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Arrow Global Group PLC

(“Arrow Global” or the “Company” and together with its subsidiaries the “Group”)

Proposed acquisition of Norfin Investimentos S.A. and Trading Statement

Arrow Global announces the proposed acquisition of Norfin Investimentos S.A (“Norfin”), a leading manager of real estate investments in Portugal.

This acquisition further strengthens Arrow Global’s asset management and investment capabilities, is highly complementary to Arrow’s existing Whitestar platform, and will allow the Group to offer a comprehensive set of servicing solutions to investors in Portugal.

Due to Norfin’s ownership of a regulated fund manager, Norfin Sociedade Gestora de Fundos de Investimento Imobiliários, S.A, the transaction is subject to a regulatory change of control approval by the Bank of Portugal and is expected to complete by the end of 2018.

Transaction details

Arrow Global has agreed terms to acquire Norfin for an upfront purchase price of £15.1m.

Norfin is owned by its founding shareholders João Brion Sanches (CEO), Alexandre Relvas and Felipe de Botton. Norfin’s primary business activity is the management of closed-end real estate funds in Portugal.

The acquisition will be funded in cash from existing Group resources, with £15.1m paid on closing. In addition, an earn-out related to shares acquired from the Sellers is provided, which will be capped at £29.4m and is payable in 2021 dependent on business performance up to the year ending 2020.

The transaction is expected to be earnings accretive in 2019.

Highlights: About Norfin

- Norfin is a leading manager of real estate investments (residential and commercial) via closed-end funds. It has €1.5bn of assets under management
- Norfin has built a first-rate reputation and track record, having been recognised by Euromoney as the Best Real Estate Investment Manager in Portugal for the last 12 consecutive years
- For the year ended 31 December 2017, Norfin’s audited revenues were €6.7m, with €2.1m profit before tax. Total assets were €12.2m. The acquisition is expected to further increase the weighting of Arrow Global’s capital-light asset management revenues, which for the year ended 31 December 2017, accounted for 22.3% of the Group’s total revenues
- Norfin’s highly experienced, Lisbon-based team, will add approximately 50 dedicated management and staff to Arrow Global’s team. João Brion Sanches, Norfin’s CEO, will continue to run the business after the completion of the deal

Trading update

- Trading continues to be strong and in-line with management expectations, at high returns

- On track to meet annual target of £230-240m of portfolio purchases
- At £145m at end of June, volumes are running ahead of 2017; well balanced by geography and asset class
- Forecast returns net of collection costs remain in line with our mid-teens IRR target; 16% IRR achieved in H1 2018
- The Group remains within its target leverage range and expects to reduce leverage by the end of 2018

Lee Rochford, Group Chief Executive Officer of Arrow Global, commented:

"We are delighted to announce this strategic acquisition that further strengthens Arrow Global's market position in Portugal and adds valuable real estate asset management capabilities to the Group.

Norfin's first-rate reputation and expertise is highly complementary to our existing Whitestar operations and adds to our commercial and origination capabilities in a market where we are already the leading servicer, allowing us to offer a comprehensive set of servicing and asset management solutions to our clients.

The acquisition adds further significant capital-light revenue to the Group's income stream and is expected to be earnings accretive in year one.

Importantly, we will remain within our guided leverage range of 3.5x-4.0x secured net debt to adjusted EBITDA and continue to expect to reduce leverage by the end of the year. We expect leverage to fall further in 2019 as our high return back book, combined with our prudent balance sheet management, continues to generate strong cash flow.

Trading in the second quarter has continued to be in line with expectations, with the positive pricing environment we noted in the first quarter continuing into the period and resulting in strong returns. We look forward to updating the market further on our performance at our Interim results on 30 August."

João Brion Sanches, CEO, Norfin, said:

"We are delighted to be joining Arrow Global. We have built a strong business which will add to the Group's investment and asset management capabilities and which complements Arrow Global's existing Portuguese business. Arrow has a strong entrepreneurial culture and we believe that it is the right partner for us to enable Norfin to reach its next stage of development. The combination provides the enlarged Group with significant opportunities and I and the rest of the team look forward to working with the Arrow Global management team going forward."

There will be a conference call held at 0900 BST to discuss the acquisition and trading update. Participants can register for the call using the following link:

<http://emea.directeventreg.com/registration/1663778>

Forward-looking statements

This announcement contains certain forward-looking statements with respect to certain of Arrow Global's current expectations and projections about future events, including in relation to the Acquisition and the enlarged group of Arrow Global and Norfin (the "Enlarged Group"). These statements, which sometimes use words such as "aim," "anticipate," "believe," "intend," "plan," "estimate," "expect," "pro forma" and words of similar meaning, reflect the directors' beliefs and expectations and involve a number of risks, uncertainties and assumptions (including the completion of the transactions described in this announcement) that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement. Statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The information contained in this announcement is subject to change without notice and, except as required by applicable law, the Group does not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained in it. Readers should not place undue reliance on forward-looking statements, which speak only as at the date of this announcement. No statement in this announcement is or is intended to be a profit forecast or profit estimate or to imply that the earnings or other measures of performance of Arrow Global or the Enlarged Group for the current or future financial years will necessarily match or exceed the historical or published earnings or other measures of performance of Arrow Global.

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