**Term sheet**

Drawn by

Knight castle & Kilng LLC

Valley view office park,

City park drive

Nairobi.

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**Parties:**

* **Investor:** Britam Holdings Limited
* **Company:** Shannon Technologies Limited

**Investment Amount:**

* Total Investment: KES 10,000,000

**Drawdown Schedule:**

The Investment Amount will be disbursed in four tranches based on the achievement of specific milestones:

|  |  |  |
| --- | --- | --- |
| **Draw down Cadence** | **Pre-draw down KPIs** | **Allowable draw down** |
| Milestone 1-  one month. | * Issue the relevant shares to existing shareholders * Shareholders agreements * Develop a fully diluted capitalization table * Buisness processes (HR, finance and SOPs) * Team resourcing contract. * MVP-( tech infrastructure) * Financial model with detailed forecast and valuation. | Subject to completion of the KPIs listed, under milestone 1 above.  Amount: KES 2,500,00 |
| Milestone 2 | * Product prototype and market validation * Go to market strategy. * Customer acquisition tartget of \_\_\_\_\_customers. * Operating revenue of Kes. * Intellectual propoperty protection of key assets.-(Betalab to. Support) | Subject to completion of the KPIs listed, under milestone 2 above.  Amount: KES 2,500,000 |
| Milestone 3 | * Team transfer to Shanon from malipo circles and issuance of contracts. * Customer acquisition growth by \_\_\_% * Growth of operating revenue of Kes.\_\_\_\_\_ | Subject to completion of the KPIs listed, under milestone 3.  Amount: KES 2,500,000 |
| Milestone 4 | * Completion of the investor readiness process with an up to date data room   Updated and fully diluted Cap table     * Completion of any outstanding milestones KPIs. | Subject to completion of the KPIs listed, under milestone 4  Amount: KES 2,500,00 |

**Valuation:**

* Pre-money valuation of Shannon Technologies Limited: To be determined on or before the completion of milestone 1.

**Equity:**

* Investor's equity stake: To be calculated based on the pre-money valuation.

**Anti-Dilution Provision:**

* **Full-Ratchet:** If the Company issues shares at a price lower than the price paid by the Investor, the Investor's shares will be adjusted as if they had invested at the lower price.
* **Weighted Average:** Alternatively, a weighted average anti-dilution clause may be agreed upon, calculated based on the proportion of additional shares issued, as well as the price per additional share.

**Most Favored Nation (MFN) Clause:**

* Investor will be given terms that are at least as favorable as the terms offered to subsequent investors. If the Company offers more favorable terms to any subsequent investor, these terms will automatically apply to the Investor.

**Governance:**

* The Investor shall have the right to appoint one member to the Company’s Board of Directors.

**Reporting:**

* The Company shall provide the Investor with quarterly financial statements, annual audited financial statements, and other financial reports as reasonably requested.

**Use of Funds:**

* The funds will be used for the purposes agreed upon in the definitive agreements, including but not limited to product development, market expansion, and operational scaling.

**Confidentiality:**

* Both parties agree to maintain confidentiality of the terms and any discussions related to the investment until a formal agreement is reached and appropriately disclosed, if necessary.

**Exclusivity:**

* For a period of 60 days from the date of this Term Sheet, the Company shall not engage in discussions with any other potential investors.

**Closing Conditions:**

* Execution of mutually satisfactory definitive agreements.
* Satisfactory completion of due diligence by the Investor.
* Approval by the Board of Directors of both the Investor and the Company.

**Legal Counsel:**

* Each party will bear its own legal and other transaction costs.

**Expiration:**

* This Term Sheet will expire if not executed by both parties by [Expiration Date].

**Governing Law:**

* This Term Sheet shall be governed by and construed in accordance with the laws of Kenya.

**Britam Holdings Limited**

Name: **\_\_**

Title: **\_\_\_**

Date: **\_\_\_**

**Shannon Technologies Limited**

Name: **\_\_**

Title: **\_\_\_**

Date: **\_\_\_**

*Note: This Term Sheet is intended for discussion purposes only and does not create a legally binding obligation on any party to consummate the proposed transaction. Binding obligations will only be created by the execution of definitive agreements by both parties.*