



شركة الخليج المتحد القابضة
United Gulf Holding Company B.S.C.

Private and confidential

The Directors

UNITED GULF BANK B.S.C.

DATE: August 21, 2017

Dear Sirs,

UNITED GULF BANK B.S.C.

Further to our recent discussions and those of our representatives, we are writing to set out the terms upon which United Gulf Holding Company B.S.C., having commercial registration number 114160 (**Bidder**) is prepared to make a voluntary offer (**Offer**) to acquire the entire issued share capital (net of any treasury share) of United Gulf Bank B.S.C., a Bahrain Shareholding Company (Public) incorporated under the laws of the Kingdom of Bahrain (**Bahrain**) having commercial registration number 10550 (**Target or UGB**).

The Offer constitutes a phase of the overall process of reorganization of the activities of UGB in Bahrain entailing the transfer of the entire outstanding share capital of Target to a newly established holding company, the de-listing of Target and the subsequent proposed transfer by Target in favour of the Bidder of certain assets and liabilities taking the form of a capital reduction, all as already approved by the Central Bank of Bahrain (**CBB**).

Bidder is a Bahrain Shareholding Company (Public) incorporated under the laws of the Kingdom of Bahrain (Bahrain) having commercial registration number 114160. Bidder's authorized and issued share capital is equal to USD 2,700,000 and is divided into 5,400,000 shares of a nominal value of USD 0.50 each. Bidder share capital is owned by its founders, namely Kuwait Projects Company Holdings K.S.C.P. who owns 4,914,000 shares representing 91% of Bidder's share capital and Overland Real Estate Company W.L.L. who owns 486,000 shares representing 9% of Bidder's share capital.

1. OFFER

- 1.1 Bidder shall offer to acquire each existing and fully paid ordinary share of Target (other than treasury shares) in consideration for the subscription by Target's shareholders of Bidder Shares according to the following share exchange ratio: 2 shares of Target against 1 Bidder Share.



- 1.2 With reference to point 1.1 above, the Bidder, by means of a resolution of its extraordinary general assembly held on 16 August 2017, has resolved to issue up to 500,000,000 shares of a nominal value of USD 0.50 each for an aggregate nominal amount of up to USD 250,000,000 (the **Bidder Shares**). The Bidder's shareholders have waived any pre-emption rights in respect to the Bidder Shares.
- 1.3 In case of Target's shareholders owning an uneven number of shares, such shareholder of Target shall receive a consideration measured as follows: a number of Bidder Shares equal to number of Target's shares owned divided by 2 (two) rounded the nearest higher integer number.
- 1.4 The exchange of Bidder Shares with Target's shares in accordance with the share exchange ratio set forth in Section 1.2 above shall be made by means of an in-kind contribution of the Target's shares into Bidder pursuant to Article 99 of the Commercial Companies Law and implementing regulations.
- 1.5 The Offer above values the entire share capital of the Target at USD 415,573,941 (the **Offer Value**). Offer Value is consistent with the nature of the business combination which involves entities under common control as a part of a group reorganization plan.
- 1.6 The difference represented as the Offer Value less the aggregate nominal value of all Bidder Shares issued hereunder to Target's shareholders shall be ascribed by Bidder to share premium in accordance with the Commercial Companies Law

2. CONDITIONS PRECEDENTS

- 2.1 The offer shall be conditional only on the satisfactions of the following conditions precedent:
 - (a) Recommendation by the board of directors of Target for the acceptance of the Offer to the shareholders of Target;
 - (b) Approval of the Offer by the extraordinary general assembly of Target;
 - (c) Acceptance by at least 95% of the ordinary voting share capital of Target;
 - (d) Approval by the CBB of Bidder as controller of Target;
 - (e) Confirmation by the expert appointed pursuant to the Article 99 of the Commercial Companies Law of the value of the Target's shares to be received in consideration for the subscription and issue of Bidder Shares.
- 2.2 Bidder shall use reasonably endeavours to ensure satisfaction of conditions precedent sub Sections 2.1 (d) and (e) above, provided that it shall receive all necessary cooperation from Target.



3. SQUEEZE-OUT AND DE-LISTING

- 3.1 Bidder intends to compulsorily acquire each of the Target's shares not adhering to the Offer following acquisition of at least of 95% of the ordinary voting share capital of Target in accordance with applicable regulations. Such acquisition shall take place at the same conditions applicable to the adhering Target's shares.
- 3.2 Following completion of the compulsory acquisition, Target shall be transformed into a Bahraini Shareholding Company (Closed) and de-listed from the Bahrain Bourse. On or about the date of de-listing of Target's shares, Bidder's shares are intended to be listed on the Bahrain Bourse.

4. TIMETABLE

- 4.1 The Offer shall remain open until the earlier of the date falling 60 calendar days from its submission to the board of directors of Target and on the date of the extraordinary general assembly of the Target, for approval of the Offer.
- 4.2 Acceptance by a shareholder of Target can be evidenced by the vote cast by such shareholder in the extraordinary general assembly of Target to be called to approve the Offer or by otherwise manifesting the intention to accept the Offer in form and substance satisfactory to the Target. Though the Target reserves the right to request the submission of individual letters of acceptance from each adhering shareholder to itself or to a receiving agent appointed for the purpose of receiving acceptances.

5. MANAGEMENT

The composition of the board of directors and the management structure of Target will remain unaffected post acquisition of Target's shares by Bidder.

6. PRESENTATIONS

Bidder and Target will agree the form of the presentations on the Offer to be given to investors, media, employees and customers.

7. GOVERNING LAW AND JURISDICTION

- 7.1 This letter and the rights and obligations arising here-from shall be governed by Bahrain law.
- 7.2 Bahraini courts shall have exclusive jurisdiction in respect to any matter relating to or arising from this letter and the Offer.



شركة الخليج المتحد القابضة
United Gulf Holding Company B.S.C.

Yours faithfully,

for and on behalf of United Gulf Holding Company B.S.C.



شركة الخليج المتحد القابضة
United Gulf Holding Company s.