with respect to inter-company Indebtedness incurred between the Issuer and any Subsidiary or between any Subsidiary; or</li> <li>(d) Any Encumbrance created over any asset owned, acquired, developed or constructed, provided that the Indebtedness so secured shall not exceed the bona fide market value of such asset or the cost of that acquisition, development or construction (including all interest and other finance charges, adjustments due to changes in circumstances and other charges reasonably incidental to such cost, whether contingent or otherwise) and where such market value or cost both apply, the higher of the two; or</li> <li>(e) Any Encumbrance over deposit accounts securing a loan equal to the amounts standing to the credit of such deposit accounts, including any cash management system; or</li> <li>(f) Any Encumbrance created in the ordinary course of business, which includes construction guarantees, over stock-in-trade, inventories, accounts receivable or deposit accounts; or</li> <li>(g) Any Encumbrance subsisting over any asset of any Subsidiary of the Issuer prior to the date of such entity becoming a Subsidiary of the Issuer and not created in contemplation of such entity becoming a Subsidiary of the Issuer and any substitute Encumbrance created over that asset (but in any such case the amount of the Indebtedness secured by such Encumbrance, may not be increased, save in the ordinary course of business as set out in sub-clauses (a) to (f) above; or</li> <li>(h) In addition to any Encumbrance referred to in (a) to (g) above, any other Encumbrance which when aggregated provides a security interest to creditors in an aggregate value of not more than US\$5,000,000;</li> </ul>
<b>Preceding Business Day Convention</b>	The first preceding Business Day Convention as provided in Condition 5.3.4 (Preceding Business Day Convention);
<b>Prelisting Statement</b>	This Prelisting Statement and Programme Memorandum, together with all the annexures hereto dated 01 December 2017;
<b>Principal Amounts</b>	The amounts owing under the Notes including Interest and any adjustment on account of any formula owing by the Issuer under the Note;
<b>Programme</b>	The US\$5,000,000 Medium Term Note Programme established in terms of this Programme Memorandum, as amended from time to time, under which the Issuer may from time to time issue Notes denominated in US\$ and having such maturity as may be agreed between the Issuer and the Arranger(s) as specified in the Applicable Pricing Supplement and, if listed, as approved by FINSEC or its successor and/or any other exchange or exchanges on which the Notes are to be listed;
<b>Programme Amount</b>	The US\$5,000,000 aggregate amount of the Note;
<b>Programme Date</b>	The date of this Programme being 01 December 2017;
<b>Programme Memorandum</b>	The Programme dated 01 December 2017 which established the Programme;
<b>Rate of Interest</b>	The rate of interest applicable to the relevant Notes, as set out in the Applicable Pricing Supplement;

<b>Rating</b>	As at the Programme Date, this Programme has been rated by Global Credit Rating Agency (GCR) and was accorded BB rating as at the date of issuance;
<b>Rating Agency</b>	A rating agency of international standing specified from time to time by the Issuer in the Applicable Pricing Supplement (if applicable) and/or notified to Noteholders pursuant to Condition 12 (Notices);
<b>Redemption</b>	The Applicable Pricing Supplement relating to each Tranche of Notes will indicate whether or not the Notes can be redeemed prior to their stated Maturity Date Condition 7.1 (At Maturity), (other than in specified instalments, if applicable) or pursuant to the provisions of Conditions 7.2 (Redemption for Regulatory and/or Tax Reasons), Condition 7.3 (Redemption at the Option of the Issuer), Condition 7.4 (Redemption in the event of Change of Control) and/or Condition 9 (Events of Default) on such other notice period (if any) as is indicated in the Applicable Pricing Supplement, on a date or dates specified prior to such stated Maturity Date and at a price or prices and on such terms as are indicated in the Applicable Pricing Supplement. Notes shall become due and payable prior to stated Maturity Date upon the happening of an Event of Default as contemplated in Condition 9 (Events of Default);
<b>Redemption Date</b>	In relation to a Tranche of Notes, the date upon which the Notes are redeemed by the Issuer, whether by way of Maturity Condition 7.1 (At Maturity) or pursuant to the provisions of Conditions 7.2 (Redemption for Regulatory and/or Tax Reasons), Condition 7.3 (Redemption at the Option of the Issuer), Condition 7.4 (Redemption at the Change of Control) and/or Condition 9 (Events of Default);
<b>Reference Banks</b>	In respect of Notes, four leading banks in Zimbabwe inter-bank marked selected by the Calculation Agent;
<b>Reference Rate</b>	In relation to a Tranche of Floating Rate Notes (where applicable), the rate specified as such in the Applicable Pricing Supplement;
<b>Register</b>	The register of Notes maintained by the Transfer Secretary and comprising certificated and electronic accounts and which shall be reconciled and updated on a quarterly basis;
<b>Registrar</b>	Corpserve Registrars (Private) Limited;
<b>Regular Period</b>	<p>(a) In the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date.</p> <p>(b) In the case Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where (Regular Date) means the day and the month (but not the year) on which any Interest Payment Date falls; and</p> <p>(c) In the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where Regular Date means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;</p>
<b>Relevant Date</b>	In respect of any payment relating to the Notes, the date on which such payment first becomes due;

<b>Relevant Screen Page</b>	In relation to a Tranche of Notes (where applicable), the page, section or other part of a particular information service specified as the Relevant Screen Page in the Applicable Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;
<b>Requisition Notice</b>	A notice requisitioned in writing by Noteholders holding at least 25% (twenty-five percent) of the aggregate Nominal Amount Outstanding of the Notes calling upon a meeting to be convened;
<b>Securities Accounts</b>	The accounts held by FINSEC and maintained by such Participants for the Noteholders;
<b>Series</b>	A Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing or non-listing) from the date on which such consolidation is expressed to take effect, except for their respective Issue Dates, Interest Commencement Dates and/ or Issue Prices;
<b>Settlement Date</b>	Means Maturity Date;
<b>Special Resolution</b>	A resolution passed at a meeting (duly convened) of the Noteholders or a Class of Noteholders, as the case may be, as contemplated in Condition 14 (Trust, Trustee and Meetings of Noteholders) by a majority consisting of not less than 75% (seventy-five percent) votes at such meeting upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75% (seventy-five percent) of the votes given on such poll;
<b>Specified Currency</b>	United States Dollar, ( <b>US\$</b> ) or subject to all Applicable Laws, such currency as is specified in the Applicable Pricing Supplement;
<b>Specified Denomination</b>	In relation to each Note in a Tranche of Notes, the denomination amount specified as such in the Applicable Pricing Supplement;
<b>Subordinated Indebtedness</b>	In the event of the dissolution of the Issuer or if the Issuer is wound-up or placed in liquidation or is subject to business rescue proceedings, any indebtedness of the Issuer, under which the right of payment of the person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of the Issuer to be subordinated to the rights of all unsubordinated creditors of the Issuer;
<b>Sub-unit</b>	With respect to any currency, the lowest amount of such currency that is available as legal tender in the country of such currency;
<b>Sub-Sahara Capital</b>	An Investment Company registered in Mauritius and holding a 7.34% of Untu Holdings Limited;
<b>Supplementary Documents</b>	The documents to be incorporated in and to form part of the Programme as provided in the section headed "Documents Incorporated by Reference and Supplementary Documents";
<b>Supplementary Programme</b>	The Programme that will be relating to a supplementary series with the date on which the Programme is established;
<b>Supplementary Trust Deed</b>	Any Supplementary Trust Deed entered into between the Trustee and the Issuer in respect of an issue of a different Tranche of Notes. Any Supplementary Trust Deed will be a supplement to the initial Trust Deed that established the Trust for Noteholders under the Programme, and will incorporate the terms of that Trust Deed;
<b>Terms and Conditions</b>	The terms and conditions of the Notes as set out in the section of this Programme headed "Terms and Conditions of the Notes" . The Applicable Pricing Supplement may specify other terms and conditions (which may replace, modify or supplement the Terms and Conditions) in relation to specific terms and conditions of the Notes of any Tranche or Series of Notes issued;

<b>Tranche</b>	All Notes which are identical in all respects (including as to listing, interest payment dates, interest rates and dates of redemption);
<b>Trust</b>	The Trust established by the Trust Deed, appointing the Trustee, with the aim of providing for the protection and enforcement of the rights and entitlements of Noteholders;
<b>Trustee</b>	ZB Bank Limited or any other Trustee appointed from time to time;
<b>Trust Deed</b>	The Trust Deed entered into between the Issuer and the Trustee;
<b>Underwriting</b>	The Programme is currently not underwritten, however in the event that a Tranche is underwritten, particulars of such underwriting agreement shall be indicated in the Applicable Pricing Supplement;
<b>Untu Capital Limited</b>	The Issuer, a public Company Registered in Zimbabwe under Registration Number 6276/2008 and licenced by the Reserve Bank of Zimbabwe under licence number 000394 to carry out microfinance business in Zimbabwe;
<b>Untu Holdings Limited</b>	A Public Company incorporated in Botswana under Company Registration Number C02009/5561 and licensed in the International Financial Services Centre of Botswana and the ultimate Holding Company of Untu Capital Limited;
<b>US\$” or “\$</b>	The lawful currency of the United States of America, being American Dollars;
<b>Vote</b>	Means, on a show of hands every Noteholder present in person or by proxy or by duly authorised representative. Every Noteholder present in person or by proxy or by duly authorised representative shall have one vote for every Fifty United States Dollars (US\$50) of the principal amount then outstanding of the Notes of which he is the holder;
<b>Withholding Tax</b>	The Issuer is a Zimbabwe resident for tax purposes and as at the Programme Date, the Issuer, in terms of section 34 of the Income Tax Act [Chapter 23:06] of Zimbabwe as amended from time to time, is obliged to withhold interest payments to non-resident Noteholders and resident Noteholders for paying such tax. In the event that such other deduction is required by law, then the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction;
<b>Zero Coupon Note</b>	Notes that will not pay interest but will be traded at discount, providing a return at maturity when the note is redeemed for its full face value;

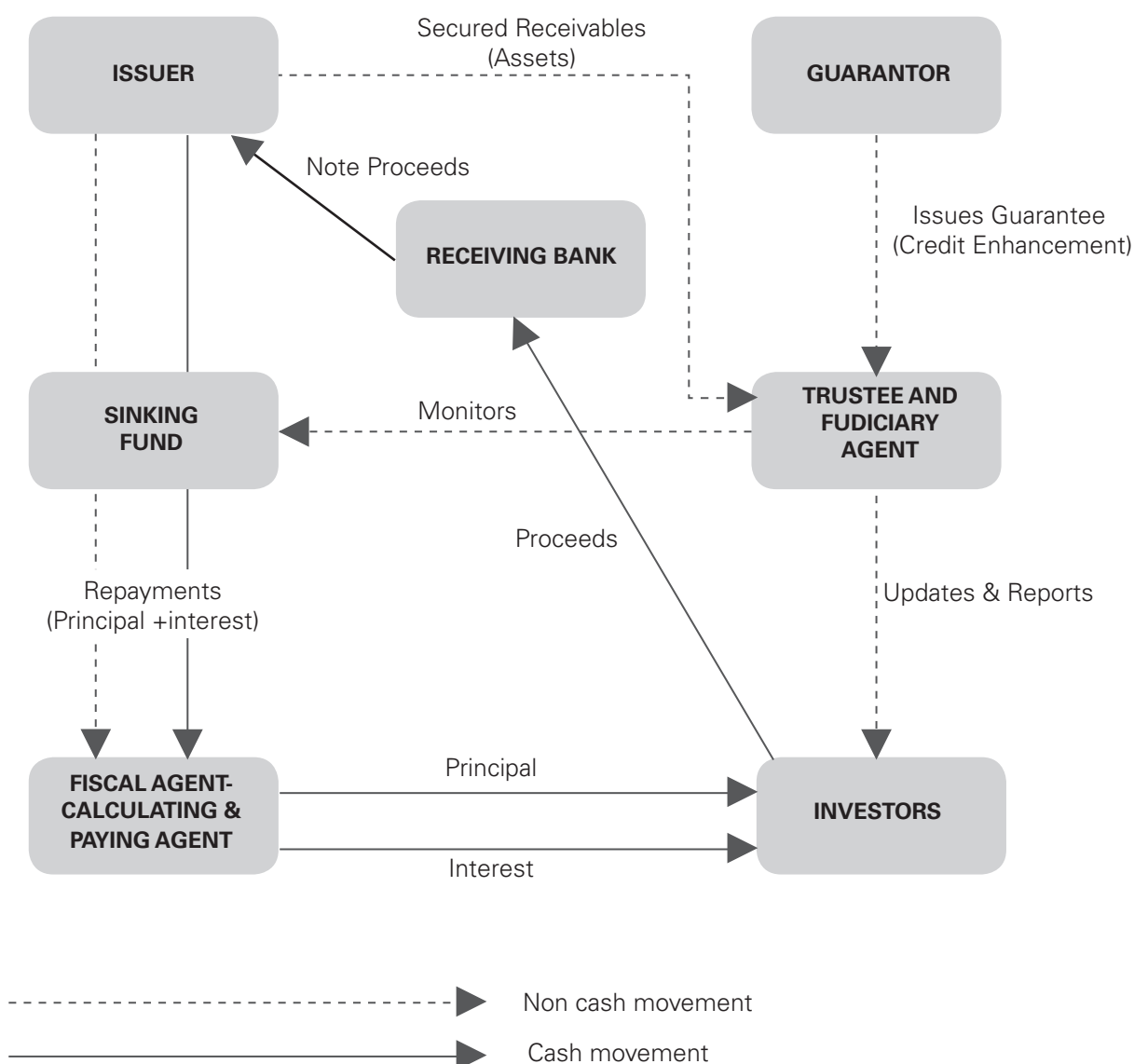
## SUMMARY OF NOTES

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of this Programme and by the Terms and Conditions of the Notes. Words and expressions defined in “Conditions of the Notes” and “Form of the Notes” below shall have the same meanings in this summary.

<b>Issuer</b>	<b>Untu Capital Limited.</b>
Financial Advisor, Receiving Bank and Sinking Fund Manager	NMB Bank Limited.
Arranger	Intellego Investments Consultants (Private) Limited.
Debt Sponsor	MMC Stockbrokers (Private) Limited.
Legal Adviser	Scanlen & Holderness Legal Practitioners.
Reporting Accountants	Deloitte and Touché Chartered Accountants (Zimbabwe).
Fiscal Agent, Transfer Secretary and Payment Agent	Corpserve Registrars (Private) Limited.
Trustee and Fudiciary Agent	ZB Bank Limited.
Issue	Notes with a maximum tenure of 3 years, subject to early redemption in accordance with the Terms and Conditions.
Amount	US\$5,000,000 (Five Million United States Dollars).
Minimum Amount	US\$50,000 (For institutional investors). US\$1,000 (For Individuals and SMEs). US\$50 (For mobile subscribers).
Currency	United States Dollars (US\$).
Purpose	The proceeds of the Notes will be used to advance loans to MSMEs and retire expensive short-term finance.
Drawdown	In one full amount upon application and allotment.
Issue Price	The Notes will be issued on a fully paid basis at par.
Tenor	One year to three years.
Eligibility	Both local and foreign investors whether individuals or corporates.
Interest Rate	Fixed rate, payable half yearly in arrears.
Interest Payment	Interest on the Notes will be paid half yearly in arrears (on the “Interest Payment Date”) commencing six (6) months after the date of issue. Interest will be calculated on the basis of a 360-day year.
Security	Guarantee from the African Guarantee Fund covering 50% of the Principal Amount Invested excluding interest and any other charges and 50% cession of receivables backed by immovable securities.
Early Redemption	<p>The Issuer may, upon thirty (30) days written notice before an Interest Payment Date (as defined in the Terms and Conditions), prepay any outstanding amount of the Notes. Any such prepayment shall be on an Interest Payment Date but may not be made before the Optional Redemption Date.</p> <p>Any such notice by the Issuer shall be irrevocable, shall specify the Principal Repayment Date upon which such prepayment shall occur, and the amount of the reduction in outstanding amount of Notes and once given shall oblige the Issuer to make such reduction.</p> <p>The amount of each Early Redemption shall be applied either to specific notes or pro rata against Noteholders’ holdings as evidenced in the Register to be maintained by the Registrar. The exact criteria to be applied shall be advised in writing by the Issuer in the relevant Early Redemption notice.</p> <p>The Issuer shall not provide compensation for early redemption of the Notes.</p>

Form of Notes	The Notes will be issued in uncertificated registered form, serially numbered and with interest coupons attached on issue, and will constitute registered debt obligations of the Issuer constituted by and owing under the Trust Deed.
Denomination of the Notes	The Notes will be issued in denominations of US\$50,000 for institutional investors and integral multiples of US\$50,000 in excess thereof and in multiples of US\$50 for mobile money individual subscribers and US\$1,000 for other individual subscribers.
Status of the Notes	The Notes constitute direct, general, secured and unconditional obligations of the Issuer, and will be preferred obligations with all other present and future, unsecured obligations of the Issuer.
Taxation	The interest on the Notes may attract tax. Should there be a change in law, then payments of principal and interest on the Notes will be made subject to any withholding or deduction for any taxes of whatsoever nature without the Issuer being obliged to pay additional amounts as a consequence thereof.
Method of Issue	The Notes may be issued by way of private placement to targeted investors. When the Notes are issued to the Public, the Applicable Pricing Supplement and any other supporting documentation and press releases will make this clear.
Delivery of the notes	The Applicants will receive written confirmation of registration of allotted Notes from the Transfer Secretaries, on the relevant date specified in the timetable.
Compliance	The placement of the Notes shall comply with any applicable provisions of the law in Zimbabwe relating to companies and capital markets that is in existence or that may be passed before the issue of the Notes or during the pendency of the issue of the Notes.
Default Interest	The rate per annum, which is the aggregate of the Fixed Interest Rate plus a default margin of 2%.
Negative Pledge	Please see the section entitled "Negative Pledge" in the Terms and Conditions of the Notes.
Events of Default	Please see the section entitled "Events of Default" in the Terms and Conditions of the Notes.
Meetings of Noteholders	The Trust Deed will contain provisions for convening meetings of Noteholders to consider matters affecting their interests as further described in the Terms and Conditions.
Local Investors	"Local investor" in relation to an individual, means a natural person who is a citizen of Zimbabwe; and in relation to a body corporate, means a company incorporated under the Companies Act Zimbabwe.
Foreign Investor	"Foreign investor" means any person who is not a local investor.
Selling Restrictions	There are restrictions on the offer and sale of the Notes in Zimbabwe and in other jurisdictions, as more fully described in the Applicable Pricing Supplement and Condition 7.10 (Purchases).
Expenses	All expenses incurred in connection with the negotiation, preparation, printing, execution, placement, enforcement and any amendment of the Note documents will be for the Issuer's account.
Governing Law	The Notes will be governed by, and construed in accordance with, Zimbabwean law.

## SUMMARY AND MECHANICS OF NOTE ISSUANCE



Total asset value of Untu as per Statement of Financial Position as at 31 December 2016	US\$4,540,096
Minimum amount of Note	US\$50,000 (Institutional) US\$1,000 (Individuals) US\$50 (Mobile Money Subscribers)
Offer Price per Note	At par
Value of the Notes being Sold	US\$5,000,000
Minimum amount required	US\$1,000,000
Maximum amount required	US\$5,000,000
Term of the Notes	1,2 & 3 years



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## RISK FACTORS

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*The Issuer believes that the following factors may affect their ability to fulfill their obligations under the Note and the Guarantees respectively. All of these factors are contingencies which may or may not occur and the Issuer is in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this **Programme** and reach their own views prior to making any investment decision.*

### **1. Risk Factors relating to the Issuer**

#### **1.1 Compliance Risk**

##### **Definition**

This is the risk to earnings, capital or reputation occurring from violations of or non-conformance with laws, regulations, prescribed practices or ethical standards and may result in fines, penalties, payment of damages and voiding of contracts.

##### **Impact**

This could result in significant financial loss, impairment of shareholders' funds and/or outright closure of business, occasioned by sanctions or fines on the Company, or loss or suspension of its license.

##### **Mitigation**

- Tracking changes to country laws and supervisory authority regulations, and dissemination of same across the Company.
- Self-assessments through internal compliance checks, internal and external audits.

#### **1.2 Credit Risk**

##### **Definition**

This refers to the failure by the borrower to repay the Company's loans.

##### **Impact**

Credit risk may result in poor asset quality arising from a high level of non-performing loans and ultimately low yields on risk assets. This manifests in financial loss due to increased loan loss provisions and charges on impaired assets.

##### **Mitigation**

- Investment in staff training on lending methodologies.
- Strong credit analysis to identify risk and offer mitigants.
- Credit exposure and concentration limits.
- Clear loan covenants and transaction processes.

#### **1.3 Liquidity Risk**

##### **Definition**

This refers to the inability to meet short and long term financial obligations.

##### **Impact**

Liquidity risk may result in reputational risk due to delays in product roll out and the servicing of customer needs and the failure to settle short and long-term commitments.

**Mitigation**

- Alignment of the business undertaken with resultant liquidity risk exposure.
- Sound processes for identifying, measuring, monitoring and controlling liquidity risk, including projections for cash flows arising from assets, liabilities over an appropriate period of time.
- Clear funding strategy providing effective diversification in the sources and tenor of funding. Early warning indicators to aid prompt identification of liquidity risk such as concentrations in either assets or liabilities and deterioration in quality of credit portfolio.
- Effective portfolio management and reporting.

**1.4 Operational Risk****Definition**

This risk arises due to people and systems and the breakdown in internal procedures.

**Impact**

Human actions (accidental or deliberate) can put the business at risk notwithstanding flawless processes and technology. This could lead to financial loss, as well as reputational damage resulting in the company not being able to meet or exceed stakeholders' expectations.

**Mitigation**

- Zero tolerance of staff integrity issues and fraud.
- Internal structures to deal with and resolve employees' issues.
- Meeting training and development needs of staff.
- Documentation of policies and procedures and their periodic review.
- Segregation of duties which includes monitoring and supervisory controls.

**1.5 Market Risk****Definition**

Market risk is the possibility of loss due to factors that affect the overall performance of the financial markets the Company is involved in. Market Risk is broken down into Exchange Rate Risk and Interest Rate Risk.

**Impact**

Market risk results in the value of the Company's portfolio changing due to the movement of interest rates and/or exchange rates. The resultant effect is on the Company's earnings and/or capital position.

**Mitigation**

- Continual evaluation of risk appetite, communication and enforcement of market risk limits.
- The company borrows locally and internationally from Microfinance Investment Vehicles in US\$ which is also the reporting currency of the institution thus minimizing foreign exchange risk.
- The Company manages interest rate risk in the loan and funding portfolio such that exposures are manageable at portfolio repricing.

**1.6 Technology & Information Security Risk****Definition**

Technology risk is the risk of failing to implement or develop, as well as operate, the Company's technology platforms and solutions to meet stakeholders' expectations. This risk also includes the risk of confidentiality, integrity and availability of the Company's information assets.

**Impact**

This could manifest in defective hardware or software, failures in other technology such as networks or telecommunications, breaches in IT security, or lack of support from the manufacturers.

**Mitigation**

- Scheduled and adhoc internal and external IT audits.
- Comprehensive service level agreements (SLA) with service providers.
- Regular risk assessment and assurance of information assets.

## 1.7 Legal Risk

### Definition

Legal risk is the ability to identify, mitigate and manage the legal risks in the Company's activities and business transactions.

### Impact

Increased costs, loss of revenue, abuse and/or loss of intellectual property, distraction, negative brand equity, strained relationships with customers, employees, service providers, investors, regulators and other stakeholders and possible disruption of business activities are the legal risks that could impact our business.

### Mitigation

- Professional standards, transparency and fairness.
- Clarity in documentation and agreements.
- Dispute resolution processes with staff and clients.

## 1.8 Exchange Rate Risk

### **The Issuer may be negatively impacted by fluctuations in exchange rates**

The Issuer's business is transacted in US dollars. The functional and presentation currency of the Issuer is and will remain the US dollar and it generates revenue and incurs costs primarily in US dollars. Fluctuations in the relative values of these currencies, or of any local currency, may adversely affect the results of the Company when translated into US dollars. The Company seeks to manage currency exposure wherever possible through hedging and funding activity.

## 1.9 Political and Economic Risk

### **The Issuer operates in a developing market, which exposes it to certain political and economic risks.**

The Issuer's operation is in Zimbabwe and it is subject to the usual risks of operating in developing countries, which include potential political and economic uncertainty, application of exchange controls, nationalisation or expropriation, empowerment legislation and policy, crime and lack of law enforcement, political insurrection, external interference, currency fluctuations, lack of upkeep of public infrastructure and changes in government policy. Such factors could affect the Issuer's results by causing interruptions to its operations or by increasing the costs of operating.

Moreover, the economies of developing countries are often affected by developments in other emerging market countries, and, accordingly, adverse changes in developing markets elsewhere in the world could have a negative impact in Zimbabwe.

## 1.10 Management Risk

### **The Issuer is dependent on its senior management and may fail to identify develop and retain its current and future management capability.**

In order to develop, support and retain its clientele, the Issuer must hire and retain skilled employees with particular expertise. Failure to maintain this capacity at a high level or maintain its effective organizational leadership process, which can capture shared learning and leverage synergies and expertise, could jeopardise its growth potential.

In addition, various aspects of the Issuer's business depend on the continuing services and skills of key individuals of the Issuer, in particular, its senior management and executive directors. The Issuer has entered into employment contracts and taken other steps to encourage the retention of these individuals, and to identify and retain additional personnel, but if one or more of these key individuals retire or are unable or unwilling to continue in their present positions, the Issuer may not be able to replace them easily or at all and its business, results of operations and financial condition could be materially adversely affected if certain key individuals either cease to be employed by the Issuer or their services cease to be available to the Issuer.

### 1.11 Regulatory Risk

**The regulatory authorities under which the Issuer operates may adopt regulations that could increase costs and liabilities or could limit business activities.**

The Issuer's business is regulated by the Reserve Bank of Zimbabwe. Changes in any of the relevant regulations could have a material adverse effect on the Issuer's business, results of operations, cash flows or financial condition. There can be no assurance that the Issuer will not incur material costs or liabilities in connection with its compliance with current applicable regulatory requirements or that such regulations will not interfere with, restrict or affect the Issuer's businesses.

### 1.12 Financial Market Risk

**The Issuer is exposed to financial market risks, including fluctuations in foreign exchange and interest rates, which create volatility in relation to its derivative contracts.**

The Issuer uses derivative financial instruments to manage foreign exchange rate and interest rate risks, which expose the Issuer to movements in foreign exchange and interest rates. The Issuer's derivatives include interest rate swaps, cross currency swaps and forward foreign currency contracts. Such derivative instruments are used to alter the risk profile of an existing underlying exposure of the Issuer in line with its risk management policies.

The accounting for these interest rate and foreign exchange rate hedging activities results in volatility in the Issuer's net assets caused by marking to market these derivative contracts at each balance sheet date. In addition, if derivatives are fixed at rates in excess of actual market rates, this may in the future reduce the Issuer's profitability. To the extent that the Issuer does, or does not effectively, hedge its exposure to interest rate and foreign exchange rate fluctuations, the Issuer may incur higher than expected interest and foreign exchange expenses, which could have a material adverse effect on the Issuer's business, results of operations, financial condition or prospects.

**The Issuer's future capital needs may require that the Issuer seek debt financing, refinancing or additional equity funding, which may not be available or may be materially more expensive.**

From time to time, the Issuer may be required to raise additional funds for its future capital needs or refinance its current funding through public or private financing, strategic relationships or other arrangements. However, due to the current economic uncertainty and recent crises in the global financial markets, there can be no assurance that the funding, if needed, will be available on attractive terms, or at all. Furthermore, any additional financing arrangements may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants.

In addition, debt financing, refinancing or additional equity funding may be materially more expensive due to the lack of liquidity in the market and the general lack of confidence in the equity markets. The Issuer's failure to raise capital when needed could have a material adverse effect on the Issuer's business, results of operations and financial condition.

### 1.13 Technology Risk

**The Issuer is reliant on its information technology to conduct its business.**

The Issuer is increasingly reliant on its information technology and systems as the Issuer maintains branches in different parts of the country and relies on its information systems to maintain and improve its operational efficiency. Although the Issuer takes preventative measures to protect and secure its information systems, the Issuer's information systems may be vulnerable to different operational or security challenges including telecommunications failures, interruptions, security breaches and other types of interference. Any such interference may have a material adverse effect on the Issuer's business, results of operations and financial condition.

## 1.14 Natural and Other Disasters Risk

### **The Issuer may be negatively impacted by natural and other disasters.**

The Issuer's business and operating results could be negatively impacted by natural, social, technical or physical risks or disruptions or disasters such as earthquakes, hurricanes, flooding, fire, water scarcity, power loss, loss of water supply, telecommunications failures, labour disputes, political instability, military conflict and uncertainties arising from terrorist attack, a global economic slowdown, the economic consequences of any military action and associated political instability.

### **Risk factors relating to the Notes**

#### **Investors in the Notes may have limited recourse against the independent auditors.**

The Issuer's Financial Information, which has been extracted without material adjustment from the Annual Reports, contains independent auditors' reports for each of the years ended 31 December 2016 and 2015 from Deloitte. The opinion expressed limit the scope of the independent auditor's duty of care in relation to such reports and the recourse that investors in the Notes may have against Deloitte based on their reports or the Issuer's Financial Information to which they relate could be limited.

#### **If an active trading market does not develop for the Notes, holders may not be able to resell them.**

The Notes will be listed with FINSEC under the Securities Exchange Act. Accordingly, the Notes can be offered or sold pursuant to a transaction subject to, the registration requirements of FINSEC. A market of such Notes is under development and the Issuer can offer no assurance as to the liquidity of any market that may develop for the Notes, the ability of holders to sell their Notes or the prices at which Notes may be sold. Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, the Issuer's operating results and the market for similar securities.

#### **The Notes are partly secured obligations of the Issuer and the Guarantor, respectively.**

The Notes are secured by the indebtedness of the Issuer and will be unsubordinated to all of the Issuer's existing and future unsecured obligations. For more information on the ranking of the Notes, see "Description of the Notes".

## 2. RISKS SPECIFIC TO THE ISSUE

### 2.1 Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of investment in the Notes in light of its own circumstances. In particular, each potential investor should:

- Have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Programme or any applicable supplement;
- Have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- Have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- Understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- Be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

## **2.2. There is no active trading market for the Notes**

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

## **2.3 The Notes may be redeemed prior to maturity**

Unless in the case of any particular Tranche of Notes, the Applicable Pricing Supplement specifies that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Government of Zimbabwe or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies that the Notes are redeemable at the Issuer's option Condition 7.3 (Redemption at the Option of the Issuer), the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

## **3. RISK RELATING TO THE STRUCTURE OF THE PARTICULAR ISSUE OF NOTES**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features, which contain particular risks for potential investors. Set out below is a description of certain such features:

### **3.1. Index-linked Notes**

The Issuer may issue Notes, the terms of which provide for interest or principal payable in respect of such Notes to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor") or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- The market price of such Notes may be volatile;
- No interest may be payable on such Notes;
- Payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- The amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- A Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- If a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- The timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

### **3.2. Partly-paid Notes**

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

### **3.3. Notes issued at a substantial discount or premium**

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### **3.4. Variable Rate Notes with a multiplier or other leverage factor**

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

### **3.5. Fixed/Floating Rate Notes**

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favorable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

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## DOCUMENTS INCORPORATED BY REFERENCE AND SUPPLEMENTARY DOCUMENTS

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*Capitalised terms used in this section headed "Documents Incorporated by Reference and Supplementary Documents" shall bear the same meanings as used in the section headed "Definitions", except to the extent that they are separately defined in this section or it is clearly inappropriate from the context.*

1. The following documents shall be deemed to be incorporated in, and to form part of, this Programme (hereinafter called the "**Supplementary Documents**"):
  - 1.1. All amendments and/or supplements to this Programme circulated by the Issuer from time to time including inter alia the Supplementary Programme Memorandum and the Applicable Pricing Supplement;
  - 1.2. In respect of any issue of Notes under the Programme, the published annual financial statements (incorporating its audited annual financial statements, together with reports and the notes thereto) of the Issuer and attached to or intended to be read with such audited annual financial statements of Untu Capital for its five previous financial periods (31 December 2016, 2015, 2014, 2013, 2012) incorporated as Annexure 2 in the Programme Memorandum and Prelisting Statement and also available free of charge at the registered office or principal place of business of the Issuer – 3 Drury Lane, Strathaven, Harare, Zimbabwe, and on the website of the Issuer <http://www.untu-capital.com/> ;
  - 1.3. The Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme and all information pertaining to the Issuer which is relevant to the Programme;
  - 1.4. The Trust Deed which establishes the Trust and appoints the Trustee to administer the Trust for the benefit of the Noteholders, executed on the date of this Programme;
  - 1.5. The Deed of Guarantee executed in favour of the Trustee for and on behalf of Noteholders, in the event that a guarantee has been provided for in respect of a particular Tranche of Notes issued save that any statement contained in this Programme Memorandum and Prelisting Statement or in a Supplementary Document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Programme to the extent that a statement contained in any Supplementary Documents which are considered to be incorporated by reference herein modify or supersede such earlier statement (whether expressly, by implication or otherwise).
2. Whilst any Note remains Outstanding, the Issuer will provide without charge, to any person, upon request of such person, a copy of the Programme and any of the Supplementary Documents which are incorporated herein by reference, unless such Supplementary Documents have been modified or superseded, in which case the amended or superseding documentation will be provided. Requests for such documents should be directed to the Issuer and the Transfer Secretary at their respective registered offices as set out in the section headed (Corporate Information) and/or the Applicable Pricing Supplement. In addition, the constitutive documents of the Issuer will be available at the registered office of the Issuer as set out at the end of this Programme.
3. The Issuer will provide, free of charge, to each person to whom a copy of the Programme has been delivered/ provided electronically, upon request of such person, a copy of any of the Supplementary Documents deemed to be incorporated herein by reference, and which relate to a Tranche of Notes being subscribed for by such person, unless such documents have been modified or superseded in which case the amended or superseded documents will be supplied. Requests for such documents should be directed to the Issuer, and the Transfer Secretary at their respective registered offices as set out in the section headed (Corporate Information) and the Applicable Pricing Supplement.
4. The Programme, any amendments and supplements to it, and the documents referred to in paragraphs 1.1 to 1.5 above will be available on the Issuer's website, <http://www.untu-capital.com/>.
5. Whilst any Note remains Outstanding and listed on FINSEC, the Issuer will publish a Supplementary Programme Memorandum substantially on the same terms as this Programme, as the case may be, if:
  - 5.1. There is a Material Change which would affect the Issuer's payment obligations thereunder;



- 5.2. An event has occurred in terms of clause 5.1 which affects any matter contained in this Programme, the disclosure of which would reasonably be required by the Issuer to the Noteholders and/or potential investors in the Notes; or
- 5.3. Any of the information contained in this Programme requires to be updated in terms of the Applicable Laws; or
- 5.4. This Programme no longer contains all the information required by the Applicable Laws, provided that, in the circumstances set out in paragraphs 5.3 and 5.4 above, no Supplementary Programme or Programme Memorandum which is substantially similar to this Programme, as the case may be, is required in respect of the Issuer's audited annual financial statements if such audited annual financial statements are within 6 (six) months after the financial year end of the Issuer.

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## SALIENT FEATURES

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Capitalised terms used in this section headed “Salient Features” shall bear the same meanings as used in the section headed “Definitions”, except to the extent that they are separately defined in this section or it is clearly inappropriate from the context.

### 1. GENERAL DESCRIPTION OF THE PROGRAMME

Under this Programme, the Issuer may from time to time issue Notes denominated in US \$ or whatever legal currency is in use in Zimbabwe having such period of maturity/(es) as may be determined by the Issuer and approved by FINSEC.

The applicable terms of any Tranche of Notes will be stated by the Issuer prior to the issue of the Notes and will be set out in the Terms and Conditions incorporated by reference into the Notes, as modified and supplemented by the Applicable Pricing Supplement attached to the Certificates representing such Notes the applicable terms will be noted in the register of Noteholders as maintained by the Transfer Secretary.

A copy of the Applicable Pricing Supplement relating to a Tranche of Notes which is to be listed on FINSEC will be delivered to FINSEC from the date on which the Notes are listed on FINSEC.

This Programme Memorandum and Prelisting Statement and any Supplementary Programme Memorandum will only be valid for the issue of Notes in an aggregate Nominal Amount which, when added to the aggregate Nominal Amount then outstanding of all the Notes previously or simultaneously issued under the Programme, does not exceed the Programme Amount.

From time to time, the Issuer may wish to increase the Programme Amount. Subject to the Applicable Procedures and all Applicable Laws, the Issuer may, with the consent of Noteholders through a special resolution, increase the Programme Amount by delivering a notice thereof to the Noteholders by Condition 12 (Notices) of the Terms and Conditions and to the Arranger(s) and FINSEC. Upon such notice being given to the Noteholders, Arranger(s) and FINSEC, all references in this Programme Memorandum and Prelisting Statement (and each agreement, deed or document relating to the Programme and/or this Programme Memorandum and Prelisting Statement) will be deemed to be references to the increased Programme Amount set out in such notice.

The settlement of trades on FINSEC will be effected as per the FINSEC electronic settlement procedures. The Issuer and the Programme are rated as at the Programme Date. The Applicable Pricing Supplement will reflect the Rating which has been assigned to the Issuer and the Programme and/or a Tranche of Notes, as the case may be, as well as the Rating Agency or Rating Agencies which assigned such Rating(s). This Programme Memorandum and Prelisting Statement will only apply to Notes issued under the Programme on or after the Programme Date.

### 2. FORM OF NOTES

#### 2.1 Notes issued in certificated form

All Notes listed on FINSEC will be issued in uncertificated form to facilitate electronic trading, settlement and delivery subject to the Applicable Laws and the Applicable Procedures. All such electronically held Notes will be indicated in the Register of Noteholders, maintained by the Transfer Secretaries, as being owned or held by the Noteholder thereof. All amounts to be paid and all rights to be exercised in respect of electronically held Notes will be paid to and may be exercised by the Noteholders.

### 3. PROFORMA OF APPLICABLE PRICING SUPPLEMENT

Set out in **Annexure 1**, is the form of the Applicable Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

#### 4. USE OF PROCEEDS

The Issuer will use the proceeds of the Notes issued for the following purposes:

- **Expansion of Loan Book/Underwrite New Business**

The Issuer intends to issue the Notes to fund the growth of the loan book.

- **Expand Tenure of Loans**

The Issuer intends to increase the tenure of its loans to MSMEs.

- **Retiring of Expensive Debt**

The Issuer intends to retire some expensive short term debt. This is a 12 month overdraft facility at an effective cost of 13% per annum.

<b>Application</b>	<b>Amount US\$</b>
Retire Expensive Debt	500,000
Expenses for the Issuance	125,000
Underwrite New Business	4,375,000
<b>TOTAL</b>	<b>5,000,000</b>

Below are the estimated expense of the issuance.

<b>Expense for the Issuance</b>	<b>Amount US\$</b>
Legal fees, Arrangers, Debt Sponsor and Trustees	95,000
Publicity and other Marketing Costs	30,000
<b>TOTAL</b>	<b>125,000</b>

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## TERMS AND CONDITIONS OF THE NOTES

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The following are the Terms and Conditions of the Notes to be issued by the Issuer which will be incorporated by reference into each Note. A Tranche of Notes will be issued on, and subject to, the below Terms and Conditions, as replaced, amended and supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement. If there is any conflict or inconsistency between provisions set out in the Applicable Pricing Supplement and the provisions set out in these Terms and Conditions of the Notes, then the provisions in the Applicable Pricing Supplement will prevail. Capitalized terms used in this section shall bear the same meaning as defined in the section headed (Definitions), except to the extent that they are separately defined in this section or it is inappropriate for the context.

### 1. ISSUE

- 1.1. The Issuer may, at any time and from time to time, without the consent of any Noteholder, issue one or more Tranche of Notes under the Programme, provided that the aggregate Outstanding Nominal Amount of all of the Notes issued under the Programme from time to time does not exceed the Programme Amount. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the Applicable Pricing Supplement, relating to that Tranche of Notes.
- 1.2. Each Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index-Linked Note, a Mixed Rate Note or such combination of any of the preceding or such other type of Note as may be determined by the Issuer and specified in the relevant Applicable Pricing Supplement.
- 1.3. All payments relating to the Notes will be made in the Specified Currency. Each Note will be issued in the Specified Denomination.
- 1.4. The Applicable Pricing Supplement for each Tranche of Notes is incorporated in the Terms and Conditions for those Notes and supplements the Terms and Conditions. The Applicable Pricing Supplement may specify other requirements (which may replace, modify or supplement the Terms and Conditions), in which event such other circumstances shall, to the extent so specified in the Applicable Pricing Supplement or to the extent inconsistent with the Terms and Conditions, replace, modify or supplement these Terms and Conditions for the purpose of such Tranche of Notes.
- 1.5. The Noteholders are deemed to have notice of, and are entitled to the benefit of, and are subject to, all the provisions of the Applicable Pricing Supplement.

### 2. FORM AND DENOMINATION

- 1.1. The Notes will be issued in uncertificated form by default or in certificated form at the option of the subscriber.
- 1.2. All Notes listed on FINSEC will need to be electronically held before they can be traded on the exchange. As such, Notes held in certificated form will require dematerialisation, which is the process of converting the Notes from physical to electronic form. Thus, Noteholders holding certificated Notes will have to deliver the physical certificates to their stockbrokers or their custodians to facilitate conversion to electronic Notes.
- 1.3. Notes will be issued in such denominations as may be determined by the Issuer and as specified in the Applicable Pricing Supplement, provided that the Notes shall not be issued in denominations of less than the Minimum Denomination to any Noteholder provided that the aggregate Issue Price for a Tranche of Notes shall not be less than the Minimum Subscription Amount.
- 1.4. All payments about the Notes will be made in the Specified Currency.

### 3. TITLE

The Issuer, the Transfer Secretary and the Paying Agent shall recognise a Noteholder as the sole and absolute owner of the Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the relevant Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Note may be subject.

#### **4. CHARACTERISTICS OF THE NOTES**

- 4.1. The Notes constitute direct, unconditional, secured and unsubordinated obligations of the Issuer and rank pari passu among themselves and at least pari passu with all other present and future secured and unsubordinated obligations of the Issuer, save for those who have been accorded preferential rights by law. All Notes issued under this Programme will rank pari passu and will not require any Noteholders' prior approval.
- 4.2. Subject to Applicable Law, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation, wound-up or is subject to business rescue proceedings, the claims of the persons entitled to payment of amounts due in respect of the Notes, shall be unsubordinated to all other claims in respect of any other indebtedness of the Issuer.

#### **5. INTEREST**

##### **5.1. Interest on Fixed Rate Notes**

###### **5.1.1 General**

- 5.1.1.1 Each Fixed Rate Note bears interest on its Outstanding Nominal Amount from (and including) the Interest Commencement Date as specified in the Applicable Pricing Supplement at a rate(s) per annum equal to the Fixed Rate of Interest so specified, payable in arrears on the Interest Payment Dates in each year up to and including the Maturity Date.
- 5.1.1.2. The First Interest Payable will be made on the Interest Payment Date immediately following the Interest Commencement Date.
- 5.1.1.3. Except as provided in the Applicable Pricing Supplement, the amount of interest payable per Note on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Rate of Interest, provided that:
  - 5.1.1.3.1. if an Initial Broken Amount is specified in the Applicable Pricing Supplement, then the first interest amount shall equal the Initial Broken Amount specified in the Applicable Pricing Supplement; and
  - 5.1.1.3.2. If a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final interest amount shall equal the Final Broken Amount.
  - 5.1.1.3.3. If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Fixed Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, as specified in the Applicable Pricing Supplement, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half such Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

###### **5.1.2. Interest Payment Dates**

Unless otherwise specified in the Applicable Pricing Supplement, semi-annual interest is payable on the Notes, with each such six-month period constituting a Fixed Interest Period. Interest in respect of each Fixed Interest Period shall be payable in arrears on the Interest Payment Date immediately after the last day of such Fixed Interest Period. If any Interest Payment Date falls on a day which is not a Business Day, the interest payable upon such Interest Payment Date shall be payable upon the first following day that is a Business Day, provided that to determine an Interest Period no adjustment shall be made to such Interest Payment Date.

###### **5.1.3. Calculation of Interest**

The amount of interest payable on the Note in respect of each Fixed Interest Period will be determined in the manner specified in the Applicable Pricing Supplement.

#### **5.1.4. Alternative Period**

If interest is required to be calculated for a period other than a Fixed Interest Period, it will be calculated by the actual number of days in such period divided by 365 (and for the foregoing, leap years shall be disregarded).

### **5.2. Floating Rate Notes and Indexed Interest Notes**

#### **5.2.1. Interest Payment Dates**

Each Floating Rate Note and Indexed Interest Note bears interest on its Outstanding Nominal Amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement, and such interest will be payable in arrears on the Interest Payment Date(s) in each year specified in the Applicable Pricing Supplement. Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

#### **5.2.2. Rate of Interest**

The Rate of Interest payable from time to time in respect of the Floating Rate Notes and Indexed Interest Notes will be determined in the manner specified in the Applicable Pricing Supplement.

#### **5.2.3. Minimum and Maximum Rate of Interest**

If the Applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the Applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

#### **5.2.4. Determination of Rate of Interest and Calculation of Interest Amount**

The Calculation Agent (being Corpserve Registrars (Private) Limited for purposes of this Programme), in the case of Floating Rate Notes and Indexed Interest Notes will at, or as soon as is practicable after, each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the Interest Amount payable in respect of each Floating Rate Note and Indexed Interest Note in respect of each Specified Denomination for the relevant Interest Period, and the Calculation Agent shall notify the Issuer of the Rate of Interest for the relevant Interest Period as soon as is practicable after calculating the same. Each Interest Amount shall be calculated by applying the Rate of Interest to the Specified Denomination, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest Sub-unit of the relevant Specified Currency, half a Sub-unit being rounded upwards or otherwise by applicable market convention.

#### **5.2.5. Interest Determination, Screen Rate Determination including Fall-back Provisions**

Where ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph, "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by such agent as is specified in the Applicable Pricing Supplement under an interest rate swap transaction if that agent was acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the most recent ISDA Definitions and under which:

- 5.2.5.1. the Floating Rate Option is as specified in the Applicable Pricing Supplement;
- 5.2.5.2. the Designated Maturity is the period specified in the Applicable Pricing Supplement; and
- 5.2.5.3. the relevant Reset Date is either (i) if the relevant Floating Rate Option is based on the relevant Reserve Bank of Zimbabwe benchmark rate, the first day of that Interest Period; or (ii) in any other case, as specified in the Applicable Pricing Supplement.

For the above sub-paragraph "Floating Rate," "Floating Rate Option," "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions specified in the Applicable Pricing Supplement.

Where Screen Rate Determination is specified in the Applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject to the provisions below, be either:

- 5.2.5.4. If the Relevant Screen Page is available:
  - 5.2.5.4.1. The offered quotation (if only one quotation appears on the screen page); or
  - 5.2.5.4.2. The arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage per annum) for the Reference Rate which appears on the Relevant Screen Page as at 11h00 (or as otherwise specified in the Applicable Pricing Supplement) on the Interest Determination Date in question plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quote, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations; or
- 5.2.5.5. If the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Calculation Agent shall request the principal Harare office (as the case may be) of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11h00 on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.00005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent; or
- 5.2.5.6. If the Rate of Interest cannot be determined by applying the provisions of (a) and (b) above, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.00005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks offered, at approximately 11h00 on the relevant Interest Determination Date, deposits in an amount approximately equal to the nominal amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate to prime banks in Harare inter-bank market plus or minus (as appropriate) the Margin (if any).

If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Rate of Interest for the relevant Interest Period will be determined by the Calculation Agent as the arithmetic mean (rounded as provided above) of the rates for deposits in an amount approximately equal to the nominal amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, quoted at approximately 11h00 on the relevant

Interest Determination Date, by the Reference Banks plus or minus (as appropriate) the Margin (if any). If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

5.2.5.7. If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the Applicable Pricing Supplement as being other than Treasury Bill rate, the Rate of Interest in respect of such Notes will be determined as provided in the Applicable Pricing Supplement.

#### **5.2.6. Notification of Rate of Interest and Interest Amount**

The Issuer will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to FINSEC as soon as possible after their determination but in any event no later than the 4th (fourth) Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to FINSEC, and every other relevant exchange or authority and to the Noteholders by Condition 12 (Notices).

#### **5.2.7. Certificates to be Final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this clause 5.2, by the Calculation Agent shall (in the absence of wilful deceit, bad faith or manifest error or proven error) be binding on the Issuer and all Noteholders and in the absence as aforesaid no liability shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties, and discretions pursuant to such provisions.

#### **5.2.8. Mixed Rate Notes**

The Interest Rate payable from time to time on Mixed Rate Notes shall be the Interest Rate payable in the form of interest-bearing Note (be it a Fixed Rate Note, Floating Rate Note, Index-Linked Note or other Note) specified for each respective period, as specified in the Applicable Pricing Supplement. During each such applicable period, the Interest Rate on the Mixed Rate Notes shall be determined and fall due for payment on the basis that such Mixed Rate Notes are Fixed Rate Notes, Floating Rate Notes, Index-Linked Notes, Instalment Notes or other Notes, as the case may be.

### **5.3. Business Day Convention**

If any Interest Payment Date (or another date) which is specified in the Applicable Pricing Supplement to be subject to adjustment by a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

5.3.1. The **"Floating Rate Business Day Convention"**, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event:

(i) such Interest Payment Date (or another date) shall be brought forward to the first preceding Business Day and

(ii) each subsequent Interest Payment Date (or another date) shall be the last Business Day of the month which falls the number of months or other period specified as the Interest Period in the Applicable Pricing Supplement after the preceding applicable Interest Payment Date (or another date) has occurred; or

5.3.2. The **"Following Business Day Convention"**, such Interest Payment Date (or another date) shall be postponed to the next day which is a Business Day; or



5.3.3. The **"Modified Following Business Day Convention"**, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or another such date) shall be brought forward to the first preceding Business Day; or

5.3.4. The **"Preceding Business Day Convention,"** such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day.

#### **5.4. Accrual of Interest**

Each Note (or in the case of the redemption of a part only of a Note, that part only of such Note) shall cease to bear interest from the Redemption Date unless, upon due presentation thereof, payment of the principal is withheld or refused. In such event, interest shall continue to accrue at the Default Rate, if any, specified in the relevant Applicable Pricing Supplement, or otherwise at the prevailing Interest rate specified in the relevant Applicable Pricing Supplement until the date on which all amounts due in respect of such Note have been paid.

In particular, the Issuer agrees to pay, automatically and without any prior notice from the Note Holder, from the date of a failure to pay any specific outstanding principal amount due and payable under the Note additional interest of 2% per annum above the rate set forth in Section 3 hereof on that specific outstanding sum due and payable under the Note until that sum has been paid to the Note Holder, without prejudice to all legal actions brought by the Note Holder against the Issuer.

### **6. PAYMENTS**

#### **6.1. Interest and redemption monies shall only be payable:**

6.1.1. In respect of interest, to Noteholders, registered as such on the Last Day to Register immediately preceding the Interest Payment Date in question and, in respect of redemption monies, to Noteholders registered as such on the Last Day to Register prior to the Redemption Date;

6.1.2. To Noteholders registered as such after the relevant Last Day to Register if duly completed documents of transfer were delivered to the Transfer Secretary before the relevant Last Day to Register or were posted to and received by the Transfer Secretary not more than 5 days after the relevant Last Day to Register in an envelope postmarked prior to the relevant Last Day to Register.

**6.2.** The Registers will be closed on the Last Day to Register, to determine Noteholders entitled to receive interest or redemption monies, as the case may be. On the Last Day to Register, the Transfer Secretary will in accordance with the provisions of the Agency Agreement update and reconcile the Register of Noteholders and, in liaison with the Issuer, ensure the payment of interest and redemption monies due to all Noteholders as will be applicable.

**6.3.** Payment of interest and redemption monies shall be made via electronic funds transfer to the account designated for the purpose by the Noteholder on the Interest Payment Date or Redemption Date being due.

### **7. REDEMPTION AND PURCHASE**

#### **7.1. At Maturity**

Unless previously redeemed or purchased and canceled as specified below; each Note will be redeemed by the Issuer at its Final Redemption Amount specified in or determined in the manner specified in the Applicable Pricing Supplement on the Maturity Date.

## 7.2. Redemption for Regulatory and Tax Reasons

If the Issuer, immediately before the giving of the notice referred to below, is of the reasonable opinion that:

- 7.2.1. As a result of any change in, or amendment to, the laws or regulations or directive of the Republic of Zimbabwe or any political sub-division of, or any authority in, or of, the Republic of Zimbabwe having power to tax or any change or amendment which becomes effective after the relevant Issue Date, the Issuer is or would be required to pay additional amounts as required; and
- 7.2.2. The requirement cannot be avoided by the Issuer taking reasonable measures available to it, then the Issuer may at its option, at any time or on any Interest Payment Date, having given not less than 30 days nor more than 60 days' notice to Noteholders in accordance with Condition 12 (Notices) (which notice shall be irrevocable), redeem all Notes, and not some only, at their "Early Redemption Amount" referred to in Conditions 7.5 (Early Redemption Amounts) below, together (if appropriate) with interest accrued to (but excluding) the Redemption Date, provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer would be required to pay such additional amounts were a payment in respect of the Notes is due.

## 7.3 Redemption at the Option of the Issuer

- 7.3.1. If the Issuer is specified in the Applicable Pricing Supplement as having an option to redeem, the Issuer may have given:
  - 7.3.1.1. not less than 15 days nor more than 30 days' notice to the Noteholders in accordance with Condition 12 (Notices); and
  - 7.3.1.2. not less than seven days before giving the notice referred in 7.3.1.1 above, see to the Calculation Agent and Paying Agent;  
  
(both of which notices shall be irrevocable) redeem all or some of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the Applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).
- 7.3.2. A list of the serial numbers of Certificates of redeemed notes will be in accordance with Condition 12 (Notices) not less than 15 days prior to the date fixed for redemption.
- 7.3.3. Holders of redeemed Notes shall surrender the Certificates representing the Notes in accordance with the provisions of the notice given to them by the Issuer as contemplated in 7.3.1.1 above.
- 7.3.4. In the case of a partial redemption of Notes, each Noteholder shall have the same percentage of the Principal Amount of Notes held by the Noteholder redeemed, as each other Noteholder. Where only a portion of the Notes represented by a Certificate are redeemed, the Transfer Secretary shall deliver a Certificate to such Noteholders in respect of the balance of the Notes.

## 7.4. Redemption in the event of Change of Control

- 7.4.1. The provisions of this Condition 7.4 (Redemption in the event of a Change of Control) shall apply if specified as being applicable in the Applicable Pricing Supplement.
- 7.4.2. A "**Change of Control Event**" shall occur if at any time while any Note remains Outstanding:
  - 7.4.2.1. A Change of Control occurs; and
  - 7.4.2.2. Within the Change of Control Period and in respect of that Change of Control, a Rating Downgrade occurs.

- 7.4.3. Promptly upon the Issuer becoming aware that a Change of Control Event has occurred at any time while any Note remains Outstanding, the Issuer shall give notice (a "Change of Control Notice") to the relevant Class of Noteholders in accordance with Condition 12 (Notices) specifying the nature of the Change of Control Event and the circumstances giving rise to it. Upon the receipt of a Change of Control Notice, the relevant Class of Noteholders shall have the right to exercise an option, by way of Extraordinary Resolution, to require early redemption of the Notes and to convene a meeting of each relevant Class of Noteholders within 30 (thirty) days of the date on which the Issuer becomes aware of that Change of Control Event having occurred.
- 7.4.4. If a Class of Noteholders resolves, by way of an Special Resolution to require the redemption of the Notes of that Class of Noteholders as a consequence of the occurrence of the relevant Change of Control Event, then the Issuer shall redeem all of the Notes of that Class of Noteholders within 30 (thirty) days of the date on which such Special Resolution is passed (the "Mandatory Redemption Date") at its Early Redemption Amount together with interest accrued to, but excluding, the Mandatory Redemption Date.
- 7.4.5. For the purposes of this Condition 7.4 (Redemption in the event of Change of Control);
- 7.4.5.1. **"Acting in Concert"** means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate Control of the Issuer;
- 7.4.5.2. A **"Change of Control"** shall be deemed to have occurred at each time that any person ("Relevant Person") or person Acting in Concert, at any time directly or indirectly has unconditionally acquired Control of the Issuer, provided that a Change of Control shall not be deemed to have occurred if the shareholders of the Relevant Person are also, or immediately prior to the event which would otherwise constitute a Change of Control, were all of the shareholders of the Issuer;
- 7.4.5.3. **"Change of Control Period"** means, in relation to a Change of Control of the Issuer, the period commencing 60 (sixty) days prior to such Change of Control and ending 60 (sixty) days after such Change of Control;
- 7.4.5.4. **"Control"** of the Issuer means (A) the holding beneficially of more than 50% (fifty percent) of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital), or (B) the power to cast, or control the casting of votes in respect of, such number of the shares in the issued share capital of the Issuer carrying more than 50% (fifty percent) of the total number of votes that may be cast at a general meeting of the members of the Issuer;
- 7.4.5.5. **"Investment Grade Rating" means** a national scale rating of Baa3za by Moody's, BBB-(zaf) by Fitch, zaBBB- by S&P, BBB-(RSA) by GCR or its equivalent for the time being, or better;
- 7.4.5.6. A **"Rating Downgrade"** shall, in relation to Issuer and/or the Programme and/or where any Notes are rated by a Rating Agency, as the case may be, be deemed to have occurred in respect of a Change of Control if within the Change of Control Period the Rating previously assigned to the Issuer and/or the Programme and/or the Notes, by any Rating Agency is:
- 7.4.5.6.1. Withdrawn; or
- 7.4.5.6.2. Changed from an Investment Grade Rating to a non-Investment Grade Rating; or
- 7.4.5.6.3. In the case of a non-Investment Grade Rating, downgraded by any Rating Agency by one or more Rating Notches, provided that no Rating Downgrade shall have occurred if the Rating assigned to the Issuer and/or the Programme and/or the Notes, as the case may be, is substituted for an Investment Grade Rating by another Rating Agency;

7.4.5.7. "Rating Notch" means the difference between one Rating and the Rating immediately below it, for example, from "BB+" to "BB" by the Rating Agency or such similar lower or equivalent Rating.

## **7.5. Early Redemption Amounts**

For the purpose of Condition 7.2 (Redemption for Regulatory and/or Tax Reasons), Condition 7.3 (Redemption at the Option of the Issuer), Condition 7.4 (Redemption in the event of a Change of Control) and/or Condition 9 (Events of Default), the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- 7.5.1. In the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- 7.5.2. In the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price, at the amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their Nominal Amount; or
- 7.5.3. In the case of Zero Coupon Notes, at an amount (the "Amortised Face Amount") equal to the sum of: (i) the Reference Price; and (ii) the product of the Implied Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable, or
- 7.5.4. Such other amount or method of calculation or the amount payable as is provided in the Applicable Pricing Supplement.
- 7.5.5. Where such calculation is to be made for a period which is not a whole number of years, it shall be calculated on the basis of actual days elapsed divided by 365 (three hundred and sixty five), or such other calculation basis as may be specified in the Applicable Pricing Supplement.

## **7.6. Instalment Notes**

Instalment Notes will be redeemed at the Instalment Amounts and on the Instalment Dates. In the case of early redemption in accordance with Condition 7.2 (Redemption for Regulatory and/or Tax Reasons), Condition 7.3 (Redemption at the Option of the Issuer) and Condition 7.4 (Redemption in the event of Change of Control) or Condition 9 (Events of Default), the Early Redemption Amount will be determined pursuant to Condition 7.5 (Early Redemption Amount).

## **7.7. Partly Paid Notes**

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 9 (Redemption and Purchase) and the Applicable Pricing Supplement. In the case of early redemption in accordance with Condition 7.2 (Redemption for Regulatory and/or Tax Reasons), Condition 7.3 (Redemption at the Option of the Issuer) and Condition 7.4 (Redemption in the event of Change of Control) or Condition 7 (Events of Default), the Early Redemption Amount will be determined pursuant to Condition 7.5 (Early Redemption Amounts).

## **7.8. Exchangeable Notes**

If the Notes are Exchangeable Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in the manner indicated in the Applicable Pricing Supplement. Exchangeable Notes in respect of FINSEC, or upon the exercise by the Noteholder of the Noteholder's Exchange Right (if applicable), will be redeemed by the Issuer delivering to each Noteholder as many of the Exchange Securities as are required in accordance with the Exchange Price. The delivery by the Issuer of the Exchange Securities in the manner set out in the Applicable Pricing Supplement shall constitute the in specie redemption in full of such Notes.

## 7.9. Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7 (Redemption and Purchase) or upon its becoming due and repayable as provided in Condition 9 (Events of Default) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5.3 as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) 5 (five) days after the date on which the full amount of the moneys payable has been received by Corpserve Transfer Secretaries, and notice to that effect has been given to the Noteholder in accordance with Condition 12 (Notices).

## 7.10. Purchases

The Issuer may at any time purchase Notes at any price in the open market or otherwise. Such Notes may (subject to restrictions of any Applicable Laws) be held by the Issuer in its own name or that of its nominee, resold or, at the option of the Issuer, surrendered to the Transfer Secretary for cancellation.

## 7.11. Cancellation

All Notes which are redeemed will forthwith be cancelled. All Certificates representing the Notes so cancelled shall be forwarded to the Issuer and cannot be re-issued or resold. Where only a portion of Notes represented by a Certificate are cancelled, the Transfer Secretary shall deliver a Certificate to such Noteholder in respect of the balance of the Notes.

## 8. PRESCRIPTION

The Notes will become void unless presented for payment of principal and interest within a period of three years after the Relevant Date.

## 9. EVENTS OF DEFAULT

### 9.1. Notes

If, for any particular Series Notes, one or more of the following events ("**Events of Default**") shall have occurred and be continuing:

#### 9.1.1. Non-Payment

the Issuer fails to pay any principal or interest due under the Notes on its due date for payment thereof and any such failure continues for a period of 5 (five) Business Days; or

#### 9.1.2. Cross Default

9.1.2.1. Any Indebtedness of the Issuer:

9.1.2.1.1 Not paid when due or within any originally applicable grace period; or

9.1.2.1.2 Is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of Default (however described).

9.1.2.1.3 Any creditor of the Issuer becomes entitled to declare any Indebtedness of the Issuer due and payable prior to its specified maturity as a result of an event of default (however described).

9.1.2.2 Notwithstanding what is stated in this Condition 9 (Cross Default) an Event of Default will not occur under this clause 9.1.2 if the aggregate amount of Indebtedness or commitment for Indebtedness falling within Condition 9.1.2.1 to Condition 9.1.2.1.3 above is less than US\$ 500,000.

### **9.1.3 Insolvency**

An order by any court of competent jurisdiction or authority for the liquidation, winding-up, dissolution or placement under supervision or commencement of business rescue proceedings of the Issuer is made whether provisionally (and not dismissed or withdrawn within 30 days thereof) or finally, or the Issuer is placed under voluntary liquidation or curatorship or a meeting is convened to consider the passing of a resolution, or a resolution is passed, to authorise the implementation of any business rescue proceedings in respect of the Issuer provided that no liquidation, curatorship, winding-up, dissolution or business rescue proceedings shall constitute an Event of Default if (i) the liquidation, winding-up, dissolution or business rescue proceedings is for the purposes of effecting an amalgamation, merger, demerger, consolidation, reorganisation or other similar arrangement of the Issuer with any third party; or (ii) the liquidation, winding-up, dissolution or business rescue proceedings is for the purposes of effecting an amalgamation, merger, demerger, consolidation, reorganization or other similar arrangement, the terms of which were approved by an Extraordinary Resolution of Noteholders before the date of the liquidation, winding-up, dissolution or business rescue proceedings; or

### **9.1.4 Insolvency Proceedings**

The Issuer initiates or consent to judicial proceedings relating to itself under any applicable compromise with creditors, liquidation, winding-up, business rescue or insolvency or other similar laws or compromises or attempts to compromise, with its creditors generally (or any significant class of creditors) or any meeting of creditors is convened by the Issuer to consider a proposal for an arrangement or compromise with its creditors generally (or any significant class of its creditors); or

### **9.1.5 Consents, Approvals and Authorisations**

Any action, condition or thing, including obtaining any consent, licence approval or authorisation now or in future necessary to enable the Issuer to comply with its respective obligations under the Notes is not fulfilled or in place or any such consent, licence, approval or authorisation is revoked, modified, withdrawn or withheld or ceases to be in full force and effect, resulting in the Issuer being unable to perform any of its respective payment or other obligations in terms of the Notes and the Issuer fails to take reasonable steps to remedy such circumstances within 14 Business Days of receiving written notice from the Noteholders demanding such remedy; or

### **9.1.6. Financial Covenants**

9.1.6.1. The Issuer undertakes that, until the Maturity Date of all the Notes, it shall ensure that its Capital Adequacy Ratio (CAR) shall at all times be at least equal to 20%.

9.1.6.2. The Issuer shall demonstrate that its CAR is at least equal to 20% immediately prior and after the declaration of any dividends or the payment of interest or the repayment of principal on any shareholder or intercompany loans before making such payment of dividend, interest or principal. Capital Adequacy Ratio (CAR) shall be calculated by dividing the Issuer's total equity by its total Risk Weighted Assets.

9.1.6.3 The Issuer shall provide the following information to the Trustee of the Noteholders:

- a. Within 45 days of the end of each quarter, quarterly management accounts and a certificate of compliance signed by the Chief Executive Officer of the Issuer verifying the compliance with the covenants herein;
  - b. Within 100 days of the end of the financial year, audited financial statements; and
  - c. Or such other information as set out in the Applicable Pricing Supplement.
- 9.1.6.4 The Issuer shall ensure that at all times any related party or shareholder loans are subordinated to Notes issued under the Note Programme.
- 9.1.6.5 The Issuer shall make no dividend payments or payments under any related party or shareholder loans if the Issuer is in breach of any covenant herein or an Event of Default has occurred or is continuing.
- 9.1.6.6 **Negative Pledge** - The Issuer agrees that it shall not directly or indirectly create or permit to subsist any Encumbrance on or over any of its undertaking, assets or revenues, present or future, to secure any Indebtedness, or any guarantee of or indemnity in respect of any Indebtedness.

#### **9.1.7 Other**

Any other Event of Default provided for such Series, as specified in the Applicable Pricing Supplement, then any Noteholder or the Trustee, as the case may be, , by written notice to the Issuer at the registered office of the Issuer, effective upon the date of receipt thereof by the Issuer, declare the Notes held by the Noteholder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount as described in Condition 7.5 (Early Redemption Amounts), together with accrued interest (if any) to the date of repayment, or as specified in the Applicable Pricing Supplement

## **9.2. General conditions**

The following circumstances each constitute an Event of default:

- 9.2.1. The failure to pay any outstanding sum due and payable under the Note, including interest payments or principal repayments, on the date on which such payment is due under the Note when such failure to pay continues for five (5) Business Days after the payment is due under the Note.
- 9.2.2. The failure to make available to the Noteholder the Original Copy of the Note and/or the Original Copy of the Legalised Signature Documents within ten (10) Business Days, after the scanned Copy mailing date.
- 9.2.3. The provision of incorrect, untrue or misleading information by the Issuer to the Note Holder which had an influence on the Noteholder signing this Note granting cash to the Issuer against issuance of this Note;
- 9.2.4. Any representation or statement made or deemed to be made by the issuer or any other document delivered by or on behalf of the Issuer under or in connection with the Note is or proves to have been incorrect or misleading in any material respect when made or deemed to be made;
- 9.2.5. The dissolution or embargo of the Issuer's assets, which is not removed within ten (10) Business days after embargo;
- 9.2.6. The insolvency or the inability of the Issuer to make any payment of loan principal or interest there under when due (after any applicable grace period has run), or the Issuer's supplication for,

or consent to, the appointment of a trustee or receiver for any of its property; or any bankruptcy or insolvency law instituted by or against the Issuer, which is not dismissed within thirty (30) days;

- 9.2.7. A material adverse change in the financial, operational or regulatory condition of the Issuer that may affect, in the reasonable opinion of the Noteholder, the ability of the issuer to carry out its obligation under the Note;
- 9.2.8. The failure to submit any reasonably requested financial, operational and institutional information to the Noteholder within ten (10) Business days after a request is received by the Issuer for such information;
- 9.2.9. A default or event of default shall have occurred under the terms of any other agreement involving borrowed money or the extension of credit or any other indebtedness under which the issuer may be obligated as an Issuer or guarantor where the amount of such indebtedness exceeds 10% of the Issuer's net assets, and such default or event of default permits or causes the acceleration of any indebtedness or the termination of any commitment to lend;
- 9.2.10. A change of control of the Issuer or the sale, transfer or other disposition of all or substantially all of the assets of the Issuer or the merger or consolidation of the Issuer with any other person without express written consent of a majority of Noteholders, in accordance with Section 7.4;
- 9.2.11. The Issuer does not inform within a ten (10) Business Days prior notice the Loan Holder of voluntary prepayments of any sum under any other agreement involving borrowed money or the extension of credit or any other indebtedness when such Prepayment to Third Party causes the aggregate sums of the Prepayments to Third parties over a period of the last three (3) months to exceed 10% of the issuers total liabilities;
- 9.2.12. The Issuer will maintain regulatory ratios as required by the Reserve Bank of Zimbabwe.
- 9.2.13. The Issuer does not comply with any applicable law and regulations and this has a material impact in the ability of the Issuer to conduct its operations and business.

## **10 CERTIFICATES, REGISTER AND TRANSFER OF NOTES**

### **10.1 Certificates**

- 10.1.1 A Noteholder of an Uncertificated Note, should they so elect, shall be entitled to receive a Certificate evidencing the Notes transferred to that Noteholder within 2 days after registration of that transfer (and which will apply mutatis mutandis to such Certificate), provided that joint Noteholders will be entitled to receive only one Certificate in respect of that joint holding, and the delivery to one of those Noteholders shall be delivery to all of them.
- 10.1.2 If a Certificate is worn out or defaced then, within 2 days of its presentation to the Transfer Secretary, the Transfer Secretary shall cancel that Certificate and issue a new Certificate in its place.
- 10.1.3 If a Certificate is lost or destroyed, then upon proof thereof to the satisfaction of the Transfer Secretary, a new Certificate in lieu thereof may be issued to the person entitled to that lost or destroyed Certificate, provided that the Noteholder shall provide the Transfer Secretary and the Issuer with an indemnity. The person providing the indemnity and the form of the indemnity shall be to the satisfaction of the Issuer and the Transfer Secretary. The new Certificate shall be issued within 2 days from the date that the conditions for issuing such Certificate have been fulfilled.
- 10.1.4 An entry as to the issue of a new Certificate and indemnity (if any) shall be made in the Register upon the date of issue of the new Certificate.



- 10.1.4.1 Certificates to be provided by the Issuer to Noteholders shall be collected by the Noteholders from the Transfer Secretary.
- 10.1.4.2 Certificates shall be provided where relevant by the Issuer without charge, save as otherwise provided in these Terms and Conditions. The costs and expenses of delivery of Certificates otherwise than by ordinary post (if any) and, if the Issuer shall so require, taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Noteholder.

## 10.2 Registers

- 10.1.1 The Register of Certificated Notes:
  - 10.2.1.1 Shall be kept at the office of the Transfer Secretary;
  - 10.2.1.2 Shall contain the names, address and bank account numbers of the Noteholders;
  - 10.2.1.3 Shall show the total Nominal Amount of the Notes held by the Noteholders;
  - 10.2.1.4 Shall show the dates upon which each of the Noteholders was registered as such;
  - 10.2.1.5 Shall show the serial numbers of the Certificates and the dates of issue thereof;
  - 10.2.1.6 Shall be open for inspection at all reasonable times and during business hours on Business Days by any Noteholder or any person authorised in writing by a Noteholder;
  - 10.2.1.7 Shall be closed during the period as specified in the Applicable Pricing Supplement, commencing after the Last Day to Register, or such shorter period as the Issuer may decide during which transfer of Notes will not be registered in order to determine those Noteholders entitled to receive interest.
- 10.2.2 The Transfer Secretary shall alter the Registers in respect of any change of name, address or account number of any of the Noteholders of which it is notified.
- 10.2.3 Except as provided for in these Terms and Conditions or as required by law, the Issuer:
  - 10.2.3.1 Will only recognise a Noteholder as the owner of the Notes registered in that Noteholders name as per the applicable Register;
  - 10.2.3.2 Shall not be bound to enter any trust in the Registers or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Certificate or Uncertificated Note may be subject.

## 10.3 Transfer of Certificated Notes

- 10.3.1 For any transfer of Certificated Notes to be effected through the Register and for the transfer to be recognized by the Issuer, each transfer of a Note:
  - 10.3.1.1 Must be in writing and the usual form or such other form approved by the Transfer Secretary;
  - 10.3.1.2 Must be signed by the relevant Noteholder and the transferee, or any authorized representatives of that registered Noteholder or transferee;
  - 10.3.1.3 Shall only be in respect of the stated denomination of the Note as set out in the Applicable Pricing Supplement, or integral multiples thereof, and consequently the Issuer will not recognize any fraction of the stated denomination;

- 10.3.1.4 Must be delivered to the Transfer Secretary together with the Certificate in question for cancellation (if only part of the Notes represented by a Certificate is transferred, a new Certificate for the balance will be issued to the transferor, and the cancelled Certificate will be retained by the Transfer Secretary).
- 10.3.2 The transferor of any Notes represented by a Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- 10.3.3 Before any transfer is registered all relevant transfer taxes (if any) must have been paid and such evidence must be furnished as the Transfer Secretary reasonably require as to the identity and title of the transferor and the transferee.
- 10.3.4 No transfer will be registered whilst the applicable Register is closed.
- 10.3.5 If a transfer is registered then the transfer form and cancelled Certificate will be retained by the Transfer Secretary.

## **11 CALCULATION AND OTHER AGENTS**

- 11.1 Any third party appointed by the Issuer as Arranger(s), Calculation Agent, Paying Agent, Debt Sponsor, Transfer Secretary or otherwise shall act solely as the agent of the Issuer and does not assume any obligation towards or relationship of agency or trust for or with any Noteholders.
- 11.2 The Issuer is entitled to vary or terminate the appointment of such agents and/or appoint additional or other agents and/or approve any change in the specified agent, provided that there will at all times be an Arranger(s), Transfer Secretary, Calculation Agent, Paying Agent and Trustee and in respect of Notes listed on FINSEC, and a Debt Sponsor with a specified office in such place as may be required by the rules and regulations of FINSEC.

## **12 NOTICES**

- 12.1 All notices to Noteholders shall be sent by registered mail to their respective addresses appearing in the Registers. Any such notice shall be deemed to have been given on the seventh day after the day on which it is mailed. In addition, such notices shall only be valid if published in an English language daily newspaper of general circulation in the Republic of Zimbabwe.
- 12.2 If any notice is given to Noteholders, a copy thereof shall be delivered to the Trustee and if the Note is listed on FINSEC to FINSEC.
- 12.3 Any notice by a Noteholder to the Issuer shall be deemed to have been received by the Issuer, if delivered to the registered office of the Issuer on the date of delivery and, if sent by registered mail, on the seventh day after the day on which it is sent.

## **13 AMENDMENT OF THESE TERMS AND CONDITIONS**

- 13.1 These Terms and Conditions set out all the rights and obligations relating to the Notes and, subject to the further provisions of Condition 13, no addition, variation or consensual cancellation of these Terms and Conditions shall be of any force or effect unless reduced to writing and signed by or on behalf of the Issuer and approved by FINSEC.
- 13.2 These Terms and Conditions may be amended by the Issuer without the consent of the Noteholders for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein, provided that the interests of the Noteholders are not prejudiced by any such amendment.
- 13.3 The Issuer may, with the prior sanction of an Extraordinary Resolution or with the prior written consent of Noteholders holding not less than 75% (seventy-five per cent) in Nominal Amount of the Notes Outstanding from time to time, amend these Conditions, provided that no such amendment shall be of any force or effect unless notice of intention to make such amendment shall have been given to all Noteholders in terms of Condition 15 above.

## **14 TRUST, TRUSTEE AND MEETINGS OF NOTEHOLDERS**

### **14.1 Convening of meetings**

- 14.1.1 The Issuer may at any time convene a meeting of Noteholders (a meeting or the meeting).
- 14.1.2 The Issuer shall convene a meeting upon the requisition in writing of the Noteholders of at least 5% (five percent) of the aggregate Nominal Amount Outstanding of the Notes
- 14.1.3 Whenever the Issuer wishes or is required to convene a meeting, it shall forthwith give notice in writing to the Noteholders of the place, day and hour of the meeting and of the nature of the business to be transacted at the meeting.
- 14.1.4 A meeting of Noteholders may be held either by:
- 14.1.4.1 Noteholders who constitute a quorum being assembled together at the place, date and time appointed for the meeting; or
- 14.1.4.2 Noteholders who constitute a quorum by means of audio, or audio and visual by which all Noteholders participating and constituting a quorum can simultaneously hear each other throughout the meeting.
- 14.1.4.3 Any director or duly authorised representative of the Issuer, and any other person authorised in writing by the Issuer, may attend and speak at a meeting of Noteholders, but shall not be entitled to vote, other than as a proxy (as defined below) or duly authorised representative of a Noteholder.

### **14.2 Requisition**

A Requisition Notice shall state the nature of the business for which the meeting is to be held and shall be deposited at the registered office of the Issuer. A Requisition Notice may consist of several documents in like form, each signed by one or more requisitionists.

### **14.3 Convening of meetings by requisitionists**

If the Issuer does not proceed to cause a meeting to be held within 10 days of the deposit with the company secretary of the Issuer of a Requisition Notice, requisitionists who together hold not less than 5% of the aggregate Nominal Amount outstanding of the Notes for the time being, may themselves convene the meeting, but the meeting so convened shall be held within 60 days from the date of such deposit and shall be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer. Notice of the meeting shall be required to be given to the Issuer.

### **14.4 Notice of meeting**

- 14.4.1 Unless the holders of at least 95% of the aggregate Nominal Amount outstanding of the Notes agree in writing to a shorter period, at least 21 days written notice specifying the place, day and time of the meeting and the nature of the business for which the meeting is to be held shall be given by the Issuer to Noteholders. Such notice is required to be given in accordance with Condition 12 (Notices).
- 14.4.2 The accidental omission to give such notice to any Noteholder or the non-receipt of any such notice, shall not invalidate the proceedings at a meeting.

### **14.5 Quorum**

- 14.5.1 A quorum at a meeting shall for the purposes of considering:

- 14.5.1.1 an Ordinary Resolution generally, consist of Noteholders present in person by proxy and holding in the aggregate not less than 33.3% (thirty-three point three per cent) of the aggregate Nominal Amount Outstanding of the Notes;
- 14.5.1.2 an Extraordinary Resolution, consist of Noteholders present in person or by proxy and holding in the aggregate not less than 75% (seventy-five per cent) of the aggregate Nominal Amount outstanding of the Notes.
- 14.5.2 No business shall be transacted at a meeting of the Noteholders unless a quorum is present at the time when the meeting proceeds to business.
- 14.5.3 If, within 15 minutes from the time appointed for the meeting, a quorum is not present, the meeting shall, if it was convened on the requisition of Noteholders, be dissolved. In every other case the meeting shall stand adjourned to the same day in the third week thereafter, at the same time and/or place, or if that day is not a Business day, the following Business day. If at such adjourned meeting a quorum is not present the Noteholders present in person or by proxy shall constitute a quorum for the purpose of considering any resolution, including an Extraordinary Resolution.

#### **14.6 Chairman**

The chairman of the meeting shall be appointed by the Issuer.

#### **14.7 Adjournment**

- 14.7.1 Subject to the provisions of Condition 14 (Trust, Trustee and Meetings of Noteholders) the chairman may, with the consent (which consent shall not be unreasonably withheld and/or delayed) of, and shall on the direction of the Issuer, adjourn the meeting from time to time and from place to place.
- 14.7.2 No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 14.7.3 At least 14 days written notice of the place, day and time of an adjourned meeting shall be given by the Issuer to each Noteholder. In the case of a meeting adjourned in terms of Condition 14.7, the notice shall state that the Noteholders present in person or by proxy at the adjourned meeting will constitute a quorum.

#### **14.8 How questions are decided**

- 14.8.1 At a meeting, a resolution put to the vote shall once a poll is demanded by the chairman or by any one of the Noteholders present in person or by proxy at the meeting be agreed upon by all the Noteholders present without dissent or if the majority of the votes cast are in favour of it.
- 14.8.2 A poll demanded on the election of a chairman or on the question of the adjournment of a meeting shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs and the result of such poll shall be deemed to be the resolution of the meeting.
- 14.8.3 In the case of an equality of votes on a poll, the chairman shall be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

#### **14.9 Resolution in writing**

- 14.9.1 A resolution in writing, signed or assented to by all the Noteholders then entitled to receive notice of a meeting, is as valid and effective as if it had been passed at a meeting of the Noteholders duly convened and held.

14.9.2 Any such resolution may consist of several documents (including facsimile or other similar means of communication) in like form each signed or assented to by one or more Noteholders.

#### **14.10 Votes**

On a show of hands every Noteholder present in person at the meeting shall have one vote. On a poll every Noteholder, present in person or by proxy, shall have one vote for each US\$ of the Nominal Amount outstanding of the Notes held by him. The joint holders of Notes shall have only one vote on a show of hands and one vote on a poll for each US\$ of the Nominal Amount outstanding of the Notes of which they are the registered holder and the vote may be exercised only by that holder present whose name appears first on the Register in the event that more than one of such joint holders is present in person or by proxy at the meeting.

#### **14.11 Proxies and representatives**

14.11.1 Noteholders may be:

14.11.1.1 present in person; or

14.11.1.2 through any appointed person (a proxy), by an instrument in writing (a form of proxy), signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney of a duly authorised officer of the corporation, vote on a poll.

14.11.1.3 A person appointed to act as proxy need not be a Noteholder.

14.11.2 The form of proxy shall be deposited at the registered office of the Issuer or at the office where the relevant Register is kept or at such other office as the Issuer may determine not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such form of proxy proposes to vote, and in default, the proxy shall be invalid.

14.11.3 No form of proxy shall be valid after the expiration of 6 months from the date named in it as the date of its execution.

14.11.4 A proxy shall have the right to demand or join in demanding a poll.

14.11.5 Notwithstanding Condition 14.7, the form of proxy shall be valid for any adjourned meeting, unless the contrary is stated thereon.

14.11.6 A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death or incapacity of the principal or revocation of the proxy or of the authority under which the form of proxy was executed or the transfer of Notes in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity or revocation shall have been received by the Issuer at the office of the relevant Transfer Secretary more than, and that the transfer has been given effect to less than, 12 hours before the commencement of the meeting or adjourned meeting at which the proxy is to be used.

14.11.7 Any reference in Condition 14 (Trust, Trustee and Meetings of Noteholders) to a Noteholder present in person includes such a duly authorised representative of a Noteholder.

#### **14.12 Minutes**

The Issuer shall cause minutes of all resolutions and proceedings of meetings to be duly entered in the minute books of the Issuer.

Any such minutes as aforesaid, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings held or by the chairman of the next succeeding meeting, shall be receivable in evidence without any further proof, and until the contrary is proved, a meeting of Noteholders in respect of the proceedings of which minutes have been so made shall be deemed to have been duly held and convened and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

#### **14.13 Mutatis mutandis application**

The provisions of Condition 14 (Trust, Trustee and Meetings of Noteholders) shall apply mutatis mutandis to the calling and conduct of meetings on an individual Tranche, Series or class of Noteholders, as the case may be.

### **15 ENTITLEMENT OF THE TRUSTEE**

**15.1** In addition to the below, all references to notice to the Noteholders and rights and/or discretions to be exercised by the Noteholders shall be deemed to be references to notice to the Trustees and the Noteholders rights and/or discretions to be exercised by the Trustee acting in accordance with the instructions of the relevant majority of Noteholders or such other persons as prescribed in relation to any particular matter under the Trust Deed, as the case may be.

**15.2** In connection with the exercise of its functions, the Trustee shall have regard to the interests of the Class of Noteholders and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers or discretions for individual Noteholders resulting from them being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

### **16 ACCELERATION AND ENFORCEMENT**

**16.1** The Trustee shall only take any proceedings against the Issuer or enforce the provisions of the Notes in accordance with the provisions of the Trust Deed, once so directed by an Extraordinary Resolution of Noteholders or so requested in writing by the holders of at least 75% (seventy-five percent) in Notes then Outstanding or by a Tranche [Series] of Noteholders.

**16.2** No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within 21 days of the Trustee being instructed to proceed and the failure is continuing.

### **17 THE TRUSTEE**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Trustee may rely without liability to Noteholders on a report, confirmation or certificate or any advice of any accountants, financial advisers or investment bank, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall be obliged to accept and be entitled to rely on any such report, confirmation or certificate or advice where the Issuer procures delivery of the same pursuant to its obligation to do so under any provision of these Conditions or the Trust Deed and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders in the absence of manifest error.

### **18 GUARANTEE**

**18.1** The Trustee may enter into a guarantee arrangement with any such person or entity that who shall be prepared to irrevocably and unconditionally guarantee to the Trustee for and on behalf of the Noteholders, the due and punctual payment by the Issuer of certain sums owing by the Issuer in respect of the Notes arising under the Programme as specified in the Applicable Pricing Supplement as the Guarantor.

**18.2** The relevant Noteholder shall be entitled to require the Issuer to produce the original of the Guarantee on request and further shall be entitled to require the Issuer, which shall be obliged, to provide a copy of the Guarantee to that Noteholder on request. Noteholders should note that any claim under the Guarantee is a claim that vests with the Trustee under the Guarantee and not with individual Noteholders.

## **19 FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further Notes.

## **20 DOCUMENTS**

A signed copy of the Programme Memorandum and Prelisting Statement, the Trust Deed, any Supplementary Trust Deed that is applicable to Noteholders, certified copies of resolutions and authorisations, audited annual financial accounts of the Issuer for the previous three years and letters of consent are available for inspection, on request, at the registered office of the Issuer and at the Debt Sponsor during normal business hours.

## **21 REGULATORY APPROVALS**

The necessary approvals from the Reserve Bank of Zimbabwe in terms of the Microfinance Act [Chapter 24:29] and in terms of the FINSEC Listings Requirements, regarding the issuance of the Notes, have been obtained.

## **22 GOVERNING LAW**

The provisions of these Terms and Conditions, the Programme Memorandum and the Prelisting Statement, the Notes, and all rights and obligations to the Notes, are governed by and shall be construed in accordance with, the laws of the Republic of Zimbabwe in force.

## **23 JURISDICTION**

The Courts of the Republic of Zimbabwe have exclusive jurisdiction to settle any dispute arising out of or in connection with these Terms and Conditions.

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## DESCRIPTION OF THE ISSUER

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Capitalised terms used in this section shall bear the same meaning as defined in the section headed “Definitions”, unless expressly defined.

### 1. INTRODUCTION

Untu is a financial services provider that was started in order to provide credit to the MSME sector in Zimbabwe. The Company was licensed by the Reserve Bank of Zimbabwe in 2009 and commenced business on 01 September 2009. In the period to date, the Company has grown its loan book from modest levels and has been profitable for the past five years. The Company has eight branches, three in Harare and one each in Chitungwiza, Gokwe, Gweru, Bulawayo and Kwekwe.

Untu focuses on providing enterprise loans to MSMEs, Untu strongly believes these loans have a significant developmental impact. The Company has over 5,000 customers and has built a highly visible and emotive customer centric brand. In the year 2015, Untu was awarded the Zimbabwe National Chamber of SMEs National Award for Best Supporter of SMEs. In 2016 the Bulawayo Operation was also voted the best supporter of SMEs by the Zimbabwe National Chamber of Commerce. In addition to this, the Company has received recognition from the Zimbabwe Institute of Management and won the National Prize for Best Human Capital Corporate Development Program in 2015.

Untu Capital Limited has grown from a start-up to a credible high growth potential company. The Company has done well in establishing a highly capable and motivated management team. Untu has also assembled an impressive board of directors, shareholders, funders and partners who are very supportive of the business. In 2016, the Company concluded a partnership agreement with IPC Germany, the largest shareholder of the Pro-Credit SME banks in Latin America, Eastern Europe and until recently Africa. The Company has also succeeded in attracting international lines of credit in addition to the local funding it already has.

### 2. VISION, MISSION AND VALUES

#### Vision

To be the leader in the provision of financial services to the economically active low to middle income earners.

#### Mission

To create value for all stakeholders in a sustainable manner by meeting our client’s needs

#### Values

Integrity	Living up to the values we uphold
Responsiveness	Attending to our clients’ needs in a timely manner
Excellence	Consistently delivering at a high level
Respect	Respecting people, their roles and their views
Innovation	Continual improvement and pursuit of improved methods

### 3. NATURE OF BUSINESS

Untu is a micro, small to medium enterprises financier operating as a microfinance institution in terms of the Microfinance Act (Chapter 24:29). Microfinance has built a solid track record as a critical tool in the fight against poverty and has entered the financial mainstream. The rapid growth of the industry over the past 15 years has reached approximately 130 million clients globally according to recent estimates. The evolution of the industry has been driven by many factors which include the transformation of microfinance providers, the sizable supply gap for basic financial services, the expansion of funding sources supporting the industry and the use of technology. As the industry has developed, there has been a shift from specialized NGOs to an increasing number of regulated and licensed MFIs which stress that sustainability and impact go hand in hand. Microfinance can have significant development impact and improve people’s lives.



The business model is to directly market to prospective customers. The loan officers are responsible for loan origination and managing the relationship with the customer. Untu raises funds from numerous sources including shareholders, banks and other institutional investors. These funds are on-lent to MSMEs. The loss due to impairments is limited by training staff in order for them to better underwrite high quality loans. The costs of making loans to MSMEs are best managed by locating the branches as close to the clients as possible and using various technologies to lower the cost of service delivery.

### **3.1. NATIONAL FINANCIAL INCLUSION GOALS**

The Country has developed a National Financial Inclusion Strategy 2016-2020. Zimbabwe sees financial inclusion as a driver of economic growth. There is a strong acceptance that financial inclusion has the potential for significant socio-economic impact in the country. The Finscope 2014 study found that only 30% of adults make use of financial services in Zimbabwe. Untu's focus is the provision of finance to MSME and accepts the responsibility of being a market leading business that will play a role in the achievement of these National Financial Inclusion Goals.

### **3.2 STRATEGY**

Untu's strategy is based upon the following four strategic priorities:

- A strong emotive brand;
- Effectively and efficiently deploying technology to maximize the client experience;
- Developing human resources who understand our clients and believe in our mission to serve MSMEs; and
- Developing strong and sustainable relationships with key stakeholders such as financiers, regulatory agencies and the communities that Untu operates in.

### **3.3 COMPETITIVE STRENGTHS**

Management believes that Untu's competitive strengths are:

- A strong management team and a highly motivated and well trained employee base;
- A highly emotive brand;
- A well-structured operation with robust controls;
- A strong reputation and good corporate governance structure with strong international and local partners that give access to capital and technical expertise for MSME finance.

### **3.4. CURRENT OPPORTUNITIES IN THE MARKET**

- Large untapped market for MSMEs;
- Leveraging new or emerging technologies in mobile banking;
- Strong regulatory and government support for finance providers which are contributing to improving financial inclusion.

### **3.5. WEAKNESSES AND RISK**

Untu believes that the following are the key challenges and main risks facing the business.

- High interest rate regime which should continue to decline as the business gains scale;
- Heavy reliance on interest income and little contribution from non-funded income to total revenue;
- High cost of client acquisition under the current model.

### **3.6. Growth strategy and prospects**

#### **3.6.1. Growth Strategy**

Untu has a very high level of client retention. A high degree of loyalty is evident in our client base. Management aims to continue to grow the business' credit platform and sees significant potential to grow the loan book and increase market share with limited expansion in fixed overheads. Management also perceives the following key growth opportunities.

- Scope to grow client numbers from the current levels;
- Scope to further develop its non-funded income by offering other complimentary services (insurance, money transfer, and banking agency products);
- Sourcing cheaper sources of funding and expanding the margin on lending as a result.

### 3.6.2. Prospects

Untu perceives opportunities to continue to grow its credit business in this current environment. With the current cash crisis, the number of MSME being excluded by the commercial banks has increased as commercial banks become more cautious and as the limits of the commercial banks reliance on deposit profiles for credit analysis is tested. Due to the above, there has been a marked increase in the number of high quality MSMEs who require funding. This combined with the low penetration rates create a large growth opportunity for MSME lenders.

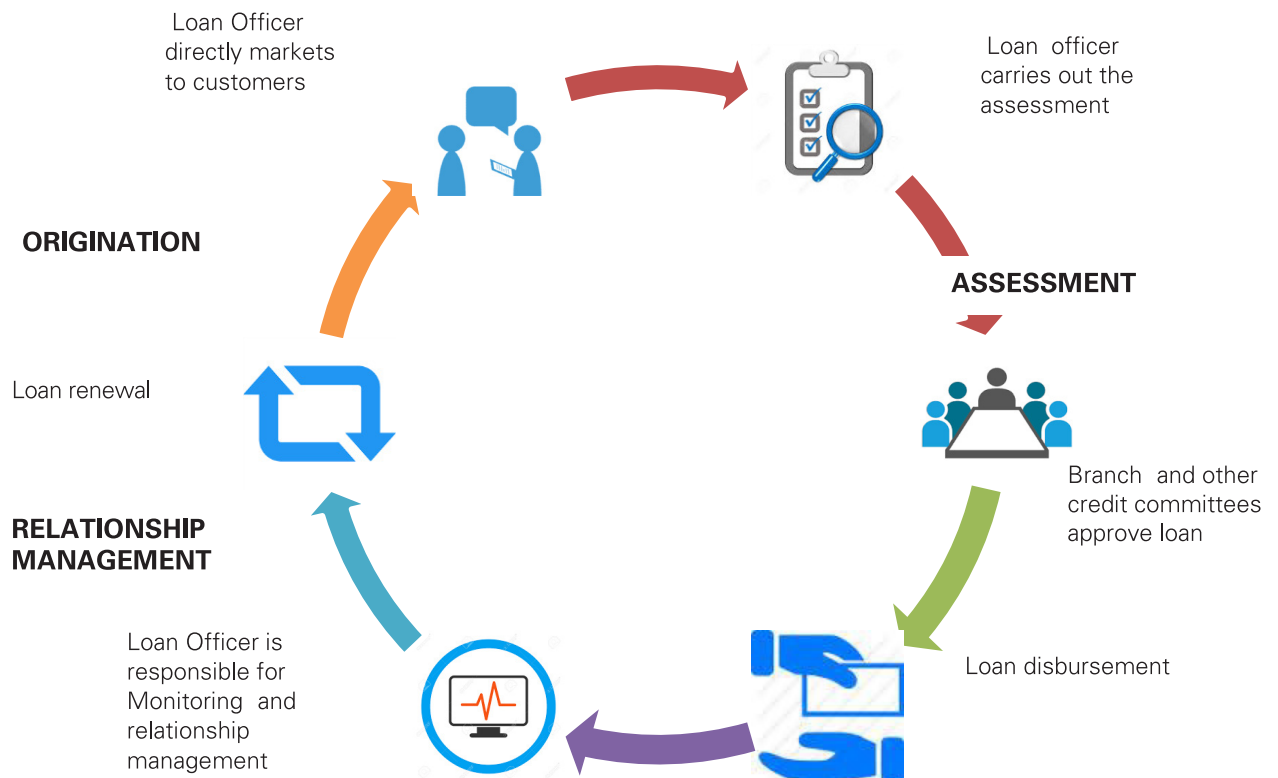
Untu also sees an opportunity to continue to provide highly relevant products to its clients. There is a significant opportunity to reduce the cost of service delivery through the use of mobile money and other low cost client acquisition and maintenance methods.

Untu may consider converting into a deposit-taking microfinance institution in the short to medium term. This will largely depend on Management’s assessment of the business case, market conditions and will also be subject to the necessary governance and regulatory approvals.

### 3.7. Porters Five Forces Summary

- Barriers to Entry – High in Enterprise Lending. In Enterprise lending one has to invest in systems, human capital development and building the capacity to develop a high touch model while building customer confidence;
- Customers’ Bargaining Power – Low. There are not a lot of alternatives sources of finance for micro, small to medium enterprises. Untu therefore has a high degree of pricing power which ensures sustainability;
- Suppliers’ Bargaining Power – Medium. The suppliers of capital have some bargaining power. Untu has developed good relationships with a diverse pool of providers of capital;
- Degree of Rivalry – Medium. Very few microfinance organisations compete directly with Untu. A lot of microfinance institutions are focused on consumer lending rather than the more specialised in the medium to long term and high touch enterprise lending model;
- Threat of Substitutes – Low. There are very limited sources of capital for MSMEs.

### 3.8. Business Model



Over the last six years Untu has invested in perfecting its processes. Untu extends its loans through its loan officer base. The loan officers are well trained and are responsible for loan origination and maintaining the client relationship after the client accesses a loan. The monitoring and supervisory structure is composed of Team Leaders and Branch Managers. These leaders are sourced from the loan officer base. Currently all the Company's branches are managed by individuals that started off as loan officers in the organization and intimately know the operation.

Untu's value proposition is ability to collate soft information and use this as a basis to make credit decisions. This ability emanates from a strong understanding of customers that have highly informal records and the firm's ability to build strong relationships with them.

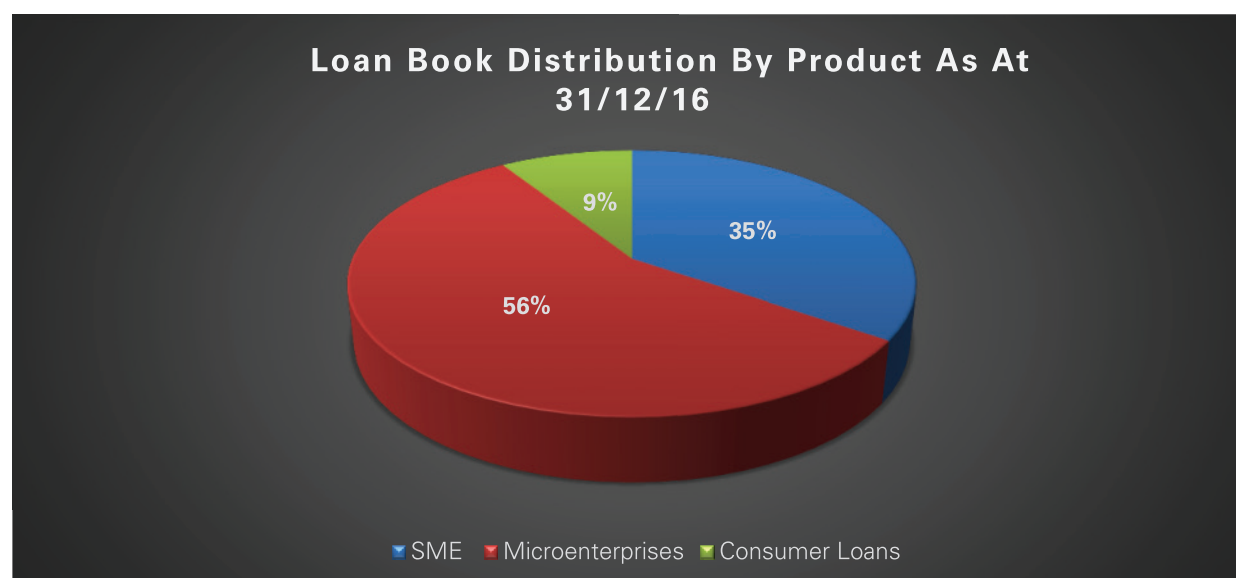
Unlike the distribution model of a commercial bank, where a bank invests heavily in a bank network and then advertises to pull customers to the bank, the microfinance model is one where the Company's staff goes out to the market and does business with the clients there. Untu makes a margin on the funds that it lends to its clients and minimises its operating costs by leveraging various technologies to serve its clients efficiently. Asset quality is kept high in order to minimise credit losses. This is sustained by having very well trained staff and robust processes, policies and procedures.

### 3.9. Distribution channels

Untu operates eight branches across all the major centres of the country. The company also utilizes loan officers to market loan products and each branch typically has five to seven loan officers who visit customers at their places of work. Untu Capital Limited plans to deliver a range of financial products that meet the financial needs of MSMEs through easily accessible channels such as mobile and web.

### 3.10. Product Offering

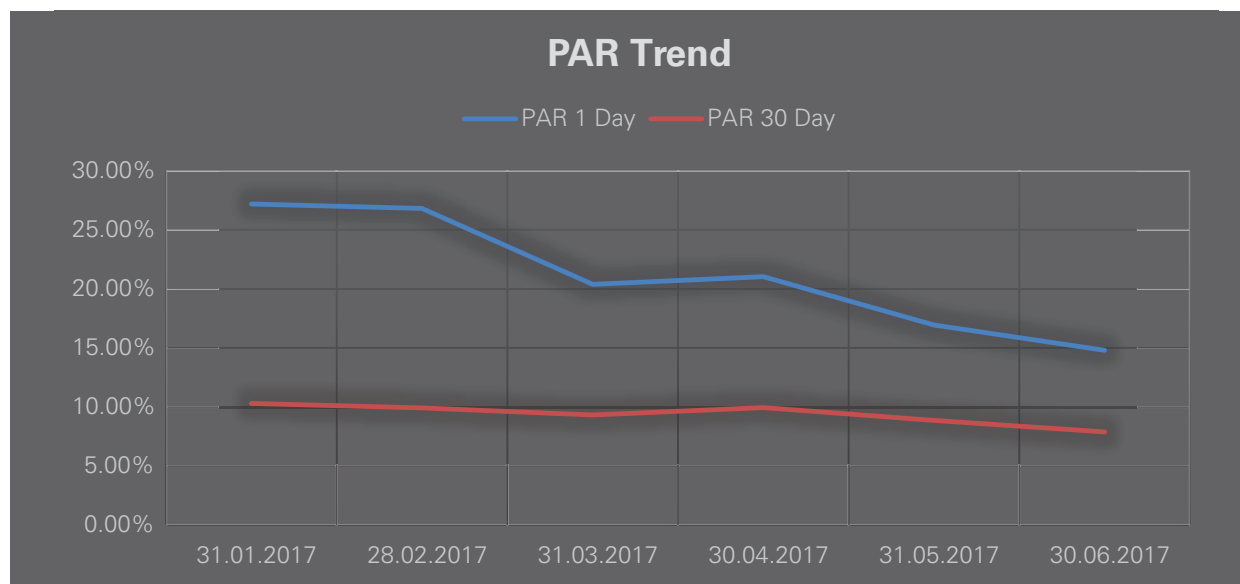
- **SME Loans:** These are loans of US\$10,000 and above, disbursed to enterprises with sizeable operations. Clients are accessing them either for working capital or capital expenditure.
- **Micro-enterprise:** These are loans below US\$10,000 disbursed to entrepreneurs for working capital, or to finance capital expenditure.
- **Consumer Loans:** These are loans granted to individuals for amounts below US\$1,000, employed or in personal business to assist them in buying household goods, motor vehicle, school fees, emergency medical expenditure and other household needs.



### 3.11. Loan Book Performance Trend

#### Portfolio at Risk

	31.01.2017	28.02.2017	31.03.2017	30.04.2017	31.05.2017	30.06.2017
PAR 1 Day	27.19%	26.81%	20.39%	21.03%	16.95%	12.22%
PAR 30 Day	10.31%	9.92%	9.32%	9.96%	8.86%	8.09%



### 3.12. IT and technology

Untu uses a German Cloud backed solution Mambu as its Core Banking system. This solution allows the Company to integrate a number of other applications both off the shelf and proprietary. The solution comes with the added advantage of being infrastructure light, and very flexible. It has very strong reporting capabilities that allows the organisation to measure and manage key performance indicators.

## 4. MAJOR SHAREHOLDERS

Untu Holdings Limited holds 100% shareholding in the Issuer. Untu Holdings Limited is a Public Company incorporated in Botswana under Company Registration Number C02009/5561 and licensed in the International Financial Services Centre of Botswana. The table below shows the major shareholders of Untu Holdings, the parent company of the Issuer.

Shareholder	Shares	Percentage of total
Clive Msipha	34,646	38.58%
Maris Africa	27,868	31.03%
JSM Capital	6,741	7.51%
Sub Sahara Capital	6,591	7.34%
Other	13,955	15.54%
<b>TOTAL</b>	<b>89,801</b>	<b>100%</b>

Over the past few years Untu Holdings Limited sourced funding from international investors and have also advanced loans to the Issuer and below are the outstanding loan balances as at the indicated period ends.

Year	2012	2013	2014	2015	2016
Amount \$	1,027,379	1,319,393	1,350,112	705,200	405,828

## 5. THE BOARD OF THE ISSUER

### 5.1 Board composition

The Company has an active board that meets every quarter. The current board committees are as follows, Audit and Risk Committee, Human Resources and Nomination Committee and Credit Committee.

Untu has also assembled an impressive board of directors who are very supportive of the business. In 2016, the Company concluded a partnership agreement with IPC Germany, the largest shareholder of the Pro-Credit SME banks in Latin America, Eastern Europe and until recently Africa.

The Board is chaired by a non-Executive independent chairman who serves that role on a three-year tenure. The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the Chief Executive Officer. The Chairman acts as the communicator for Board decisions where appropriate.

The Board is also responsible for the integrity and quality of communication with stakeholders, including employees, regulators and shareholders. The Board meets quarterly and at any other time as it may be required.

### 5.2 Details of directors

The full names, addresses and positions of the directors of Untu are set out below:

Full name	Nationality	Address	Position
Bartholomew Mswaka	Zimbabwean	139 Arcturus Road Greendale, Harare	Independent Non-Executive Chairman
Clive Msipha	Zimbabwean	4 Avon Grove Belgravia, Harare	Chief Executive Officer
Matthew Hosack	Zimbabwean	487 Lakeview Crescent Borrowdale, Harare	Non-Executive Director
Cornelie Ferguson	British	99 Tottenham Road London	Non-Executive Director
Anne Marie Chidzero	South African	1 Christopherson Road Dunkeld 2196, South Africa	Non-Executive Director

Brief profiles of each of the directors are provided below:

#### **Chairman - Bartholomew Mswaka BA Econ (UZ)**

Bartholomew is the CEO of St Giles Rehabilitation Centre and Chairman of the Zimbabwe Asset Management Company a vehicle set up by the Reserve Bank of Zimbabwe to manage bad loans in the banking sector. He has worked for the Reserve Bank of Zimbabwe and the Bank of Botswana, Fleming Martin Edwards Securities Executive Director-Sales, HSBC Securities as its Managing Director.

#### **Chief Executive Officer - Clive Msipha CFA, CA (Z), MBA (Oxon)**

Clive trained and qualified with PricewaterhouseCoopers where he won the Best Student Award for his Final Qualifying Exams in 2005. He is also a CFA charter holder. He spent six years with PricewaterhouseCoopers in the Audit and Corporate Finance departments. Subsequent to that he worked for Actis Capital, an Emerging Markets Private Equity Firm based in London. Clive won the Beit Scholarship to attend the University of Oxford and graduated with a Masters in Business Administration from Linnear College in 2007. He founded Untu in 2009.

### **Non Executive Director – Matthew A Hosack , BBSc(UCT)**

Matthew has worked for GP2 Asset Management, Walter Capital Management (as a trader and then analyst). Matt joined SAC Global Investors as an analyst on the global generalist portfolio, within which he specialised in the basic resource sector. At SAC he managed his own sub-portfolio and advised on core positions in the overall portfolio. In 2009, Matt left SAC and joined Richard L Walter in setting up Sub-Sahara Capital Group.

### **Non Executive Director - Cornelia (“Coco”) Ferguson**

Coco Ferguson co-founded Maris Africa in 2008 and is involved in sourcing and managing investments in Southern Africa. Prior to Maris Africa, Coco was Director for Programmes at the Institute for Philanthropy. Before joining the Institute in 2005, Coco studied Persian and for a masters in International Politics from the School of International Relations, Tehran. She has a degree in Classics from Magdalen College, Oxford and is on the board of Bidoun.

### **Non-Executive Director – Anne Marie Chidzero MA McGill**

Anne-Marie Chidzero is the former Chief Executive Officer for Africap Enterprise Investment Company, South Africa, and she also sits on the Investment Panel at Africa Enterprise Challenge Fund. She has worked with the World Bank, UNDP and OECD. She is an experienced microfinance practitioner and she has vast experience in MSME development and sits on several boards both locally and internationally.

## **6. CORPORATE GOVERNANCE**

The Board has set up the Audit and Risk Committee, Human Resources and Nomination Committee and the Credit Committee to assist in the discharge of its duties and responsibilities. The Board has also appointed management committees to assist in the execution of its mandate namely, the Management Credit Committee (MCC) and the Executive Committee.

### **Board of Directors**

The Board of Directors is comprised of 5 members. The board consists of 1 executive and 4 non-executive members. All the non-executive directors are independent members. The chairpersons of the board and all board committees are independent non-executive directors. The chairperson of the board of directors and other committees are independent non-executive directors.

In terms of the Memorandum and Articles the Directors cannot borrow more than 12.5 times Shareholders Equity. The Company’s borrowings are limited by adherence to a Capital Adequacy Ratio of 20%. The Board of Directors cannot authorize borrowings that would result in this Capital Adequacy Ratio falling below 20%.

Lastly, the loans to the Board of Directors and Staff Loans are restricted to no more than 5% of the Total Loans and Advances. All borrowings by Board of Directors and or related parties are subjected to the approval of the Board Credit Committee.

### **Audit and Risk Committee**

The Audit and Risk Committee’s role is to oversee the nature and scope of the annual audit, management’s reporting on internal accounting standards and practices, financial information, accounting systems, procedures and Untu financial reporting statements. The Audit Committee meets every quarter and external auditors are regular invitees to these meetings. The Risk Committee meets every quarter and has complete authority to recommend to the board, amendments to any risk policy which may become necessary in light of changes to Untu’s operating environment in both domestic and international markets.

### **Composition**

Chairperson: A.M. Chidzero, M. Hosack and C. Ferguson

## Credit Committee

The Credit Committee ensures that overall credit risk management is aligned and adhered to across the operation. The Credit Committee meets monthly or as required and committee members may request additional meetings if they are considered necessary depending on the frequency and size of loan applications. Although credit risk management is an operations concern, it will be managed at a group level to ensure the overall health of the debtors' portfolios. The Credit Committee also considers recommendations made by executives such as new lending products, channels and markets. Credit risk management, although an operational concern, needs to be managed diligently to ensure the overall health of the debtors portfolios.

### Composition

Chairperson: M. Hosack, A.M. Chidzero and C. Ferguson

## Human Resources and Nominations Committee

The HR and Nomination Committee determines and agrees with the Board the framework for the remuneration of the Executive Directors, the Company Secretary and the Board, giving due regard to the Companies Act, the Microfinance Act and other relevant statutory requirements. It also makes recommendations to the Board concerning the appointment of any Director or the Company Secretary to the Board.

### Composition

Chairperson: B. Mswaka, C. Msipha and C. Ferguson

## Executive Committee

The Executive Committee is the operational management forum responsible for the delivery of the Company's operational plans. The Executive Committee acts as a link between the Board and management and is responsible for implementation of operational plans, annual budgeting and periodic review of strategic plans, as well as identification and management of key risks. The Executive committee is made up of the Chief Executive Officer, Head of Operations, Head of Finance and Head of Credit Risk.

## Directors' interests in the Issuer

As at the last practicable date, the directors, directly and/or indirectly, held beneficial interest in Untu Capital's shares. Details of the indirect and direct interests held by the directors are set out below:

Director	Direct interest (%)	Indirect interest (%)	Total
Clive Msipha	-	38.58%	38.58%
Bartholomew Mswaka	-	1.16%	1.16%
	-	<b>39.74%</b>	<b>39.74%</b>

Below are the outstanding loan amounts that the Issuer had given to Directors and Management as at the indicated period ends.

Year	2012	2013	2014	2015	2016
Amount \$	71,074	52,269	40,380	38,183	52,492

## 7. DIRECTORS' REMUNERATION

It is the responsibility of the Remuneration Committee to set the company's remuneration philosophy and review the overall remuneration structures of the company, including all material proposals and packages for Executive Directors and senior personnel.

## 8. KEY MANAGEMENT OF THE ISSUER

The key members of the executive management team are shown in the table below:

Management	Position
Clive Msipha	Chief Executive Officer
Brighton Mufumi	Head of Operations
Marko Mahuni	Head of Finance
Paul Nyachiwowa	Head of Credit Risk

Brief profiles of each of the executive management team of Untu Capital Zimbabwe are provided below:

### Clive Msipha

Refer to the Director's Section.

### Brighton Mufumi

Brighton holds a degree in Banking and Finance and Master of Science degree in Finance Investment from the National University of Science and Technology in Zimbabwe. He has over seven years banking and microfinance experience working for a Commercial Bank and more recently with Untu. Brighton is also a graduate of the African School of Microfinance in Nairobi and a Certified Microfinance Expert with the Frankfurt School of Management.

### Marko Mahuni

Marko is a Chartered Accountant. He spent four years with Deloitte and Touche in the Audit and Assurance department in Harare (Zimbabwe) and was also seconded to Deloitte LLP, Milwaukee office in Wisconsin, USA. He was in the Top Ten Students in Part 1 of the Final Qualifying Exam. Prior to joining Untu he was a lead expert with Deloitte Central Africa overseeing the deployment of a new audit system in Zimbabwe, Zambia and Malawi.

### Paul Nyachiwowa

Paul has a combined sixteen years of local and international working experience in consulting and management capacities having worked for a local commercial bank, a USA based impact investment company and a German based microfinance network bank. He is an Associate Member of the Institute of Bankers in Zimbabwe and is a Certified Expert in Microfinance and Risk Management through the Frankfurt School of Finance and Management. Paul is also certified by the ACI Financial Markets Association, France and is a holder of an Executive MBA degree from Africa University, Zimbabwe.

## 9. DETAILS OF ANY MATERIAL CHANGE IN THE BUSINESS OF THE ISSUER DURING THE LAST FIVE YEARS

There has been no material change in the business of the Issuer during the last five years.

## 10. BORROWING POWERS

The following extracts from the Articles of Association explain the borrowing powers of the Issuer:

*"The Directors may exercise all powers of the company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the company or of any third party."*



## **11. DIVIDEND POLICY**

A dividend of approximately 1.5 times cover has been set and this can be varied by the Board. All dividends made will be in line with the Companies Act and the Microfinance Act.

A dividend of US\$250,000 was declared for the financial year ended 31 December 2016 in 2017.

## **12. STRATEGIC RELATIONSHIPS**

### **Profile of IPC – Untu Technical partners**

Internationale Projekt Consult GmbH (IPC) is a German consulting firm. It was established as a family business in 1980 to fill the gaps in the area of development finance for MSMEs – the driving force in most economies. The Company is also the largest single shareholder (owns 18.4% of the Group) of the ProCredit Banking Group. The ProCredit Group has 18 Banks across Latin America, Eastern Europe, Africa and Germany and a total shareholders' equity of US\$650 million and total gross loans and advances of US\$5 billion and customer deposits of US\$4 billion.

The Company signed a partnership agreement with Untu Capital in March 2016 and provides management and technical support to Untu Capital.

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## TAXATION

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*Capitalised terms used in this section headed "Taxation" shall bear the same meanings as used in the section headed "Definitions," unless expressly defined. The comments below are intended as a general guide to the relevant tax laws of Zimbabwe as at the Programme Date. Prospective subscribers for or purchasers of any Notes should consult their professional advisers in this regard.*

### 1. WITHHOLDING TAX

#### 1.1 Non-resident Noteholder

Non-resident Tax on Interest was repealed with effect from 30 September 2009 by Finance Act 5 of 2009. However, non-resident taxes on establishment fees and other ancillary services charges will be payable at 15% of gross fees in terms of section 30 and section 95 as read with 17<sup>th</sup> schedule of Income Tax (Chapter 23:06). The Noteholder may claim double tax relief on the applicable withholding taxes.

#### 1.2 Resident Noteholder

Interest from a source in Zimbabwe payable by a financial institution on any loan is subject to resident tax of 15% on the gross interest in terms of section 34 as read with 21<sup>st</sup> schedule of Income Tax Act (Chapter 23:06). There are no taxes levied on the following interest payable:-

- On class C shares of building societies;
- To any financial institution;
- To the holder of a money lenders' licence;
- To an insurer; and
- To a foreign currency account.

### 2. CAPITAL GAINS TAX

Disposal of Notes by a Noteholder will be subject to capital gains tax in Zimbabwe in connection with the transfer or redemption of Notes in terms of section 8 (2) (e) of Capital Gains Tax Act (23:01). The issue of the Notes will not be subject to capital gains tax. The disposal proceeds of a listed security is subject to a capital gains withholding tax of 1% of gross proceeds in terms of 39 (b) of the Finance Act (Chapter 23:04) and will not be subject to any further capital gains tax in terms of section 10 (n) of the Capital Gains Tax Act (Chapter 23:01).

### 3. STAMP DUTY

Stamp registration duties will be payable in Zimbabwe in connection with the transfer or redemption of the Notes in terms of section 24A (1) (a) and (b) of Finance Act (Chapter 23:04). The stamp duty is \$0.40 for every \$100 or part thereof of the debt secured or to be secured.

### 4. TAX TREATIES

Zimbabwe has entered into a number of double taxation agreements including with Botswana, Netherlands, Sweden, Norway, Bulgaria, Canada, Poland, Malaysia, Kuwait, Iran, Serbia, Montenegro, Congo, Mauritius, Germany, France, United Kingdom and Northern Ireland and is currently negotiating with South Africa.

### 5. VALUE ADDED TAX

Proceeds from disposal of notes and interest receivable are not subject to Value Added Tax (VAT) but VAT is applicable on brokerage fees. However, resident Noteholders may need to declare VAT on imported services in relation to any foreign expenses paid by the Noteholder in terms of section 13 of the Value Added Tax Act (Chapter 23:12). Brokerage fees on listed securities are subject to VAT.

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## EXCHANGE CONTROL

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*Capitalized terms used in this section headed "Exchange Control" shall bear the same meaning as defined in the section headed "Definitions," unless expressly defined. The information below is intended as a general guide to the position under the Exchange Control Regulations as at the Programme Date. The contents of this section headed "Exchange Control" do not constitute exchange control advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Potential subscribers for or purchasers of any Notes should consult their professional advisers in this regard.*

The Notes under this program are subject to Exchange Control Regulations as well as the Exchange Control Act (Chapter 22:05) of Zimbabwe and its subsequent amendments.

All foreign investors in the Notes issuance are required to register with the Reserve Bank Zimbabwe through authorized dealers as foreign investors to enable remittability.

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## DOCUMENTS AVAILABLE FOR INSPECTION

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*Capitalised terms used in this section shall bear the same meaning as defined in the section headed "Definitions" unless expressly defined.*

The complete financial results for the past five financial years including the full notes to the financial statements, can be viewed at the offices of the Issuer during normal working hours.

The documents listed below have been filed with FINSEC and shall be deemed to be incorporated in and to form part of this Programme and are available on the Issuer's website, (<http://www.untu-capital.com/>) and for inspection by Noteholders, during normal business hours after the date of this Programme Memorandum and Prelisting Statement, at the registered offices of the Issuer as set out herein:-

- the five previous financial periods (31 December 2016, 2015, 2014, 2013 and 2012) audited annual financial statements of the Issuer together with such statements, reports, and notes attached to or intended to be, are incorporated in the Programme as **Annexure 2**;
- The unaudited interim results for six months to 30 June 2017 together with such statements, reports, and notes attached to or intended to be, are incorporated in the Programme as **Annexure 3**;
- a copy of this Programme;
- each Applicable Pricing Supplement;
- any other supplement to the Programme circulated by the Issuer from time to time; and
- the Trust Deed which establishes the Trust and appoints the Trustee for the Noteholders entered into by the Issuer and the Trustee on the date of the Programme.

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## GENERAL INFORMATION

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Words when used in this section headed "General Information" shall bear the same meaning as defined in the section headed "Definitions," unless expressly defined.

### 1. REPORT BY DIRECTORS ON MATERIAL CHANGES

The Directors confirm that there has been no material change in the financial or trading position of the Issuer for the past three years.

### 2. STATEMENT AS TO ADEQUACY OF CAPITAL

The Directors of Untu are of the opinion that the working capital of Untu, including the amounts raised from time to time by the issue of the Notes under the Programme, are adequate for Untu for the foreseeable future.

### 3. AUTHORISATION

All consents, approvals, authorizations or other orders of all regulatory authorities required by the Issuer under the laws of the Republic of Zimbabwe have been given for the establishment of the Programme and the issue of Notes and the Issuer, the Arranger(s), Debt Sponsor, Legal Advisor, Trustee to the Notes, the Transfer Secretary, Paying Agent and Calculation Agent to undertake and perform their respective obligations under the Programme.

### 4. LITIGATION

The Issuer (whether as defendant or otherwise) is not engaged in any legal, arbitration, administration or other proceedings, the results of which might have or have had a material effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending.

### 5. AUDITORS OF THE ISSUER

Deloitte and Touche Chartered Accountants (Zimbabwe) has acted as the auditor of the Issuer for the financial periods ending 31 December 2016, 2015, 2014, 2013 and 2012 of the Issuer. Their report is incorporated in this Programme Memorandum and Prelisting Statement as **Annexure 2**.

### 6. LISTING

The Programme has been approved for listing by the Financial Securities Exchange (FINSEC), a Securities Exchange (Alternative Trading Platform) registered in terms of section 30 of the Securities & Exchange Act (Chapter 24:25), as read with the Securities (Alternative Trading Platform) Rules, S.I.100 of 2016.

In the event that Notes that are intended to be listed are issued 12 months after the date of the Programme Memorandum and Prelisting Statement or any Supplementary Programme Memorandum, the Issuer undertakes to prepare and publish a further Supplementary Programme Memorandum in compliance with the Debt Listings Requirements unless exempted from such Debt Listing Requirements.

## 7. EXPERTS CONSENTS

The following letters of advisors consents will be available for inspection from the 23rd of October 2017 to 31st of December 2017:

- Intellego as Arrangers;
- NMB Bank Limited as Financial Advisor, Receiving Bank and Sinking Fund Manager;
- Scanlen & Holderness as Legal Advisor;
- MMC Stockbrokers as Debt Sponsor;
- AGF as the Guarantor
- Deloitte as Independent Auditors and Reporting Accountants;
- ZB Bank Limited as the Trustee;
- Corpserve as Transfer Secretary, Paying Agent, and Calculation Agent.

## 8. DOCUMENTS AVAILABLE

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer for the time being in Harare:

- the audited annual financial statements of the Issuer in respect of the most recent three financial years;
- a copy of this Programme Memorandum and Prelisting Statement;
- each and any Supplementary Programme Memorandum circulated by the Issuer from time to time;
- the Applicable Pricing Supplement relating to the particular Tranche of Notes that is being subscribed for;
- the Trust Deed which establishes the Trust and appoints the Trustee for the Noteholders entered into by the Issuer and the Trustee on the date of this Programme Memorandum and Prelisting Statement; and
- the Guarantee, in so far as the same is applicable.

## 9. RESPONSIBILITY STATEMENT OF MEMBERS OF THE BOARD

The members of the Board collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and (if applicable) that the Programme Memorandum and Prelisting Statement contains all information required by law.

The members of the Board confirm that the Programme Memorandum and Prelisting Statement include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attaching to the securities to which the Programme Memorandum and Prelisting Statement relates.

## SIGNED AT HARARE ON THIS FIRST DAY OF DECEMBER 2017

*Signed on original*

Name: Bartholomew Mswaka  
Capacity: Chairman  
Who warrants his authority hereto

*Signed on original*

Name: Marko Mahuni  
Capacity: Company Secretary  
Who warrants his authority hereto

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## ANNEXURE 1: PROFORMA OF APPLICABLE PRICING SUPPLEMENT

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Untu Capital Limited  
(the "Issuer")

Incorporated in Zimbabwe on 28 February 2008  
(Registration number 6276/2008)

### US\$ 5,000,000 MEDIUM TERM NOTE PROGRAMME PRICING SUPPLEMENT

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall bear the meanings assigned to them set forth in the Terms and Conditions of the Programme dated 01 December 2017. The Notes described in this Applicable Pricing Supplement are subject to the Terms and Conditions of the Programme, and this Applicable Pricing Supplement must be read in conjunction with such Programme as read together with any Supplementary Programme that may be issued. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme, the provisions of this Applicable Pricing Supplement shall prevail.

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the section of the Programme headed "Definitions."

**Prospective investors in the Notes of the Issuer as with any other listed security should ensure that they fully understand the nature of the Issuer's operations, its financial performance and financial position and the extent of their exposure to risks, and that they consider the suitability of the Issuer's Notes as an investment in light of their circumstances and financial position. FINSEC's approval of the listing of the Issuer's Notes should not be taken in any way as an indication of the merits of the Issuer. FINSEC has not verified the accuracy and truth of the contents of the documentation submitted to it, and FINSEC accepts no liability of whatever nature for any loss, liability, damage or expense resulting directly or indirectly from the investment in the said instrument.**

#### 1. PARTIES

1.1. Issuer	Untu Capital Limited
1.2. FINSEC Debt Sponsor	[ ]
1.3. Dealer	[ ]
1.4. Arranger(s)	[ ]
1.5. Paying Agent	[ ]
Specified Office	[ ]
1.6. Calculation Agent	[ ]
Specified Office	[ ]
1.7. Transfer Secretary	[ ]
Specified Office	[ ]

#### 2. PROVISIONS RELATING TO THE NOTES

2.1. Guarantor (if applicable)	[ ]
2.2. Form of Notes	Listed Notes
2.3. Series Number	[ ]
2.4. Tranche Number	[ ]
2.5. Aggregate Nominal Amount:	[ ]

i.	Series	[ ]
ii.	Tranche	[ ]
iii.	Minimum Subscription Amount	[ ]
2.6.	Interest	[Interest -bearing/Non-interest bearing]
2.7.	Interest Payment Basis	[Fixed Rate/Floating rate/zero Coupon/index-Linked/ Dual Currency/Partly Paid/ Instalment] Notes/Other Notes]
2.8.	Automatic/optional conversion from one Interest/Redemption/ Payment Basis to one another	[Insert details including date for conversion]
2.9.	Opening Date of Offer	[ ]
2.10.	Closing Date of Offer	[ ]
2.11.	Issue Date	[ ]
2.12.	Specified Denomination	[ ]
2.13.	Specified Currency	[ ]
2.14.	Issue Price	[ ]
2.15.	Interest Commencement Date	[ ]
2.16.	Maturity Date/Settlement Date	[ ]
2.17.	Mature Type	[ ]
2.18.	Applicable Business Day Convention	Floating rate business Day/ Following Business Day/Modified Following Business Day/ Preceding Business Day/Other
2.19.	Final Redemption Amount	[ ]
2.20.	Last Day to Register	[ ]
2.21.	Books Closed Period(s)	The Register will be closed from [ ] to [ ] and from [ ] to [ ] (all dates inclusive) until the Maturity Date
2.22.	Default Rate	[ ]

### 3. FIXED RATE NOTES

3.1.	Fixed Rate of Interest	[ ] percent per annum payable semi- annually in arrears
3.2.	Interest Commencement Date	[ ]
3.3.	Fixed Interest Payment Date(s)	[ ] and [ ] in each year up to and including the
3.4.	First Interest Payable	[ ]
3.5.	Initial Broken Amount	N/A
3.6.	Final Broken Amount	N/A
3.7.	Interest Determination Date(s)	N/A
3.8.	Day Count Fraction	[ ]
3.9.	Any other terms relating to the particular method of interest	N/A

### 4. FLOATING RATE NOTES

4.1.	Interest Payment Date(s)	[ ]
4.2.	Interest Period(s)	[ ]
4.3.	Definition of Business Day (if different from that set out in Definition)	[ ]
4.4.	Minimum Rate of Interest	[ ] percent per annum
4.5.	Maximum Rate of Interest	[ ] percent per annum
4.6.	Other terms relating to the method of calculating interest (e.g.): Day Count Fraction	[ ]
4.7.	Manner in which the Rate of Interest is to be determined	[ISDA Determination/Screen Rate Determination/
4.8.	Margin	[ ]



- 4.9. If ISDA Determination: [Applicable/Non-Applicable]
- a) Floating Rate [ ]
  - b) Floating Rate Option [ ]
  - c) Designated Maturity [ ]
  - d) Reset Date(s) [ ]
  - e) ISDA Definitions to apply [ ]
- 4.10. If Screen Determination: [Applicable/Non-Applicable]
- a) Reference Rate (including relevant period by reference to which the Rate of Interest is to be calculated) [ ]
  - b) Interest Determination Date(s) [ ]
  - c) Relevant Screen Page and Reference Code [ ]
- 4.11. If Rate of Interest to be calculated otherwise than by ISDA [ ] Determination or Screen Determination, insert basis for determining Rate of Interest/Margin/Fallback provisions

## 5. ZERO COUPON NOTES

- 5.1. Implied Yield [ ] Percent [NACA] [NACM] [NACQ] [NACS] [other method of compounding]
- 5.2. Reference Price [ ] Percent
- 5.3. Any other formula or basis for determining amount(s) payable [ ]

## 6. PARTLY PAID NOTES

- 6.1. Amount of each payment comprising the Issue Price [ ]
- 6.2. Dates upon which each payment is to be made by Noteholder [ ]
- 6.3. Consequences (if any) of failure to make any such payment by [ ] Noteholder
- 6.4. Interest Rate to accrue on the first and subsequent installments after the due date for payment of such installments [ ] percent per annum

## 7. INSTALMENT NOTES

- 7.1. Instalment Dates [ ]
- 7.2. Instalment Amounts [ ]

## 8. MIXED RATE NOTES

- 8.1. Period(s) during which the interest rate for the Mixed Rate [ ] Notes will be (as applicable) that for:
- a) Fixed Rate Notes [ ]
  - b) Floating Rate Notes [ ]
  - c) Index-Linked Notes [ ]
  - d) Dual Currency Notes [ ]
  - e) Other Notes [ ]
- 8.2. The interest rate and other pertinent details are set out under the headings relating to the applicable forms of Notes [ ]

## 9. INDEX-LINKED NOTES

- |   |     |
|---|-----|
| 9.1. Type of Index-Linked Notes   | [ ] |
| 9.2. Index/Formula by reference to which Interest Rate / Interest Amount is to be determined          | [ ] |
| 9.3. Manner in which the Interest Rate / Interest Amount is to be determined                          | [ ] |
| 9.4. Interest Period(s)   | [ ] |
| 9.5. Interest Payment Date(s)   | [ ] |
| 9.6. Provisions where calculation by reference to Index and/or Formula is impossible or impracticable | [ ] |
| 9.7. Definition of Business Day (if different from that set out in Condition (Definitions))           | [ ] |
| 9.8. Minimum Rate of Interest   | [ ] |
| 9.9. Maximum Rate of Interest   | [ ] |

## 10. EXCHANGEABLE NOTES

- |  |          |
|--|----------|
| 10.1. Mandatory Exchange applicable          | [Yes/No] |
| 10.2. Noteholders' Exchange Right applicable | [Yes/No] |
| 10.3. Exchange Securities                    | [ ]      |
| 10.4. Manner of determining Exchange Price   | [ ]      |
| 10.5. Exchange period                        | [ ]      |

## 11. OTHER NOTES

If the Notes are not Partly Paid Notes, Instalment Notes, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes, Index-linked Notes or Exchangeable Notes or if the Notes are a combination of any of the foregoing, set out the relevant description and any additional Terms and Conditions relating to such Notes

## 12. PROVISIONS REGARDING REDEMPTION / MATURITY

- |   |          |
|---|----------|
| 12.1. Redemption at the Option of the Issuer:   | [Yes/No] |
| If yes  |          |
| a) Optional Redemption Determination Date(s)  | [ ]      |
| b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)                             | [ ]      |
| c) Minimum period of notice (if different (Redemption at the Option of the Issuer) from Condition 9.3)            | [ ]      |
| d) If redeemable in part:   | [ ]      |
| Minimum Redemption Amount(s)  | [ ]      |
| Higher Redemption Amount(s)   | [ ]      |
| e) Other terms applicable on Redemption   | [ ]      |
| 12.2. Redemption at the Option of the Noteholders:  | [Yes/No] |
| if yes:   |          |
| a) Optional Redemption Determination Date(s)  | [ ]      |
| b) Optional Redemption Amount(s)  | [ ]      |
| c) If redeemable in part:   |          |
| Minimum Redemption Amount(s)  | [ ]      |
| Higher Redemption Amount(s)   | [ ]      |
| d) Other terms applicable on Redemption   | [ ]      |
| e) Attach pro forma put notice(s)   | [ ]      |
| 12.3. Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required). | [Yes/No] |
| If no:  |          |

- a) Amount payable; or [ ]
- b) Method of calculation of amount payable [ ]
- 12.4 Redemption in the event of a Change of Control [Yes/No]
- 12.5. Final Redemption Amount [ ]

## GENERAL

13. Securities Exchange [FINSEC]
14. Additional selling restrictions [ ]
15. FINSEC Code [ ]
16. ISIN Number [ ]
17. Stabilising manager [ ]
18. Provisions relating to stabilisation [ ]
19. Listing Date [ ]
20. Method of Offering [Private Placement/Auction /Bookbuild/Public]
21. Credit Rating assigned to the [Issuer]/[Programme]/[Notes] [ ], assigned on [ ] and due for renewal on [ ]
22. Credit Rating assigned to the Guarantor [ ], assigned on [ ] and due for renewal on [ ]
23. Applicable Rating Agency [ ]
24. Governing law [ ]
25. Surrendering of Notes in the case of Notes represented by a Certificate [ ] days after the date on which the Certificate in respect of the Note to be redeemed has been surrendered to the Issuer
26. Use of proceeds [ ]
27. Other provisions [Other Events of Default in addition to The Events of Default referred to in Condition 11 (Events of Default)]

## 28. DISCLOSURE BY ISSUER

The Issuer will for as long as any Tranche of Notes remains Outstanding, notify the Noteholders of any material change in the financial position of the Issuer.

Any material change in the financial position of the Issuer that is beyond the control of the Issuer, including any change as a result of a change of statute or regulations, shall not constitute an Event of Default.

## 29. RESPONSIBILITY

The Issuer accepts full responsibility for the information contained in this Applicable Pricing Supplement. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this Applicable Pricing Supplement is in accordance with the facts and does not omit anything which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Applicable Pricing Supplement contains all information required by applicable law and the Debt Listings Requirements of FINSEC.

*SIGNED* at Harare on this 01 December 2017.

For and on behalf of

### **UNTU CAPITAL LIMITED**

*Signed on original*

Name: Clive Msipa  
Capacity: Chief Executive Officer  
Who warrants his authority hereto

*Signed on original*

Name: Bartholomew Mswaka  
Capacity: Chairman  
Who warrants his authority hereto

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## ANNEXURE 2: ACCOUNTANTS' REPORT

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### **Deloitte & Touche Chartered Accountants Zimbabwe**

West Block, Borrowdale Office Park,  
Borrowdale Road,  
Borrowdale,  
Harare,

30 November 2017

### **The Directors**

#### **Untu Capital Limited**

3 Drury Lane,  
Strathaven,  
Harare

Dear Sirs,

### **ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF UNTU CAPITAL LIMITED FOR THE YEARS ENDED 31 DECEMBER 2012 TO 31 DECEMBER 2016**

#### **Introduction**

The directors of Untu Capital Limited ("Untu", or "the Issuer", or "the Company") are proposing to raise US\$ 5,000,000 (five million United States dollars) by way of issuing a Medium Term Note ("the issue") in terms of the Programme Memorandum and Prelisting Statement dated 01 December 2017.

The Issuer may, from time to time, issue notes denominated in US\$ and having such maturity as may be agreed between the Issuer and the Arranger(s) as specified in the Applicable Pricing Supplement and approved by the Financial Securities Exchange ("FINSEC"). The purpose of the issue is for the Issuer to mainly expand its loan book by onlend to MSMEs.

#### **Responsibility**

The directors are responsible for the preparation of the Programme Memorandum and Prelisting Statement to which this report relates and the information contained therein.

Our report is prepared in terms of the Debt Listing Requirements of the Financial Securities Exchange ("FINSEC") for the purposes of inclusion in the Programme Memorandum and Prelisting Statement dated 01 December 2017. We do not accept any responsibilities for any reports given by us on any financial information to any third parties who may choose to rely on the reports.

In terms of FINSEC Listing Requirements we refer below to Untu's annual financial statements for the years ended 31 December 2012 to 31 December 2016, set out on pages 78 to 81 in the Programme (as extracts). We have been auditors of Untu and have reported in accordance with guidance on standard audit reports as issued by the Public Accountants and Auditors Board.

#### **Scope of our audits of annual financial statements**

We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

#### **Prior year audited financial statements**

We reported on the annual financial statements for the years ended 31 December 2012 to 31 December 2016 as follows:

#### **Audited financial statements for the year ended 31 December 2012**

In our report, we stated that Untu's financial statements present fairly, in all material respects, the consolidated and separate financial position of Untu as at 31 December 2012, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Audited financial statements for the year ended 31 December 2013**

In our report, we stated that Untu's financial statements presented fairly, in all material respects, the consolidated and separate financial position of Untu as at 31 December 2013, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Audited financial statements for the year ended 31 December 2014**

In our report, we stated that Untu's financial statements presented fairly, in all material respects, the consolidated and separate financial position of Untu as at 31 December 2014, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Audited financial statements for the year ended 31 December 2015**

In our report, we stated that Untu's financial statements presented fairly, in all material respects, the consolidated and separate financial position of Untu as at 31 December 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Audited financial statements for the year ended 31 December 2016**

In our report, we stated that Untu's financial statements presented fairly, in all material respects, the financial position of Untu as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in a manner required by the Companies Act (Chapter 24:03).

#### **Scope**

As the purpose of the appended financial information differs from the purpose of the financial statements prepared for members, the appended financial information is not intended to comply with the full presentation and disclosure requirements of the Companies Act (Chapter 24:03) and International Financial reporting Standards.

Our reporting shall not in any way constitute recommendations regarding the completion of the issue.

#### **Exclusion of Notes and Accounting Policies**

At the request of the Company the notes to the financial statements, and the accounting policies have been excluded from this Programme Memorandum and Prelisting Statement, but are available for inspection in the annual financial statements as set as out in section 8 page 69 of this Programme Memorandum and Prelisting Statement.

#### **Yours faithfully**

**Deloitte & Touche Chartered Accountants (Zimbabwe)**  
**Harare, Zimbabwe**

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	2016	2015	2014	2013	2012
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property and equipment	618 006	502 256	303 452	352 674	375 983
Intangible assets	48 343	44 401	2 030	8 260	11 727
Deferred Tax	36 383	12 528	27 608	43 248	44 124
<b>Total non-current assets</b>	<b>702 732</b>	<b>559 185</b>	<b>333 090</b>	<b>404 182</b>	<b>431 834</b>
<b>Current assets</b>					
Loans and advances to customers	3 544 310	3 311 657	3 337 920	1 948 932	2 068 224
Other assets	54 334	122 852	79 997	75 907	60 762
Taxation	-	-	-	1 794	1 794
Cash and equivalents	238 720	236 457	185 195	307 945	385 417
Total currents assets	3 837 364	3 670 966	3 603 112	2 334 578	2 516 197
<b>Total assets</b>	<b>4 540 096</b>	<b>4 230 151</b>	<b>3 936 202</b>	<b>2 738 760</b>	<b>2 948 031</b>
<b>EQUITY AND LIABILITIES</b>					
Shareholder's equity					
Share capital	1 361	1 361	1 361	1 361	1 361
Share premium	679 921	679 921	679 921	679 921	679 921
Retained earnings	1 045 167	808 470	581 157	11 497	4 798
<b>Total shareholder equity</b>	<b>1 726 449</b>	<b>1 489 752</b>	<b>1 262 439</b>	<b>692 779</b>	<b>686 080</b>
<b>Non-current Liabilities</b>					
Loan balance with holding company	405 828	705 200	1 350 112	1 319 393	1 027 379
Debentures and other borrowings	1 866 203	942 505	210 166	-	178 943
<b>Total non-current liabilities</b>	<b>2 272 031</b>	<b>1 647 705</b>	<b>1 560 278</b>	<b>1 319 393</b>	<b>1 206 322</b>
<b>Current Liabilities</b>					
Debentures and other borrowings	140 000	210 165	392 777	150 000	497 369
Other liabilities	320 421	797 728	671 734	576 588	558 260
Taxation	81 195	84 801	48 974	-	-
Total current liabilities	541 616	1 092 694	1 113 485	726 588	1 055 629
<b>Total equity and liabilities</b>	<b>4 540 096</b>	<b>4 230 151</b>	<b>3 936 202</b>	<b>2 738 760</b>	<b>2 948 031</b>

The above statement of financial position should be read in conjunction with the accompanying notes that can be inspected at Untu's registered offices.

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER**

	2016	2015	2014	2013	2012
Interest income	2 549 541	2 410 007	2 097 171	1 356 327	1 282 401
Interest expense	(254 759)	(215 739)	(208 487)	(132 840)	(194 259)
<b>Net interest income</b>	<b>2 294 782</b>	<b>2 194 268</b>	<b>1 888 684</b>	<b>1 223 487</b>	<b>1 088 142</b>
Other income	371 252	297 079	265 990	237 355	114 413
<b>Operating income</b>	<b>2 666 034</b>	<b>2 491 347</b>	<b>2 154 674</b>	<b>1 460 842</b>	<b>1 202 555</b>
<b>Operating expenses</b>	<b>(2 105 636)</b>	<b>(2 053 050)</b>	<b>(1 470 256)</b>	<b>(1 453 267)</b>	<b>(1 217 007)</b>
<b>Profit before tax</b>	<b>560 398</b>	<b>438 297</b>	<b>684 418</b>	<b>7 575</b>	<b>(14 452)</b>
Income tax expense	(123 701)	(210 984)	(114 758)	(876)	15 920
<b>Profit for the year</b>	<b>436 697</b>	<b>227 313</b>	<b>569 660</b>	<b>6 699</b>	<b>1 468</b>
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	<b>436 697</b>	<b>227 313</b>	<b>569 660</b>	<b>6 699</b>	<b>1 468</b>
<b>Earnings per share (cents)</b>					
Basic and Diluted	32 086.48	16 701.91	41 855.99	492.21	107.86

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes that can be inspected at Untu's registered offices.



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

	Share capital	Share premium	Retained earnings	Total
<b>Balance as at 1 January 2012</b>	1 361	679 921	3 330	684 612
Total comprehensive income for the year	-	-	1 468	1 468
<b>Balance as at 31 December 2012</b>	1 361	679 921	4 798	686 080
Total Comprehensive income for the year	-	-	6 699	6 699
<b>Balance as at 31 December 2013</b>	1 361	679 921	11 497	692 779
Total comprehensive income for the year	-	-	569 660	569 660
<b>Balance as at 31 December 2014</b>	1 361	679 921	581 157	1 262 439
Total comprehensive income for the year	-	-	227 313	227 313
<b>Balance as at 31 December 2015</b>	1 361	679 921	808 470	1 489 752
Dividends declared	-	-	(200 000)	(200 000)
Total comprehensive income for the year	-	-	436 697	436 697
<b>Balance as at 31 December 2016</b>	1 361	679 921	1 045 167	1 726 449

The above statement of changes in equity should be read in conjunction with the accompanying notes that can be inspected at Untu's registered offices.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

	2016	2015	2014	2013	2012
<b>Cash flows from operating activities</b>					
Profit/(Loss) before tax	560 398	438 297	684 418	7 575	(14 452)
<b>Adjustment for non-cash items</b>					
Depreciation	109 077	102 251	68 019	70 381	40 831
Amortizations of intangible asset	48 621	19 579	7 730	8 468	6 802
Movement in impairment losses on loans and advances	9 999	101 491	71 838	(16 461)	(8 784)
Fair value loss in investment property	-	-	-	-	2 567
(Profit)/Loss on disposal of property and equipment	(273)	(7 707)	1 803	2 202	(304)
Donation of property and income	-	(14 850)	-	-	-
Operating cash flows before working capital changes	727 822	639 061	833 808	72 165	26 660
<b>Changes in operating assets and liabilities</b>					
(Increase)/ Decrease in loans and advances to customers	(242 652)	(75 228)	(1 460 826)	135 753	(825 414)
Decrease/(increase) in other assets	27 470	(42 855)	(4 090)	(14 195)	(50 346)
(Decrease)/increase in other liabilities	(677 307)	125 994	95 146	18 323	58 986
Cash (utilized in)/generated from operations	(164 667)	646 972	(535 962)	212 046	(790 114)
Taxation paid	(151 163)	(160 078)	(48 350)	-	-
Net cash (utilized in)/generated from operating activities	(315 830)	486 894	(584 312)	212 046	(790 114)
<b>Cash flows from investing activities</b>					
Decrease in non current assets held for sale	-	-	-	-	2 500
Purchase of property and equipment	(188 403)	(293 629)	(30 754)	(56 224)	(340 616)
Purchase of intangible assets	(52 562)	(61 950)	(1 500)	(5 001)	(3 886)
Proceeds on disposal of investment property	-	-	-	-	15 433
Proceeds on disposal of property and equipment	4 897	15 132	10 154	6 000	1 402
Net cash utilized in investing activities	(236 068)	(340 447)	(22 100)	(55 225)	(325 167)
<b>Cash flows from financing activities</b>					
Decrease in loan balances with holding company	(299 372)	(644 912)	30 719	292 014	11 189
Increase in debentures and other borrowings	853 533	549 727	452 943	(526 312)	397 369
Net cash generated from/ (utilized in) financing activities	554 161	(95 185)	483 662	(234 298)	408 558
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2 263</b>	<b>51 262</b>	<b>(122 750)</b>	<b>(77 477)</b>	<b>(706 723)</b>
Cash and cash equivalents at beginning of the year	236 457	185 195	307 945	385 417	1 092 140
Cash and cash equivalents at end of the year	238 720	236 457	185 195	307 940	385 417

**Deloitte & Touche Chartered Accountants Zimbabwe**

West Block, Borrowdale Office Park,  
Borrowdale Road,  
Borrowdale,  
Harare

30 November 2017

**The Directors****Untu Capital Limited**

3 Drury Lane,  
Strataven,  
Harare

Dear Sirs,

**REPORTING ACCOUNTANT'S REPORT ON THE UNAUDITED PRO-FORMA FINANCIAL INFORMATION OF UNTU CAPITAL LIMITED AS AT 31 DECEMBER 2016****Introduction**

The directors of Untu Capital Limited ("the Issuer") are proposing to raise US\$5,000,000 (Five million United States Dollars) by way of issuing Medium Term Notes ("the Issue") in terms of the Programme dated 01 December 2017.

The Issuer may, from time to time, issue Notes denominated in US\$ and having such maturity as may be agreed between the Issuer and the Arranger(s) as specified in the Applicable Pricing Supplement and approved by the Financial Securities Exchange ("FINSEC"). The purpose of the issue is for the Issuer to re-finance their existing financing facilities and thereby reduce their cost of funding.

**Responsibility**

The directors are solely responsible for the preparation of the unaudited pro-forma information to which this independent reporting accountant's report relates. They are also responsible for the preparation of the information from which the unaudited financial information has been prepared. Our responsibility as independent reporting accountants is to form an opinion on the basis used to compile the unaudited pro-forma financial information. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed at their dates of issue.

The directors are responsible for the preparation of the Programme to which this report relates and the financial information contained therein. This report is prepared in terms of the Debt Listing Requirements of the Financial Securities Exchange for the purpose of inclusion in the Programme Memorandum and Prelisting Statement dated 01 December 2017.

**Unaudited Pro-forma Financial Information**

The pro-forma financial information has been prepared for illustrative purposes only to provide information demonstrating how the transaction would have impacted on the financial position of Untu had the Programme been undertaken on 31 December 2016. Because of its nature, the unaudited pro-forma financial information may not give a fair reflection of Untu's financial position going forward.

Our work consisted primarily of reviewing the unaudited pro-forma financial information, considering the evidence supporting the adjustments and discussing the unaudited pro-forma financial information with directors. We were not involved in the independent examination of the underlying information.

Because the above procedures conducted by us do not constitute either an audit or a review performed in accordance with statements of International Standards on Auditing, we do not express assurance on the fair presentation of the unaudited pro forma financial information. Had we conducted additional procedures, or had we performed an audit in accordance with the International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

In our opinion the adjustments are appropriate for purposes of the unaudited pro-forma financial information and consistent with Untu's accounting policies.

**Yours faithfully**

**Deloitte & Touche Chartered Accountants (Zimbabwe)  
Harare, Zimbabwe**

## FINANCIAL EFFECTS OF THE NOTE ISSUE

The financial effects of the Note Issue on the balance sheet of Untu as at 31 December 2016 are illustrated below. The following principal assumptions and accounting bases were applied in preparing the balance sheet below:

- The total amount to be raised is US\$ 5,000,000
- The estimated costs of raising funds is 2.5% of the total amounts to be raised, which amounts to US\$ 125,000
- The estimated costs of raising funds will be expensed immediately

	<b>31 Dec 2016 Before issue US\$</b>	<b>31 Dec 2016 Proforma After issue US\$</b>
<b>ASSETS</b>		
Non-current assets		
Property and equipment	618 006	618 006
Intangible assets	48 343	48 343
Deferred tax	36 383	36 383
<b>Total non-current assets</b>	<b>702 732</b>	<b>702 732</b>
<b>Current assets</b>		
Loans and advances to customers	3 544 310	3 544 310
Other assets	54 334	54 334
Cash and cash equivalents	238 720	5 113 720
<b>Total current assets</b>	<b>3 837 364</b>	<b>8 712 364</b>
<b>Total assets</b>	<b>4 540 096</b>	<b>9 415 096</b>
<b>EQUITY AND LIABILITIES</b>		
Shareholders' equity		
Share capital	1 361	1 361
Share premium	679 921	679 921
Retained earnings	1 045 167	920 167
<b>Total shareholders' equity</b>	<b>1 726 449</b>	<b>1 601 449</b>
<b>Non-current liabilities</b>		
Loan balances with holding company	405 828	405 828
Debentures and other borrowings	1 866 203	6 866 203
<b>Total non-current liabilities</b>	<b>2 272 031</b>	<b>7 272 031</b>
<b>Current liabilities</b>		
Debentures and other borrowings	140 000	140 000
Other liabilities	320 421	320 421
Taxation	81 195	81 195
<b>Total current liabilities</b>	<b>541 616</b>	<b>541 616</b>
<b>Total equity and liabilities</b>	<b>4 540 096</b>	<b>9 415 096</b>

## ANNEXURE 3: UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	UNAUDITED 2017	AUDITED 2016
<b>ASSETS</b>		
Non-current assets		
Property and Equipment	1 093 941	618 006
Investment Property	395 000	-
Intangible Assets	24 766	48 343
Deferred Tax	11 484	36 383
Total non-current assets	1 525 191	702 732
Current assets		
Loans and advances to customers	3 512 465	3 544 310
Other assets	175 478	54 334
Taxation	-	-
Cash and Cash Equivalents	42 282	238 720
Total current assets	3 730 225	3 837 364
<b>Total assets</b>	<b>5 225 416</b>	<b>4 540 096</b>
<b>EQUITY AND LIABILITIES</b>		
Shareholder's equity		
Share Capital	1 361	1 361
Share premium	679 921	679 921
Retained Earnings	1 209 944	1 045 167
<b>Total Shareholders' Equity</b>	<b>1 891 226</b>	<b>1 726 449</b>
Non-current liabilities		
Loan balance with holding company	120 141	405 828
Debentures and other borrowings	1 812 978	1 866 203
<b>Total non-current liabilities</b>	<b>1 933 119</b>	<b>2 272 031</b>
Current Liabilities		
Debentures and other borrowings	967 892	140 000
Other liabilities	344 707	320 421
Taxation	118 472	81 195
Total current liabilities	1 431 071	541 616
<b>Total Equity and Liabilities</b>	<b>5 225 416</b>	<b>4 230 151</b>

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2017**

	<b>Unaudited 2017</b>	<b>Unaudited 2016</b>
Interest Income	993 524	1 143 222
Interest expense	(136 809)	(91 285)
<b>Net interest income</b>	<b>856 715</b>	<b>1 051 937</b>
Other income	370 808	308 613
<b>Operating Income</b>	<b>1 227 523</b>	<b>1 360 550</b>
<b>Operating expenses</b>	<b>(1 009 609)</b>	<b>(933 267)</b>
<b>Profit before tax</b>	<b>217 914</b>	<b>427 283</b>
Income tax expense	(53 137)	(101 070)
<b>Profit for the year</b>	<b>164 777</b>	<b>326 213</b>
Other comprehensive income	-	-
Total comprehensive income for the year	164 777	326 213
<b>Earnings per share (cents)</b>		
Basic and Diluted	12 107.05	23 968.63

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017**

	<b>Share Capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance as at 1 January 2016</b>	<b>1 361</b>	<b>679 921</b>	<b>808 470</b>	<b>1 489 752</b>
Dividends declared	-	-	(200 000)	(200 000)
Total comprehensive income for the year	-	-	436 697	436 697
<b>Balance as at 31 December 2016</b>	<b>1 361</b>	<b>679 921</b>	<b>1 045 167</b>	<b>1 726 449</b>
Total comprehensive income for the half year	-	-	164 777	251 628
<b>Balance as at 30 June 2017</b>	<b>1 361</b>	<b>679 921</b>	<b>1 209 944</b>	<b>1 891 226</b>

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016**

	<b>Share Capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance as at 1 January 2015</b>	<b>1 361</b>	<b>679 921</b>	<b>581 157</b>	<b>1 262 439</b>
Total comprehensive income for the year	-	-	227 313	227 313
<b>Balance as at 31 December 2015</b>	<b>1361</b>	<b>679 921</b>	<b>808 470</b>	<b>1 489 752</b>
Total comprehensive income for the half year	-	-	326 213	326 213
<b>Balance as at 30 June 2016</b>	<b>1 361</b>	<b>679 921</b>	<b>1 134 683</b>	<b>1 815 965</b>



**STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2017**

	<b>June 2017</b>	<b>June 2016</b>
<b>Cash flows from operating activities</b>		
Profit /(Loss) before Tax	217 914	427 283
<b>Adjustment for non-cash items</b>		
Depreciation	86 042	50 511
Amortizations of intangible asset	-	-
Movement in impairment losses on loans and advances	152 222	133 262
Fair value loss in investment property	(124 490)	-
(Profit)/Loss on disposal of property and equipment	-	(207)
Operating cashflows before changes in operating assets and liabilities	331 688	610 849
<b>Changes in operating assets and liabilities</b>		
(Increase)/Decrease in loans and other advances to customers	(111 377)	(62 957)
Decrease/(increase) in other assets	(121 144)	(23 510)
Increase/ (decrease) in other liabilities	24 286	(128 760)
Cash (utilized in)/generated from operations	123 453	(91 275)
Taxation paid	(27 729)	(10 563)
Net cash (utilized in)/generated from operating activities	488 980	276 189
<b>Cash flows from investing activities</b>		
Decrease in non-current assets held for sale	-	-
Purchase of property and equipment	(745 232)	(29 532)
Purchase of intangible assets	-	(45 000)
Proceeds on disposal of investment property	-	-
Proceeds on disposal of property and equipment	-	342
Net cash utilized in investing activities	(745 232)	(74 190)
<b>Cash flows from financing activities</b>		
Decrease in loan balances with holding company	(285 687)	(65 000)
Increase in debentures and other borrowings	774 667	(293 552)
Net cash generated from/ (utilized in) financing activities	488 980	(358 552)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(160 528)</b>	<b>(156 553)</b>
Cash and cash equivalents at beginning of the period	238 720	236 457
<b>Cash and cash equivalents at end of the half year</b>	<b>42 282</b>	<b>79 904</b>

## ANNEXURE 4: UNTU FINANCIAL FORECASTS

The 5 year financial forecast below has been provided by Untu management and has not been reviewed by the Reporting Accountants.

### STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME AS AT

All figures in US\$	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21
Interest Income	2,569,090	3,266,052	4,227,779	5,387,627	6,997,993
Interest Expense	551,907	813,093	975,827	920,010	1,139,069
<b>Net Interest Income</b>	<b>2,017,183</b>	<b>2,452,959</b>	<b>3,251,952</b>	<b>4,467,618</b>	<b>5,858,924</b>
Non-Interest Income	674,105	421,687	613,749	1,215,879	1,571,929
Write Offs	156,299	225,222	313,488	434,422	601,579
<b>Total Income net of Write Offs</b>	<b>2,534,988</b>	<b>2,649,423</b>	<b>3,552,213</b>	<b>5,249,074</b>	<b>6,829,274</b>
<b>Operating Expenses</b>					
Staff Costs	1,075,969	1,242,088	1,518,903	1,674,870	1,761,832
Rental costs	72,000	36,000	36,000	36,000	36,000
Property Operation Costs	10,800	5,400	5,400	5,400	5,400
Motor Vehicle - Fuel	66,000	72,450	79,380	86,822	94,809
Motor Vehicle - Other	26,400	28,980	31,752	34,729	37,924
Stationery and Printing	51,382	16,330	21,139	26,938	34,990
Communication	77,073	32,661	21,139	26,938	34,990
Administrative and Other Expenses	128,455	163,303	211,389	269,381	349,900
Consultancy	89,918	24,495	31,708	40,407	52,485
Marketing Expenses	154,145	65,321	147,972	188,567	244,930
Legal Fees	77,073	16,330	21,139	26,938	34,990
Software License fees	54,000	72,900	98,415	132,860	179,361
Education and Training	29,473	35,637	43,288	47,280	49,020
Bank Charges	37,628	39,705	28,817	56,904	85,564
Directors Fees	33,600	52,800	59,400	66,000	66,000
Insurance Default Cover	10,244	12,549	16,941	22,870	30,875
General Insurance	4,953	3,667	2,741	2,070	1,583
Audit fees	35,000	45,500	59,150	76,895	99,964
Depreciation and Amortisation	61,874	51,939	50,374	45,635	42,551
<b>Operating Expenses</b>	<b>2,095,986</b>	<b>2,018,054</b>	<b>2,485,047</b>	<b>2,867,505</b>	<b>3,243,166</b>
<b>Profit before Taxation</b>	<b>439,003</b>	<b>631,369</b>	<b>1,067,166</b>	<b>2,381,569</b>	<b>3,586,107</b>
Taxation	109,751	157,842	266,792	595,392	896,527
<b>Profit after tax</b>	<b>329,252</b>	<b>473,527</b>	<b>800,375</b>	<b>1,786,177</b>	<b>2,689,580</b>

**STATEMENT OF FINANCIAL POSITION AS AT**

<b>All figures in US\$</b>	<b>31-Dec-17</b>	<b>31-Dec-18</b>	<b>31-Dec-19</b>	<b>31-Dec-20</b>	<b>31-Dec-21</b>
<b>Non Current Assets</b>					
Property, Plant and Equipment	1,303,991	1,269,068	1,243,509	1,224,707	1,210,806
Intangible Assets	124,163	152,147	222,332	240,499	256,849
Deferred Tax Asset	36,383	36,383	36,383	36,383	36,383
<b>Total Non Current Assets</b>	<b>1,464,537</b>	<b>1,457,598</b>	<b>1,502,224</b>	<b>1,501,589</b>	<b>1,504,038</b>
<b>Current Assets</b>					
Loan and Advances	5,221,728	7,035,115	9,487,967	12,797,541	17,261,572
Accounts Receivables	211,158	268,443	347,489	442,819	575,177
Other assets	39,835	39,835	39,835	39,835	39,835
Cash and Cash Equivalents	2,916,628	472,982	2,175,599	3,888,482	6,056,424
<b>Total Current Assets</b>	<b>8,389,349</b>	<b>7,816,374</b>	<b>12,050,890</b>	<b>17,168,676</b>	<b>23,933,008</b>
<b>Total Assets</b>	<b>9,853,885</b>	<b>9,273,972</b>	<b>13,553,114</b>	<b>18,670,265</b>	<b>25,437,047</b>
<b>Equity and Capital Reserves</b>					
Share Capital	681,282	681,282	681,282	681,282	681,282
Retained Earnings	1,374,419	1,847,946	2,648,320	4,434,497	7,124,078
<b>Total Shareholders Equity</b>	<b>2,055,701</b>	<b>2,529,228</b>	<b>3,329,602</b>	<b>5,115,779</b>	<b>7,805,360</b>
<b>Non Current Liabilities</b>					
Borrowings	7,181,066	5,890,183	9,077,002	12,022,929	15,571,091
<b>Current Liabilities</b>					
Accounts Payables	67,025	97,700	124,850	147,095	174,664
Provision for Impairment	468,898	675,666	940,464	1,303,267	1,804,738
Provision for Taxation	81,195	81,195	81,195	81,195	81,195
<b>Total Liabilities</b>	<b>617,118</b>	<b>854,561</b>	<b>1,146,509</b>	<b>1,531,557</b>	<b>2,060,596</b>
<b>Total Equity and Liabilities</b>	<b>9,853,885</b>	<b>9,273,972</b>	<b>13,553,114</b>	<b>18,670,265</b>	<b>25,437,047</b>

**STATEMENT OF CASH FLOWS AS AT**

<b>Cash Flow from Operations</b>	<b>31-Dec-17</b>	<b>31-Dec-18</b>	<b>31-Dec-19</b>	<b>31-Dec-20</b>	<b>31-Dec-21</b>
Net Profit before tax	439,003	631,369	1,067,166	2,381,569	3,586,107
Depreciation and Amortization	61,874	51,939	50,374	45,635	42,551
Provision for Impairment	171,760	206,768	264,798	362,803	501,470
Working Capital:					
Loans and Advances	(1,380,280)	(1,813,387)	(2,452,852)	(3,309,575)	(4,464,031)
Prepayments	67,651	-	-	-	-
Creditors	(723,511)	30,675	27,150	22,245	27,569
Tax Paid	(109,751)	(157,842)	(266,792)	(595,392)	(896,527)
Accounts Receivables	(119,218)	(57,285)	(79,046)	(95,330)	(132,359)
<b>Cash Generated / (Utilised) from Operating Activities</b>	<b>(1,592,472)</b>	<b>(1,107,763)</b>	<b>(1,389,202)</b>	<b>(1,188,044)</b>	<b>(1,335,220)</b>
<b>Cash Flow from Investing Activities</b>					
Capital expenditure	(864,727)	(45,000)	(95,000)	(45,000)	(45,000)
(Purchase)/Disposal of Investments	-	-	-	-	-
<b>Cash Generated / (Utilised) from Investing Activities</b>	<b>(864,727)</b>	<b>(45,000)</b>	<b>(95,000)</b>	<b>(45,000)</b>	<b>(45,000)</b>
<b>Cash Flow from Financing Activities</b>					
Change in Debt	5,061,214	(1,290,883)	3,186,819	2,945,926	3,548,162
<b>Cash Generated / (Utilised) from Financing Activities</b>	<b>5,061,214</b>	<b>(1,290,883)</b>	<b>3,186,819</b>	<b>2,945,926</b>	<b>3,548,162</b>
Net Cash flow for the Year	2,604,016	(2,443,646)	1,702,618	1,712,882	2,167,942
Cash at the beginning of the Year	312,612	2,916,628	472,982	2,175,599	3,888,482
Cash at the end of the Year	<b>2,916,628</b>	<b>472,982</b>	<b>2,175,599</b>	<b>3,888,482</b>	<b>6,056,424</b>
<b>Closing cash balance cfwd</b>	<b>2,916,628</b>	<b>472,982</b>	<b>2,175,599</b>	<b>3,888,482</b>	<b>6,056,424</b>

**ANNEXURE 5: APPLICATION FORM**



**NOTE APPLICATION FORM**

**US\$ 5,000,000 MEDIUM TERM NOTE PROGRAMME for the offering of Untu Capital Limited**

I/We, the undersigned hereby apply to purchase the amount specified below, of Notes to be issued by Untu upon the terms and conditions set out in this application form. (please tick the appropriate box)

**DOMESTIC MEDIUM-TERM NOTES**

Applications must be made in accordance to the instructions set out in this document. Care must be taken to follow these instructions as applications that do not comply, may be rejected. If there is any doubt, please consult the Arrangers.

Please complete all relevant sections of this form using <b>BLOCK LETTERS</b> where applicable		
<b>PARTICIPANT STATUS</b> (Please tick)	<b>DATE DECLARATION (PLEASE TICK)</b> (Dd/mm/yyyy)	<b>CONTROL NO. (REGISTRARS' USE ONLY)</b>
<input type="checkbox"/> Resident	<input type="checkbox"/> I/We note that the Issuer and the Arrangers are entitled in their absolute discretion to accept or reject this application.  <input type="checkbox"/> I/We confirm that I/We have read the Programme Memorandum dated 01 December 2017 and that my/our application(s) is/are made on the terms set therein.  <input type="checkbox"/> I/We agree to accept the nominal amount as may be allocated to me/us subject to the terms in this Pricing Supplement.  <input type="checkbox"/> I/We authorize you to enter my/our name on the Register of Noteholders of the Notes that may be allotted to me/us and to register my/our address as given below.  <input type="checkbox"/> I/We at this moment irrevocably undertake and confirm my/our application(s) for Notes are on the terms outlined in the relevant Pricing Supplement	
<input type="checkbox"/> Non-Resident		
<input type="checkbox"/> Tax Exempt (attach certificate)		
<input type="checkbox"/> Taxable		
<b>PARTICIPANT TYPE (Please tick)</b>		
<input type="checkbox"/> Pension fund Manager		
<input type="checkbox"/> Unit Trust		
<input type="checkbox"/> Insurance Company		
<input type="checkbox"/> Corporate		
<input type="checkbox"/> Bank		
<input type="checkbox"/> Individual		
<input type="checkbox"/> Other		



## NOTES:

### 1. Completing the form

This completed form should be e-mailed to the Transfer Secretaries at the following address:

#### Corpserve

P. Mangunda

**E-mail:** paradzai@escrowgroup.org

**E-mail:** corpserve@escrowgroup.org

**Tel:** + 263 4 758 193

R. Mazvanara

**E-mail:** robert@escrowgroup.org

- All alterations to this application form must be authenticated by full signature. All applications must be made without any conditions stated by applicants.
- Under no circumstances whatsoever may the name of the applicant be changed and if this is done then the application form will be invalid.
- Applications are made subject to the provisions of the Programme to which this form is attached.
- Applications are irrevocable and may not be withdrawn or amended without the written consent of the Issuer.
- Individual applicants must be over 18 years of age or older.

### 2. Acceptance

By signing an application form the applicant undertakes to pay the Issuer on the Issue Date. The Notes allotted to the bidder shall be by the provisions of the Trust Deed.

### 3. Settlement procedure

Payments above US\$ 1,000 to be made by successful applicants must be made into the following bank account

Bank	NMB Bank Limited,
Account Number:	<b>020274859</b>
Account Name:	Untu Microfinance Medium Term Note Issuance Trust
Branch:	Joina City

Payment for mobile subscribers will be made to the Ecocash and Telecash accounts linked to the above mentioned receiving bank account. Details of the payment method for the mobile subscribers will be published in the national press by the Issuer and also provided on the Issuer's website.

### 4. General

The Programme and any contracts resulting from an acceptance of an application for the Notes shall be governed and construed in accordance with Zimbabwean Law.

### 5. Accepted Offer

All successful applicants will be furnished with a signed Pricing Supplement.





