SUMMARY OF THE
PROPOSED ACQUISITION OF

BARBADOS NATIONAL TERMINAL CO. LTD.
BY
BNTCL HOLDINGS LIMITED
(A MEMBER OF THE SOL GROUP OF COMPANIES)

DESCRIPTION OF TRANSACTION

BNTCL HOLDINGS LIMITED, a company incorporated and existing under the Companies Act, Cap. 308 of the Laws of Barbados (Company No.41115) being a member of the Sol Group of Companies and having its registered office at 2nd Floor Mahogany Court, Wildey Business Park, Wildey, St. Michael, Barbados (hereinafter referred to as the "**Purchaser**"), has agreed, subject to the necessary approvals and subject to the certain conditions being met, with **BARBADOS NATIONAL OIL COMPANY LIMITED** a company incorporated and existing under the Companies Act, Cap. 308 of the Laws of Barbados (Company No. 1004) and having its registered office at Woodbourne, St. Philip, Barbados (hereinafter referred to as the "**Vendor**" or "**BNOCL**") to acquire 100 percent of the issued and outstanding shares of **BARBADOS NATIONAL TERMINAL CO. LTD.**, a company incorporated and existing under the Companies Act, Cap. 308 of the Laws of Barbados (Company No. 14914) and having its principal office at Fairy Valley, Christ Church, Barbados (hereinafter referred to as "**BNTCL**" or the "**Company**").

The proposed acquisition (the "**Transaction**" or the "**proposed acquisition**") of the shares of the Company (the "**Sale Shares**") is pursuant to an agreement for sale and purchase dated January 3, 2017 (the "**SPA**") between the Purchaser and the Vendor.

Neither of the merging enterprises shall cease to be distinct as a result of the proposed acquisition. As the merger is being effected as the acquisition of shares in BNTCL this shall ensure continuity of the Company and its seamless change of control and endurance of its operations. All of the Company's existing contracts and other obligations will continue to be honoured.

OVERVIEW OF BNTCL BUSINESS ACTIVITIES

The Government of Barbados owns and controls BNOCL, which is the parent company of BNTCL. BNOCL is the sole importer of petroleum products in Barbados (save and except for aviation fuels, LPG and marine fuels). The Government determines the price at which fuels are sold in the market and determines the taxes applied as well as the margin that is made by both the wholesaler and the retailer of the petroleum products (with the exception of aviation fuels and bunkering fuels).

Prior to the establishment of BNTCL, gasoline, diesel and heavy fuel oil ("HFO") were produced by the Mobil refinery and sold to the local marketing companies. Mobil was also a marketing company whilst operating the refinery and selling to its competitors. Locally produced crude was refined by the Mobil refinery. Aviation fuel ("Avjet") was imported by the marketing companies into terminals at Oistins and Holborn.

Following the closure of the Mobil refinery, BNTCL was incorporated in 1998 under the directive of the Government of Barbados to provide long term storage and pipeline facilities for the storage and through-putting of gasoline, diesel, HFO, avjet and kerosene. The facility at the previous Mobil refinery was initially used as an import, storage and through-putting terminal (for all products except avjet) until September 2005 when the Fairy Valley terminal and storage facility was commissioned.

It should be noted that several negotiations took place between the private sector players in the local oil industry regarding the building of a joint terminal but the parties involved were unable to reach an agreement on a jointly owned terminal. Thus, in 2005 the Government of Barbados made the decision to build a new terminal at Fairy Valley managed and operated by BNTCL to store and throughput the product imported and owned by BNOCL and to store and throughput the avjet imported by the local marketers.

BNTCL also signed a 2006 contract with Esso for the lease of certain of its facilities at Holborn, St. Michael for the storage of HFO and diesel which BNOCL currently imports and owns.

The service market within which BNTCL operates is the petroleum products terminalling facilities management market in Barbados. The activities of BNTCL include the receipt, storage and through-putting of unleaded gasoline and ultra-low sulphur diesel on behalf of BNOCL and the storage and through-putting of Jet A1 aviation fuel and kerosene on behalf of the two major oil companies operating in Barbados (i.e. Sol and Rubis). BNTCL is also responsible for storing and facilitating the export of locally produced crude oil currently to Petrotrin in Trinidad. It also facilitates the transfer of HFO, via pipeline, from Sol's Holborn terminal to the power generating plant of the Barbados Light and Power Co. Ltd. ("BL&P") at Spring Garden, St. Michael.

To summarize, BNTCL owns and controls terminal assets and provides under contract the service of storing and handling of petroleum products for which it charges a throughput fee on behalf of:

- BNOCL (as it relates to gasoline, diesel and crude oil);
- Sol and Rubis (as it relates to avjet); and
- BNOCL or subsequently any successful bidder for the supply of HFO to BL&P (as it relates to HFO to BL&P).

In addition to storing petroleum products in Barbados and facilitating the distribution of crude oil to the ship transfer of local crude oil to Trinidad and Tobago, the other directives of BNTCL include:

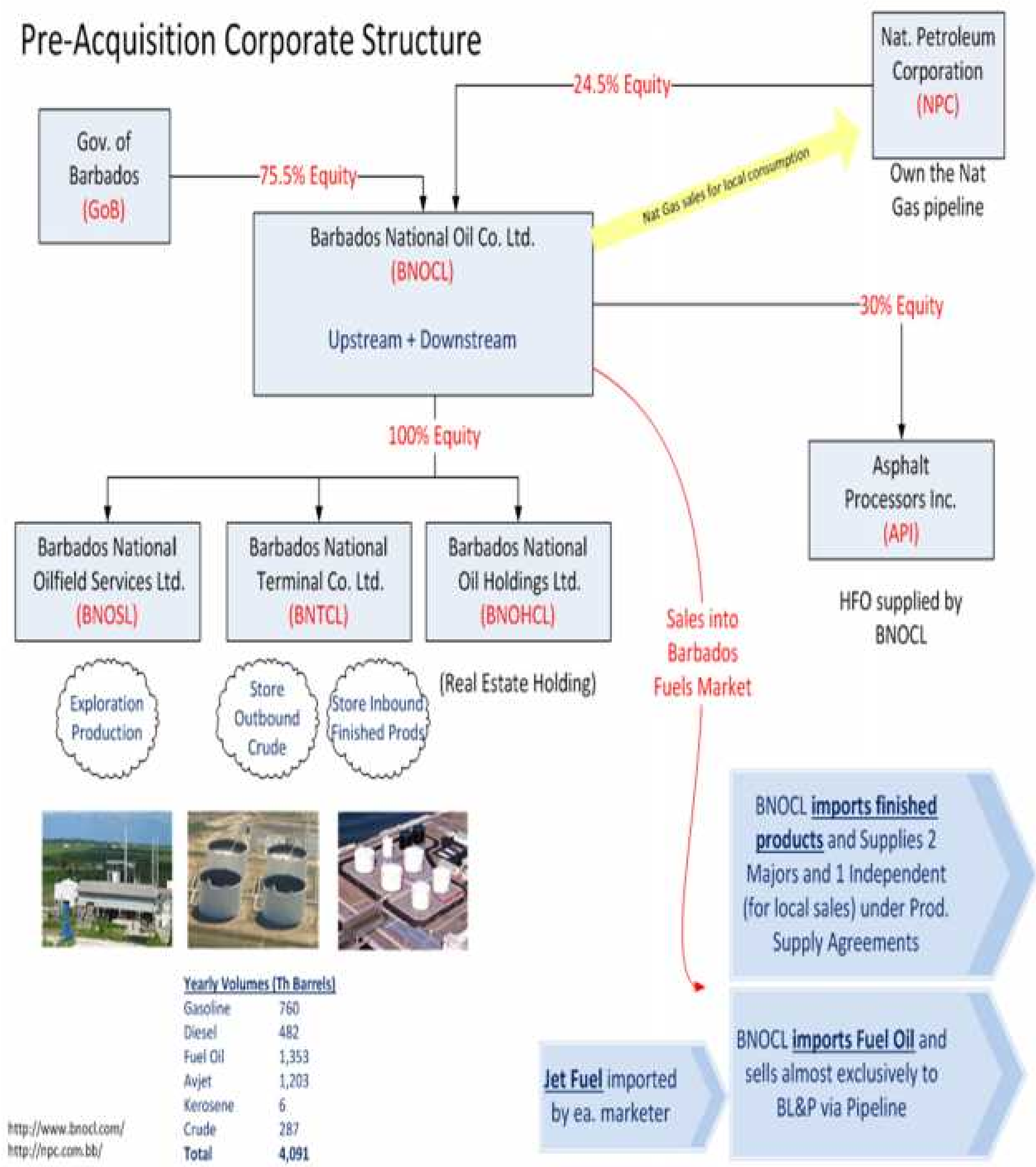
- Play a critical role in the supply chain of petroleum based energy to the Barbados economy;
- Maintaining good relationships with shareholders, community and industry stakeholders;
- Operating under best practice industry standards and agreements;
- Ensuring the facility is environmentally friendly and secure; and
- Adding value to the energy sector and remaining a key part of the supply chain for petroleum products.

After BNTCL is sold, the Government of Barbados, through BNOCL, will continue to import, own and distribute petroleum products as it currently does. The Government of Barbados will also continue to price the products using the existing mechanisms.

Therefore, **BNTCL** does **NOT** and will **NOT (post-acquisition)**:

- Import petroleum products into Barbados for consumption by the Barbados market;
- Own an inventory of petroleum products in Barbados;
- Participate in the pricing of petroleum products in Barbados; or
- Sell any petroleum products in Barbados.

CURRENT CORPORATE STRUCTURE OF VENDOR AND TARGET



BNTCL SALE PROCESS

Parties: Roles and Responsibilities

- Seller: BNOCL (Shareholder: Barbados Government)
- Sell side exclusive advisor: KPMG
- Ultimate decision making authority on SPA components from sell side: Barbados Cabinet and BNOCL's Board of Directors
- Selected Purchaser: The Sol Group (via special purpose vehicle BNTCL Holdings Limited)
- Ultimate decision making authority on SPA components from the purchaser: Sol Group Board of Directors
- Shareholder representative: Minister of Energy

Confidential competitive bid process used to select preferred counter-party, resulting in:

- An optimized sale price
- The sale price is premised on a utility rate of return methodology which was reviewed by KPMG and deemed to result in the Seller receiving a fair consideration for the shares being sold. It was determined by KPMG and the Seller that the Purchaser's offer was competitive.

SPA:

- Negotiated by a team from BNOCL and its advisors with final approval from the BNOCL Board of Directors and Cabinet
- Negotiated by an internal Sol team with final approval from its Board of Directors
- SPA signed on January 3, 2017

THE PURCHASER

BNTCL Holdings Limited, which was incorporated on November 7, 2016 as a domestic company under the laws of Barbados, is a wholly owned subsidiary of Sol St. Lucia Limited, a company incorporated under the laws of St. Lucia. Both BNTCL Holdings Limited and its parent company, Sol St. Lucia Limited are members of the Sol Group of Companies.

BNTCL Holdings Limited, is a special purpose vehicle incorporated specifically to operate as an independent company holding the Sale Shares in the target-Barbados National Terminal Co. Ltd.

The Sol Group, of which BNTCL Holdings Limited is a member, is comprised of over one hundred corporate entities. The Sol Group is dedicated to the supply of fuels, lubricants and liquefied petroleum gas ("LPG") through an extensive network of service stations across twenty-three (23) countries in the Caribbean and Central and South America. The Sol Group also supplies petroleum based products to commercial customers who are involved in shipping, luxury boating, aviation, mining, trucking and fleet operations. Sol currently manages a portfolio of four-hundred and eighty (480) service stations, fourteen (14) aviation facilities, twenty-four (24) marinas, and thirty-two (32) import terminals and has an exemplary track record for safety and Health, Safety, Security and Environmental "HSSE" best practice.

In Barbados, the Sol Group supplies fuel to the SOL and Esso retail service stations, which are operated by independent retailers, and conducts fuel distribution, wholesale, aviation and marine business.

The Purchaser's reasons for the acquisition

The Government of Barbados as the majority shareholder of BNOCL decided to pursue the opportunity to divest the share ownership of BNTCL. A Request for Proposal was sent to leading providers of petroleum products in Barbados and beyond. SOL's offer was recommended by KPMG, BNOCL's advisors in this transaction, and SOL was selected as the preferred bidder.

Thus, the Purchaser's primary reasons for the acquisition are:

1. Responding to the Vendor's mandate to divest of the shares of BNTCL by participating in a competitive bid process administered by KPMG Barbados as advisor to BNOCL.
2. To employ Sol's petroleum experience.
3. To act in line with the Sol Group's overall strategy of owning and operating terminals in the various markets in which Sol operates and to seek synergies through rationalization with the existing terminal operations.
4. The Purchaser is of the view that its technical competence will allow for the efficient and safe operation of the facility to international industry standards.
5. To carry out expansion as required.
6. To acquire an asset that gives a fair rate of return.

The Purchaser intends to retain the stand-alone structure of the Company in support of the future divestment of 35% of its shares to the public (discussed further below). As such, it is not anticipated that there will be any changes to headcount resulting from the transaction. It is the view of the Purchaser that BNTCL is run efficiently and there are no obvious areas for cost reduction. In addition, the Company's employees will have opportunities to increase their skill sets and progress their careers as part of the wider Sol Group.

KEY SPA FEATURES

Retention of a Preference Share by the Government of Barbados

Pursuant to the SPA, upon completion of the proposed Transaction, the Company shall issue one (1) redeemable, non-participating and non-voting preference share (the "**Preference Share**") to the Government of Barbados.

This type of structure is what is often referred to as a "golden share" which are often held by governments in a governmental company undergoing the process of privatization. It allows government to retain some limited measure of control over the acquired company.

The rights and privileges which shall attach to the Preference Share to be issued by BNTCL include:

(i) The right of first refusal over any or all shares in BNTCL that the Purchaser may intend to sell or transfer (except for the shares to be offered to the public as mentioned below);

(ii) The right to veto any significant change in the use of the Fairy Valley terminal; and

(iii) The right to veto any decision of Barbados National Terminal Co. Ltd.:

   a) to refuse to allow petroleum products of acceptable industry standards into the terminal operated by Barbados National Terminal Co. Ltd.;
   b) to refuse to dispense petroleum products of acceptable industry standards out of the terminal operated by Barbados National Terminal Co. Ltd.; or
   c) to otherwise refuse to perform under its third-party operational contracts or to renew said contracts, without adequate cause (such as an event of force majeure or an event of default under third-party operational contracts) or engage in any action which has the effect of threatening the security of the supply of petroleum products in Barbados.

These are contractual rights independent of the powers of the Government of Barbados under the Emergency Powers Act, Cap. 161 of the Laws of Barbados.

The Preference Share shall be redeemed by BNTCL immediately upon the building or commissioning of any other petroleum products terminalling facilities in Barbados.

Future Public Offering of 35% of BNTCL shares

The SPA also stipulates that the Purchaser shall offer to the public 35% of its shareholding in the Company within three (3) to five (5) years after the completion of the proposed acquisition.

Pursuant to the SPA, 10% of the publicly offered shares shall be reserved for purchases by Persons in amounts each of which shall not exceed US$250,000. These individual holdings can be purchased by any Person but no Person shall be allowed to purchase an amount of shares exceeding 5% of the Company's share capital. The National Insurance Fund of Barbados and entities registered as credit unions with the Financial Services Commission of Barbados under the Co-Operative Societies Act, Cap. 378A of the laws of Barbados may also purchase the publicly offered shares but shall in the aggregate purchase no more than 25% of the publicly offered shares. Under the SPA the term "Person" includes individual, firm, partnership, joint venture, limited liability company, unlimited liability company, association, trust, trustee, group, body corporate, corporation, unincorporated association or organization, governmental authority, syndicate or other entity, whether or not having legal status.

No affiliate or related party of the Purchaser shall be allowed to purchase any of the Company's shares in the public offering.

The price of the publicly offered shares shall be the pro-rata purchase price of share at completion plus any residual retained earnings within the Company plus the pro-rated cost of the public offering(s) and the pro-rated financing cost associated with retaining the shares between the Completion Date and the date of the public offering(s).

The share price shall be denominated in United States dollars subject to the approval of the Central Bank of Barbados.

The eventual holders of the publicly offered shares shall be entitled to elect/appoint two (2) independent directors to the board of the Company.

Increase in Throughput Rates

BNTCL has been operating at a sub-optimal rate of return as the Government operated with a different mandate from a private investor. As a result, a condition of the sale is that the throughput fee will be increased across the board to allow the investor a utility rate of return. The increase in throughput rate is in support of the consideration for the transaction, and such US dollar consideration factors favourably into the economy of Barbados. The increase in throughput rate resulting from the transaction will have a negligible impact on consumer fuel prices.

ECONOMIC RATIONALE BEHIND MAINTAINING A SINGLE TERMINAL FOR THE BENEFIT OF CONSUMERS

A single terminal has been identified as the most optimal terminal solution based on the size of the Barbadian market and has been in existence since the Mobil refinery and its subsequent conversion to a terminal. The single terminal has built in safeguards to ensure security of supply with facilities at Fairy Valley and Holborn. This enables BNTCL to respond by utilizing the alternate location in the unlikely event of a major catastrophe occurring at one location.

The economics of a single terminal solution allows for economies of scale to be derived from having a larger volume being driven through the asset which reduces the unit margin need for an investor to derive a fair return on investment. The ultimate beneficiary from the unit margin saving is the end customer as the saving manifests itself in the regulated price build up to the consumer.

BNTCL is adequately sized to efficiently, safely and reliably store and throughput all petroleum products (except LPG) imported into Barbados and to store and export the crude produced in Barbados. As such, there is no need for additional capital to be invested in new/additional terminalling facilities. In fact, BNTCL provides optimum value to the consumer as it relates to the handling of petroleum products as is evidenced by the fact that none of the petroleum marketing companies have elected to build alternate facilities

Any new investment in terminals will require a return to the investor and the operation of such facilities will have its own operating expenses. The net impact is a greater cost to consumers in support of facilities that are not required. This is further compounded by the imminent reduction in the consumption of traditional fuels in favour of renewables and clean burning gas, both of which will reduce the volumes throughputted. The unit throughput rate is particularly sensitive to volume erosion and with the overall market for throughput likely to decrease it further emphasizes the likely negative impact to consumers should a second terminal be commissioned.

To maintain this most efficient terminalling solution, a condition of the Transaction is the implementation, by the Government of Barbados, of a fifteen year moratorium on the construction of terminals for the storage and handling of the products currently being stored and handled by BNTCL.

THE ACQUISITION'S EFFECT ON COMPETITION AND ULTIMATE CONSUMERS IN BARBADOS

BNOCL will continue to import, own and sell petroleum products in Barbados which provides a buffer to vertical integration in the Company's pricing structure. This results in the Sol Group having no supply pricing advantage over its competitors along with regulatory and legislative protection afforded under the Fair Competition Act.

Thus, no additional power can be leveraged as a result of the acquisition by the parties involved. It is anticipated that post-acquisition the through-put rates charged by BNTCL to its customers will be regulated through the Fair Trading Commission or a branch of the Government of Barbados and the Purchaser has undertaken the Transaction bearing this in mind.

The Government of Barbados through the Division of Energy will retain regulatory oversight and control the final pump price to the consumer. The Sol Group's ownership of BNTCL does not allow it to determine final pricing to the consumer. Any increase as it relates to the increase in throughput rates for the BNTCL services will be absorbed by the Government through its Cess mechanism and as such the consumer is not impacted by the proposed acquisition.

There are no vertical links between the merging enterprises to be affected by the proposed acquisition in the relevant market. BNTCL will own the terminal and provide throughputting services only. It will not import, own or sell the product. This will continue to be BNOCL's responsibility while the pricing of such product will continue to be the Government of Barbados' responsibility.

Currently there is an agreement between BNTCL and BNOCL for terminalling services for crude, gasoline and diesel. There also exists an agreement between BNTCL and each of Sol and Rubis for terminalling services for jet fuel. In our view, there is sufficient regulatory supervision and legislative protection in relation to the throughput rate for terminalling services to BNOCL and the marketing companies to ensure that the competitors of the Sol Group in the fuel marketing and distribution market are not disadvantaged subsequent to the proposed acquisition.

The market structure for the storage and handling of petroleum products in Barbados shall remain the same following the proposed acquisition. BNTCL will continue to run as a separate entity and the acquisition will not increase concentration levels in the relevant markets. BNTCL will continue to be bound by the terms and conditions of the existing agreements with BNOCL, and the marketers (Sol and Rubis). This serves to maintain the existing market structure with no adverse impact to competitors and coupled with the proposed utility rate of return methodology serves to protect consumer's interest.

The competitive structure for market shall remain the same post-completion. For the most part, BNTCL is not affected by direct competitors as it is the sole storage facility for certain petroleum products consumed in Barbados (the exception being LPG). As mentioned, an adverse economic impact through a likely increase in pricing to consumers is more probable if other terminals are introduced into the market as the unit throughput rate per barrel of product would need to be increased. This would be as a result of each terminal having reduced volumes which then results in a greater unit throughput rate to generate an economic rate of return on investment.

In our view the proposed acquisition is not changing the market power or dominance of BNTCL. It is also not increasing the possibility of co-ordinated conduct between any "competitors". As the Transaction is set up there will be no ability for BNTCL or any member of the Sol Group of Companies to make excess profits nor any protection to maintain inefficiencies in the operations of BNTCL.

In the local case of *The Fair Trading Commission v. Barbados National Oil Company Ltd.*, Civil Appeal No. 20 of 2009 delivered February 25, 2015 the Court of Appeal of Barbados ruled that BNTCL has to provide access to its pipeline to BL&P as such is considered an essential facility in the supply of HFO to BL&P. Thus, the proposed acquisition will not negatively impact the supply of HFO to the BL&P or any competitor's ability to submit a bid to supply HFO to BL&P.

PROPOSAL FOR THE ESTABLISHMENT OF REGULATORY OVERSIGHT OF THE TERMINALLING INDUSTRY

As part of the bidding process, KPMG as a consultant to the Vendor, conducted an in-depth review of the increase to the throughput rate in support of the purchase price and found the resultant throughput rates would afford a utility rate of return to the investor. A utility rate of return is the mechanism by which a regulator can regulate a monopolistic asset in the interest of protecting consumers from unfair pricing while allowing an investor a fair rate of return on their investment. Using the Barbados Light and Power and guidance on the regulation of utility monopolistic assets, KPMG acting on behalf of the Vendor was able to agree with Sol on the inputs to determine a utility rate of return upon which an increased throughput rate was predicated. It was also understood that there is a significant goodwill component captured in the asset base upon which the utility rate of return is derived due to the competitive nature of the bid process.

For transparency, the Purchaser is proposing a post-completion regulatory structure that will serve to protect consumers from any price increases that may be deemed as excessive. Any increase in unit throughput rate has followed this proposed methodology. This methodology is only applicable in markets that display monopolistic/utility characteristics where the regulator ensures that essential services are provided to consumers at a fair return to the service provider. This mechanism is not utilized in a competitive scenario where the dynamics of competitive forces would dictate prices and could lead to an oligopolistic scenario in some instances in the absence of regulatory oversight.

The Utility Rate of Return

Prices under this form of regulation are set by a regulatory body (the "Regulator") to ensure reasonable prices for services rendered by a utility while permitting the monopolistic asset the opportunity to earn a profit that will fairly compensate the utility investors, attract capital and incentivise the utility to operate efficiently.

Prices are considered fair and reasonable because the company has an opportunity to recover its cost in providing the service and customers are protected from paying prices that provide the company with excessive profits.

In exchange for exclusive provision of service through the exclusive use of an asset the owner of that asset (the "Owner") is granted an allowed rate of return Utility Rate of Return which is reviewed by the Regulator. This takes on similar characteristics to the Barbados Light and Power rate review mechanism.

The main driver for rate of return regulation is to set a price which allows the Owner to generate sufficient revenue to recover the cost of providing safe and reliable services to its customers plus the opportunity to earn a fair rate of return on its investment.

Under this proposed methodology the FTC or an otherwise appointed Government agency will have regulatory oversight over unit throughput rates which will allow the Purchaser to realize a pre-determined utility rate of return from the operation of the terminal. This methodology will also preclude BNTCL from abusing its position as the owner of the monopolistic asset. The practice of single terminals/utilities such as power companies is not uncommon with examples such as Antigua and Belize already existing within the region.