



PRESENTATION TO THE ASSOCIATION CEOs – NYANGA 2018

REFLECTIONS ON UNTU'S BOND ISSUANCE

U-GAIN ISSUANCE



This was a retail bond targeted at ordinary investors. U-Gain Investors could participate in the issuance with as little as US\$ 50. The entire process done on mobile. The U-Gain Note was for 12 months 9% per annum.



2,452 participates



Bond listed to Finsec



First Mobile Issuance in Zimbabwe



2nd Bond Issuance on Finsec



Oversubscribed by 72.5%



US\$ 1 million raised

TIMELINES OF PROCESS



**Appointment of
Advisors**

Regulatory Approval

Fundraising & Listing

**Internal
Governance
Processes**

**Appointment of
Advisors**

**Reserve Bank
Approval**

**Market
Canvassing**

Listing



**Credit Rating
by GCR**

**Approval by
Finsec and
SECZ**

**Engagement of
Mobile
Operators.**

**Roadshows
Conducted**

5/2



The business was looking to expand its funding base after retiring foreign lines of Credit.

- Untu had funded the majority of its loan book from foreign lines of Credit.
- Business had retired most of its foreign borrowings in 2017.
- Strong need to expand local funding base.

Untu's also sees Capital Markets as a sustainable funding source for the business.

- A number of regional microfinance businesses rely on Capital Markets to raise debt funding. Examples include Lethsego in Botswana, Transactional Capital in South Africa, Focus in Zambia and Real People in Kenya
- Capital Markets come with a much heavier reporting and compliance requirements
- Raised profile and transparency of financials will result in increased investor demand in the long run

KEY SUCCESS FACTORS



Team of Advisors

- Diverse skills required in team (Corporate Finance, Legal, Capital Markets etc.)
- Effective management of Team of Advisors is required;
- Very significant cost investment required

Market Conditions

- It was important to study the market conditions. Good advisors are very useful in helping to understand and discern the market conditions;
- Good execution ability and understanding of local market

Support by Mobile Operators

- Extensive engagement required to get buy-in with the networks;
- Strong technological platform required;
- Regulatory clearances required

Market Promotion

- Strong promotion of proposition to the target market
- Highly visibility required
- Good publicity also required to support message

Gvt & Regulatory Support

- Clearance required from Ministry of SMEs and Ministry of Finance
- Reserve Bank, Securities Exchange Commission, Stock Exchange Approval required for the transaction

TRANSACTION OVERVIEW & OUTLOOK

PROPOSED TRANSACTION AND TERM SHEET



Untu, a financial services company providing credit support to the MSME sector in Zimbabwe, is seeking US\$5,000,000 (five million).

Required Capital US\$5,000,000





The majority of funds will be utilised to grow Untu's Loan Book

INDICATIVE TERM SHEET

Issuer	Untu Capital Limited
Type of Instrument	Debt Instrument
Amount	US\$5,000,000
Arranger	Intellego
Security	Guaranteed by AGF for 50% of Principal, Sinking Fund Arrangement
Ranking	Unsubordinated
Maturities	12, 24 & 36 Months
Interest	9% pa- 12 Months , 9.5% pa- 24 Months, 10.0% pa - 36 Months
Credit Rating	The Issuer and the Programme will be rated by Global Credit Rating Agency. The Notes may be rated on a national scale basis and/or an international scale basis.
Status of Notes	The Notes may qualify as Prescribed Assets
Debt Listed	The Notes may be listed on the FINSEC Alternate Exchange on the Debt Section
Events of Default	Usual and customary for facilities of this type including but not limited to failure to pay, failure to comply with obligations, cross default, misrepresentation, insolvency and insolvency proceedings, creditors process, unlawfulness and unenforceability, repudiation, action in contravention of constitutional documents Material Adverse Change
Governing Law	Zimbabwean Law

ENHANCEMENTS ON ISSUANCES



PROVIDER	ENHANCEMENT
 <p>AFRICAN GUARANTEE FUND FOR SMALL AND MEDIUM SIZED ENTERPRISES</p>	<p>GUARANTEE African Guarantee Fund is providing a 50% Guarantee of the Principal of the Issuance.</p>
 <p>GCR GLOBAL CREDIT RATING CO. Local Expertise • Global Presence</p>	<p>CREDIT RATING A Credit Rating is being provided by GCR who have rated most of the Financial Services Sector in Zimbabwe</p>
 <p>NMB BANK LIMITED</p>	<p>SINKING FUND Issuer will operate a sinking fund through NMB.</p>
 <p>ZB BANK</p>	<p>Noteholder Trust This will be administered by ZB. The Trustee will also hold a combination of immovable property pledged by Untu and book debts secured by immovable property to the tune of US\$ 2.5 million.</p>

QUESTIONS

