



# Eshraq Properties PJSC

Share Buyback

August 2018

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# Eshraq Properties PJSC – Share Buyback

## Executive Summary



### Proposed Buyback

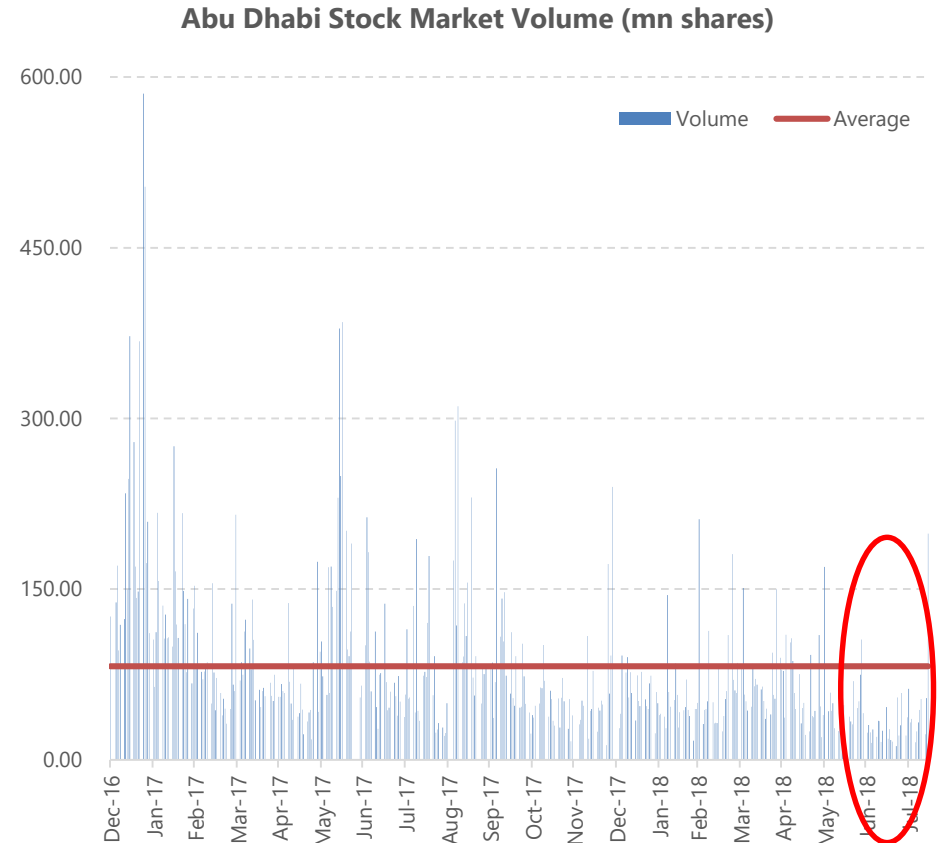
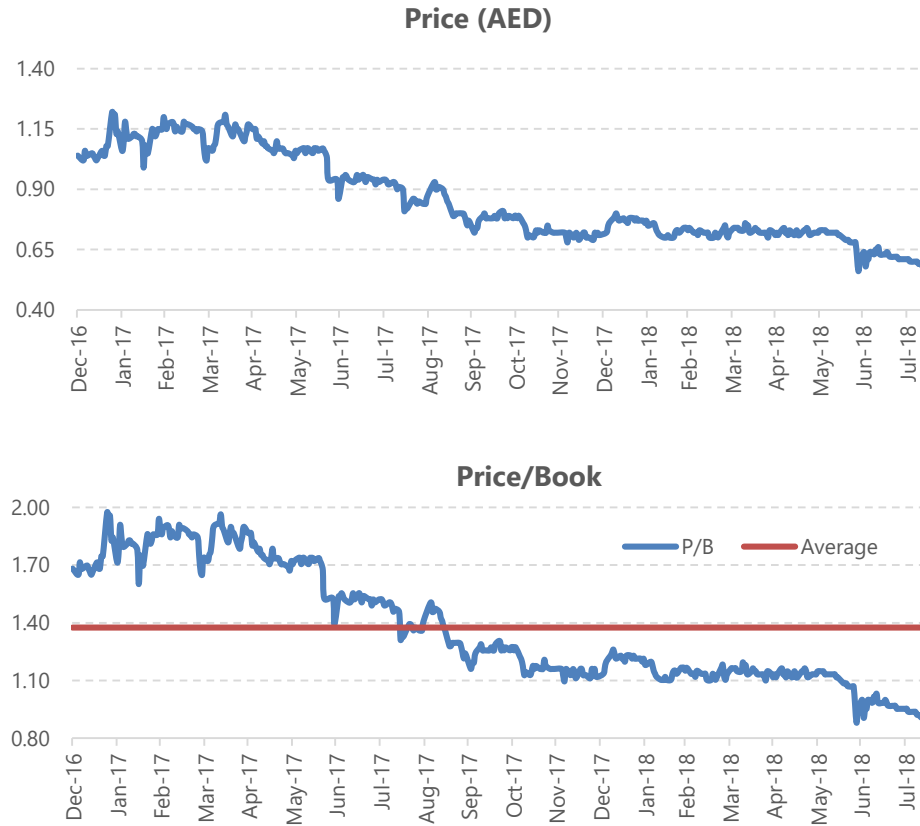
- Eshraq Properties PJSC (“**Eshraq**” or the “**Company**”) has called for a General Assembly to adopt by special resolution the ability to buyback up to 10% of its outstanding shares listed on the Abu Dhabi Securities Exchange (“**ADX**”).
- The company has traded above 1.1x P/B from Q4 2016 and until June 2018, however the price has recently dropped below book value after more than 2 years of trading above book value.
- This buyback will provide an opportunity for Eshraq to opportunistically acquire shares below book value and also the likely benefits of:
  - Providing a return to shareholders in the form of reduction in free float;
  - Allowing for treasury management by Eshraq to buy and sell shares during period of price dislocation;
  - Potential to use treasury shares for block transactions to strategic investments
- Eshraq is committed to adhering to the regulations set forth by the Securities and Commodities Authority (“**SCA**”) throughout the buyback process and confirms that the Company has the financial capabilities to execute the buyback without impacting its operations and working capital.
- Eshraq has achieved a decisive performance turnaround and has generated net profit in each of the last 5 quarters. The company remains on track to complete new project developments which is expected to improve the Company’s profitability and other fundamentals in future.

# Eshraq Properties PJSC – Share Buyback

## Fair Value Calculation



### ESHRAQ's Share Price Performance



- Since December 2016, Eshraq has traded from 1.7x to 0.9x multiple of tangible book value.
- Eshraq is currently trading at 0.9x P/B, which is below its average P/B (since 4Q2016) of 1.37x.
- The liquidity on Abu Dhabi Securities Exchange has been weak recently. Since July 2018, the daily volume traded on ADX is below its average calculated from the start of 2017. As such, listed companies have to step-up in order to improve market liquidity through the introduction of share buyback or other liquidity enhancement programs.

# Eshraq Properties PJSC – Share Buyback

## Buyback process



### **Proposed Buyback Process:**

- Eshraq has called for a General Assembly to adopt by special resolution the ability to buy-back up to 10% of its issued shares.
- The buyback is intended to be implemented over a 12 month period upon receiving required approvals

### **Periodic Disclosures:**

- Eshraq will make periodic disclosure of its buyback activity, in line with its disclosure obligations. The disclosures will include:
  - Number and percentage of shares purchased
  - Number and percentage of shares purchased since the start of the Program.
  - Any other requirements recommended by SCA.
- Upon completion of the buyback period, Eshraq may look to dispose of the shares within a period of two years from the last purchase in order to avoid the buyback counting towards a reduction in capital.

Eshraq's management has developed the buyback program in a way to not affect the availability of the Company's operating or investment liquidity.