



REPUBLIC OF KENYA

MINISTRY OF FINANCE

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KENYA GOVERNMENT GUARANTEE OF LOANS TO KENYA TIMES MEDIA TRUST FROM A CONSORTIUM OF BANKS LED BY THE STANDARD CHARTERED MERCHANT BANK LIMITED, U.K.

THE GUARANTEE (LOANS) ACT CAP. 461

- In accordance with the provisions of the Guarantee (Loans) Act (Cap 461), the following information is laid before the National Assembly for consideration and approval.
- Kenya Times Media Trust Limited was incorporated as a Limited Liability company on 21st October, 1987. It publishes the Kenya Times and Kenya Leo daily newspapers and the Sunday Times. It is envisaged that the Kenya Times Media Trust will engage in the publication of other magazines and books cheaply for the benefit of the public of Kenya.
- As part of its developmental programme, the Kenya Times Media Trust is embarked on a programme of construction of a Media Trust Centre at Nairobi. Environmentally the design of the Centre will ensure the retention of Uhuru Park and it will add elegance to and enhance the scenic beauty of Kenya's capital city.
- The Media Trust Centre, which will be wholly owned by KANU,

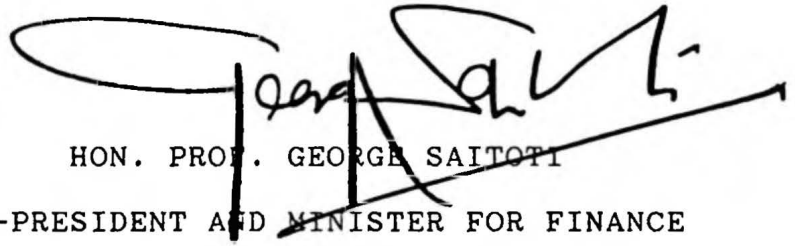
will have a sixty story tower, two ten storey wing blocks, malls, auditorium, external works, under passes for Uhuru Highway and Kenyatta Avenue, three satellite dishes and ancillary telecommunication equipment, parking area for 2,000 cars, landscaping, works of art and other amenities.

When completed the Media Trust Centre will have conference facilities for 5000 people, office accommodation, and will provide space from which the Kenya Times Group of newspapers will operate. The centre will also have ultra modern telecommunication facilities for use of the Group, its tenants and delegates at international conferences. The Centre will ensure maximum use of its facilities to be marketed world-wide as a centre for international conferences and other large gatherings. It will through these and other uses generate adequate funds and thus contribute substantially to its cost and the repayment of loans.

The total cost of the project is estimated to be US \$ 197 million, which is equivalent to KShs 4,320,761,600. Of this an amount of US \$ 155 million, which is equivalent to KShs 3,399,584,000, will be financed through off-shore loans, and the balance will be met from local loans. The Kenya Times Media Trust Limited has arranged with the Standard Chartered Merchant Bank Limited, U.K, to lead a consortium of British and Italian Commercial banks, and the US Exim-bank for the provision of the above offshore credit.

7. The loans will carry an interest of 8.3% and will be repaid within a period of twelve years, including a 2 year moratorium. The loans also carry a commitment fee of 1/2% on the undrawn balance and an arrangement fee of 1/2% of the amount of finance provided.
8. The off-shore loan arrangement require the guarantee of the guarantee of the Republic of Kenya as a condition of effectiveness or coming into force. The Kenya Government will charge the Kenya Media Trust Limited a guarantee fee of 1% on the amount of the capitalized principal payable under the agreement and guaranteed by the Government. This fee which is a single flat one will be payable over the life of the loans which is on the average approximately ten years from the start of the operations of the Media Trust Centre.
9. The National Assembly is requested to approve that the Government may guarantee a loan of US \$ 155 million, equivalent to KShs 3,999,584,000 million from the lenders mentioned above in para 6 to the Kenya Times Media Trust Limited.
10. The current contingent liabilities of the Government in respect of Guarantee (Loans) Act amounts to K£ 886,451,628 and with this guarantee of a sum equivalent to K£ 169,979,200, the aggregate will be increased to K£ 1,056,430,828, of which K£ 83,489,479 will fall within paragraph (a) and K£ 972,941,349 within paragraph (b)

section 3(3) of the Act.



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