
Questions and Answers in relation to the Rights Issue and Capital Reduction

The questions and answers set out below are intended to give a general overview of the rights issue and the capital reduction proposed to be implemented by Arabtec Holding PJSC (**Arabtec**). You should read the invitation to shareholders issued by Arabtec on 3 May 2017 (the **Invitation**) for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek your own financial and legal advice.

GENERAL

1. What is a rights issue?

A rights issue is one way for publicly listed companies to raise money. Companies raise money through a rights issue by issuing shares for cash and giving their existing shareholders a right to buy these shares, in proportion to their existing shareholdings.

The rights issue to be implemented by Arabtec (the **Rights Issue**) will be an offer by Arabtec to its existing shareholders (the **Shareholders**) of 1,500,000,000 new shares in the capital of Arabtec (the **New Shares**) at an issue price of AED 1.00 per New Share (the **Issue Price**).

2. Why is Arabtec raising funds through a rights issue?

Arabtec intends to use the net proceeds from the Rights Issue to fund completion of ongoing projects, support management's business plan, and provide financial flexibility to pursue growth opportunities.

3. What steps have been taken so far in relation to the Rights Issue?

On 12 February 2017, the board of directors of Arabtec (the **Board**) approved submitting the proposed recapitalisation plan including the Rights Issue to the shareholders for approval at the annual general assembly of Arabtec, after seeking the necessary regulatory approvals.

On 18 April 2017 the annual general assembly of Arabtec passed a special resolution, authorising the increase in Arabtec's issued share capital by the issuance of 1,500,000,000 New Shares to be issued at an offer price of AED 1.00 per New Share. The issuance of the New Shares will increase Arabtec's issued share capital to AED 6,115,065,000, divided into 6,115,065,000 shares of par value AED 1.00 each.

4. Am I entitled to participate in the Rights Issue?

Each Shareholder listed on the register of shareholders of Arabtec as at the opening of business of the DFM on 11 May 2017 (the **Eligibility Date**) is entitled to participate in the Rights Issue (a **Registered Shareholder**).

The last day to buy shares with the right to subscribe for New Shares will be Tuesday 9 May 2017.

Each Shareholder must ensure that they have an investor number on the DFM in order to receive and exercise their Rights to subscribe for New Shares or trade some or all of their Rights if they do not wish to subscribe for all of the New Shares which the Rights relate to.

5. What rights will I receive?

If you are a Registered Shareholder on the Eligibility Date, you will receive tradable securities (the **Rights**) giving you the right to subscribe for New Shares at the Issue Price.

You will receive 1 Right for every 3.07671 shares held on the Eligibility Date. Each Right grants you eligibility to subscribe for one New Share at the Issue Price. Entitlements to Rights will be rounded down to the nearest whole number of Rights.

The Rights will be automatically deposited into the clearing account or brokerage account where your existing Shares are held within one day of the Eligibility Date. The Rights will appear in your account under a new symbol "ARTC-RI" specifying the Rights Issue.

6. What do I need to do in relation to the Rights Issue?

You will have the following options in respect of the Rights:

- keep your allocation of Rights and exercise those Rights to subscribe for New Shares during the subscription period of 8.00 a.m. on 15 May 2017 to 2.00 p.m. on 28 May 2017 (inclusive) (the **Subscription Period**);
- sell your allocation of Rights, or part of them, through the DFM during the trading period of 15 May 2017 to 21 May 2017 (inclusive) (the **Rights Trading Period**);
- purchase additional Rights on the DFM during the Rights Trading Period; or
- take no action relating to the Rights, whether selling the Rights or exercising the Rights to subscribe for New Shares.

7. What are the key dates for the Rights Issue?

The following are the expected key dates for the Rights Issue:

- Invitation to subscribe: 3 May 2017
- Eligibility Date of Rights (record date): opening of business at the DFM on 11 May 2017
- First day of trading in Rights on the DFM: 15 May 2017
- Last day of trading in Rights on the DFM: 21 May 2017
- Subscription Period opening date: 15 May 2017
- Subscription Period closing date: 28 May 2017
- Latest date for allocation: 5 June 2017
- Latest date for Refunds: 5 June 2017
- Expected date of listing of New Shares: 8 June 2017

Please note that if the last day for subscription occurs on an official holiday, the Subscription Period will be extended to the following business day.

8. Can I sell or transfer my Rights under the Rights Issue?

Yes. If you are entitled to receive Rights, these will be automatically deposited into the clearing account or brokerage account where your existing shares are held within one day of the Eligibility Date. This will allow you to trade your Rights (by either selling or buying) during the Trading Period (15 May 2017 to 21 May 2017 (inclusive)).

9. Trading price of Rights

The trading price of the Rights upon commencement of trading will be determined by market supply and demand and cannot be predicted by Arabtec. In general, the indicative value of a Right reflects the difference between the value of the shares during the Rights Trading Period and the Issue Price.

The trading price of the Rights will be “free floating” on the first day of trading, and following this the usual upper and lower limits as stipulated by the DFM will be applicable.

10. If I buy shares after the Eligibility Date, will I be eligible to participate in the Rights Issue?

No. Shares purchased after the Eligibility Date will not carry the right to participate in the Rights Issue. However, the purchase of Rights during the Rights Trading Period will allow you to subscribe for New Shares as stated in the response to Question 11 below.

11. How do I know if I am able to acquire New Shares under the Rights Issue?

You will be entitled to acquire New Shares under the Rights Issue if:

- you are a Registered Shareholder on the Eligibility Date, you keep your allocation of Rights and you exercise those Rights to subscribe for New Shares during the Subscription Period; or
- you purchase Rights during the Trading Period and you exercise those Rights to subscribe for New Shares during the Subscription Period.

12. How do I take up my Rights under the Rights Issue?

Subscription forms will be available during the Subscription Period from participating branches of First Abu Dhabi Bank (formerly known as National Bank of Abu Dhabi) (the **Receiving Bank**). A list of the participating branches of the Receiving Bank can be found at the end of this document.

Subscription forms must be completed in accordance with the instructions set out in the Invitation.

13. If I take up my Rights under the Rights Issue, when will my New Shares be admitted to trading?

If you take up your Rights under the Rights Issue, the New Shares are expected to be admitted to trading on the DFM on or before 8 June 2017.

14. What should I do if I think my holding of Shares is incorrect?

If you have bought or sold shares shortly before the Eligibility Date, your transaction may not be entered on the register of shareholders in time to appear on the DFM register at the opening of business of the DFM on the Eligibility Date. The last day to buy shares with the right to subscribe for New Shares will be Tuesday 9 May 2017.

If you are concerned about the Rights that have been credited to your clearing account or brokerage account, please contact your broker.

15. What if the number of Rights to which I am entitled is not a whole number; am I entitled to fractions of Rights?

You will receive 1 Right for every 3.07671 shares held on the Eligibility Date. If the result of this calculation is not a whole number, you will not receive a Right in respect of the fraction and your entitlement will be rounded down to the nearest whole number of Rights. The New Shares representing the aggregated Rights not allocated as a result of the rounding exercise will be allocated as described in Question 18 below.

16. Can I apply for less than my entitlement under the Rights Issue?

Yes, you do not need to exercise all of your Rights. However, if you do not exercise all of your Rights to subscribe for New Shares under the Rights Issue, your proportionate ownership (shareholding percentage) and voting interest in Arabtec will be reduced.

17. Can I apply for more than my entitlement under the Rights Issue?

Yes, in addition to exercising your Rights to subscribe for one New Share for each Right held, you will also be allowed to apply for additional New Shares (**Additional New Shares**), which will be allocated if any unsubscribed for New Shares remain, either as a result of the consolidation of the unallocated fractional entitlements to New Shares, or the failure by the holders of Rights to exercise their Rights to subscribe for New Shares.

18. How will the New Shares be allocated?

New Shares will be allocated to each subscriber according to the number of Rights duly exercised. Any Additional New Shares (i.e. New Shares which have not been subscribed for) will be allocated to holders of Rights who subscribed for Additional New Shares in addition to their original entitlement on a pro rata basis, scaled back (if necessary) in accordance with the proportion that the number of Additional New Shares requested by the subscriber represents to the total number of Additional New Shares requested by all persons who subscribed for such Additional New Shares.

If any unsubscribed New Shares remain after the allocation of the Additional New Shares, all of these will be allocated to and purchased by Aabar Investments PJS (**Aabar**) and/or persons related to, affiliated to, associated with and/or introduced by Aabar.

19. Will I receive a refund if I do not receive the number of Additional New Shares that I have applied for?

Yes, you will receive a refund in respect of the number of Additional New Shares that you have not received. Refunds will be completed by 5 June 2017.

20. What if I want to sell the New Shares for which I have paid?

After the commencement of dealings of the New Shares, you will be able to sell your New Shares in the ordinary course.

21. Can I change my decision to take up my rights?

Once you have submitted your subscription form at a participating branch of the Receiving Bank, you cannot withdraw your application or change the number of New Shares for which you have subscribed.

However, you may submit a further application if you wish to subscribe to further New Shares, prior to and inclusive of the Subscription Period closing date on 28 May 2017.

SUBSCRIPTION PROCESS

22. How to Subscribe?

- Visit any of the participating branches of the Receiving Bank (First Abu Dhabi Bank (formerly National Bank of Abu Dhabi)) as listed below with the DFM NIN number and the required documents.
- Verify the system generated subscription application, sign and submit to the Receiving Bank branch.
- Make the relevant payment.

23. Mode of Payment:

- By debiting the account of the subscriber with the Receiving Bank.
- By Manager's cheque in favour of Arabtec Holding PJSC-Rights Issue to the order of the Receiving Bank, issued by any bank in the UAE.

24. Documents required for subscription:

Subscribers must submit the following documents, along with their subscription applications:

a) For individuals who are UAE, GCC nationals or nationals of any other country:

- The Investor Number at DFM; and
- The original and a copy of a valid passport or Emirates identity card.
- **In the event that the signatory is different from the subscriber:**
 - the duly notarised power of attorney held by that signatory or a certified copy by UAE-regulated persons/bodies, such as a notary public, or as otherwise duly regulated in the relevant country;
 - the original passport of the signatory for verification of signature and a copy of the original passport; and
 - the original passport of the subscriber for verification of signature and a copy of the original passport.
- **In case the signatory is a guardian of a minor, the following must be submitted:**
 - original and copy of the guardian's passport for verification of signature;
 - original and copy of the minor's passport; and
 - If the guardian is appointed by the court, original and copy of the guardianship deed attested by the court and other competent authorities (e.g. notary public).

b) Corporate bodies including banks, financial institutions, investment funds and other companies and establishments (i.e. juridical persons):

- The Investor Number at DFM;
- A copy of a trade licence, commercial registration or similar instrument for verification, or if issued abroad a certified copy by one of the following UAE-regulated persons or bodies; a notary public or as otherwise duly regulated in the country;
- The original and a copy of the document that authorizes the signatory to sign on behalf of the subscriber and to represent the subscriber, to submit the application, and to accept the terms and conditions stipulated of the Rights Issue; and
- The original and a copy of the passport of the signatory.

25. Where can I submit a subscription form?

Subscription / Application can be submitted at the following branches of the Receiving Bank (First Abu Dhabi Bank (formerly National Bank of Abu Dhabi)):

Branch Area		Location	Phone Number	Working Hours
Abu Dhabi				
1	Main Branch	Intersection of Sheikh. Khalifa St. and Baniyas St.	02 6111111	Sat-Thu 08:00am - 03:00pm
Al Ain				
2	Alain new branch	Ali Ibn Abi Talib street Near Oud Al Tawba roundabout	03- 7011300	8:00 am to 3:00 Pm
Western Region				
3	Madinat Zayed Branch	NBAD Madinat Zayed Branch Building- Madinat Zayed	02 8945700/ 8846496	Sun - Thu: 08:00 am - 03:00pm
Dubai				
4	Dubai Main Branch- Deira	Next to (Iranian Airways), Building of Ahmed Hader Al Muraikhi, Riqqat Al Butain, Deira	04 2131900	Sun-Thu 08:00am - 01:30pm
				Saturday 08:00am - 12:00pm
5	Sheikh Zayed Road Branch	Rolex Tower Shaikh Zayed road	04-7071114- 04-3861508	Sun-Thu 08:00am - 01:30pm
				Saturday 08:00am - 12:00pm
Northern Emirates				
6	Ras Al Khaimah- Al Nakheel Branch	Muntassir Street, Opposite ADNOC Petrol Station	07 2056800	Sun-Thu 08:00am - 01:30pm
				Saturday 08:00am - 12:00pm
7	Sharjah Branch- Buhaira branch	Al Reem Plaza, Ground floor Buheira Corniche, Sharjah	06 5170555	Sun-Thu 08:00am - 01:30pm Saturday 08:00am - 12:00pm
8	Fujairah Branch	Opp. Fresh & More Hyper Market, Hamdan Bin Abdulla St.	09 2222633	Sun-Thu 08:00am - 01:30pm
				Saturday 08:00am - 12:00pm

Branch Area		Location	Phone Number	Working Hours
9	Ajman Branch	Opposite Ajman Municipality, adjacent Ajman Post Office, Al Masfoot Street, Ajman	06 7013400	Sun-Thu 08:00am - 01:30pm
				Saturday 08:00am - 12:00pm
10	Umm Al Quwain	Building No.211, King Faisal Road , near Fire station round about.	06 7069333	Sun-Thu 08:00am - 01:30pm
				Saturday 08:00am - 12:00pm

CAPITAL REDUCTION

26. What steps have been taken so far in relation to the Capital Reduction?

On 18 April 2017, the annual general assembly of Arabtec, through a special resolution, approved a capital reduction (the **Capital Reduction**) of up to 4,615,065,000 shares on a pro rata basis to extinguish the accumulated losses as at 31 December 2016 (amounting to AED 4,615,065,000). The annual general assembly of Arabtec approved the granting to the Board of full authority to effectuate the procedure for the capital reduction and to specify the number of shares to be cancelled.

The annual general assembly of Arabtec also approved the use of Arabtec's statutory reserve to offset against any of Arabtec's losses and authorised the Board to implement this during the financial year ending 31 December 2017.

27. Why is Arabtec cancelling shares?

Arabtec incurred a significant loss due to write-downs and impairments amounting to the total capital of the company, which meant that Arabtec needed to rebuild its balance sheet through the Rights Issue. The cancellation of shares through the capital reduction, and writing-off Arabtec's accumulated losses, should allow Arabtec to start paying dividends to its existing and new shareholders sooner than would be possible should the capital reduction not take place.

28. How will the capital reduction affect existing shareholders?

The process of cancelling shares does not have an effect on the market capitalisation of the Company. The shareholdings of each shareholder will be reduced by exactly the same proportion leaving each shareholder's proportionate share (shareholding percentage) of Arabtec intact. At the time of the cancellation, the trading price of each share will be restated based on the then current market value of Arabtec.

29. What action do I need to take in relation to the Capital Reduction?

You do not need to take any action in relation to the Capital Reduction.

30. Will the Capital Reduction be dilutive to my shareholding?

The Capital Reduction will have no dilutive impact as Shares will be cancelled pro-rata treating all shareholders equally.

If you need any further information, please contact the following:

- For any enquiries relating to DFM Investor Services, please contact: DFM Customer Services T: +971 (4) 305 5555 (weekdays 8.00am – 3.00pm) or Email: customerservice@dfm.ae
- For any enquiries relating to the Rights Issue, please contact: First Abu Dhabi Bank (formerly National Bank of Abu Dhabi) Call Centre T: +971 (2) 616 1800
- For additional information relating to the Rights Issue, please refer to the Company's website www.arabtecholding.com or Email: ri.info@arabtecholding.com