SHUAA Capital continues bond discussions with Dubai Banking Group

Dubai, 26 May 2009: SHUAA Capital announced today that it has agreed to extend the deadline to reach an agreement with Dubai Banking Group (“DBG”) until Thursday the 4th of June. The two sides signed a Memorandum of Understanding on 2 November 2008 under which the parties suspended their positions in order to permit SHUAA to propose to its shareholders various compromise measures proposed by DBG, including an extension of the maturity date and voting control on SHUAA's Board of Directors.

At an extraordinary general meeting held on 1 March 2009, SHUAA's shareholders authorized an extension of the notes as envisioned in the MOU but discussion stalled on an extension document reaffirming the original terms of the bond.

The company wishes to clarify therefore that the extension of the maturity by up to two years which was originally contemplated in the MOU above is no longer being considered by the two parties. DBG has also since withdrawn its requirement for representation on SHUAA's Board of Directors.

A further extraordinary meeting on 15 April 2009 gave SHUAA's Board of Directors broad authority to negotiate compromise terms.

The company remains confident of its legal position, and both parties recognizes that a resolution cannot be deferred indefinitely. SHUAA's Board of Directors continue to work very diligently to balance between the practical value of attempting to address the expressed concerns of a major shareholder and avoiding the uncertainty and disruption that would be created by a formal confrontation, while defending the company legal rights.

More recent negotiations have therefore focused on finding a mutually agreeable resolution other than extension. The two alternatives that are currently being considered entail SHUAA buying back part or all of the outstanding Convertible Note and/or agreeing a new conversion price other than what was originally contracted.

Ends