



CLARIFICATION ON THE STATUS OF THE PROPOSED TAKEOVER OF UNGA GROUP PLC

The Capital Markets Authority (CMA) writes this clarification in response to media commentaries on the role and responsibility of the CMA in connection with the proposed takeover of Unga Group Plc (Unga) by Seaboard Corporation.

The CMA further seeks to advise investors in Unga to exercise caution in their dealings in the security and to be aware that in a transaction of this nature, misleading information may be disseminated to suit partisan interests.

The Authority wishes to clarify that as it stands, the subject takeover transaction is at its earliest stages thereby rendering the assertions and allegations being made on the need for regulatory intervention in the media wholly premature. To date, the only stage of the Takeover process that has occurred has been the service of a Notice of Intention on Unga as the target company, which was done on 7 February, 2018. The Capital Markets (Takeovers and Mergers) Regulations, 2002 (The Take Over Regulations) set down an extensive number of steps and requirements targeted to ensure that the shareholders in the target of a takeover offer receive all the information they require to make an informed decision on the offer being made.

Among these stages, which are yet to occur in the case of Unga, include service of an Offeror's Statement, Offer Document and the issue of a Shareholder Circular. The regulations detail very specific timelines for the preparation, approval and distribution of these documents, none of which deadlines has been breached to date. All of the above are critical documents that are subject to regulatory approval and that are targeted to provide extensive disclosures on the nature and implications of the offer to current shareholders.

More particularly, the board of Unga is obligated to appoint an Independent Adviser to advise on the offer considering the interests of the minority shareholders. This Independent Adviser is expected to look into all aspects of the company, including its valuation, before making their

recommendation. The Independent Adviser's Circular will further be interrogated by CMA and also be made available to shareholders as part of the Shareholders' Circular, to enable them make a decision on whether to accept or reject the offer. In this context, the board of the target company (in this case Unga) can also refuse to recommend the offer to shareholders if they deem it as unfavorable.

In all events, the Take Over Regulations further make provision for the issuance of competing take over-offers in connection with any offer which has already been made. It should further be noted that, even in the case of multiple competing offers, no shareholder will be under any obligation to accept the offers made.

The above notwithstanding, pending the submission, review, approval and circulation of the regulatory documents prescribed, it is wholly premature for there to be questions being raised as to the need for intervention of the Authority in a transaction that has thus far been coordinated in accordance with regulatory requirements.

Regarding the allegation that there was a suspension of trading of Unga's securities, the CMA wishes to unequivocally state that at no time has this counter been suspend from trading. The Nairobi Securities Exchange (NSE), in accordance with its Trading Rules, placed a trading halt on Unga upon the release of material information during a trading session and in connection with the Exchanges desire to seek further information from the company regarding the transaction. A trading halt is a temporary measure, which is wholly distinct from a suspension under the law.

The CMA remains committed to the transparent conduct of takeovers transactions and is strictly guided by the relevant governing laws and Regulations. The Authority shall further take appropriate action in respect of persons established to be engaged in efforts to manipulate the fair, orderly and transparent operations of the capital markets in Kenya.