



Dana Gas announces terms of US\$700 million consensual Sukuk restructuring

***Potential significant reduction of debt - up to US\$385 million
Fair terms for both Company and Sukukholders
Accretive to all stakeholders***

Sharjah, UAE: 13 May 2018: Dana Gas PJSC, (“Dana Gas” or the “Company”), the Middle East’s largest regional natural gas company, is today pleased to announce agreement with the Ad-Hoc committee of Sukukholders (the “AHC”) on terms and conditions of an offer for the restructuring and refinancing of its Sukuk Al-Mudarabah, the nominal value of which on 31 October 2017 was \$700 million (the “Transaction”). As of today, Sukukholders representing in excess of 52% of the aggregate amount of the existing Exchangeable Certificates and in excess of 30% of the existing Ordinary Certificates have entered into a binding lock-up and standstill agreement with the Company in connection with the mutually agreed proposed restructuring. The Company and members of the AHC currently involved in litigation have also entered into a Litigation Dismissal Agreement that provides a mechanism for the dismissal of all pending litigation and a release of certain claims.

The consensual transaction represents a means to resolve amicably all current issues and disputes facing the parties.

Key Transaction Highlights

- For holders wishing to exit their principal, the Company is offering an opportunity to tender their claims at 90.5¢ per \$1 of the face value of their holdings, which includes an early participation fee of 2.5¢ (if elections are received within 7 days from the date of launch of the Tender Offer and Consent Solicitation process).¹
- For holders electing to receive a partial pay down and exchange into a new instrument, there is a path to full recovery including a significant repurchase obligation at par with respect to the new certificates. Such holders will also receive arrears of profit distribution as per the Existing Certificates up till 31 October 2017, and a 4% profit rate (see below) from 01 November 2017 till closing of the transaction. If elections are received within 7 days from the date of launch of the Tender Offer and Consent Solicitation process, holders will receive an early participation fee of 2.5¢
- The new certificates will be constituted of a Wakala Sukuk instrument (based on an underlying Ijara and deferred payment obligation structure) which has a 4% profit rate and 3 year tenor (see appendix below).
- The consensual agreement is contingent on various conditions being satisfied, including payment of costs of certain parties and termination of all current litigation, which has been value-eroding to all stakeholders, as well as a release of certain claims.

Dana Gas believes that the offer reflects the Company’s significantly improved financial position at about 0.3 times net leverage, and removes the risk to all parties of continuing lengthy legal disputes in multiple jurisdictions. The Board plans to secure the necessary stakeholder consents for the implementation of the Transaction, while the Company continues to focus on achieving its growth potential over the coming years and continue to realise increasing value of its assets. Dana Gas invites its shareholders and all the remaining Sukukholders to communicate their support of

¹ This option is capped at 25% participation



the Transaction as will be detailed in the tender offer and consent solicitation memorandum and shareholder notices that will be issued by the Company.

Patrick Allman-Ward, CEO of Dana Gas, commented:

“We are pleased to have amicably reached a consensual solution with the AHC, as indeed was always the Company’s publicly-declared intention from the outset, which offers Sukukholders the opportunity to cash out at a premium to current market prices or – individually solely at their election – to achieve a path to full repayment of the face value of their existing holdings. The proposed new Sukuk instrument to be issued to Sukukholders has been legally verified to be lawful without question.”

A member of the AHC also commented:

“We are now pleased to have reached an agreement with the Company and provide our support to the settlement.”

Next Steps

- In order to successfully complete the Transaction, the Company will seek the consent of its shareholders and existing Sukukholders. It is currently expected that the Transaction will be completed by the first half of July, 2018.
- The Company currently intends to schedule a general assembly meeting in June to request shareholder approval of the terms of the Transaction.
- Similarly, the Company will seek consent from remaining Sukukholders for the proposed Transaction as part of the Tender Offer and Consent Solicitation process which is expected to be launched this month.
- The Company will also, in accordance with its disclosure obligations under the ADX listing rules, keep all relevant parties informed of any material events.

-ENDS-

About Dana Gas

Dana Gas is the Middle East's first and largest regional private sector natural gas Company established in December 2005 with a public listing on the Abu Dhabi Securities Exchange (ADX). It has exploration and production assets in Egypt, Kurdistan Region of Iraq (KRI) and UAE, with 2P reserves exceeding one billion boe and average production of 67,600 boepd in 2017. With sizeable assets in Egypt, KRI and the UAE, and further plans for expansion, Dana Gas is playing an important role in the rapidly growing natural gas sector of the Middle East, North Africa and South Asia (MENASA) region. Visit: www.danagas.com

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Cautionary Note Regarding Forward-Looking Statements and Other Disclaimers

This press release contains forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “intends,” “may,” “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this press release and include statements regarding our intentions, beliefs or current expectations concerning, among other things, the Transaction.

All forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements. We undertake no obligation to publicly update or publicly revise any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this press release.

Under no circumstances shall this announcement constitute an offer to sell, or the solicitation of an offer to buy, any securities nor shall there be any sale of the securities mentioned in this press release in any jurisdiction in which such offer, solicitation or sale would be unlawful. The potential Transaction described in this announcement and the distribution of this announcement and other information in connection with the potential transaction in certain jurisdictions may be restricted by law and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Information regarding the potential Transaction and the securities shall be contained in a tender offer and consent solicitation memorandum that may be produced by Dana Gas and/or the issuer of the securities and potential investors should refer to such offering document when, and if, it becomes available, and any decision by certificateholders regarding the proposed Transaction should be made after a careful evaluation of such tender offer and consent solicitation memorandum. Neither the issuer of any securities nor Dana Gas has registered, and does not intend to register, such securities in any jurisdiction and does not intend to conduct a public offering of such securities in any jurisdiction. In particular, no such securities of the Dana Gas or an issuer incorporated by Dana Gas have been nor will be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and such securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Appendix I: Summary of Principal Deal Terms²

Sukukholders will be allocated (whether through election, allocation or scale-back) to either Option A or Option B (could be subject to pro-ration). The agreement requires approval from a requisite majority of holders of the existing certificates and the implementation of such consensual agreement will be subject to certain conditions being met, including all current and ongoing litigation proceedings being withdrawn and certain claims being released. All parties are required to take steps to withdraw ongoing litigation in Sharjah and the UK, as per the Litigation Dismissal Agreement that parties have entered into, which also includes provisions to the settlement of outstanding costs.

² Details of the terms will be contained in the Tender Offer and Consent Solicitation Memorandum to be issued by the Company

Option A	
Purchase Price	90.5% (if tender received before Early Participation Deadline³) on face value of existing Sukuk allocated to Option A
Cap on Election	25.0%
Option B	
Upfront Cash Payment	
Debt Repayment	20.0% on face value of existing Sukuk allocated to Option B
Accrued Profit from 1-May-17 to 31-Oct-17	7.0% / 9.0% (existing profit rate)
Accrued Profit from 1-Nov-17 to Closing	4.0% (new profit rate)
Early Participation Fee³	2.5% on face value of existing Sukuk allocated to Option B
New Sukuk Structure	
Prepayment Threshold (2 years from 31-Oct-17)	Redemption at par of the New Sukuk in an amount equal to 20.0% on face value of existing Sukuk allocated to Option B
Profit Rate (Cash)	4.0%
Prepayment Threshold Penalty	If prepayment threshold not achieved, profit rate to increase by +2.0% to 6.0%
Tenor	3 years from 31-Oct-17
Security	Same as existing except Danagaz WLL
Dividend Policy	Cap = 5.5% of the paid-up share capital of Dana Gas, subject to a minimum liquidity requirement of \$100m
Structure	Ijara and Deferred Sale Receivable (as needed)
Repayment Obligations	- All net free cash proceeds of NIOC settlement and sale of Egypt business to be used for repayment of the Sukuk - Provisions relating to the buyback of the New Sukuks under certain circumstances
Covenants	Substantially as per existing documents
Additional Terms	
Waiver and Contribution Towards Certificateholders' / Defendants' Costs	Company to pay \$7 million towards the costs of the various parties (other than the Company and its shareholders) involved in the litigation, with the balance (capped at \$13.945m assuming closing occurs on or before 31 July 2018) cost amount to be deducted, on a pro rata basis, from the cash payable to the Sukukholders pursuant to the Transaction.

³ If elections are received within 7 days from the date of launch of the Tender Offer and Consent Solicitation process