**Convertible Note.**

**CONVERTIBLE LOAN AGREEMENT**

**THIS AGREEMENT** is dated the day of 2024 and made

**BETWEEN:** **INNOVEX SOLUTIONS LIMITED** of **a private limited liability company incorporated in Kenya as company number** CPR/2014/147318 **and of** P.O. Box 69825, Nairobi, 00400, in the Republic of Kenya (hereinafter called **“Founder or Innovex or Project Owner”)** which expression shall where the context so admits include its successors and assigns) of the one part; and

**BRITAM HOLDINGS PLC a public limited liability company incorporated in Kenya as company number…………….and of** P.O. Box ……………… , Nairobi in the Republic of Kenya (hereinafter called **“the Lender ”** whichexpression shall where the context so admits include its successors, assigns and/or nominees) of the Second Part and

**SMARTPAD ENTERPRISED LIMITED** of **a private limited liability company incorporated in Kenya as company number** PVT-5JUP8X3 **and of** P.O. Box 69825, Nairobi, 00400**,** in the Republic of Kenya (hereinafter called **“the Borrower”** which expression shall where the context so admits include its successors and assigns) of the one part of the other part.

**WHEREAS**:

1. The Lender is an Investor in a Joint Venture and Revenue Share Agreement with the Borrower and the Founder
2. The Borrower has requested for a loan facility of to enable them to ﬁnance their project
3. The Lender is willing, able and has agreed to extend the loan facility to the Borrower, subject to the terms, conditions and covenants herein agreed.
4. The Lender has initially made its contribution in the form of Joint Venture contribution and has reserved its right to convert the contribution into this convertible note upon issuance of relevant notices to the parties

**NOW THEREFORE IT IS HEREBY AGREED AND DECLARED** as follows**: - ARTICLE I – FACILITY**

The Lender HEREBY AGREES to make available a loan (Hereinafter referred to as “The Facility”) to the Borrower; whose value is equivalent it the Total Britam Investment as outlined in the Joint Venture and Revenue Share Agreement

At time of closing and funding of the loan, the Borrower will be charged a closing fee of **0.00%** of the loan amount.

**ARTICLE II – PURPOSE**

* + - 1. The Facility shall be used by the Borrower to fund capital needs required to create a new capability on artificial intelligence and Extend the Founder’s Flip platform to deliver Artificial Intelligence (AI) capable of supporting generating and / or processing assessment reports for accident damaged (primarily open market) motor vehicles, as well as enhancing automation around settlement of motor claims (repair or cash in lieu) “The Project” .

**ARTICLE III – COMMENCEMENT**

* 1. This agreement shall commence on the date of its execution and shall continue unless otherwise decided by the two parties.
  2. This agreement can be amended by mutual agreement between the two Parties at any time. Such amendments shall be in writing and form part of this agreement.
  3. The agreement shall be construed in accordance with the laws applicable in Kenya.

**ARTICLE IV – PERIOD**

The Facility shall be available to the Borrower for a period of\_\_\_\_\_

**ARTICLE V – DISBURSEMENT**

* 1. Subject to the terms and conditions hereinafter set forth, the Facility shall be disbursed to the Borrower by the lender in **1** installment
  2. The lender shall disburse the Facility to the Borrowers if the Borrowers provides the Lender with the following, of the list below.
     1. Authorizations and approvals for obtaining the Facility.
     2. A Resolution of the Board of Directors authorizing the Borrower to obtain the Facility from the Lender.
     3. Evidence to prove that satisfactory arrangements have been made to disburse the Facility.
     4. Evidence that the Borrower has a competent team to manage, supervise and operate the facility.
     5. Evidence that project sought to be undertaken is viable (evidence to supply the proceeds)
     6. -
     7. Company registration documents
     8. List of shareholders and % of shareholding
     9. -
     10. Tax Compliance Certificate.

**ARTICLE VI – INTEREST**

6.1 The Borrower shall pay interest on the loan at the rate of **0%** p.a.

**ARTICLE VII – LOAN REPAYMENT**

* 1. The principal amount of shall be repaid in full in accordance with the agreement in **Article IV.**
  2. Every payment falling due to the Lender shall be paid to the company’s account at **Bank A/c No…** or at such other Bank as the Lender may from time to

time notify the Borrower in writing.

* 1. Every sum falling due as per the schedule shall be free and clear of and without deduction in respect of any exchange commission, transaction charges, other costs of transfer, any cross-claim in so far as the respective laws of Kenya from time-to-time permit, without deduction in respect of any withholding tax or other tax, levy, duty, charge of any nature whatsoever now or hereafter imposed.

**ARTICLE VIII – SECURITY**

The Borrower hereby provides the Lender with the following:

* 1. The Facility shall be covered by a ﬂoating debenture on the borrowers ‘equity to the company
  2. The Borrower agrees that this loan can convert up to 15% shareholding. Pending the repayment or exercise of the option to convert, the borrower shall not issue, create or otherwise pledge any class of shares without the express consent of the Lender.
  3. For relevant purposes to this loan agreement, the number of shares to be issued or delivered shall be appropriately adjusted to take into account any revenue share payments to the Lender in lieu of its investment and interest in the Borrower, stock split, stock dividend, reverse stock split, recapitalization or similar change in the stock of the borrower which may occur between the date of execution of this agreement and the date of delivery of such shares.
  4. In all cases, the borrower shall provide a personal guarantee in case of default.

**ARTICLE IX – CONVENANTS**

* 1. The Borrower shall:
     1. Administer the Facility with due diligence and eﬃciency and in accordance with sound ﬁnancial and business practices and carry out its obligations accordance with the terms and conditions of this Agreement.
     2. take such measures as to ensure that the Borrower apply the Facility in accordance with the objectives of the Company.
     3. maintain accounting and cost control systems and maintain books of accounts and other records adequate to reﬂect truly and fairly the ﬁnancial situation and the results of its operation including the progress of accounting principles consistently applied.
     4. furnish the lender with quarterly progress reports on projects ﬁnanced by the Facility in accordance with a format designed by the lender.
     5. As soon as possible, but in any event, within 90 days after the end of each ﬁscal year, forward to the lender a copy of the Borrower’s complete ﬁnancial statement for the Borrower’s Audit Report for such ﬁscal year, which agree with its books of Accounts principles consistently applied.
     6. Furnish the company promptly with such information as the lender may from time-to-time reasonably request and permit representatives of the lender to visit any of the projects ﬁnanced by the Borrowers.
     7. Promptly inform the lender of any proposed change in the nature or scope of the activity ﬁnanced from the Facility and /or event or conditions which might materially and adversely aﬀect or delay the completion of the projects or result in substantial overrun in the original estimate of the cost and any proposed change in the modus of the Borrower or in the nature and scope of the projects shall not be implemented or funds committed therefore unless the prior written consent of the lender has been obtained;
     8. If applicable, the borrowers shall avail to the Lender at the Lender’s request minutes and resolutions of the meeting of the Board of Directors. The Borrowers may also provide other documents of the Borrowers touching or that may eﬀect the implementation and fulﬁlment of this agreement and other related agreements between the Company and the Borrower and upon receipt of the above mentioned agenda and minutes of the meeting, resolutions, correspondences and /or other documents, the Lender may request to have a meeting with the Board of Directors to discuss matters arising there from, which meeting shall be held within a period of fourteen (14) days of such request.
     9. Commit all material correspondences in connection with the Facility to the partner’s printed letter heads or to plain paper authenticated either with the Company seal or with at least two signatories of the management staﬀ duly appointed by the Directors in that behalf: and
  2. Unless the Lender shall otherwise give its consent, the Borrower shall not:
     1. declare or pay or make any distribution of the facility as dividend or proﬁt.
     2. incur expenditure or commitments for expenditure for ﬁxed and other assets out of the Facility except for the direct costs and directly attributable costs to the Project as defined in the Joint Venture and Revenue Share Agreement.
     3. pledge the Facility as security.
     4. enter into any agreement or arrangement to guarantee or in any way or under any condition, to become obliged for all or any part of its debts, using the Facility as the security.
     5. enter any partnership, proﬁt–sharing or royalty agreement or other similar agreement whereby the Facility is or might be, share with any other person, ﬁrm or company or enter into any management contract or similar arrangements whereby the Facility or operations of the facility are managed by any other person, ﬁrm or company.
     6. invest or permit to invest the Facility in other companies or enterprises or securities.
     7. eﬀect any changes in its memorandum and Articles in any manner, which would be inconsistent with the provision of this Agreement or change its ﬁnancial year and nature or scope of the projects; and
  3. The Lender shall provide the Borrower the ﬁnancial reporting format for monitoring and evaluating of the projects being sponsored from the Facility. In addition, Annex A developed jointly by the Borrower and the Lender will specify indicators based on targets and projection in the business plan for progress monitoring and assessment.

**ARTICLE X – MEETINGS**

1. The lender or its assignee and the Borrower shall hold a meeting at least once every three months to review the progress of the Agreement.

**ARTICLE XI – CLIENTS/BENEFICIARIES**

1. The Facility is sanctioned solely to ﬁnance activities undertaken by entrepreneurs in Kenya.

**ARTICLE XII – EVENTS OF DEFAULT**

1. Notwithstanding the foregoing provisions of this Agreement, the loans shall become immediately repayable, together with all unpaid interest which has accrued hereunder as at the date of repayment and together also with all other moneys owing by the Borrower hereunder, upon the giving by the Lender to the Borrower of a notice in writing to this eﬀect served at any time after the happening of any of the following events and at the sole discretion of the Lender and without prejudice:
   1. the post-dated cheques issued by the Borrower to the Lender are dishonored.
   2. the borrower fails to pay the principal and interest instalments on or before the seventh day following when payments are due.
   3. any default in observing or fulﬁlling any material obligation (other than an obligation in respect of the payment to the Lender of any instalment of this Agreement and in case of a default capable of remedy), that is not remedied by the Borrower within thirty days after notice thereof has been given by the Lender.
   4. any representation or warranty or certiﬁcate given or deemed to be given to the Lender in or in accordance with this Agreement being found to have been incorrect in any material particular on the date it was so given or deemed to be given PROVIDED the Lender shall give the Borrower reasonable notice to make correction of any misrepresentation or incorrect warranty.
   5. fails to provide all reports prescribed in the attached schedule within 5 business days of when they are due.
   6. fails to provide annual audited ﬁnancial statements in 90 days following the end of the

ﬁnancial year.

* 1. fails to inform the Lender about additional donor funding or borrowings from other sources.
  2. Fails to inform the Lender of change of Equity or shareholding.
  3. Fails to insure and keep insured all the assets of the institution.
  4. Fails to provide post-dated cheques.
  5. Makes of an order or passes a resolution for the winding up of the Borrower, for the suspension or termination of its operations, for the distribution of any of its assets among all or any of its creditors;
  6. The Borrower being unable or being reasonably deemed by the Lender unable to pay its debts as they fall due or admitting in writing its inability to pay its debts as they fall due or any justiﬁable insolvency proceedings being taken in respect of the Borrower;
  7. The levying of any justiﬁable executions, distress, sequestration or other process upon or against any of the assets or property of the Borrower which is not paid out or discharged within 30 days;
  8. The taking of possession by any encumbrance or the appointment of a receiver of the undertaking of the Borrower or of the whole of any part of its property, assets or revenue or the taking of any step to enforce any security at any time granted by the Borrower;
  9. The Borrower ceasing or threatening to cease to carry on all or a substantial part of its operations; or
  10. Any government or other authority having requisite jurisdiction compulsorily acquiring or expropriating all or any substantial part of the assets of the Borrower or any of its capital, or any alteration of the structure, organization, materially and adversely the ability of the Borrower to perform its obligation under this Agreement or the securities.

**ARTICLE XIII – EARLY REPAYMENT**

* 1. The Borrower shall be entitled at any time to repay without penalty any amount of the loan by giving to the Lender not less than one months’ notice of its intention to make an early repayment.
  2. Upon the expiry of any notice complying with the preceding Clause, the Borrower shall be obliged to repay the amount speciﬁed in the notice.
  3. Save with the written consent of the Lender, such consent not to be unreasonably withheld, the Borrower shall not be entitled to withdraw any notice pursuant to Clause 13.1
  4. In case of the default by the Borrower on any or some of the above-mentioned clauses in the Agreement will entitle the Lender to demand payment of the total amount outstanding in principal and interest.

**ARTICLE XIII – TERMINATION**

This Agreement may be terminated by either party giving the other party three months’ notice plus full settlement of any outstanding payments

IN WITNESS WHEREOF the parties hereto have executed these presents in the form and manner appearing hereunder on the day and year ﬁrst above mentioned.

Signed and Sealed

For and on behalf of the said

**BRITAM HOLDINGS PLC**

**Name:**

**Designation:**

**Signature:**

**Date:**

**SMARTPAD ENTERPRISES LIMITED**

**Name:**

**Designation:**

**Signature:**

**Date:**

All in the presence of

Name :

Signature: