KENYA AIRWAYS PLC

in with registration

The Capital Markets Act

(Chapter 485A Of the Laws Of Kenya)

The Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002

# PUBLIC ANNOUNCEMENT

Completion of the restructuring of the debt and equity of Kenya Airways PLC

Kem/a Airways PLC (the "Company") announces that it has completed the restructuring of its debt and equity (the "Restructuring") following the signing of a Lock Up and Restructuring Agreement with the Government of Kenya, KLM Royal Dutch Airlines, KO Lenders Company

2017 Limited and certain Kenyan Banks (the Restructuring Agreement) on 14 July 2017.

The Restructuring was approved by shareholders at an extraordinary general meetinq on 7 August 2017, since when a series of inter-conditional transactions have been entered into with a number of key creditors.

he Restructuring has involved the following transactions:

* conversion of a portion of the existing debts due to the Government into equity in exchange for an issue of 2,736,364,671 new ordinary shares, with US$ 75 million of further indebtedness being convertible in the future pursuant to a zero coupon mandatorily convertible loan agreement
* the issue by the Government of a sovereign guarantee of $ 525 million to Export-Import Bank of the Llnited States in support of the restructuring of the Company's indebtedness to the financiers of the Company's fleet of wide-bodied aircraft
* the issue by the Government of a sovereign guarantee of USS 225 million in favour of certain Kenyan banks who have also agreed to convert their loans to the Company into new ordinary shares through a new equity holding company, KO Lenders Company 2017 Limited, and provide USS 175 million of new loan facilities for company operations, as backed by the Government guarantee
* the issue of new shares to KLM Royal Dutch Airlines in consideration of in kind capital contributions of non-cash assets to the Company
* securing cash flow relief from restructuring the timing and form of payments from operating and finance lessors for the airline's fleet of aircraft

The Restructuring is now complete and the Company has issued 2,736,364,671 ordinary shares to the Government of Kenya, 351,656,464 ordinary shares to KLM Royal Dutch Airlines and 2,219,285,317 ordinary shares to Ka Lenders Company 2017 Limited (on behalf of certain Kenyan banks). Pursuant to the resolutions passed at the ECM in August 2017 for the capital reorganisation the nominal value of the ordinary shares listed on the NSE is now KES 1/ each.

To facilitate the share capital reorganisation, the register was closed from close of business on 14 November 2017 and trading was suspended from IS November 2017 up to and including 28 November 2017.

As a result the Company's share ownership is now or will be as set out in the table below (noting that the Employee Share Ownership Scheme shares are reserved for allotment only):

|  |  |  |
| --- | --- | --- |
| Shareholder | unissued) | Shareholding % (rounded to one decimal) |
| Government of Kenya |  | 48.9% |
| KO Lenders Company 2017 Limited |  | 38.1% |
| KLM Royal Dutch Airlines |  |  |
| Employee Share Ownership Scheme |  | 2.4% |
| Other Shareholders | 162,632,113 | 2.8% |
| Total |  | 100% |

By order of the Board

Michael Joseph

Chairman

Dated: 16 November 2017

DISCLAIMER:

This announcement has been issued with the approval of the Capital Markets Authority pursuant to the Capital Markets (Securities)(Public (Hers, Listing and Disclosures) Regulations, 2002 as amended. As a matter of policy, the Capital Markets Authority assumes no responsibility for the correctness of the statements appearing in this announcement.



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