

THE CAPITAL MARKETS ACT
(Chapter 485A of the Laws of Kenya)

**CASH OFFER BY CARBACID INVESTMENTS PLC AND AKSAYA
INVESTMENTS LLP TO ACQUIRE UP TO 100% OF THE ISSUED
ORDINARY SHARES OF BOC KENYA PLC**

OFFEROR'S STATEMENT

issued pursuant to Regulation 4(4) and the First Schedule of the
Capital Markets (Take-overs and Mergers) Regulations, 2002

9th December 2020

CARBACID INVESTMENTS PLC

AND

AKSAYA INVESTMENTS LLP

(The "Co-Offerors")

OFFEROR'S STATEMENT

Cash Offer by Carbacid Investments Plc and Aksaya
Investments LLP (the **Co-Offerors**) to acquire up to 100%
of the issued shares of BOC Kenya Plc

1. BACKGROUND TO THE OFFEROR'S STATEMENT AND RATIONALE FOR THE OFFER

- 1.1 On 25 November 2020, the Co-Offerors served on BOC Kenya Plc (**BOC**) a Notice of Intention to make a take-over offer to acquire up to 100% of the ordinary shares (the **Offer**) with a par value of KES 5.00 each in BOC (the **Offer Shares**) for a cash consideration (the **Notice of Intention**). CIL and Aksaya will purchase such amounts of the Offer Shares as are detailed in paragraph 8.3 below.
- 1.2 Pursuant to Regulation 4(4) of The Capital Markets (Take-overs & Mergers) Regulations, 2002, (the **Take-Over Regulations**) the Co-Offerors hereby serve on BOC an Offeror's Statement which contains the information as required by the First Schedule of the Regulations.
- 1.3 The Press Notice published by the Co-Offerors on 26 November 2020 in the Daily Nation and the Standard newspapers set out a brief rationale for the Offer. Further details will be contained in the Offer Document.

2. OVERVIEW OF THE CO-OFFERORS

- 2.1 **Incorporation and registered office**
- 2.2 Carbacid Investments Plc (**CIL**) is a public limited liability company incorporated in Kenya on 21 July 1970 under company registration number C. 32/70 under the Companies Act, No. 17 of 2015 (**Companies Act**). CIL is listed on Main Market Segment of the Nairobi Securities Exchange (**NSE**). Its registered address is L.R. No. 1870/1/1569 ALN House, Eldama Ravine Close, off Eldama Ravine Road, Westlands, P.O. Box 764-00606, Sarit Centre, Nairobi, Kenya.
- 2.3 Aksaya Investments LLP is incorporated in Kenya under the Limited Liability Partnership Act 2011 under registration number LLP-6R/MVM and is domiciled in Kenya (**Aksaya**). Its registered office is Plot LR No 209/11272/2, 1 Woodvale Close, 7th Floor Grenadier Towers, P.O. Box 44690-00100, Nairobi, Kenya.

3. SUMMARY OF CO-OFFERORS' PRINCIPAL ACTIVITIES

- 3.1 CIL is an investment and holding company with three wholly owned subsidiaries. The principal activities of the main subsidiary, Carbacid (CO₂) Limited, are mining, processing and marketing of natural carbon dioxide gas while the other two subsidiaries, Goodison Twenty Nine Limited and Goodison Forty Seven Limited are investment companies. CIL also has investments in property, in

shares in other companies listed on the Nairobi Securities Exchange and the Dar es Salaam Stock Exchange.

- 3.2 Aksaya is a limited liability partnership whose main business comprises of investments which include equity stakes, and bank deposits.

4. SHARE CAPITAL AND OWNERSHIP STRUCTURE OF THE CO-OFFERORS

- 4.1 The issued and fully paid share capital of CIL is KES 254,851,985 divided into 254,851,985 ordinary shares with a par value of KES 1 each. All the issued shares are fully paid up.
- 4.2 Amarjeet Baloobhai Patel and Baloobhai Chhotabhai Patel jointly hold 40.38% of the issued shares in CIL. The remaining 59.62% of the issued shares in CIL are held by a diverse range of nearly 3,000 shareholders. Baloobhai Chhotabhai Patel is also a non-executive director of CIL.
- 4.3 Rohan Baloobhai Patel is a non-executive director of CIL and is the son of Baloobhai Chhotabhai Patel and Amarjeet Baloobhai Patel.
- 4.4 The shareholders with notifiable interest (3.0% or greater) are as follows:

Shareholder Name	Number of Shares	Percentage Shareholding (%)
Amarjeet Baloobhai Patel & Baloobhai Chhotabhai Patel	102,913,592	40.38
BOC Kenya Plc	14,850,000	5.83
SBM Bank Nominees Limited A/C 0035	14,654,831	5.75
Miss Tessa Irena Friedman	11,275,695	4.42

- 4.5 Baloobhai Chhotabhai Patel is the majority owner of Aksaya, owning 99% of the membership interest, Amarjeet Baloobhai Patel owns the remaining 1% membership interest in Aksaya. Baloobhai Chhotabhai Patel is an investor and has various holdings in both public and private companies with a focus of investments in the real estate, financial services and hospitality sectors in Kenya, in addition to his interest in CIL.
- 4.6 **Board of Directors of Carbacid Investments Plc**

Name	Address	Position
Amb Dennis N. O. Awori	P.O. Box 63957 Nairobi, Muthaiga 00619	Chairman – Non-executive
Baloobhai Chhotabhai Patel	P.O. Box 44690 Nairobi, GPO 00100	Non-executive
Mukesh K. R. Shah	P.O. Box 39112 Nairobi, Parklands 00623	Non-executive**
Susan O. Mudhune	P.O. Box 50687 Nairobi, City Square 00200	Non-executive
Rohan B. Patel	P.O. Box 1620 Nairobi, Sarit Centre 00606	Non-executive
Edward M. Ochieng	P.O. Box 23215 Nairobi, GPO 00100	Non-executive

** Mukesh K R Shah is a substantially non-executive director but has certain specific responsibilities for the financial matters of the CIL group.

- 4.7 The Aksaya Partners as at the date of the Offeror's Statement are Baloobhai Chhotabhai Patel and Amarjeet Baloobhai Patel. Baloobhai Chhotabhai Patel and Amarjeet Baloobhai Patel's address is P.O. Box 44690-00100, GPO, Nairobi, Kenya.
- 4.8 **List of the Offeror's Subsidiaries**

4.8.1 CIL is an investment and holding company. Its subsidiaries include:

- (a) Carbacid (Co2) Limited (incorporated on 8 August 1961 under the Companies Act, with company registration number C 6/61);
- (b) Goodison Twenty Nine Limited (incorporated on 23 April 2009 under the Companies Act, with company registration number CPR/2009/2145); and
- (c) Goodison Forty Seven Limited (incorporated on 2 September 2009 under the Companies Act, with company registration number CPR/2009/9855).

5. EXISTING INTERESTS OF THE CO-OFFERORS IN BOC

- 5.1. CIL does not currently own any shares in BOC.
- 5.2. Baloobhai Chhotabhai Patel holds 2,554 ordinary shares in the share capital of BOC jointly with Amarjeet Baloobhai Patel.
- 5.3. Save as explained in paragraph 8.3, neither CIL, nor Aksaya, nor any related companies or any person associated with any of them has acquired, held, controlled directly or indirectly or has an option to acquire any of the Offer Shares.

6. SUMMARY OF THE LATEST AUDITED FINANCIAL STATEMENTS OF THE CO-OFFERORS

CIL

- 6.1 CIL prepares its financial statements as at 31 July of each year, its financial end year date. Paragraphs 6.1.1 to 6.1.4 below set out information extracted from CIL's audited accounts for the three financial years that ended on 31 July 2018, 31 July 2019 and 31 July 2020, respectively. The audited accounts were prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act and audited by RSM Eastern Africa LLP.

6.1.1 Condensed Income Statement

Income Statement (KESS '000)	FY2018	FY2019	FY2020
Revenue	565,508	630,500	682,878
Cost of sales	(206,292)	(230,231)	(258,667)
Gross profit	359,216	400,269	424,211
Other income	196,747	203,666	230,759
Administrative expenses	(175,911)	(176,417)	(186,812)
Operating Profit	380,052	427,518	468,159
Fair value loss on equity investments	(9,814)	(54,938)	(38,850)
Fair value gain on investment property	12,200	4,600	(2,349)
Gain on disposal of financial assets	470	-	-
Net foreign exchange gain	-	-	-
Impairment loss	(3,970)	(27)	-
Finance income	-	-	-
Profit before tax	378,938	377,153	426,959
Income tax expense	(80,412)	(112,564)	(102,305)
Profit for the year	298,526	264,589	324,654

6.1.2 Condensed Balance Sheet

Balance Sheet (KES '000)	FY2018	FY2019	FY2020
Non-current assets			
Property, plant and equipment	950,995	919,401	883,728
Investment property	245,200	249,800	247,451
Intangible assets	570	391	346
Prepaid operating lease rentals	53,941	52,961	52,672
Financial assets	1,055,133	1,324,593	1,387,308
	2,305,839	2,547,146	2,571,505
Current assets			
Inventories	37,040	41,236	33,863
Trade and other receivables	146,606	174,741	195,452
Current tax recoverable	42,934	3,427	7,274
Financial assets	31,250	15,625	-
Short term bank deposits	764,748	501,290	813,641
Cash and bank in hand	42,816	220,036	6,095
	1,065,394	956,355	1,056,326
Total Assets	3,371,233	3,503,501	3,627,831
Equity			
Share capital	254,852	254,852	254,852
Share premium	27	27	27
Revaluation surplus	152,128	143,324	121,670
Retained earnings	2,637,207	2,729,289	2,875,547
	3,044,214	3,127,492	3,252,096
Non-current liabilities			
Deferred income tax	214,016	208,052	192,441
Current liabilities			
Trade and other payables	84,611	106,421	112,983
Dividend payable	28,392	33,555	46,712
Current tax payable	-	27,981	23,599
	113,003	167,957	183,294
Total equity and liabilities	3,371,233	3,503,501	3,627,831

6.1.3 Statement of the changes of equity

Statement of Changes in Equity (KES '000)	Share capital	Share premium	Revaluation surplus	Retained earnings	Total equity
Year ended 31st July 2018					
1st August 2017	254,852	27	160,048	2,509,157	2,924,084
Total comprehensive (loss)/income for the year	-	-	-	298,526	298,526
Transfer of excess depreciation	-	-	(11,314)	11,314	-
Deferred tax on excess depreciation	-	-	3,394	(3,394)	-
Revaluation surplus realized on write off of property	-	-	-	-	-
Final dividend declared-2017	-	-	-	(178,396)	(178,396)
At 31st July 2018	254,852	27	152,128	2,637,207	3,044,214
Year ended 31st July 2019					
1st August 2018	254,852	27	152,128	2,634,292	3,041,299
Total comprehensive (loss)/income for the year	-	-	-	264,589	264,589
Transfer of excess depreciation	-	-	(12,577)	12,577	-
Deferred tax on excess depreciation	-	-	3,773	(3,773)	-
Revaluation surplus realized on write off of property	-	-	-	-	-
Final dividend declared-2018	-	-	-	(178,396)	(178,396)
At 31st July 2019	254,852	27	143,324	2,729,289	3,127,492
Year ended 31st July 2020					
1st August 2019	254,852	27	143,324	2,729,289	3,127,492
Net Profit for the period	-	-	-	324,654	324,654
Surplus on revaluation, net of tax	-	-	(21,654)	-	(21,654)
Final Dividend Paid	-	-	-	(178,396)	(178,396)
As at 31st July 2020	254,852	27	121,670	2,875,547	3,252,096

6.1.4 Cash flow statement

Cashflow Statement (KES '000)	FY2018	FY2019	FY2020
Cash flows from operating activities			
Cash generated from operating activities	244,749	299,281	319,674
interest received	151,661	161,914	186,877
Tax paid	(99,719)	(49,791)	(116,865)
Net cash generated from operating activities	296,691	411,404	389,686
Cash flows from investing activities			
Purchase of property, plant and equipment	(34,383)	(37,687)	(50,051)
Proceeds from disposal of property, plant and equipment	10,387	6,746	38
Proceeds from sale of equity investments	-	-	-
Purchase of equity investments	(37,037)	(18,056)	-
Purchase of corporate bonds	-	-	-
Proceeds on redemption of corporate bond	31,250	31,250	15,625
Decrease/(increase) in short term bank deposits	(32,842)	263,458	(312,351)
Purchase of government securities	(60,067)	(321,967)	(101,565)
Proceeds from disposal of financial assets	2,977	-	-
Dividends received	9,167	15,305	9,916
Net cash (used in)/from investing activities	(110,548)	(60,951)	(438,388)
Cash flows from financing activities			
Dividends paid	(173,742)	(173,233)	(165,239)
Net cash used in financing activities	(173,742)	(173,233)	(165,239)
(Decrease)/increase in cash and cash equivalents	12,401	177,220	(213,941)
Cash and cash equivalents at start of year	30,415	42,816	220,036
At end of year	42,816	220,036	6,095

Earnings per share

6.2 Based on the profits attributable to equity holders (KES 324,654,000) of CIL ordinary shares (254,851,985) as at 31 July 2020, the earnings per share (basic and diluted) for the period amounted to KES 1.27. There will be no change in the earnings per share of CIL post the completion of the Offer as there are no new shares being issued.

Aksaya Investments LLP

6.3 Aksaya prepares its financial statements as at 31 December each year, its financial end year date. Paragraphs 6.3.1 to 6.3.3 below set out information extracted from Aksaya's audited accounts for the financial year that ended on 31 December 2019. Aksaya was incorporated in 2018 and therefore there are no previous audited or management accounts. The audited accounts were prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the Limited Partnership Act, 2011.

6.3.1 Condensed Income Statement

Income Statement (KES)	FY2019
Income	
Dividend income	67,987,012
Partnership expenses	
Audit Fees	(75,000)
Bank charges, commissions and excise duty	(12,300)
Total expenses	(87,300)
Net surplus of income	67,899,712

6.3.2 Condensed Balance Sheet

Balance Sheet (KES)	FY2019
Non-current assets	
Investment in shares	763,938,916
Incorporation expenses	7,788,628
	771,727,544
Current assets	
Receivables	18,129,870
Cash at bank	53,217,298
	71,347,168
Total Assets	843,074,712
Equity	
Partners' capital accounts	775,100,000
Partners' current accounts	67,899,712
	842,999,712
Current liabilities	
Accruals	75,000
Total equity and liabilities	843,074,712

6.3.3 Cash Flow Statement

Cashflow Statement (KES)	FY2019
Cash flows from operating activities	
Surplus of income	67,899,712
(Increase) in receivables	(18,129,870)
Increase in payables	75,000
Net cash generated from operating activities	49,844,842
Cash flows from investing activities	
Purchase of shares	(763,938,916)
Incorporation expenses	(7,788,628)
Net cash (used in)/from investing activities	(771,727,544)
Cash flows from financing activities	
Introduction of capital	775,100,000
Net cash used in financing activities	775,100,000
(Decrease)/increase in cash and cash equivalents	53,217,298
Cash and cash equivalents at start of year	30,415
At end of year	42,816

7. INFORMATION ON THE TAKE-OVER OFFER

7.1 Take-over price

- 7.1.1 The Offer price will be KES 63.50 for each ordinary share of BOC (the **Take-Over Offer Price**). The shares of BOC are listed on the Nairobi Securities Exchange (**NSE**).
- 7.1.2 As at 24 November 2020, the share price stood at KES 66.00.
- 7.1.3 The highest share price over the 90 days preceding the date of the Press Notice is KES 66.00, traded on Friday 20 November 2020.
- 7.1.4 The lowest share price over the 90 days preceding the date of the Press Notice is KES 54.00, traded on 17 July 2020.
- 7.1.5 The Offer values the 100% of the share capital of BOC (being 19,525,446 shares) at KES 63.50 and, represents a premium, as at 24 November 2020, of:
- (a) KES 4.67 (7.94%) over the 30-day volume-weighted average price per ordinary share; and
 - (b) KES 6.62 (11.64%) over the 90-day volume-weighted average price per ordinary share.

7.2 Take-Over terms of purchase

The Offer Shares will be acquired free from all liens, charges, encumbrances and other interests and together with all rights now and hereafter attaching.

7.3 Consideration

- 7.3.1 The consideration for the Offer Shares is to be satisfied in whole in cash at the Take-Over Offer Price to all BOC Shareholders that submit their Form of Acceptance on or before the Closing Date (as defined in the Offer Document).
- 7.3.2 The Offer shall be for a total cash consideration of KES 1,239,865,821.00, for the Offer Shares which amounts to KES 63.50 per ordinary share of BOC. As envisaged in paragraph 8.3, CIL will require KES 607,534,252 to satisfy the consideration for the acquisition of 49% of the Offer Shares and Aksaya will require KES 632,331,569 to satisfy the consideration for the acquisition of up to 51% of the Offer Shares. If Aksaya waives its right as Co-Offeror, CIL will require KES 1,239,865,821.00 to satisfy the consideration for the acquisition of up to 100% of the Offer Shares.
- 7.4 Irrevocable undertakings and options to acquire the Offer Shares
- 7.4.1 The Co-Offerors have on 25 November 2020 received an irrevocable undertaking from BOC Holdings, a company registered in accordance with the laws of England under company registration number 212945, whose registered address is The Priestley Centre, 10 Priestley Road, Guildford, Surrey, GU2 7XY (BOCH) which holds 12,765,582 ordinary shares in BOC, which constitutes 65.38% of the issued and fully paid up share capital of BOC (the **Committed Shares**). The Committed Shares shall include any shares in BOC of which BOCH may become the registered holder or beneficial owner after the date of the irrevocable undertaking and any other shares or interests in shares attributable to or deriving from the existing shares in BOC owned by BOCH.
- 7.4.2 Under the terms of the irrevocable undertaking BOCH *inter alia*:
- (a) irrevocably undertakes to accept or procure the acceptance of the Offer in respect of the Committed Shares. BOCH agrees to fulfil the undertaking by validly accepting the Offer in respect of the Committed Shares in accordance with the Offer Document, not later than five (5) Business Days after receipt by BOCH of the Offer Document (and to communicate such acceptance in the manner envisaged in the Offer Document) or, in relation to the Committed Shares that BOCH becomes the registered shareholder or beneficial owner of after the date of the irrevocable undertaking or any other shares or interests in shares attributable to or deriving from the existing shares in BOC owned by BOCH, as soon as practicable after BOCH becomes the registered holder or beneficial owner of such Committed Shares;
 - (b) irrevocably undertakes that it will not sell, transfer, mortgage, charge or otherwise encumber, grant any option or other right over or otherwise deal with or dispose of any or all of the Committed Shares or any interest (whether actual or contingent) other than pursuant to the Offer or the undertaking;
 - (c) irrevocably undertakes that BOCH will not effect an indirect transfer of the Committed Shares through a sale of any or all of the shares of BOCH;
 - (d) irrevocably undertakes that notwithstanding that the terms of the Offer Document will confer rights of withdrawal on accepting shareholders, BOCH shall not withdraw any acceptance of the Offer in respect of the Committed Shares or any of them and shall procure that no rights to withdraw any acceptance in respect of such Committed Shares are exercised;
 - (e) irrevocably undertakes that BOCH will not exercise the voting rights attaching to the Committed Shares in any manner which is likely to be prejudicial to the Offer or its outcome;

- (f) irrevocably undertakes to take all steps in relation to BOC that as a shareholder of the Committed Shares it is able or entitled to take in order that the Offer may be successfully implemented within the period envisaged by the Offer Document, including the convening of all meetings which may be necessary in this regard; and
- (g) agrees to exercise its votes in relation to the Committed Shares in a manner which is supportive of the Offer, to assist in the implementation of the Offer.

7.4.3 The conditions of the undertaking are:

- (a) that the Offer made by the Co-Offerors is made on the same or better terms to those contained in the Press Notice; and
- (b) that the regulatory conditions of the Offer are fulfilled; or
- (c) that completion of the Offer occurs by 31 July 2021 or such later date as may be agreed in writing by the Co-Offerors and BOCH,

hereinafter referred to as the **Conditions** and each a **Condition**).

7.4.4 If any of the Conditions are not fulfilled (or in the case of the Conditions in paragraphs 7.4.3(a) and 7.4.3(c) are not waived by BOCH and in the case of the Condition in paragraph 7.4.3(b), waived by the Co-Offerors, to the extent capable of waiver) then the irrevocable undertaking shall automatically terminate.

7.4.5 In addition, the provisions of the irrevocable undertaking terminate if the Offer lapses or is withdrawn and no new, revised or replacement take-over offer is or has been announced by the Co-Offerors at the same time.

7.4.6 Neither CIL, nor Aksaya, nor any related companies or any person associated with any of them has an option to acquire any of the Offer Shares.

7.5 Confirmation of Financial Resources

7.5.1 The Sponsoring Stockbroker (as defined in the Offer Document) has confirmed that the Co-Offerors have sufficient resources and facilities at their disposal to satisfy full acceptance of the Offer.

7.5.2 The Offer consideration will be in the form of cash and the Offer shall not be in the form of a share swap with the Co-Offerors. The shareholders who accept the Offer shall be paid in cash in full in accordance with the timeline and details in the Offer Document.

8. **CONDITIONS OF THE TAKE-OVER OFFER**

8.1 The Offer will be subject to fulfilment or waiver (at the sole discretion of the Co-Offerors where legally capable of waiver) of the following conditions by no later than the Closing Date:

- 8.1.1 receipt of applicable regulatory approvals, including approval from the Competition Authority of Kenya;
- 8.1.2 to the extent that any of the approvals listed herein have conditions attached to them, such conditions being acceptable to the Co-Offerors;
- 8.1.3 CIL receiving its shareholders approval for the Acquisition;
- 8.1.4 no governmental, revenue collection or regulatory body having decided to take any action or proceedings or make an investigation which might:

- (a) make the acquisition of the Offer Shares pursuant to the Offer void or illegal;
- (b) impose any restriction on the ability of BOC to carry on its business as the same was carried on prior to the date of this Offer; or
- (c) otherwise materially affect the business profits or prospects of BOC or the Co-Offers;

8.1.5 there being no Material Adverse Change in the trading position or prospects or financial position of BOC;

for purposes of paragraph 8.1.5, Material Adverse Change means:

- (a) a material change in an event, matter or circumstance, or in any combination of such events, matters or circumstances, existing at any time from the date of this notice which in the aggregate, has resulted in a reduction by more than 15% in the net asset value of BOC as compared to the net asset value of BOC as at 31 December 2019 (the **Reduction**), provided that any dividend distribution by BOC that may be declared at any time from the date of this notice up to and including the Closing Date of an amount up to but not exceeding KES 4.25 per share shall be excluded for purposes of calculating the Reduction; or
- (b) the loss of any material asset, licence or consent necessary for BOC to continue to conduct business as a going concern;

8.1.6 no material litigation or other legal proceedings having been commenced against BOC and no order being given by a court or authority in Kenya to prevent or restrict the transfer of any shares in BOC under the Offer.

8.2 BOC currently holds 14,850,000 shares (representing 5.83%) in CIL.

8.3 Section 108 of the Companies Act, prohibits a subsidiary from being a member of its holding company and provides that a transaction that would have the effect of making a body corporate a member of a company that is its holding company is void. Therefore, CIL cannot at this stage acquire more than 49.99% of the shares of BOC. For this reason, CIL is acting jointly with Aksaya in making the Offer. The following allocation criterion will apply for acceptances of the Offer:

8.3.1 If by the Closing Date of the Offer (being the latest time by which shareholders in BOC can **accept** the Offer in the manner provided for in the Offer Document) BOC no longer owns shares in CIL, CIL will proceed to acquire up to 100% of the Offer Shares and Aksaya will waive its rights to acquire any Offer Shares; and

8.3.2 If by the Closing Date BOC still holds shares in CIL then, CIL will acquire 49% of the Offer Shares and Aksaya will acquire up to 51% of the Offer Shares. Aksaya has agreed with CIL that if the Offer Shares held by Aksaya are acquired by CIL within and up to six calendar months of the Closing Date, then the price for such Offer Shares shall be the Take-Over Offer Price and in addition Aksaya shall charge CIL a fee equivalent to 1% per month (and *pro rated* for periods less than a month) of the value of the Offer Shares actually acquired by Aksaya for agreeing to be a co-offeror. If the sale is effected after such six calendar month period, the price shall be a price as may be agreed between CIL and Aksaya. Such a sale by Aksaya to CIL will be subject to approval by the Capital Markets Authority for it to be effected as an off-market sale under Section 31(1A) of the Capital Markets Act (Chapter 485A, Laws of Kenya) and Regulation 57 of the Capital Markets (Licensing Requirements) (General) Regulations 2002.

9. CO-OFFEROR'S INTENTIONS REGARDING THE CONTINUED EMPLOYMENT OF THE EMPLOYEES OF BOC

- 9.1 The Co-Offerors attach great importance to the reputation, expertise and experience of the existing management and employees of BOC. The Co-Offerors believe that the BOC employees will, following completion of the Offer, benefit from being part of the enlarged group.
- 9.2 Furthermore, the Co-Offerors confirm that, following completion of the Offer, the existing contractual and statutory employment rights, including in relation to pensions of all BOC employees will remain in force in accordance with applicable law.
- 9.3 The Co-Offerors expect that the BOC management and employees will play an important role in the future development of the enlarged group.
- 9.4 Further details in regard to these issues will be included in the Offer Document.

10. AGREEMENT, ARRANGEMENT AND UNDERSTANDING REGARDING THE OFFER SHARES

- 10.1 Save for the irrevocable undertaking referred to in paragraph 7.4 and as explained in paragraph 8.3, there is no existing or proposed agreement, arrangement or understanding relating to the Offer Shares between the Co-Offerors or any related company or person associated with the Co-Offerors and the holders of the voting shares to which the Offer relates.
- 10.2 No payment or any other benefit shall be made or given to any director of BOC or of any company which is a related company to BOC as a consideration for, or in connection with, his retirement from office.
- 10.3 There is no agreement or arrangement made between the Co-Offerors and any of the directors of BOC in connection with or conditional upon the outcome of the Offer.
- 10.4 The Co-Offerors have on 25 November 2020 entered into a termination agreement in respect of certain arrangements provided to BOC by BOCH's group (the **Termination Services Agreement**). The Termination Services Agreement provides for *inter alia*, the termination of certain intra-group agreements between BOCH group and BOC, the resignation of the BOCH appointed directors from BOC, the change of name of the BOC group entities (save for East African Oxygen Limited) once the Offer is completed as certain names belong to the BOCH group as well as acknowledgement by the Co-Offerors that they no longer have the right to certain designations (including *inter alia* various names, trademarks (whether registered or unregistered, business names, logos and domain names) that are vested in the BOCH group. There are also provisions that cater for the re-branding of BOC's equipment and products once the Offer is completed.
- 10.5 The Co-Offerors are aware that between the fiscal year 2015 (FY2015) and the fiscal year 2019 (FY2019) the Earnings before Interest, Tax, Depreciation and Amortization (EBIDTA) of BOC has dropped by a Compounded Annual Growth Rate (CAGR) of 10.9% to KES 145 million from a high of KES 230.3 million. Consequently, the EBITDA Margin declined to 14.9% from 19.8% within the same period. The Co-Offerors acknowledge the changes in performance of the business; however, they believe in the underlying long term prospects of BOC's business and product offerings and therefore have confidence in making this Offer.

For and behalf of Carbacid Investments Plc and Aksaya Investments LLP


SIGNATURE

NAME: NALIN KOTHARI
GROUP COMPANY SECRETARY, CARBACID INVESTMENTS PLC

DATE 9th December 2020.

By Order of the majority Partner


SIGNATURE

NAME: BALOOBHAI CHHOTABHAI PATEL
PARTNER OF AKSAYA INVESTMENTS LLP

DATE 9th December 2020.