



Financial services companies in Goldilocks' portfolio demonstrate resilience in FY 2019; Goldilocks continues with its turnaround approach

- Goldilocks long-term investment strategy contributed to the strong turnaround of its portfolio financial services companies
- GFH records sustainable profitability and plans for continued dividend distributions to shareholders
- KHCB achieved a 10.4% annual growth in total assets and will issue Tier 1 Capital

Abu Dhabi, UAE; 17 February 2020: Goldilocks (“Goldilocks” or “Fund”), the ADGM-domiciled fund launched in July 2015 and managed by ADCM Altus Investment Management Limited, part of SHUAA-ADFG, announced that its portfolio financial services companies GFH Financial Group and Khaleeji Commercial Bank (KHCB) demonstrated resilience in 2019, underpinned by the fund’s opportunistic and long-term investment strategy.

Key performance highlights

- a) GFH reported \$335.69 million (c. AED 1,234 million) in revenue in 2019, an increase of 17.3% over 2018 figures, reflecting continued growth in the Bahrain-based financial institution’s investment banking business, increased contributions from real estate activities and the strong performance of its growing treasury business. The board of directors has recommended the distribution of a cash dividend of 5.57% (\$50 million) for 2019 to shareholders, subject to approval by the General Assembly and regulators.

GFH’s 2019 performance demonstrated the investment group’s resilience, its stable financial position and its ability to achieve sustained income growth. ADFG and Goldilocks have played a pivotal role in the revival of GFH following their strategic investment in the entity in 2016, helping it to secure bridge funding, investment banking mandates and underwriting transactions that have now become hallmarks of the company’s success. GFH’s recently oversubscribed sukuk is a testament to the revival of investor confidence in the company today. Furthermore, GFH’s litigation driven asset recovery of approximately \$500 million between 2016-2018 proved to be a remarkable feat in regional markets. In addition to supporting GFH in relaunching stalled projects, the fund and ADFG’s anchor shareholding contributed towards the company’s first credit rating upgrade in more than a decade.

- b) Bahrain-based KHCB, the commercial banking arm of GFH, recorded a total asset growth of 10.4% year-on-year in 2019. In addition, the bank maintained a healthy liquidity coverage ratio of 733.9% and net stable funding ratio of 108.5%, allowing the bank to invest in prominent high yield sukuk investments.

With a focus on sustainable long-term business growth, the board decided to take an amount of BD 22.4 million as one-off provisions and fair value losses for the year ending 31 December 2019. The new cost rationalization measures being employed by the KHCB board are expected to continue to control expenses and bring the bank back to profitability. In addition, as part of its 2020 strategy and based on recommendations from its board of



Directors, KHCB recently announced plans to issue an Additional Tier 1 (AT1) Capital Instrument up to US\$200mn to support the capital base.

Goldilocks fund works closely with shareholders, boards and management of its portfolio companies to execute turnaround strategies and further unlock shareholder value. The fund invests long term patient capital and is focused on enabling its portfolio companies to achieve multi-year growth and maximize shareholder returns.

As of December 31, 2019, Goldilocks achieved an internal rate of return (IRR) of 27.9% and a cumulative net return of 134% * since its inception.

** The return since inception formula comprise the performance of the fund investment strategy since its initial date of implementation as a pooled investment which predates the fund inception date and its launch to investors on June 4, 2017. The fund portfolio was migrated to Goldilocks Investment Company Limited on June 4 2017. Prior to the migration, the portfolio of assets was managed as Goldilocks' strategy in the form of a pooled investment portfolio for the investors under Integrated Capital PJSC. The cumulative returns since inception include returns from the launch of pooled portfolio.*

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About Goldilocks

Goldilocks is an open-ended fund launched in July 2015 and managed by ADCM Altus Investment Management Limited, part of SHUAA Capital psc. Visit www.goldilocksfund.com for more information.

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