The Capital Markets Act

Chapter 485A of the Laws of Kenya

Regulation 4(3) of the Capital Markets (Take-overs and Mergers) Regulations, 2002

Public Announcement

ACQUISITION BY KQ LENDERS COMPANY 2017 LIMITED OF

38.1% OF THE ORDINARY SHARES IN THE CAPITAL OF KENYA AIRWAYS PLC

Pursuant to Regulation 4(3) of The Capital Markets (Take-overs & Mergers) Regulations, 2002 (the "Take-overs Regulations"), KQ Lenders Company 2017 Limited ("KQ Lenders Co") hereby announces to the public that pursuant to a restructuring which Kenya Airways PLC ("KQ") is undergoing (the "Restructuring"), KQ Lenders Co shall acquire 2,219,285,317 ordinary shares (the "New Ordinary Shares") in the capital of KQ and it shall make an application to the Authority for exemption from the take-over requirements, in compliance with the Take-overs Regulations.

1. The Proposed Offeree

The proposed offeree is Kenya Airways PLC, a public limited liability company incorporated under the laws of Kenya (company number C.28/2005), listed on the Main Investment Market Segment of the Nairobi Securities Exchange Limited (the "NSE") of P. O. Box Number 19002 - 00501, Nairobi, Kenya and whose registered office is at Airport North Road, Embakasi, Kenya.

1. The Proposed Offeror

The proposed offeror is KQ Lenders Co, a special purpose vehicle incorporated in Kenya as a private limited liability company with registration number PVT-RXU73B and wholly-owned by a purpose trust managed by Minerva Fiduciary Services (Mauritius) Limited an independent fiduciary services firm based at Ebene, Mauritius, with offices at Suite 2004, Level 2, Alexander House, 35 Cybercity, Ebene as trustee and M TC Trust & Corporate Services Limited an independent corporate trust services provider with its office at Delta Riverside, Block 4, Ground Floor, Riverside Drive, Nairobi duly appointed by certain Kenyan commercial banks as their security and facility agent.

1. Current Shareholding by KQ Lenders Co in KQ

Currently, KQ Lenders Co does not hold any shares in KQ.

1. Proposed Acquisition of 2,219,285,317 ordinary shares of KQ by KQ Lenders Co

Pursuant to various promissory notes totalling USD 217,240,096 (the "Notes") endorsed in favour of KQ Lenders Co by various commercial banks in Kenya (the "Banks"), KQ owes KO Lenders Co the amount of USD  (the "Debt").

As part of the Restructuring;

* 1. The Banks will exchange part of their existing debt claims in the amount of USD 217,240,096 for debt instruments to be issued by KQ Lenders Co; and
  2. KQ Lenders Co will be issued with new shares in KQ equivalent to 38.1% of the ordinary voting shares in the capital of KQ in consideration for conversion of a portion of the debt being equivalent to USD 167,240,096 under the terms of the debt conversion agreement (the "Debt Conversion Agreement"). In addition to the acquisition of equity under the Debt Conversion Agreement, KQ Lenders Co and KQ have entered into a mandatorily convertible loan agreement for the remainder of the debt being equivalent to USD 50,000,000 (the "Mandatorily Convertible Loan Agreement"). The effect of the Mandatorily Convertible Loan Agreement is the issuance of ordinary shares to the KQ Lenders Co at a future date in accordance with the terms of the Mandatorily Convertible Loan Agreement.

The effect of the Debt Conversion Agreement is the acquisition by KQ Lenders Co of the New Ordinary Shares in the capital of KO (the "Proposed Acquisition") resulting in KQ Lenders Co being a member of KQ.

1. Application for Exemption from the requirement to make a Take-over Offer

KQ Lenders Co does NOT intend to make a take-over offer for KQ and has applied to the Capital Markets Authority (the "CMA") in accordance with Regulation 4 of the Take-overs Regulations for an exemption from complying with the requirement to make a take-over offer on the grounds that the Restructuring:

* 1. entails restructuring a listed company's share capital, in this instance KQ, in accordance with Regulation 5(2)(c) of the Take-over Regulations;
  2. entails an acquisition of a listed company in financial distress, in this instance KQ, in accordance with Regulation 5(2)(d) of the Take-over Regulations; and
  3. serves public interest in accordance with Regulation 5(2)(g) of the Take-overs Regulations.

1. Persons acting in concert

There are no persons acting in concert with KQ Lenders Co.

1. Debt Conversion Agreement and Mandatorily Convertible Loan Agreement

KQ Lenders Co and KQ have entered into the Debt Conversion Agreement and the Mandatorily Convertible Loan Agreement. Completion of the Proposed Acquisition is subject to the conditions under the Debt Conversion Agreement and Mandatorily Convertible Loan Agreement having been met or waived as legally permissible and the Debt Conversion Agreement being completed in accordance with its terms.

Dated 13th November, 2017



Mr. Madabhushi Soundararajan Director on behalf of KQ Lenders Company 2017 Limited