

PROPOSED TAKEOVER OFFER BY CARBACID INVESTMENTS PLC

PRESENTATION TO SHAREHOLDERS OF BOC

8 December 2020

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Introduction

- Takeover of a listed company is triggered by a number of actions intended to take control of a public listed company ("**Offeree/Target**") by an existing or proposed shareholder ("**Offeror**").
- In the current case, the takeover process was triggered when Carbacid Investments Plc and Aksaya Investments LLP ("**Carbacid Group**") served the notice of intention to acquire all the share of BOC which in this case becomes the Offeree.
- It is a strictly regulated process - shareholders have to be provided with sufficient information to make a decision as to whether or not to accept the offer and sufficient time in which to make that decision.
- In Kenya, the takeover regime for public listed companies is overseen by the Capital Markets Authority ("**CMA**") and governed by the Capital Markets Act, Chapter 485 of the Laws of Kenya as read together with the Capital Markets (Takeovers and Mergers) Regulations, 2002 (the "**Takeover Regulations**").
- The acquisition also requires the approval of the Competition Authority of Kenya ("**CAK**").

Takeover Process

- Any person who intends to acquire effective control of a public listed company is required to comply with the takeover procedure as set out in the Takeover Regulations unless exempted by the CMA.
- The takeover process is as follows:
 1. **Notice of Intention** - the Offeror is required to serve a notice of intention to acquire all the shares of the Offeree within **24 hours** of the decision to acquire effective control of the Offeree to (a) the Offeree; (b) the CMA; (c) the Nairobi Securities Exchange ("**NSE**"); and (d) the Competition Authority of Kenya ("**CAK**"), and to simultaneously publish a press notice of the intention in at least two English language dailies of national circulation.
 2. **Offeror's Statement** - within **10 days** of the date of service of the notice of intention, the Offeror is required to serve an offeror's statement ("**Offeror's Statement**") setting out the information prescribed in the Takeover Regulations to the Offeree. The Offeror's Statement is required to be approved by the CMA prior to being served on the Offeree.

Takeover Process continued

The Offeror's Statement is required to contain, among others, the key information relating to the Offeror including its principal activities, directors, major shareholders and subsidiaries, a summary of the Offeror's latest audited financial statements and arrangements made to ensure payment of the consideration.

3. Within **24 hours** of receiving the Offeror's Statement, the Offeree is required to inform the NSE and CMA of the receipt of the Offeror's Statement and simultaneously publish a press notice in at least two English language daily newspapers of national circulation setting out the material information contained in the Offeror's Statement.
4. **Independent Adviser** - upon receipt of the Offeror's Statement, the Offeree is required to appoint an independent adviser (which is required by the Takeover Regulations to be an investment bank or stockbroker licensed by the CMA and meet certain criteria of independence.

The Independent Adviser's key role is to advise the shareholders of the merits of the takeover offer.

Takeover Process continued

5. **Takeover Offer Document** - the Offeror is then required to prepare a detailed takeover offer document (the "**Takeover Offer Document**") in accordance with the provisions of the Takeover Regulations and submit it to the CMA for approval within **14 days** of serving the Offeror's Statement upon the Offeree. The CMA is expected to approve the Takeover Offer Document within **30 days** of its submission by the Offeror. The Offeror is thereafter required to serve the Takeover Offer Document upon the Offeree within **five days** of CMA approval.

The Takeover Offer Document is required to include, among others, the following key information relating to the takeover offer:

- the Offeror's intentions regarding continuation of the Offeree's business
- the Offeror's intentions regarding major changes to be introduced in the Offeree's business (eg asset sales, re-deploying of fixed assets etc)
- the Offeror's intentions regarding the continued employment of the employees of the Offeree
- the long-term commercial justifications for the proposed takeover offer

Takeover Process continued

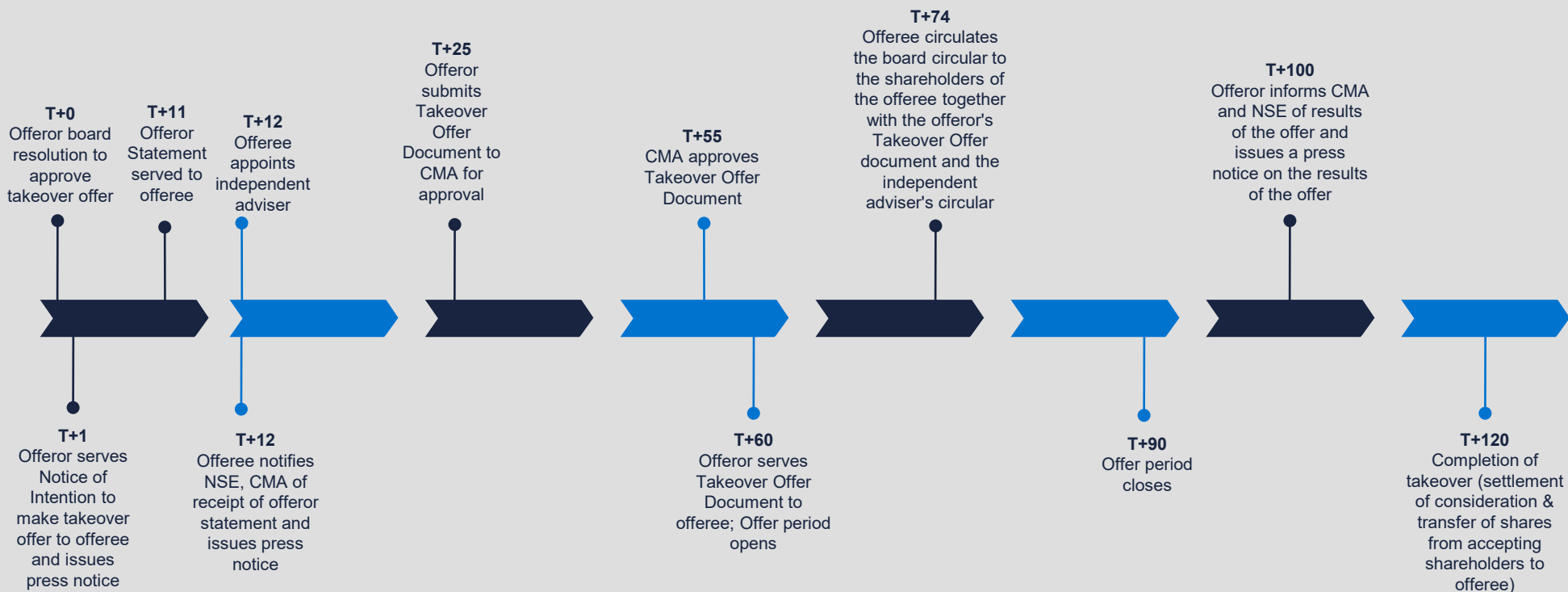
6. **Independent Adviser's Circular** - the Independent Adviser presents their advice by way of a circular which is tabled to the Offeree's board and the CMA for prior approval. The Independent Adviser's Circular comments on, among others, the reasonableness of the takeover offer.
7. **Offeree Circular** - Within **14 days** of receipt of the Takeover Offer Document, the board of the Offeree is required to issue a circular to its shareholders ("**Offeree Circular**"), indicating whether or not the board recommends acceptance of the offer. The Offeree Circular must be approved by the CMA.
8. **Recommendation to shareholders** - the Independent Adviser's Circular together with the Offeree Circular issued by the Board with a recommendation is intended to enable shareholders to make a decision as to whether to accept or reject an offer.
9. **Offer Period** - an offer is required to be kept open for acceptance for 30 days although this period may be varied at the instance of or with the approval of the CMA.

Takeover Process continued

10. **Announcement of the results of the offer** - within **10 days** of the closure of the takeover offer, the Offeror is required to inform the CMA and NSE of the closure of the offer and announce by way of a press notice published in at least two English language dailies of national circulation the results of the offer.
11. **Completion of the takeover** - following the announcement of the results of the offer, the Offeror is required to dispatch payments to shareholders of the Offeree who have accepted the offer and the Offeree is required to transfer (through the registrar) shares from the accepting shareholders to the Offeror.
 - If the acceptances exceed 75% of total issued shares of the Target, the Carbacid Group has indicated that they will consider delisting the Target.
 - If the acceptances exceed 90% of the total issued shares of the Target, the Offeror could apply the provisions of the Companies Act that allow them to compulsorily acquire shares. Any such compulsory acquisition must be on the same terms as the initial offer.

Indicative Timeline for Kenyan Takeover Process

The takeover process typically takes between 90 and 180 days.



What next for shareholders?

- Shareholders are advised to look out for the information which will be made by way of public announcements in the press which will also be uploaded on the company's official website.
- The Takeover Offer Document together with the Offeree Circular and the Independent Adviser's Circular, shall contain advice to the shareholders to consider the contents of the Takeover Offer Document carefully and if need be, to seek professional advice from the shareholder's stockbroker, lawyer or other adviser as regards whether or not to accept the offer.
- Each shareholder will make a decision as to whether or not to accept the offer in respect of their shareholding in the Company.