



BBOXX

OFFER DOCUMENT

***Energise Africa – BBOXX Capital Ltd.
Issue 4***

2018

lendahand™ 

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**ENERGISE
AFRICA**

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Potential Investors' attention is drawn to the content of pages 15 to 19 headed "Risk Analysis Overview" and the "Credit Analysis by INRISC" in Appendix 7.1 of this document, which sets out certain risk factors relating to any Investment in Securities in companies active in emerging markets and certain risks that apply to the Company in particular. All statements regarding the Company's business, financial position and prospects should be viewed in the light of these risk factors.

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1. Introduction

This Offer Document is intended to provide investors with relevant information in order to make an informed investment decision.

Keep in mind that investments of this nature carry risks. Therefore, it is recommendable to spread your investments across projects, partners, platforms and investment products and not to allocate too much of your savings and investments in what are considered high risk investments.

This offer is brought to you by Lendahand Ethex Ltd (“Lendahand Ethex”), a joint venture between the Dutch impact investing platform Lendahand and the UK based positive investment platform Ethex, specifically set up to promote the Energise Africa campaign, sponsored by UK aid. Lendahand Ethex combines the strengths of both organisations in order to meet the challenge of mobilising UK based retail investors to lend to businesses undertaking solar power energy installations in Sub-Saharan Africa.

Disclaimer

The Directors of Lendahand Ethex Ltd hereby declare that the information contained in this Offer Document is to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This document provides no advice on particular tax benefits that an investor may be eligible to claim in relation to an investment into the product offered. Tax incentives that may be available will vary depending the personal circumstances of each investor. Those interested in investing should do so only after reading this document in full and taking appropriate financial and other advice.

Message from the CEO of BBOXX

Dear positive investor,

It's with great pleasure that I introduce BBOXX on the Energise Africa initiative and to provide investors the exciting opportunity to join us in our cause to provide clean energy solutions to Sub Saharan Africa.

Funding raised through the Energise Africa platform will, among other projects, support our expansion in the Democratic Republic of the Congo (DRC) and enable 1000s of off-grid households in DRC to access clean and reliable energy. Our BBOXX Home product delivers electrical power for lighting, home appliances and phone charging, allowing off-grid households to enjoy an on-grid experience in the off-grid setting.

At BBOXX, we are dedicated to exploring innovative ways to finance the scaling of our proven successful model, and crowdfunding represents an exciting mechanism to help achieve this. We look forward to you joining the solar revolution!

On behalf of the entire BBOXX team, I wish you all the best,

Mansoor Hamayun
CEO

2. Summary of Offer

Issuing entity / Issuer	BBOXX Capital Ltd ("BBOXX")
Investment target	£200,000
Minimum investment	GBP 50
Maximum investment	No maximum
Maturity	36 months
Expected interest rate	5.5% per annum
Interest payment frequency	Semi-annual
Notional repayment frequency	Semi-annual
Financial instrument	Promissory note / unsecured interest-bearing bond
Seniority of debt	Senior debt investment (debt that takes priority over other unsecured or otherwise more junior/subordinated debt)
Security	Unsecured
Management fee / transaction costs	None
Non-recall period:	The Issuer (or borrower) is allowed to repay the note/bond early after 12 months against a 1.5% prepayment fee on the amount prepaid.
Risks	This is a direct investment into a company (BBOXX Capital Ltd) and therefore it is recommendable that you are careful with the amount you invest. For an overview of the associated risks, please go to section 5 or 7. Appendix A of this offer document
Reporting	The Issuer is obligated to share with Lendahand Ethex Ltd its annual audited financial statements, quarterly update on financial metrics and annual social impact reports.
Know Your Client (Investor)	Know Your Client ("KYC") procedure on investors to be performed by licensed Payment Service Provider ("PSP") Mangopay SA ("Mangopay").
Investor	An individual who commits money to this investment product with the expectation of financial return via the Lendahand.co.uk website.
Know Your Client Issuer	KYC procedure on Issuer to be performed by PSP in conjunction with Lendahand (powered by Ethex) platform
Application	All investments in this offer shall be made via the Lendahand.co.uk website
Age restrictions	Investors must be 18 years or older

3. Business overview

3a. About BBOXX

- CEO name: Mansoor Hamayun
- Location: London, United Kingdom (HQ), main operations in Rwanda, Kenya, Nigeria, Democratic Republic of Congo, Togo.
- Sector: off grid solar energy
- Founded: 2013
- Number of employees: +425
- Turnover in 2017: +-GBP 11m

BBOXX provides off-grid communities in the developing world with smart, affordable, clean energy solutions. As a vertically integrated company, they are in part a technology provider, as well as an operational distributed-energy service business. BBOXX has a relentless dedication to innovation across the business. Their advanced, next-generation hardware and software are designed and manufactured with a quick route to market and receive direct feedback from operations to their engineering and quality control teams.

BBOXX's ambitious vision of providing 20 million households with electricity by 2020 is rooted in their commitment to providing off-grid customers with the on-grid experience. Their scalable, data-driven approach to achieving this has made them the market leaders they are today.

3b. Impact

BBOXX has provided Solar Home Systems to 137,000 households (+-685,000 people, on average 5 per household) across a range of markets globally since 2010. A BBOXX system enables households to access affordable, clean electricity and enjoy reliable lighting, phone charging, television and radio. BBOXX's pay-as-you-go payment plans allow for customers to match their income schedules to payments for their BBOXX system. This is crucial for many customers that have intermittent and uneven income streams (e.g. dependent on crop harvests) and empowers customers with agency over the management of their personal finances.

BBOXX partners with Acumen, a leader in gathering impact data for social enterprises, to generate an annual impact assessment in their East African markets. This informs operational KPIs such as BBOXX's product range offering and how they can improve their payment plans, customer support, etc. The survey data also allows them to understand the impact of BBOXX systems in reducing the use of fossil fuel alternatives, primarily kerosene, and estimate the mitigation of CO2 emissions.

BBOXX/Acumen 2018 survey highlights (Rwanda & Kenya, conducted December 2017):

- 96% of customers not connected to the grid (Rwanda)
 - 87% of customers said that their BBOXX SHS was the first product they had bought on credit (Rwanda)
 - 66% of customers were previously using kerosene as their main source of light before accessing BBOXX (Kenya)
 - 88% of previous kerosene users reported health issues from its use (Kenya)
 - 39% of previous kerosene users reported having fire-related accidents from using it (Kenya)
 - 80% of customers have moved up the energy ladder by accessing BBOXX (able to access significantly more energy demand, Kenya)
 - 95% of customers said that Pay-As-You-Go as a payment method suits them (Kenya)
 - Top 5 reasons customers selected BBOXX (Kenya):
1. Product quality and brightness of light
 2. Feedback from friends, family and neighbours
 3. Affordability in comparison to competitors
 4. Customer service and product guarantee policy
 5. Easy to buy, use, pay and access

To-date, company-wide environmental and social impact metrics:

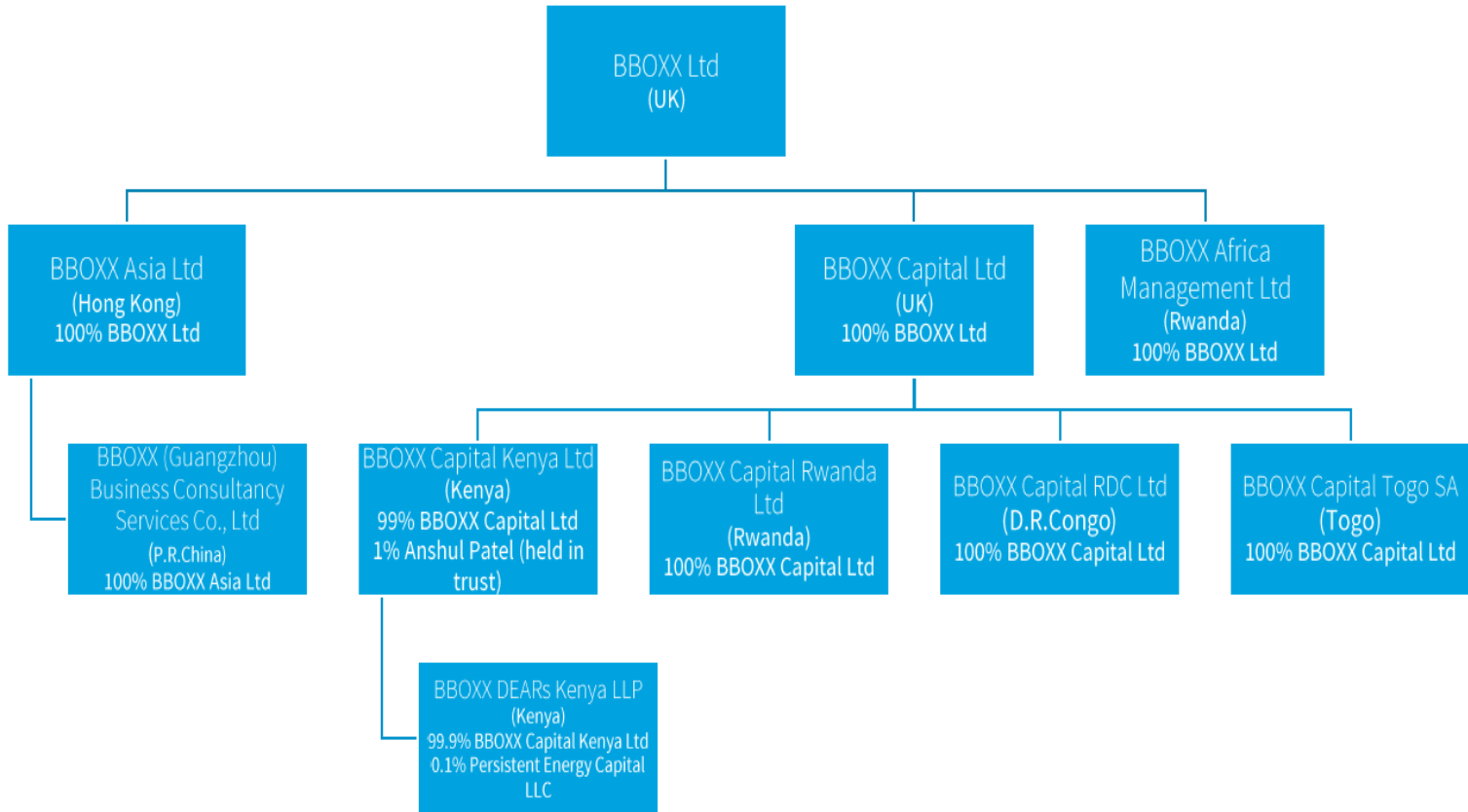
- Energy generated: approx. 4GWhrs of clean energy generated
- Savings: \$2.5 million customer savings on energy expenses
- CO2 offset: approx. 53,156 tonnes of CO2 offset, primarily reduction in kerosene usage
- Education: Over 170,000 school aged children can now study comfortably without straining their eyes or inhaling harmful soot and fumes.
- Access: approx. 685,000 people with access to clean reliable energy



Case study – Jeanne (Nyamata, Eastern Province, Rwanda)

- “Before, I would cook holding one child on my back and the other one in my arm so that they would not step onto an animal because in this region we have snakes which can bite our children because they cannot see them.”
- Improved safety of her children and the ability to work and cook after sunset is what Jeanne values the most. The mode of payment was one of the key factors that motivated her to purchase the system.

3c. Organisational Structure



3d. Management Team



Mansoor Hamayun, CEO & co-founder

Mansoor manages a diverse global team, which manufactures and distributes products at a global and local level. His specialities are rural electrification, renewable energy technology, business in Africa, developmental engineering, energy supply chain, and manufacturing.



Christopher Baker-Brian, CTO

Chris leads the development, from the London office, of a wide range of advanced rural electrification solutions, as well as a range of software products to support BBOXX's growing global operations.



Laurent Van Houcke

Laurent manages investments and relationships with a network of partners across more than 14 countries in the developing world, trying to share best practices and to implement the BBOXX standard operational PlayBook to distribute and finance our solar systems in our different markets.



Monica Keza Katumwine, MD BBOXX Rwanda

Monica Keza Katumwine is the Managing Director of BBOXX Rwanda where she is responsible for leading the Country team to deliver on the business' short-term profitability and long term growth goals. This involves implementing the company strategies and business plans at the Country level, while providing regular detailed feedback to all other departments across the business on how to improve the business.

She holds a Bachelor of Commerce Degree from Makerere University (Uganda) and has over 15 years' experience first working and then managing retail operations in Uganda, UK and Rwanda. Her biggest achievement to date is managing the biggest retail bank in Rwanda. She is passionate about exceptional and consistent service delivery in finding solutions to tackle difficult problems in rural communities.



John Uwizeye

John is the Retail Manager of BBOXX Capital Rwanda, in charge of all retail operations across the country, growing the customer base through retail distribution channels, and improving customer experience with BBOXX Capital Rwanda's unequalled wide range of products and services. Much of his work is also to support in marketing, build a strong top of mind awareness intended to make BBOXX Rwanda the most loved solar brand in the country.

His work experience spans across diverse industries where he held managerial roles in sales and marketing. John has more than 8 years of sales experience working in the telecommunications sector.

John was previously enrolled at Airtel Rwanda as Zonal Business Manager, and prior to that, he had worked at Rwandatel as a trade representative.

He graduated from the School of Finance and Banking, and holds a Bachelor's degree in Marketing.

4. Business in detail

In this section, a more in depth financial analysis is presented and entails a financial analysis, offers a few key financial ratios that describe the liquidity and solvency position, and a brief cash flow analysis.

For the sake of building a more complete overview of the business and the opportunity at hand, Lendahand also has a strategic partnership with INRiSC, a boutique consulting firm that delivers a credit write-up report. Their analysis takes a more analytical approach to the risks of the investment. In this analysis they mostly took into account the company's operations in East Africa (e.g. Kenya and Rwanda), but note that BBOXX is also active in other markets and is expanding into new territories (such as the Democratic Republic of the Congo).

For a more complete picture of the credit worthiness of BBOXX, it is recommendable to read the full report in the appendix.

Financial analysis

Liquidity

BBOXX has a long cash cycle, due to two issues. Firstly, the payment plans from

PAYGO (pay-as-you-go), accounts receivable and Hire Purchase Assets¹ (HPA) on their books can have a 3- to 10-year duration, depending on the type of product. BBOXX acknowledges that the average customer cash cycle payback is between 20-24 months. Secondly, the Company faces long supply lead times, resulting in a high number of days inventory, in comparison to Western standards. Both points are not a company specific negative but merely an industry norm. The accounts receivable position positively affects the current ratio², which is further strengthened by the relatively large cash position of the Company. BBOXX can easily cover its short-term liabilities from current assets. It also shows, however, that stock rotation could be low meaning high inventory levels. BBOXX might again opt in the future for selling part of its receivables portfolio to third parties. Nonetheless, the Company is not forced to make such a decision at the present time.

Solvency

Overall, gearing³ increases during the recorded time (2016-2019). Leasing operations are capital-intensive, and this is reflected in the gearing ratio. The projected figures also reflect an equity raising round in 2017. The gearing shows that this does not quell the thirst for new capital in the Company, as it rises while incorporating new equity. Originally, the planning was to conduct an equity round in 2017. However, this round is going to be concluded in 2018. Part of this equity infusion is needed to cover the operating losses. The book value⁴ of the Company in general, including the retained losses, will grow substantially over the years. There is a risk that the Company will not be able to raise the equity or the full amount of it. If the equity round is unsuccessful and retained losses accumulate, solvency could become a problem in the future, directly influencing the noteholders of the current issuance. In the past BBOXX has shown to be able to raise both equity and debt.

Cash flow analysis

The cash cycle of the Company is relatively long due to the large investments in working capital and considerable supply lead times. According to projections the Days Sales Outstanding and Days Inventory will be reduced during the projected period (2016-2019). The long cash cycle is a financial risk, yet is quite common for the industry. In 2017 the asset conversion of the Company is positive, meaning the result of changes in inventory and difference between the receivables and payables is positive.

¹ Hire Purchase Assets is a type of financing of assets through making instalment payments over time. Once all instalments have been paid, legal ownership is obtained in most cases.

² The current ratio measures a company's ability to pay short-term and long-term obligations.

³ Gearing refers to the debt to equity ratio and compares a company's own equity or capital to funds borrowed by the company

⁴ Book value refers to the net asset value of a company and how this is carried on the balance sheet

BBOXX projects to become overall profitable in 2019, and the operational cash flows are also forecasted to become positive in 2019. In the coming two years the selling, general and administrative expenses (SG&A) will increase as it is set up to carry larger revenue capabilities of future operations. As mentioned if all goes according to plan the Company will become cash flow positive in 2019. This is due to the fact that the Company is investing and, according to the projections, significant investments in their HPA asset stock will be made over the coming years.

Collateral analysis

BBOXX's risk profile is tied to that of their customers that they provide with credit. The Company has a well-developed system in place dealing with customers in arrears⁵. The PULSE data monitoring system, a cloud-based task management platform that BBOXX launched in 2017, will help improve efficiency and enhance customer service. Via the platform BBOXX is able to quickly measure non-payment and take appropriate steps, locking the goods and in the worst case repossessing the goods. The sooner the Company is able to do this the more likely value can be extracted from the repossession of the goods. Any maintenance and replacements are made, as well as cosmetic cleaning, before redeployment to a new customer.

Several senior secured lenders have claims on part of the inventory and receivables of the Company. These lenders would have higher claims than the noteholders. INRISC is not in the position to validate what the exact discount on the inventory would be in a distressed situation. How much value would remain for the noteholders after repaying the secured lenders is unsure.

5. Risk analysis overview

This section of the offer document provides an overview of some of the associated risks with this investment opportunity.

The investment team of Lendahand, comprising of 4 investment managers with a combined experience of 30+ years in investment management and investment banking, performs a light due diligence. This process comprises of many hours of desk research, calls/meetings with the investee, gathering market intelligence and competitor data as well as talking to experts. After data is gathered, a more in-depth analysis takes place. Not only with regards to financial aspects such as audited statements, balance sheet and cash flow projections, but also with respect to operational activities, quality of the management team, clients and market fit,

⁵ In arrears refers to a debt, liability or payment that is overdue

ownership and governance. In general, the investment team will also perform an on-site visit, possibly after a pilot phase.

Before an investment decision is made, the investment team of Lendahand gathers all documents/information and writes an investment memo that is presented to a Credit Committee. This committee consists of 3 experienced individuals with relevant backgrounds:

- Michael Looft – former Kiva Regional Director Asia and Europe
- Daphne Pit – former Manager of the Green and Inclusive Economy team at Doen Foundation
- Hatem Mahbouli – Former investment officer at FMO, presently senior investment officer at ELECTRIFI

5a. Risk factors to take into consideration

Outlined below are some of the more general risks associated with investing in unlisted and unsecured bonds such as the one presented in this offer document. Further, some of the risks that apply to this investment are provided which may cause late repayments or loss of invested capital. Please be aware that there might be other, not so obvious, risks that apply as well. This therefore is in no way a full and complete overview of all the associated risks.

Risks of investing in unlisted, unsecured bonds

By investing in an unsecured bond, you are lending your money to a business (BBOXX), with all the risks that this involves. It is also difficult to get out of the investment early. Unsecured bonds are 'fixed interest' investments. This means that the interest rate on the money you lend is set in advance. However, interest payments on your money and the return of your capital are not guaranteed and depend on the performance of BBOXX.

Your capital is at risk and you may lose some, or all, of your initial investment. You should only invest if you can afford to lose all of your investment.

Company-specific risks

- The solar assets may not perform as well as forecasted due to manufacturing errors even though the Company prides itself on their high-quality systems.
- Competitors may enter the market with superior product/service and suppliers may default.
- BBOXX may be unable to raise sufficient future capital to sustain its operations and expansion plans; however, the Company has shown strong track record of attracting debt and equity in the past.
- Operational costs may rise faster than anticipated.
- Management and key staff turnover could affect the performance of the Company.

- High defaults among clients might occur, which might result in the subsidiaries going bankrupt and high reclaiming costs of systems. This could result in financial loss for BBOXX in terms of their equity stake, cause reputational damage, cause investor losses and result in the need to set up new subsidiaries/SPVs⁶ etc.
- In most emerging markets, different currencies are used that are more volatile than their counterparties used in developed countries. Even though BBOXX borrows in GBP and repays in GBP, it has exposure to revenue streams in several local currencies through its subsidiaries ("FX"). If the FX were to depreciate, BBOXX's day to day operations could be affected which in turn could influence the ability to repay its hard currency loans. This is a common obstacle that solar companies must be able to cope with. It would be great for the industry if international investors were able to provide local currency funding, limiting foreign exchange risks for the companies. Lendahand Ethex Ltd recognizes this risk and has therefore set up a small foreign exchange (FX) fund to cover potential losses to a certain extent.

Risks for Lendahand Ethex Ltd

- The platform may go bankrupt. In order to prevent investors from losing their money, the notes/bonds are held in a 'collective depot' that is administered by Hands-on B.V. (parent company of Dutch based Lendahand) as allowed by the Dutch Financial Authority (AFM) under its licence. The note/bondholders are the owners of this depot. This is a clear segregation from the assets of the Hands-on B.V. The flow of money is also segregated, namely via the payment service provider of the Lendahand Ethex platform (Mangopay).
- Since the bonds will not be tradeable on a recognised exchange, they are non-readily realisable. Bondholders may be able to buy and sell bonds which the Lendahand Ethex platform might facilitate, although applicants should be aware that there is no guarantee that a willing buyer will be found.

Risks when investing in emerging markets

A brief overview of political, social and macroeconomic risks that could influence this investment:

- BBOXX's main operations are in Sub-Saharan Africa, therefore investors should consider of the potential for changes in the political climate. Elections often have a strong impact on the economic stability of a country and significant changes can create obstacles for foreign investors especially as new regimes might make repatriation of funds difficult/impossible.
- Political instability could have a very strong impact on economic stability, the judicial system, stability of the financial markets and institutions and other similar factors. Such risks are difficult to assess but can have a strong effect on investment returns in general. Emerging markets in essence have

⁶ SPV refers to a Special Purpose Vehicle, which is a subsidiary company with an asset/liability structure and legal status that makes its obligations secure even if the parent company goes bankrupt.

growing economies, more or less per definition. Nonetheless, the threats of economic downturn due to other factors as described in this section lurk beneath the surface.

- In some cases, corruption is rooted in cultural differences and thus strongly influential in people's way of life. This could also affect businesses. For example, corruption could affect a business' ability to present fair financial statements. It may add costs that are hard to predict or manage. It could make doing business difficult and make contracts void in court, which refers to the (in)stability or (in)effectiveness of the judicial system.
- Natural disasters tend to occur more regularly in emerging markets and/or the effects have a more profound impact due to lacking emergency (government) responsiveness or general infrastructure than is the case in developed nations, and can have a profound impact on local economies and communities.
- Emerging markets may also be more receptive to being the stage of (civil) war or other types of social instability. This is largely related to the economic and political situation of a country.

All the aforementioned factors can threaten the economic and political stability of a country. In turn, these can lead to local currency devaluations, high inflation levels and negatively influence other macro-economic metrics.

Changes in government legislation

- The risk of this affecting the profitability of the Company in the future is minimal. Risk would only relate to future investments made under the new government legislation that are not part of this bond offer. BBOXX will assess each future project on its own financial merits at the time.
- The impact of Brexit: As of 29 March 2017, Britain will begin the process of leaving Europe. Aside currency fluctuations, we are confident that this will have little impact on BBOXX's activities in Africa.

5b. Contractual measures to monitor the investment

The Company will have to adhere to certain covenants as stated in the agreements with Lendahand Ethex Ltd. A covenant is a formal debt agreement which is put in place to protect the investor from borrowers defaulting on their obligations.

Most relevant covenants are typically represented in terms of financial ratios that must be maintained and are used often in the financial industry. A few that Lendahand Ethex Ltd could maintain with its investees are the following:

- *Leverage ratio* - Companies rely on a mixture of owners' equity and debt to finance their operations. A leverage ratio is any one of several financial measurements that look at how much capital comes in the form of debt (loans), or assesses the ability of a company to meet financial obligations.

Too much debt can be dangerous for a company and its investors. Uncontrolled debt levels can lead to credit downgrades or worse. On the other hand, too few debts can also raise questions.

- *Debt service coverage ratio* - the Debt-Service Coverage Ratio (DSCR) is a measure of the cash flow available to pay current debt obligations. A DSCR greater than 1 means the entity – whether a person, company or government – has sufficient income to pay its current debt obligations. A DSCR less than 1 means it does not.
- *Cash coverage ratio* - this ratio assesses whether the company has sufficient levels of cash to meet its financial obligations.
- *Unhedged currency position* - relates to what extent a company's assets and liabilities are in a foreign currency and assesses the company's vulnerability to currency fluctuations. There is a limit of foreign currency assets that a company is allowed to maintain.

Lendahand Ethex Ltd will receive quarterly key performance indicators (KPI) updates in order to monitor the Company. If certain metrics deteriorate, we will engage with BBOXX. In certain cases, we may decide to cease the funding flow. If any of the covenants are breached, we may call an event of default⁷ or start a workout procedure.

The mode of investment will be a *promissory note/bond*. A promissory note/bond is a financial instrument containing a written promise by the issuer (BBOXX) to pay the investor a definite sum of money, either on demand or at a specific future date. In the case of this offer, it will be spread over specific future dates. The promissory note outlines all the terms pertaining to the investment, such as the principal amount, interest rate, maturity date, date and place of issuance and the issuer's (BBOXX's) signature.

In the case the Company desires to repay the loan early, there is a non-call period after which the Company is allowed to repay the loan early at all times against a 1.5% prepayment fee on the amount prepaid to the investors. Hence in certain circumstances, investors will receive (part) of their investments back early (including interest to date). Such early repayment option is common in the industry and provides a company with flexibility that in the end could benefit the end clients, e.g. households in rural Africa. An investor is free to reinvest the repayment in other projects on the platform.

⁷ An event of default is a circumstance that causes a lender to demand full repayment of an outstanding debt balance sooner than it was originally due.

Each drawdown from the credit facility will be a note issuance according to the terms & conditions as stated here in this Example Note.

6. Terms and Conditions

Annex I

Issuance Terms UK Notes

- Issuer : BBOXX Capital Ltd
- Underlying Project Name : BBOXX Democratic Republic of Congo Issue 4
- Depot ID : Subject to confirmation
- Issue Date : Subject to confirmation
- Maturity Date : 36 months after the Issue Date
- Currency : GBP
- Total Issue Amount : GBP 200,000
- Total number of Notes Issued : 4,000
- Interest Rate : 5.5% per annum

Amortization Schedule (example)

1st Repayment Date	1st Principal	1st Interest	1st Total	2nd Repayment Date	2nd Principal	2nd Interest	2nd Total
01/03/2019	33,333.33	5,500.00	38,833.33	01/09/2019	33,333.33	4,583.33	37,916.67
3rd Repayment Date	3rd Principal	3rd Interest	3rd Total	4th Repayment Date	4th Principal	4th Interest	4th Total
01/03/2020	33,333.33	3,666.67	37,000.00	01/09/2020	33,333.33	2,750.00	36,083.33
5th Repayment Date	5th Principal	5th Interest	5th Total	6th Repayment Date	6th Principal	6th Interest	6th Total
01/03/2021	33,333.33	1,833.33	35,166.67	01/09/2021	33,333.33	916.67	34,250.00

Annex II

Restrictions on sale

The United States

The Notes have not been and will not be registered under the Securities Act. Trading in the Notes has not been and will not be approved on an exchange or board of trade or otherwise by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act. The Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons at any time. The Issuer will not offer or sell the Notes at any time within the United States or to, or for the account or benefit of, U.S. persons, and it will send to each person to which it sells Notes at any time a confirmation or other notice setting forth the restrictions on offers and sales of the Notes in the United States or to, or for the account or benefit of, U.S. persons.

Each person who enters into a subscription agreement in relation to the Notes with the Issuer will agree, with respect to the Notes being purchased by it, that it will not offer, or sell the Notes within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each person to which it sells any Securities a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. In addition the Notes will be exercisable by the holder only upon certification as to non-U.S. beneficial ownership. As used in this paragraph "United States" means the United States of America, its territories or possessions, any state of the United States, the District of Columbia or any other enclave of the United States government, its agencies or instrumentalities, and "U.S. person" means (i) any person who is a U.S. person as defined in Regulation S under the Securities Act or (ii) any person or entity other than one of the following:

- (i) a natural person who is not a resident of the United States;
- (ii) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;
- (iii) an estate or trust, the income of which is not subject to United States income tax regardless of source;
- (iv) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or
- (v) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

In addition, each purchaser (or transferee) and any person directing such purchase (or transfer) will represent and warrant, or will be deemed to have represented and warranted by purchasing or otherwise holding a Security that on each day from the date on which the purchaser (or transferee) acquires the Security through and including the date on which the purchaser (or transferee) disposes of its interest in the Security, that the purchaser (or transferee) is not an "employee benefit plan" within the meaning of UK/1001958/13 - 95

- 243311/70-40108501 Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is subject to Section 406 of the ERISA, a "plan" subject to Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986 (the "Code"), a person or entity the assets of which include the assets of any such "employee benefit plan" or "plan," or a governmental plan that is subject to any law or regulation that is similar to the provisions of Section 406 of ERISA or Section 4975 of the Code.

TERMS AND CONDITIONS UK NOTES

of

BBOXX CAPITAL LTD, a private limited liability company incorporated under the laws of England and Wales, registered with the English Chamber of Commerce under number 08453451 with its registered office at Second Floor, 11 Pilgrim Street, London, EC4V 6RN, United Kingdom (the "**Issuer**");

Article 1 DEFINITIONS

In these Terms and Conditions the following definitions shall have the meaning referred to below.

AFM	the Dutch Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>);
Annex	an annex to these Terms and Conditions;
Business Day	any day on which banks are open for business in the place of business of the Issuer;
Energise Africa	an initiative where solar home systems providers can attract flexible debt funding via the Lendahand Ethex website in the United Kingdom (www.lendahand.co.uk);
Event of Default	each of the events stated in Article 7;
Ethex	Ethex Investment Club Ltd., a not for profit company incorporated under the laws of the United Kingdom, registered with the UK Companies House under number 07432030, with its registered office at Oxford and presently holding its offices at The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1JE, United Kingdom;
FCA	The Financial Conduct Authority of the United Kingdom;
FSA	The Dutch Financial Supervision Act (<i>Wet op het financieel toezicht</i>)
Fully Funded Notice	Notice given by the Issuer to Lendahand Ethex that it accepts the funding offered via the Lendahand Ethex Website for the eligible project(s) of the Issuer and in exchange will issue the Notes in accordance with the Issuer Access Agreement upon issuance of the signed Fully Funded Notice;

GBP	pound sterling, the official currency of the United Kingdom;
Giro Act	The Dutch Securities Giro Act (<i>Wet op het giraal effectenverkeer</i>);
Information Request	shall have the meaning set forth in Article 10.1;
Interest Payment Date	shall have the meaning set forth in Article 3.2;
Issuance	shall have the meaning set forth in Article 2.1;
Issue Date	shall have the meaning set forth in Article 3.1;
Issuer	BBOXX Capital Ltd , a private limited liability company incorporated under the laws of England and Wales, registered with the English Chamber of Commerce under number 08453451, with its registered office at Second Floor, 11 Pilgrim Street, London, EC4V 6RN, United Kingdom;
Issuer Access Agreement	The agreement concluded between the Issuer and Lendahand Ethex that allows the Issuer access to the Lendahand Ethex Website so that the Issuer can offer and issue Notes to Investors through this website;
Investors	the investors in the Notes;
Lendahand	Hands-on B.V. , a private limited liability company incorporated under the laws of the Netherlands, registered with the Dutch Chamber of Commerce under number 55711766 with its registered office at Amsterdam and presently holding its offices at Conradstraat 38 - D1.150, 3013 AP Rotterdam, the Netherlands;
Lendahand Ethex	Lendahand Ethex Ltd , a company incorporated under the laws of the United Kingdom, registered with the UK Companies House under number 10529133, with its registered office at Oxford and presently holding its offices at The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1JE, United Kingdom. Lendahand Ethex is a 50/50 joint venture of Ethex and Lendahand that owns and operates the Lendahand Ethex Website under the campaign Energise Africa (www.lendahand.co.uk);
Lendahand Ethex Website	the internet website operated by Lendahand Ethex that allows investors to select and fund Projects by investing in the Notes (www.lendahand.co.uk);

Material Adverse Effect	means any circumstance or event which (A) has a material adverse effect for the Investor on the validity, legality or enforceability of the Notes (B) has a material adverse effect on the business, properties, assets, condition (financial or otherwise) of the Issuer, (C) impairs materially the ability of the Issuer to duly and punctually pay or perform its obligations under the Notes;
Notes	the notes of the Issuer issued in accordance with these Terms and Conditions by the Issuer;
Outstanding Amount	the principal amount outstanding under the Notes, which at the Issue Date is GBP 50 per Note and which principal amount may decrease over time based on early repayments in accordance with Article 4;
Prepayment Amount	means amounts prepaid early on the Principal Amount of the Notes, as a result reducing the Principal Amount accordingly, in accordance with Article 4.2;
Prepayment Date	shall have the meaning set forth in Article 4.2;
Principal Amount	means GBP 50 per Note as at the Issue Date, which amount may decrease if and when the Issuer makes early Repayments on the Notes;
Project	the Project as set out on the Lendahand Ethex Website;
Repayment	shall have the meaning set forth in Article 4;
Security Right	shall have the meaning set forth in Article 11.1;
Terms and Conditions	the terms and conditions of the Notes as set forth herein;
Voluntary Prepayment	shall have the meaning set forth in Article 4.2.

In these Terms and Conditions, unless the context dictates otherwise, references to the singular shall include references to the plural and vice versa and references to any pronoun shall include the corresponding masculine, female or neuter.

Article 2 NOTE ISSUE

- 2.1 The Issuer seeks to obtain the relevant (back-filled) funding for the Project, by issuing the Notes pursuant to these Terms and Conditions (the "**Issuance**"), the terms of which are attached hereto in **Annex I**.
- 2.2 Lendahand Ethex Ltd is an appointed representative of Share In Ltd (authorised and regulated by the FCA, FRN:603332). It may market financial promotions and execute orders. Lendahand Ethex will place the Project on the Lendahand Ethex Website, ultimately allowing Investors to invest in the Notes.
- 2.3 The Issuer issues the Notes in accordance with these Terms and Conditions. The Investors are assumed to have taken note of and are bound by these Terms and Conditions.
- 2.4 The total amount of the offer and issue of the Notes is as stated in **Annex I**.
- 2.5 Each Note has a denomination of GBP 50.
- 2.6 The Issuer may, at its sole discretion redeem (part of) the Notes earlier by early repayment(s) in accordance with Article 4.
- 2.7 The Notes will be solely offered in the United Kingdom, or in another country of the EEA if the offer is made in accordance with the laws of such other EEA country and if Lendahand Ethex is authorised to execute orders from potential Investors in such EEA country. The Notes cannot and will not be offered in any country outside of the EEA and may not be sold or resold to Investors who are resident or citizens of other countries, such as the United States of America as set forth in **Annex II**.
- 2.8 The Notes will be held in accordance with the Giro Act where Lendahand acts as intermediary (*intermediar*) under the Giro Act. Lendahand is the holder of the collective depot (*verzameldepot*) of the Notes and the Issuer will treat Lendahand as the recordholder of the Notes.
- 2.9 In case of a sale of Notes from one Investor to another Investor, taking into account restrictions on sales, if any, the Notes will be delivered in accordance with the Giro Act and in accordance with the terms and conditions of the Lendahand Ethex Website for Investors.
- 2.10 Notes do not give right to ownership, voting rights or meeting rights.
- 2.11 The terms and conditions of Lendahand Ethex Website for Investors contain provisions on the Notes. In case of a discrepancy between such terms and

conditions and these Terms and Conditions, these Terms and Conditions will prevail insofar it concerns the Issuer and/or the Notes.

Article 3 INTEREST

- 3.1 The Notes are issued by the Issuer and bear interest at the interest rate as stated in **Annex I** as from the first day of the month following the Project becoming fully funded on the Lendahand Ethex Website and such date is specified in **Annex I** hereof (the "**Issue Date**") until and including the Maturity Date, or such earlier date on which the Principal Amount has been repaid in full.
- 3.2 For the avoidance of doubt, each Note shall bear interest as of the Issue Date, and be payable semi-annually as per the Amortization Schedule in **Annex I** ("**Interest Payment Date**").
- 3.3 Interest shall be calculated on the basis of 30 (thirty) days in a month and 360 (three hundred and sixty) days in a year. Interest is calculated on the basis of the Outstanding Amount of the Notes in such year, the first year starting as of the Issue Date.
- 3.4 Interest will be paid on the Interest Payment Date.

Article 4 REPAYMENT OF THE NOTES AND PAYMENTS ON THE NOTES

- 4.1 The Notes shall be repaid by the Issuer in accordance with the Amortization Schedule attached hereto ("**Repayment**") in **Annex I**. Repayments are semi-annual and in equal instalments.
- 4.2 Not earlier than 12 (twelve) months after the issuance date, the Issuer may prepay the Principal Amount, in full or in part (the "**Prepayment Amount**"), on an Interest Payment Date (the relevant Interest Payment Date hereinafter being referred to in this paragraph as the "**Prepayment Date**") (the "**Voluntary Prepayment**"). In addition to the Prepayment Amount, the Issuer shall pay to the Investors on the Prepayment Date an amount equal to the sum of: (a) interest accrued on the Prepayment Amount up to the Prepayment Date, and (b) a prepayment fee of 1.5% (one point five percent) of the Prepayment Amount, and any legal or other fees incurred as a result of the Voluntary Prepayment or otherwise.
- 4.3 All payments made by the Issuer under the Notes shall be calculated and made in GBP only, and shall be deposited into the bank account of the payment services provider used by the Investors, as provided under the terms and conditions of Lendahand Ethex.

- 4.4 The Issuer shall, under no circumstances, have the right to suspend any payment, the right to set-off⁸ or any similar right to withhold payment.
- 4.5 Payments made by the Issuer shall be first applied to the interest due and subsequently to the Principal Amount.
- 4.6 If, at any time, the Issuer is in default in the payment of any amount of principal, interest, fees or other obligations due hereunder (whether by acceleration, at maturity or otherwise), the Issuer agrees to pay an additional interest rate of 2% (two percent) per annum above the rate set forth in Article 3.1 on the then due Principal Amount until the date on which the overdue sum is paid.

Article 5 TAXES

- 5.1 All taxes charged in the United Kingdom in relation to any payments made under the Notes will be paid by the Issuer.
- 5.2 All taxes required by law to be deducted or withheld by the Issuer from any amounts paid or payable under the Notes shall be paid by the Issuer when due and the Issuer shall, within 15 (fifteen) days of the payment being made, deliver to the Investors evidence satisfactory to the Investors (including all relevant tax receipts) that the payment has been duly remitted to the appropriate authority.
- 5.3 All costs and expenses of the Investors to be made by the Investors in order to collect payment of any amount due under the Notes, irrespective as to whether these costs are judicial or extrajudicial, shall be paid and borne by the Issuer.

Article 6 COVENANTS

- 6.1 Within 180 (one hundred eighty) days after the year end, the Issuer shall publish a copy of its audited financial statements through the Lendahand Ethex Website.
- 6.2 The Issuer shall obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorizations, approvals, licenses and consents required under any applicable law to enable the Issuer lawfully to enter into and perform its obligations under the Notes and to ensure the legality, validity, enforceability or admissibility in evidence of the Notes in its jurisdiction of incorporation.
- 6.3 The Issuer shall comply in all respects with all laws to which it may be subject, except when such failure to comply would not result in a Material Adverse Effect.

⁸ The right to set-off refers to the settlement of debt between a creditor and debtor through offsetting transaction claims.

- 6.4 The Issuer shall procure that no substantial change is made to the general nature of its business from that carried on at the date of the origination of the Notes.
- 6.5 The Issuer shall not undertake or permit any merger, demerger, amalgamation or corporate restructuring, which has or could reasonably be expected to have a Material Adverse Effect.
- 6.6 All costs related to the obligations of the Issuer under this Article shall be borne by the Issuer.

Article 7 EVENTS OF DEFAULT

7.1 Each of the events as described hereunder constitutes an Event of Default on the part of the Issuer:

- (i) the failure to pay any sum due under the Notes at the time, in the currency and in the manner required, which non-payment is not remedied within 30 (thirty) days after the due date thereof;
- (ii) a representation or warranty hereunder or repeated by the Issuer in or pursuant to these Terms and Conditions is incorrect or misleading in any material respect when made or repeated;
- (iii) the failure to duly perform any other obligation, including the covenants under Article 6, under or resulting from these Terms and Conditions, which non-performance, if capable of remedy, is not remedied within 7 (seven) days after the Investors' relevant notice to the Issuer which notice shall at all times be given by Lendahand on behalf of the Investors;
- (iv) an attachment or execution affects 20% (twenty percent) of the assets of the Issuer and is not discharged within 14 (fourteen) days;
- (v) the Issuer under its relevant jurisdiction is declared bankrupt or is granted a moratorium or a request for bankruptcy or moratorium is filed;
- (vi) the Issuer is dissolved, a resolution for its dissolution is passed or a request for its dissolution is filed;
- (vii) the holders of the Notes exercise the Information Request and the Issuer does not provide the requested adequate information (to be determined at the sole discretion of the holders of the Notes) within 15 (fifteen) days;
- (viii) all material authorizations, approvals, licenses and consents, required or desirable to enter into and perform the obligations under the Notes and

carry on the business of the Issuer, have not been obtained and/or are not or no longer effected and are effective (which shall at all times exclude any registrations or filings);

- (ix) any material debt of the Issuer in an amount exceeding 3% (three percent) of Total Equity is not paid when due nor within any originally applicable grace period, or any material debt of the Issuer in an amount exceeding 3% (three percent) of Total Equity is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an Event of Default (similar as described hereunder);
- (x) any event or circumstance occurs that, in the opinion of the Issuer, might have, directly or indirectly, a Material Adverse Effect on the Issuer's ability to perform any of its payment obligations under the Notes; or
- (xi) any event of default under the Website Issuer Access Agreement concluded between Lendahand and the Issuer.

7.2 The Issuer shall, without any delay, inform the Investors through Lendahand Ethex in its capacity of intermediary, in writing if an Event of Default has occurred or is likely to occur.

7.3 If an Event of Default has occurred, all Notes still outstanding, together with accrued interest and all other amounts owing under the Notes, will immediately be due and payable without any notice of default or court intervention being required.

Article 8 REPRESENTATIONS AND WARRANTIES

8.1 The Issuer explicitly represents and warrants that:

- (i) The Issuer is a company, duly organized, validly existing and in good standing under the laws of its jurisdiction. The Issuer has the power to own its assets and carry on its business substantially as it is being conducted;
- (ii) The Notes will constitute legal, valid and binding obligations against it in accordance with its terms and will not violate any contract of the Issuer entered into prior to the issue date of the Notes;
- (iii) The Issuer is authorized and licensed and has the capacity to fulfil its obligations under the Notes, to offer and issue the Notes;
- (iv) No Event or Default is outstanding or likely to result from the Notes;

- (v) The Issuer's obligations towards the Investors under the Notes, unless secured, rank senior to any company director loan and at least pari passu⁹ with the existing or future claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally;
- (vi) The Issuer shall not pay or discharge (including, without limitation, by way of set-off or combination of accounts), or grant any guarantee, indemnity, bond, letter of credit or similar assurance against financial loss in support of, any indebtedness owed by it or any other person unless there is prior written consent of the Investors;
- (vii) The Issuer shall not declare or pay any dividends upon any of its stock, or purchase, redeem, retire or otherwise acquire, directly or indirectly, any shares, or make any distribution of cash, property or assets among the shareholders, if the earning before tax over the last 12 (twelve) months is negative or an Event of Default has occurred and is continuing, or would occur; and
- (viii) No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have been started or threatened against the Issuer. In any proceedings taken in its jurisdiction of incorporation in relation to the Notes, the Issuer will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.

8.2 Investors will not directly approach the Issuer, but will approach Lendahand Ethex and instruct Lendahand Ethex to act on their behalf but only in accordance with the terms agreed between Lendahand Ethex and the Issuer.

8.3 The representations set out in this Article 8 shall be deemed to be given and repeated:

(a) on the Issue Date; and

(b) on each Interest Payment Date;

by reference to the facts and circumstances then existing.

Article 9 PRESCRIPTION

⁹ Pari passu refers to loans, bonds or classes of shares that have equal rights of payment or equal seniority.

- 9.1 Claims against the Issuer for payment of principal and interest in respect of the Notes will be prescribed and become void unless made within a period of 5 (five) years after the date on which such payment first becomes due.

Article 10 INFORMATION REQUEST

- 10.1 Holders of the Notes have the right to proactively ask the Issuer to be provided with additional information, true and complete, regarding the repayment of any amount due under the Notes (the "**Information Request**"). The Information Request may only be exercised in the event that circumstances justify the fear of an impending Event of Default, or in the event that an Event of Default indeed has occurred. The Information Request shall at all times be carried out through Lendahand Ethex; Lendahand Ethex will pass on any information received from the Issuer to the holders of the Notes resulting from the Information Request.
- 10.2 The Information Request has to be sponsored by more than (i) 50% (fifty percent) of the Outstanding Notes and (ii) 50% (fifty percent) of the number of holders of the Notes. In the event that a holder of the Notes desires to exercise the Information Request, it will inform Lendahand Ethex. Lendahand Ethex will inform Lendahand (Hands-on B.V.) as holder of the collective depot (*verzameldepot*) thereof. Lendahand (Hands-on B.V.) will then inform all holders of the Notes accordingly and ask them to vote in order to ensure that the aforesaid quorum is achieved. Lendahand (Hands-on B.V.) will collect the votes and will inform the holders of the Notes and the Issuer if the Information Request can be exercised. If so, any information shall be distributed to all holders of the Notes.

Article 11 SECURITY

- 11.1 The Notes are unsecured.

Article 12 MISCELLANEOUS

12.1 Evidence

Subject to evidence to the contrary or manifest error, the records of Lendahand (Hands-on B.V.) in respect of the Notes as holder of the collective depot (*verzameldepot*) will constitute conclusive evidence of the existence and amounts of any of the obligations of the Issuer under the Notes.

12.2 Notifications

- a. All notices and other communications relating to the Notes shall be sent to the following addresses:

(i) For Investors:

Lendahand Ethex Ltd
The Old Music Hall
106-108 Cowley Road
OX4 1JE
Oxford
United Kingdom

Email address: help@lendahand.co.uk

(ii) For Issuer:

BBOXX
Chiswick Studios
9B Power Road
W4 5PY
London
United Kingdom

EMAIL ADDRESS: FINANCE@BBOXX.CO.UK

or to such address as stipulated in these Terms and Conditions or as the Issuer or Lendahand Ethex may specify, by registered mail with acknowledgement of receipt, by courier, or by e-mail.

- b. Notices and other communications sent as outlined below shall be deemed to have been received by the addressee at the following times:
- (i) if delivered by a courier service: at the time the communication is delivered to the addressee by the courier;
 - (ii) if sent by registered post: on the day specified on the receipt report;
 - (ii) if sent by e-mail: on the day specified on the corresponding receipt report.

12.3 Invalidity of Provisions

In the event that any provision of the Notes appears to be non-binding, the other provisions of the Notes will continue to be effective. The Issuer is obliged to replace the non-binding provision with another provision that is binding, in such manner

that the new provision differs as little as possible from the non-binding provision, taking into account the object and the purpose of the Notes.

- 12.4 The signed Fully Funded Notice shall form an integral part of the Notes and receipt of the duly signed and executed Fully Funded Notice by Lendahand Ethex will constitute the issuance of the Notes in accordance with the Terms and Conditions thereof.

Article 13 JURISDICTION AND CHOICE OF LAW

- 13.1 The Notes and the Terms and Conditions of the Notes are exclusively governed by the law of England and Wales and they are subject to the exclusive jurisdiction of the courts of England and Wales.

7. Appendix

a. INRiSC Credit analysis review of BBOXX

INRiSC

CREDIT ANALYSIS REVIEW – DRAFT

Version_draft_D02

December 14, 2017

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Lendahand Ethex Ltd (FRN: 776908) is an appointed representative of ShareIn Limited (FRN:603332), which is authorised and regulated by the Financial Conduct Authority. Lendahand Ethex Ltd's registered address is 106-108 Cowley Road, Oxford, United Kingdom, OX4 1JE.

1. Introduction

This memorandum concerns the high-level credit analysis in connection to Lendahand's (the '**Client**') potential note issuance of BBOXX Ltd. The scope of the review is limited to a general review of the credit-related risks in association with the Issuer (BBOXX Ltd) and the potential issue (the note request). This memorandum does not intend to provide any advice regarding a potential investment in the request under review. The client should make its own considerations and investigations regarding any investment or any offering thereof made to its customers and clients (investors) as intended. No rights can be derived from the use of this document. We note that, apart from credit risks, various other aspects might be relevant when considering an investment, e.g. (local) market circumstances, technology risk, country risk, etcetera. The analyses of such other aspects are excluded from this review. We underline that the review is meant to identify risk, not validate the business case under review commercially. Any comments made on such aspects should be seen in conjunction with credit-related analyses and have no value of their own, nor intend to indicate any deeper analyses of such underlying aspects. Information used in this review is limited (as referenced in Appendix A.1). No due diligence or verification of information received has been made. INRiSC has no further interest in the Issuer or the notes issued. INRiSC is not supervised by any regulatory body.

2. Notes issuance & summary

The request concerns:

- A senior ranking, covenanted, GBP 2,500,000 facility, the first drawdown amounts GBP 200,000 – 300,000, each note has a maximum maturity of 4 years, with semi-annual, linear repayments,
- Borrower is BBOXX Ltd, a private limited company based in the UK;
- BBOXX Ltd has via BBOXX Capital Kenya Ltd and BBOXX Capital Rwanda Ltd activities in the installation and servicing of solar panels and electrical appliances in Kenya and Rwanda and manufacturing in China;
- The notes issuance is used for the financing of working capital purposes in BBOXX Capital Rwanda Ltd.

RISK ANALYSIS OVERVIEW	
PROS	CONS
Company	
Good management team with knowledge of local circumstances	Vulnerable to socio-economic, tax regime and political situation in operating markets. Albeit stable economic outlook
Very successful track record in attracting outside money	
One of the largest players in the market	
Business	
Large (untapped) market for sustainable (energy) solutions in Sub-Saharan Africa	Highly competitive market, market spoilage due to inferior competing products
Own production facilities in China	Counterparty risk on customers that have no credit history
Strong oversight over third party manufacturers due to local presence in China	
Scalable business model	
Developing new product lines	
Product	
Decentralized off-grid solar utilities with seemingly large demand	Highly competitive market which pressures margins
Additional sales from ancillary products and services	Longer duration of maintenance and servicing could lead to higher costs as problems occur more often later in the product's life
Broad market acceptance	
Strong technology platforms and data management systems in place	
Financials	

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When considering the new accounting system adopted in 2015, the Company shows a steady improvement of generated revenues over the past years.	Negative asset conversion due to cash trapped in inventory
Payment behavior of the customer is well understood and there is an adequate system of control	The payback period of sales are longer than direct sales
FX-risks are partially mitigated due to local currency financing	Reliant on outside funding until cash flows from operations become positive
Healthy funding mix of debt and equity. Also successfully sold part of their receivables portfolio in 2015 to Oikocredit	
Has attracted investments from notable financial institutions	
Note structure	
Relative short term to maturity (4 yrs. with semi-annual repayments)	Unsecured
Senior at holding level (debt that takes priority over other unsecured or otherwise more junior/subordinated debt)	Limited collateral value for recovery; due to being unsecured, the issued notes are equal in seniority to all other creditors expect secured lenders

3. The Borrower

3.1. The Company

The three co-founders of BBOXX met at Imperial College London while studying Electrical and Electronics Engineering. All three had travelled in the developing world and recognised the challenges posed to community and business development by the unreliable electrical supply. They saw potential in the lack of existing infrastructure to create a sustainable, environmentally responsible solution to the problem. In response, the trio founded a successful student charity, which exposed the potential for off-grid solar solutions in the developing world. BBOXX is the resulting for-profit venture and started in March 2010. Currently, BBOXX has enabled access to clean, reliable energy to over 250,000 people in Africa. By 2020, BBOXX hopes to provide 1.5 million people, in rural areas, with off-the-grid electricity. BBOXX's philosophy is striving to provide the on-grid experience in the off-grid world. It has guided their decision to offer energy-as-a-service, as opposed to only financing and distributing products. BBOXX offers energy services for the Solar-Home-System with a 10-year Hire Purchase Assets (HPA) contract, ensuring the customer with a product that lasts. All other products come with a standard full maintenance and warranty support for 36 months.

According to management, the three unique selling points of BBOXX are System upgradability, Serviceability and Affordability. Hereby BBOXX offers fast upgradability to customers, as well as maintenance and repairs, providing customers with energy security and the ability to move up the energy ladder over time. BBOXX has experience in providing systems of multiple sizes, from 50-2000Wp, which is the widest amongst competitors in the off-grid solar-home system (SHS) sector. From the Company's experiences in the East African markets of Kenya & Rwanda, they have developed an understanding of how to organise and optimize the operations of a Distributed Energy Service Company (DESCO). BBOXX shops and employees are located close to the customers, offering quick repair services. BBOXX routinely updates firmware and remotely upgrades their tools with new data analytical tools. Vendor financing through customer payment plans is crucial to make the systems affordable to the mass market. Technicians install each new product at the customer's home.

The BBOXX Home system can power lights, radio, TV and charge phones for households and microbusinesses. BBOXX Hub brings the SMART capabilities of remote monitoring and control to bigger capacity systems and projects. These capabilities are used to support payment plans, proactive maintenance and to simplify support for all parties. The BBOXX Hub is used in a wide range of larger solar installations, as well as projects involving water pumps or other battery technology. By adjusting

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the light output and thereby the battery reserves, customers are helped managing peak demand, so they can keep the lights on and still be able to watch, for example a football match later on. Another application of smart technology is BBOXX Pulse, which is a multi-device platform with a multitude of modules to run and manage a PAYGO solar business.

Vertical integration allows BBOXX to design hardware and software that is not only tailored towards operational demands, but yields a variety of data points. BBOXX is actively leveraging this data acquired from the field to improve hardware performance and quality, increase manufacturing- and logistics efficiency, and to improve customer experience in the off-grid sector. That they are performing well on this front is evidenced by on-grid customers, choosing a SHS-system of BBOXX above the unreliable grid connection they have now. BBOXX incorporated the whole value chain which itself divides into two main segments: a technology platform including the design and manufacturing and a Distributed Energy Service Company (DESCO) concerned with distribution, finance and services. BBOXX evolved globally, representing the different aspects of the business: engineering (BBOXX Ltd), manufacturing (BBOXX Asia), financing (BBOXX Capital) and sales/retail (BBOXX Capital Kenya and Rwanda). By designing the business in this way, all aspects are vertically integrated. The systems are distributed from China through East Africa, to local retail shops in Rwanda and Kenya. In addition, the securitized receivables portfolio¹⁰ is located in the SPV BBOXX Kenya DEARs. In Appendix A.2 the Company structure is shown.

3.2. Management

BBOXX has grown to a worldwide staff of more than 350 people, creating jobs and opportunities in the local workforce in their markets. BBOXX employs people in Kenya, Rwanda, the UK and China. All of the staff members undergo an intensive training and educational program called BBOXX Academy to unite employees in providing superior customer service.

The three co-founders of BBOXX, Mohammad Mansoor Hamayun (CEO), Christopher Baker-Brian (Director) and Laurent van Houcke (Director) met at university where they followed the same Electronic and Electrical Engineering degree. While studying, the trio founded a student charity called E.quinox in 2008. E.quinox brought electricity to six villages in Rwanda. The three students founded BBOXX in 2010.

- Mr. Mansoor worked as a manager for Rolls-Royce Civil Aviation business, supporting the introduction of Boeing 787 Dreamliner for LAN airlines, working on corporate cost reduction in the Asian region service and overhaul business.
- Mr. Baker-Brian is a full member of the IEEE (Institute of Electrical and Electronics Engineers) and IET (Institute of Engineering and Technology) and served as a general member of the 2011-2014 IEEE Ad-Hoc Committee on Humanitarian Activities.
- Mr. van Houcke worked as an engineer for EDF Energy, examining the distribution network in London and conducting analysis of the potential impact of electric vehicles.

Other important senior management positions include Sudeep Desaraju, who is the Vice-President of debt finance and Director of Corporate Development at BBOXX Rwanda. Prior to joining BBOXX he worked in investment banking and in the Australian Army as a Logistics Officer. Sudeep holds a Commerce and Law degree from the University of Sydney. Anshul Patel is currently VP for Special Projects at BBOXX. Anshul worked as a Business Improvement Specialist at Shree Sai Industries in Kenya, before opening his own BBOXX franchise, BBOXX Kenya, in 2011. In 2013, BBOXX bought

¹⁰ Off balance sheet portfolio of client receivables where said receivables serve as collateral Lendahand Ethex Ltd (FRN: 776908) is an appointed representative of ShareIn Limited (FRN:603332), which is authorised and regulated by the Financial Conduct Authority. Lendahand Ethex Ltd's registered address is 106-108 Cowley Road, Oxford, United Kingdom, OX4 1JE.

this franchise business from Anshul after which Anshul ran the Company as the managing Director. Joe Segal currently is Global Head of Sales and Logistics.

For this report we mainly collaborated with Mr. Desaraju and his team. They made a strong impression during the telephone interviews.

3.3. Credit history Borrower

BBOXX was founded in 2010. INRISC has reviewed a relevant four-year track record of historical figures. According to the data reviewed, the Company has attracted a fair amount of external funding since 2013. BBOXX has successfully worked together with NGO's, financial institutions and local banks. The Company has also successfully securitized and sold a part of its receivables portfolio to Oikocredit. These transactions show both financial savviness as perceived reliability from the financial markets in BBOXX and its vendor lease portfolio.

4. Business analysis

The key business activities are concentrated around the sales and after-sales of PV-panels batteries and appliances. BBOXX is part of the growing decentralized electricity market in Africa. The market is strengthened by the use of (vendor) leasing options (payment plans), to grant a larger customer base access to energy. BBOXX is part of the off-grid solar market that benefits from a strong base of mobile banking technology and subsequent supportive infrastructure to consumer credit activities in Africa. BBOXX has vertically integrated the supply chain by creating a local presence in China and producing some of its product offering internally.

The first line of customer service is the call center, which can answer any customer issues at any time, including conversations about payment schedules. This is a very important process for a company so reliant on the payment morale of its customers. BBOXX has invested a lot of energy in this part of their business. If a historically good customer is encountering certain difficulties and falling behind on payments, risking default, they can speak with the call center that can offer "grace days" if deemed to be appropriate to the context. The Company has an evolved Customer Relation Management (CRM) system in place. The system uses the data generated by the Company's products to cover the sign-up and credit check through the agent application, remote monitoring, control and upgrade management for each unit using a GPS. It also helps call center management to assist customers with payments, problems or advice on their system. All BBOXX units go through an automated Quality Control check for registration. Once registered, customer products are tracked. Centralized payment tracking provides a live view to call center operators for efficient customer management, and any defaulting clients have their product automatically disabled.

BBOXX uses top-ups to secure payment morale with its customers. BBOXX's primary mechanism for maintaining credit worthiness is remote control of the solar systems themselves, via a SIM card embedded in every battery box. When a client pays, their system is activated for the period of time they have paid for; when this time expires, the system deactivates, and the customer must top up again to continue accessing the service. This is more effective and practical in ensuring good credit performance than a credit check, which is impossible to ascertain for a lot of people due to lack of credit history. However, if a customer stops paying after a certain period BBOXX will have to deal with the cost of having to remove the SHS. To reduce this risk BBOXX requires customers to make a down payment before the solar system is installed, lowering the likelihood of extending credit to a client without the means to pay. In Q4 2016, PWC has performed a loan portfolio review of the receivables, where the default rate of this specific portfolio was 3%.

According to Standard & Poor's both Rwanda and Kenya have stable outlooks and have a B credit rating. Average inflation has remained below the 5% medium-term target over the past two years, which

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has allowed the Bank of Rwanda to ease monetary policy to support growth. In Kenya the inflation has remained relatively stable over the past few years as well.

In order to finance working capital, the Company has to attract outside funds since the operating cash flow is still negative. In the past, BBOXX sold a part of their portfolio consisting of receivables, i.e. the customer payment plans. This helped to shorten the cash cycle of the Company and improve liquidity. BBOXX was the first in the DESCO sector to employ a securitization of a part of its receivables portfolio. With this transaction, it has managed to attract financing from respectable financial institutions. The notes issuance through Lendahand will further help keep adequate stock, finance working capital and facilitate a further roll-out of the business.

5. Financial analysis Borrower

INRISC was not able to review the consolidated annual accounts from 2013 onwards. For the backward-looking financials, it has relied in its analysis on the unaudited management accounts until 2017. In 2015 there was a change in accounting systems. A credit sale accounting system was replaced by a HPA accounting system which recognizes revenues as installments rather than on the contract value at the point of sale. This gave a distorted view of the business dynamics since the sales were not matched by cash collections. With this change, revenue recognition and cash collections are much more in line, reflecting more stable financial statements. Furthermore, the bad debt write-off policy was revised stabilizing the Profit and Loss (P&L). Both changes resulted in fiscal benefits. As far as INRISC can assert the new accounting policy was motivated by legitimate business reasons.

Discounting the change in accounting methods, revenues have risen substantially year on year from 2013 onwards. Currently BBOXX is still operating at a net loss. According to the projections of BBOXX, cash flows from core operations, meaning cash generated by the normal flow of business disregarding working capital investments such as inventory, will become positive in 2019. These negative earnings are also reflected in the negative total debt/EBITDA (Earnings Before Interest Taxes Depreciation Amortization) ratio and the negative value for both the interest cover and debt service cover ratios until 2019. Leasing companies are asset heavy and therefore have significant start-up losses as the Company invests in assets that have long payback periods.

BBOXX's business activities inherently have to deal with forex risk. This risk is exacerbated by the fact that there lies an exposure on both USD (suppliers and loans) and the GBP/EUR (loan) versus local currency. BBOXX have attracted debt financing in local denominated currency for the costs realized in local DESCOs, mitigating the risk of forex losses. They have indicated that they could pursue further lines of local credit if deemed appropriate. For transactions with their suppliers, BBOXX uses a cross currency swap with MFX Solutions, a company that supports currency hedging to social enterprises, for these type of transactions. The projected numbers include the completion of an equity raising campaign in 2017. It is however almost certain that this will be concluded in 2018. The financial ratio table does not reflect this new reality. If the capital raise in 2018 does not occur, these ratios will be affected. In 2018 the projected net loss of the Company will be reduced significantly becoming a net profit in 2019.

The consolidated projections are based a financial model provided by BBOXX. The projections are based on supportive operations of the headquarters in the UK, the manufacturing arm in China and on the sales of goods in Rwanda and Kenya, and includes the loan portfolio profits (lease-to-own; pay plan). INRISC was able to obtain a good overview of the financials of the Company going forward. Please note that INRISC did not test the reality of the projections in terms of market share captured, underlying price levels, costs related to the realization of the product or its components. Nor did we test for consumer payment behavior, payment terms or consumer default rates and loan losses for Rwanda and Kenya.

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Key financial ratios, projected, excluding notes issuance				
	2016	2017	2018	2019
Current ratio	33.76	12.62	16.27	18.02
Total debt/EBITDA	Neg	Neg	Neg	2.51
Gearing	0.32	0.79	1.60	1.32
Own and Associated Means/Tot Assets	0.75	0.78	0.40	0.36
Interest cover ratio	-7.64	-7.93	-0.17	2.14
Debt service cover ratio	-4.64	-7.93	-0.17	2.14
cash cover ratio	18.1	12.9	-1.1	-0.9
Solvency ratio	0.7	0.8	0.4	0.4

Financial Ratio Table

5.1. Liquidity

BBOXX has a long cash cycle, due to two issues. Firstly, the payment plans from PAYGO, accounts receivables and Hire Purchase Assets (HPA) on their books can have a 3- to 10-year duration, depending on the type of product. BBOXX acknowledges that the average customer cash cycle payback is between 20-24 months. Secondly, the Company faces long supply lead times, resulting in a high number of days inventory, in comparison to Western standards. Both points are not a company specific negative but merely an industry norm. The accounts receivable position positively affects the current ratio, which is further strengthened by the relatively large cash position of the Company. BBOXX can easily cover its short-term liabilities from current assets. It also shows, however, that stock rotation could be low meaning high inventory levels. BBOXX might again opt in the future for selling part of its receivables portfolio to third parties. Nonetheless, the Company is not forced to make such a decision at the present time.

5.2. Solvency

Overall, gearing increases during the recorded time. Leasing operations are capital-intensive, and this is reflected in the gearing ratio. The projected figures also reflect an equity raising round in 2017. The gearing shows that this does not quell the thirst for new capital in the Company, as it rises while incorporating new equity. Originally, the planning was to conduct an equity round in 2017. Realistically however this round is going to be concluded in 2018. Part of this equity infusion is needed to cover the operating losses. The book value of the Company in general, including the retained losses, is projected to grow substantially over the years. There is a risk that the Company will not be able to raise the equity or the full amount of it. If the equity round is unsuccessful and retained losses accumulate, solvency could become a problem in the future, directly influencing the noteholders of the current issuance. In the past BBOXX has shown to be able to raise both equity and debt.

5.3. Cash flow analysis Borrower

The cash cycle of the Company is relatively long due to the large investments in working capital and considerable supply lead times. According to projections, the Days Sales Outstanding and Days Inventory will be reduced during the projected period. The long cash cycle is a financial risk, yet is quite common for the industry. In 2017 the asset conversion of the Company is positive, meaning the result of changes in inventory and difference between the receivables and payables is positive.

BBOXX projects to become overall profitable in 2019, and the operational cash flows are also projected to become positive in 2019. In the coming two years the SG&A will increase as it is set up to carry larger revenue capabilities of future operations. As mentioned if all goes according to plan the Company will become cash flow positive in 2019. This is due to the fact that the Company is investing and, according to the projections, significant investments in their HPA asset stock will be made over the coming years.

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6. Collateral analysis

BBOXX's risk profile is tied to that of their customers that they provide with credit. The Company has a well developed system in place dealing with customers in arrears. Due to the PULSE data monitoring system BBOXX is able to quickly measure non-payment and take appropriate steps, locking the goods and in the worst case repossessing the goods. The sooner the Company is able to do this the more likely value can be extracted from the repossession of the goods. Any maintenance and replacements are made, as well as cosmetic cleaning, before redeployment to a new customer.

Several senior secured lenders have claims on part of the inventory and receivables of the Company. These lenders would have higher claims than the noteholders. INRISC is not in the position to validate what the exact discount on the inventory would be in a distressed situation. How much value would remain for the noteholders after repaying the secured lenders is unsure.

7. Risk analysis

The proceeds of the notes issuance by BBOXX is used to purchase stock and support working capital financing needs. As a leasing company BBOXX has a considerable exposure on its customers' creditworthiness. If a sufficient portion of their customer rescind on their payments this will affect the Company significantly. BBOXX has taken steps in mitigating this risk by having a clear consumer credit appraisal procedure and monitoring system in place.

Debt servicing of the notes depends on the capability of BBOXX to make enough sales with credit worthy customers. The Company has not yet realized an operating cash flow neutral situation, meaning external funding will be required until this stage is reached. In 2019 the operating cash flow is projected to allow for the support of debt serviceability.

Noteholders holding foreign currency in relation to the Rwandan Franc (RWF) and Kenyan Shilling (KES) are exposed to forex risk that may impact debt serviceability.

The notes are unsecured and basically provide cash flow financing. At the moment the Company has a fairly strong equity position. The notes being unsecured, any recovery in case of default ranks behind senior secured lenders. In fact, the position of the noteholders is equal to other trade creditors (for as long they do not have specific preferential agreements). In case of a bankruptcy, securing a fair amount of value out of the receivables portfolio is doubtful. There are several pledges within the Company leaving not a lot of potential value for unsecured lenders.

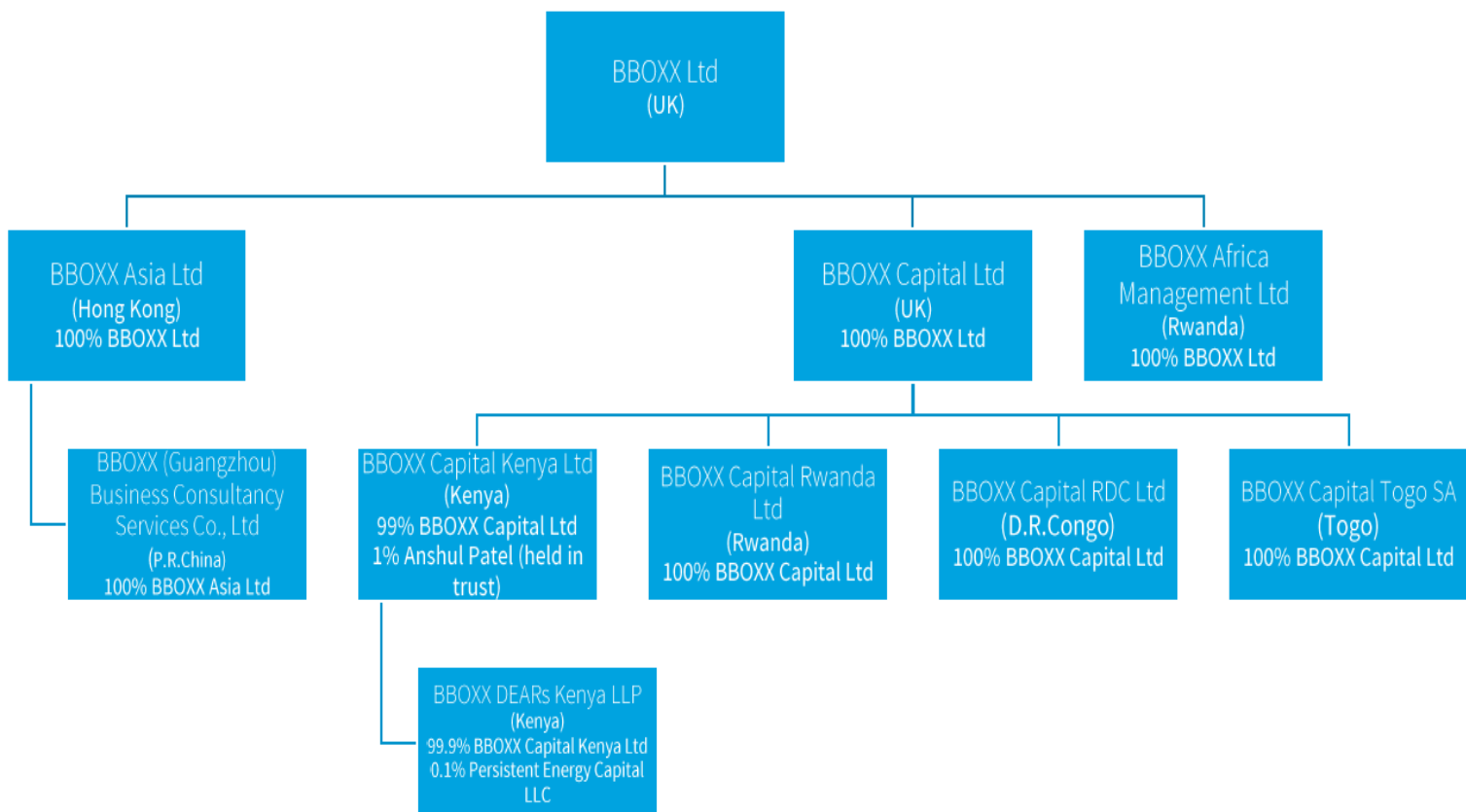
A. Appendices

A.1. Information used

The information used in this analysis was obtained from Client and include:

- Public documentation;
- Information Memorandum;
- Meeting notes BBOXX and Lendahand;
- Annual accounts BBOXX Ltd, Kenya, Rwanda and China;
- Consolidated projections 2017-2022;
- Equity and loan agreements;
- Share register and articles of association;
- Organizational chart (operations);
- Interview conducted with management Mr. Sudeep Desaraju.

A.2. Company structure



For more information

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