

ADFG and SHUAA agree transformational transaction, creating a regional financial services powerhouse

- Transaction implies that ADFG's shareholders will own 58% of the enlarged entity, with SHUAA's existing shareholders owning 42%
- The agreed valuation represents a premium of more than 60% to the SHUAA share price¹ on 21 March 2019 (being the last trading day prior to the announcement of discussions in relation to a possible transaction)
- This combination makes compelling strategic sense, bringing together a unique full-service product offering for clients via an enhanced distribution network, and benefiting from ADFG's track record of continuous profitability and returns, thereby creating substantial shareholder value
- Transaction is approved by SHUAA's Board of Directors and the Implementation Agreement has been signed by representatives of both companies

Abu Dhabi, UAE, [26] June 2019: Abu Dhabi Financial Group L.L.C (ADFG), a leading investment group in the region, and SHUAA Capital PJSC (SHUAA), a market leader in regional investment banking and capital markets, have today announced that they have agreed terms to combine the two businesses in a milestone transaction for the regional financial services industry (the Transaction). The combination of ADFG and SHUAA will build on the successful collaboration to date, which has seen SHUAA making continued progress towards long-term sustainable profitability since ADFG's original investment in November 2016. The transaction is a natural next step, enabling ADFG and SHUAA to accelerate their growth ambitions by fully integrating the two businesses. Furthermore, it represents a transformational combination to establish the leading Asset Management and Investment Banking platform in the region.

Transaction structure

Under the terms of the Transaction, SHUAA will issue 1,470,720,000 new SHUAA shares to ADFG's parent company Abu Dhabi Capital Management (the Strategic Investor) in return for the entire issued share capital of ADFG. This implies the Strategic Investor will own 58% of the enlarged entity.

As a demonstration of the Strategic Investor's commitment to the Transaction, the new SHUAA shares will be subject to a 12-month lock-up from the date of admission. The agreed valuation represents a 60% premium to the undisturbed SHUAA share price.

Following the admission of the new SHUAA shares, the issued share capital of SHUAA will increase from 1,065,000,000 SHUAA shares to 2,535,720,000 SHUAA shares. The combined entity will remain listed on Dubai Financial Market and is expected to be rebranded as "ADFG" with work on a full integration plan underway.

The Transaction has been approved by SHUAA's Board of Directors

¹ SHUAA's agreed valuation is based on the issuance price of AED1.00 per share, and the undisturbed share price of AED0.622 per share calculated as of 21 March 2019

The Transaction is subject to SHUAA shareholder approval, customary regulatory approvals and satisfaction of conditions precedent. The transaction is expected to be completed in Q3 2019.

Strategic Rationale

The Transaction benefits from a strong strategic rationale, representing an exciting opportunity for both ADFG and SHUAA to build on their successful partnership and further enhance their collaboration.

- The combined customer base will benefit from an unmatched product suite across the financial services value chain. With this unique full-service offering, the combined entity will be able to deepen existing client relationships through a regional distribution network across some of the most active and relevant geographies in the region and internationally. Thus, the combination of ADFG and SHUAA will bring customers a pan-regional, one-stop financial services platform.
- The combined entity will benefit from ADFG's unmatched track record of investment and unique expertise across the Middle East and beyond. ADFG is focused on value creation for its clients through product innovation combined with a disciplined investment approach delivered by a highly experienced management team. The Transaction also provides SHUAA with access to proprietary transaction flows from within the broader ADFG ecosystem which will be highly beneficial across combined entity's enlarged customer base.
- Including ADFG's assets under management (AUM) of over US\$11.5 billion, the combined entity will boast US\$12.8 billion in AUM. The transaction will further provide access to SHUAA's customer base reinforcing ADFG's industry leadership and providing differentiated paths to value for clients in the asset management business.
- The combination will enable significant shareholder value creation through synergies, driven by cross-selling, elimination of overlapping functions and access to new geographies, as well as diversify revenue streams and improve earnings' visibility.
- ADFG has a highly efficient and sustainable business model, which has seen it achieve continuous profitability since inception. The transaction will therefore improve SHUAA's earnings with increased profitability and diversification. Pro forma revenue for SHUAA would increase by 176% in FY18 and pro forma FY18 EBITDA margins would improve from 34% to 38%.

The combined entity would also benefit from robust corporate governance framework and a best-in-class management team. The management team leading the combined entity has been agreed as part of the ongoing integration planning, headed by Jassim Alseddqi as the Chief Executive Officer.

Fawad Tariq Khan, CEO of SHUAA, commented, *“We believe that there is a compelling strategic rationale in bringing together the two businesses, whereby the sum of the two is greater than its constituents. Having made excellent progress in turning our business around over the past three years, supported by ADFG as a major shareholder, we now see the potential to accelerate SHUAA’s growth. The combined business will benefit from considerable synergies, an expansive distribution network and a deep pool of talent. All of this will help drive the business performance and create real and long-term sustainable value for shareholders of both companies.”*

Jassim Alseddiqi, CEO of ADFG, said, *“This is a milestone transaction for our business as well as the regional financial services industry. We believe that there is a compelling investment proposition to establish a regional financial services powerhouse by bringing together two market leaders in their respective areas, ADFG and SHUAA. This combination will enable us to leverage ADFG’s pioneering products and services across a far broader distribution platform, bringing significant synergies to the enlarged entity. Having seen consolidation of the banking industry in our region, the wider financial services industry is ripe to benefit from the same process and we are proud to be leading the way with this transaction. We are excited about the future prospects for the combined entity and our ability to create significant value for all shareholders.”*

A circular containing further information will be sent to SHUAA shareholders along with notice of a General Meeting to be held for SHUAA shareholders to vote on the transaction on July 11, 2019 at 3:00 pm. Further details can be found by visiting www.adfgshuaa.com.

Advisors

J.P. Morgan, Herbert Smith Freehills and PwC are acting as the financial advisor, legal advisor, and financial due diligence advisor to ADFG, respectively.

UBS Investment Bank, Linklaters and Deloitte are acting as the financial advisor, legal advisor, and financial due diligence advisor to SHUAA, respectively.

KPMG is acting as independent valuer for ADFG and SHUAA.

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About ADFG (www.adfg.ae)

ADFG is a leading global investment group that provides, through its regulated subsidiaries, a wide range of investment opportunities and financial services. The Group’s diversified investor base includes corporations, financial institutions, sovereign wealth funds and family offices. The company pursues a strategy of opportunistic investments across a variety of sectors and geographies.

ADFG was established in 2011 and has since evolved to become a major player in the region, delivering attractive returns to its clients. Today, ADFG has assets under management of US\$11.5 billion. The Group has received widespread acclaim for its strong track record and pioneering approach to investing.

About SHUAA (www.shuaa.com)

Established in 1979, and often considered to be the most recognized financial advisory and investment firm in the Middle East, SHUAA is an integrated financial services firm headquartered in the United Arab Emirates. The firm services corporate and institutional clients, governments, family businesses and high-net-worth-individuals with expertise in the areas of Asset Management, Investment Banking, Capital Markets and Credit. SHUAA is a public shareholding company

with its shares listed on the Dubai Financial Market. The firm is regulated as a financial investment company by the UAE Central Bank and the Emirates Securities and Commodities Authority.

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Cautionary Statement Regarding Forward-Looking Information:

This document contains forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Forward-looking statements can be identified by words such as: "anticipate," "aspire," "intend," "plan," "goal," "objective," "seek," "believe," "project," "estimate," "expect," "forecast," "strategy," "target," "trend," "future," "likely," "may," "should," "will" and similar references to future periods.

Examples of forward-looking statements include, among others, statements we make regarding:

- *Expected operating results, such as revenue growth and earnings.*
- *Anticipated levels of expenditures and uses of capital*
- *Current or future volatility in the capital and credit markets and future market conditions.*

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: Our ability to maintain adequate revenue levels and cost control; economic and financial conditions in the global markets and regional markets in which we operate, including volatility in interest rates, commodity and equity prices and the value of assets; the implementation of our strategic initiatives, including our ability to effectively manage the redeployment of our balance sheet and the expansion of our strategic businesses; the reliability of our risk management policies, procedures and methods; continued volatility in the capital or credit markets; geopolitical events; developments and changes in laws and regulations, including increased regulation of the financial services industry through legislative action and revised rules and standards applied by our regulators.

Any forward-looking statement made by us in this document and presentation is based only on information currently available to us and speaks only as of the date on which it is made. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. We undertake no obligation to publicly update any forward-looking statement whether as a result of new information, future developments or otherwise.