



Valuation for the Restructuring of Citrus Leisure PLC Subsidiaries

Please refer Addendum on Page 50 compiled on April 17, 2017 incorporating comments regarding the impact to the recommendations in this Valuation Report in light of recent financial disclosures made by the respective entities

Financial Advisor



September 27, 2016

See important disclaimers on Page 51

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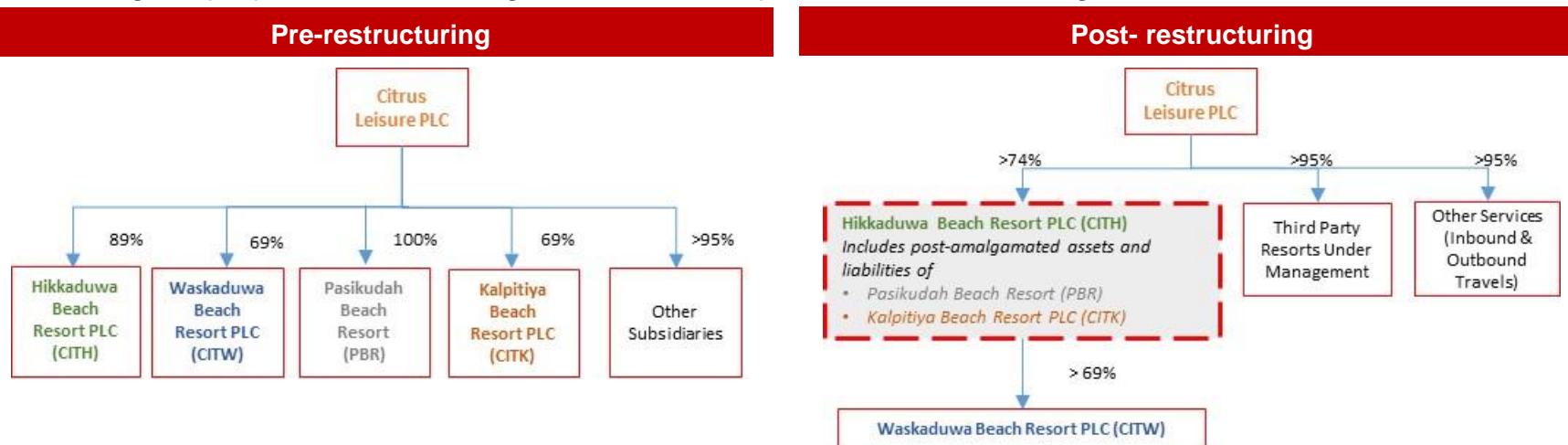
I. Background

- Citrus Leisure Group (“REEF” or the “Group”) is the holding company with investments in different areas in the tourism and leisure sectors.
- Recently the management of REEF reviewed its overall business strategy with the intention of optimising its collective strengths and unlocking synergies within the Group. Following the review, the management is of the view that organising the investments made by REEF into three clusters would help them materialise their objectives.
- In light of the above, the management have determined the following clusters:
 - Owning and operating resorts
 - Third party resorts under management
 - Other leisure related services (Inbound & outbound travel)
- Accordingly, The following four resort properties, where REEF holds controlling stakes, are to be brought under one cluster.
 - Hikkaduwa Beach Resort PLC (CITH) – Operates 90 room 4-star hotel in Hikkaduwa
 - Waskaduwa Beach Resort PLC (CITW) – Operates 150 room 5-star hotel in Waskaduwa
 - Kalpitiya Beach Resort PLC (CITK) - A property in Kalpitiya with potential for development
 - Passikudah Beach Resorts Ltd (PBR) - A property in Passikudah with potential for development
- CITH was considered to be the cluster holding company with CITW, CITK and PBR (which are currently under REEF) to be transferred under CITH.
- In this regard, the Board of Directors of REEF appointed NDB Investment Bank Limited (NDBIB) to carryout a valuation of its subsidiaries and recommend a restructuring proposal to achieve the objective.

Background

Proposed Restructuring

- Based on the advice of NDBIB, tax and legal consultants, the Board of Directors of REEF, with the concurrence of CITH, decided to
 - Make a **Voluntary Offer** to the shareholders of CITW, in terms of the Company Take-overs and Mergers Code, to consolidate the shareholding of CITW under CITH as a subsidiary company. The Board of Directors of REEF opted for a voluntary offer, to consolidate CITW under CITH, following the advice of the Company's Tax advisors i.e. M/s Ernst & Young. The tax advisors have pointed out that CITW operations could have adverse tax implications if it is to be amalgamated with CITH, given the current BOI tax concessions applicable to CITW. It was further decided to offer CITH shares as consideration to CITW shareholders for the aforesaid voluntary offer. The Voluntary Offer is also expected to provide an opportunity for the minority shareholders of CITW to be part of CITH as part of the overall restructuring plan
 - **Amalgamate** CITK and PBR, in terms of the Companies Act No. 07 of 2007, with CITH with a view to consolidate the leisure sector properties and other assets of both CITK and PBR under CITH
- Following the proposed restructuring the current Group structure would change as follows;



Background

Valuation of Subsidiaries



- At the request of REEF Management, NDBIB carried out a valuation on the aforementioned subsidiaries and submitted the valuation report on August 01, 2016.
- Thereafter, the NDBIB proposed the aforementioned restructuring plan at the request of the REEF management, which included a recommendation on the final group structure and the proposed offer prices for the share swap ratios for the amalgamation and the voluntary offer, on September 02, 2016. The share swap ratios were determined based on the valuation report submitted on August 01, 2016.
- The Board of Directors of REEF approved the restructuring plan on September 23, 2016. Subsequently, the Board of Directors of CITH, CITK, and PBR gave their concurrence to the restructuring proposal.
- NDBIB compiled this report by incorporating the valuation report submitted on August 01, 2016 and the Restructuring Plan submitted on September 02, 2016 to indicate the basis for determination of the share swap ratios for the proposed amalgamations and the voluntary offer to the respective shareholders as requested by the Board of Directors of REEF, CITH, CITK, and PBR.

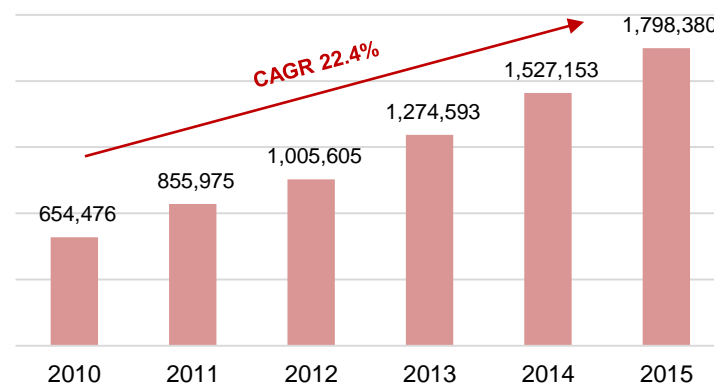
II. Industry Overview and Outlook

Annual tourist arrivals expected to reach 4 million by 2020...

- Tourist arrivals have grown at a 5 Year CAGR of c. 22.40% from 2010 to 2015 with the country's emergence as a popular tourist destination
- Tourist arrivals grew by c. 18.4% during YTD 2016, compared to the same period last year
- The top source markets are China contributing c. 11.9% and India contributing c. 17.6%
- The Government of Sri Lanka expects tourist arrivals to reach 3 Million by 2016 and 4 Million by 2020 as a result of infrastructure development, upcoming hotel franchises and multiplexes and promotional programmes
- In 2015, leisure travel related spending generated 85.6% of travel and tourism income compared to 14.4% for business travel related spending
- Business travel related spending is expected to increase by 5.7% per annum through 2026
- Commercial and MICE tourism presently constitutes to only 1.6% of the total arrivals and is expected to grow rapidly in the future

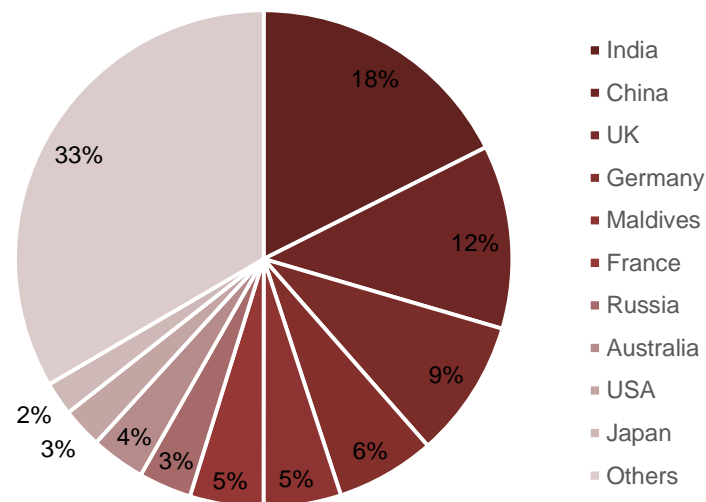
Source : SLTDA and World Travel and Tourism Council

Tourist Arrivals 2010-2015



Source : SLTDA

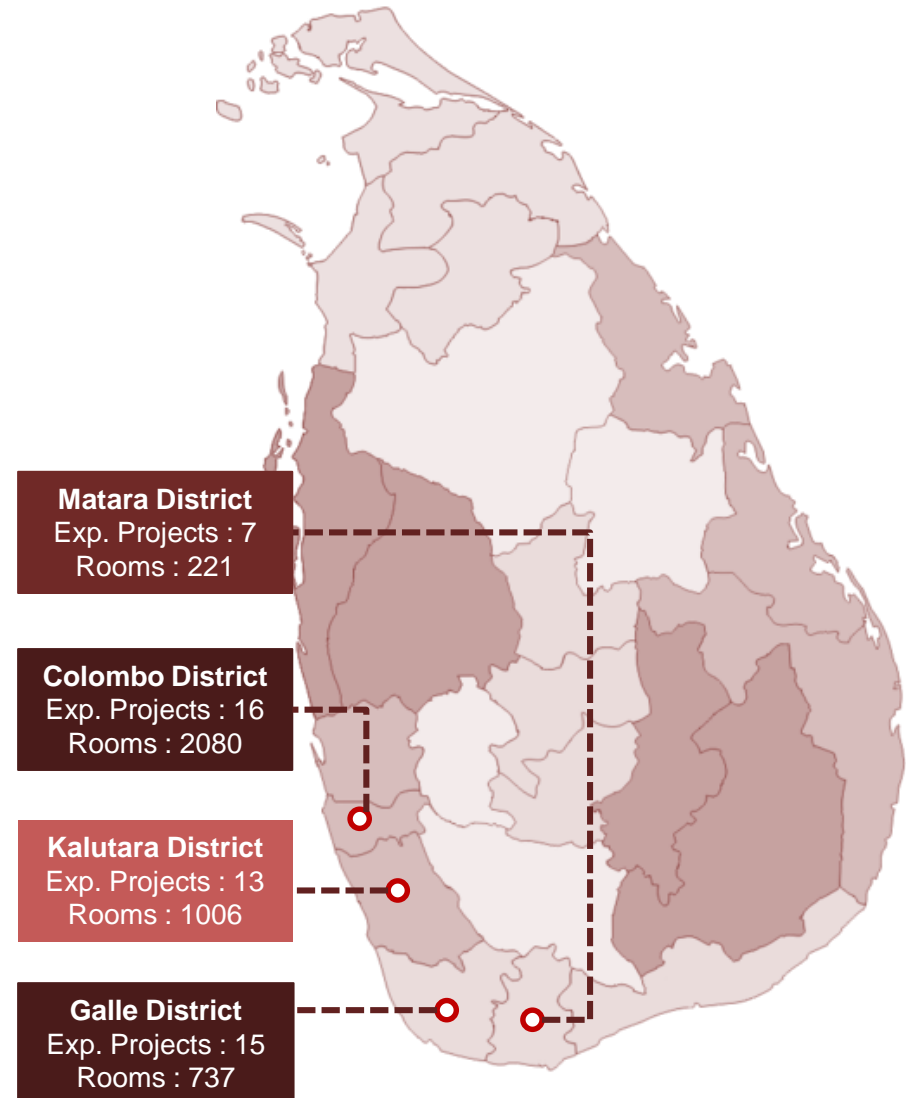
Contribution by Country : 2015



Source : SLTDA

Significant expansion in room inventory expected over the next 5 Years...

- As at December 2015, c. 55% of the room inventory was from the South Coast and Colombo City in Sri Lanka
- The South-West coast has seen the largest supply in room inventory over the past three years
- In 2015, the highest occupancy of 76.4% was recorded from Colombo City
- It is expected c. 8,000 rooms would be added to the existing tourist resort inventory of 19,376 rooms by 2020. Nearly 65.0% of the proposed inventory would be in Colombo and over 60.0% of the proposed hotel supply falling in the luxury and upscale segments
- Mid-scale hotel supply constitutes to only 10.0% of total proposed hotel supply
- The South-West region has seen strong interest from international brands including Shangri-La, Anantara, Marriott, Sheraton and RIU which would provide a boost to the entire South-West coast region



Source : SLTDA, World Travel and Tourism Council, JLL Research

III. Valuation Methodology

Valuation Methodology (1/3)

Discounted Free Cash Flow Method (DCF)

Theoretical justification for using the DCF approach is as follows:

- The business value attributable to the capital providers of the company consists of the present value of Free Cash Flows available to the providers of capital of the company
- The strategic value of the company could be ascertained by considering the business value attributable to the capital providers adjusting for any non-operational assets/liabilities of the entity
- Business value attributable to the capital providers is determined by the discounted value of the Free Cash Flows attributable to the Providers of capital during the explicit forecast period plus the discounted terminal value
- The total Value of the company is arrived by adding non-operating assets to the value derived from discounted Free Cash Flows

In order to value the operating companies of REEF, namely, CITH and CITW, a DCF approach was adopted due to the aforesaid rationale.

Net Asset Based Valuation (NAV)

Theoretical justification for using the NAV approach is as follows:

- The NAV method of calculating the value of a company is based on both the stated and the contingent assets and liabilities of the company
- Under this method, the book value of the company is considered as a proxy for NAV

The NAV method was used to value all operating and non-operating subsidiaries of REEF.

Valuation Methodology (2/3)

Price Multiples Based Method

- The Price Earnings (PE) ratio and Price to Book Value (PBV) ratio are most common examples of price multiples used in carrying out relative valuations for companies
- PE method for calculating the value of a company share is as follows:

$$P = \text{EPS} \times \text{PE}$$

where,

$$P = \text{Price per Share}$$

$$\text{EPS} = \text{Earnings per Share}$$

$$\text{PE} = \text{Price Earnings Ratio of a comparable company / peer group}$$

- PBV method for calculating the value of a company share is as follows:

$$P = \text{NBV} \times \text{PBV}$$

where,

$$P = \text{Price per Share}$$

$$\text{NBV} = \text{Net Book Value per Share}$$

$$\text{PBV} = \text{Price to Book Ratio of a comparable company / peer group}$$

- PBV method has been adopted to value the operational companies of REEF as the applicability of the PE Ratio is limited due to lack of profitability in some of the peers and subsidiaries of REEF

Valuation Methodology (3/3)

Market Based Valuation

- Market Based Valuation is a form of valuation where the Company's market prices are used as a basis for the valuation.
- However, this method of valuation has not been used for the valuation of CITH, CITW and CITK due to the following reasons:
 - Market prices may not be indicative of the intrinsic values of the companies particularly in transactions which involve strategic intent
 - Market prices are affected by many reasons including but not limited to demand/supply dynamics of a security, shareholder profile, investor sentiments and the stage in a company's lifecycle.
- As the primary objective of this valuation exercise is to determine the intrinsic value of the companies, we are of the view that market based valuation may not be suitable for the valuation exercise set out herein.

Valuation Methodology

NDBIB selected the following valuation techniques to determine the value of the respective subsidiaries.

Company	Valuation Methodology
Hikkaduwa Beach Resort PLC	Discounted Cash Flow Valuation, Net Asset Valuation and Price Multiples
Waskaduwa Beach Resort PLC	Discounted Cash Flow Valuation, Net Asset Valuation and Price Multiples
Kalpitiya Beach Resort PLC	Net Asset Valuation
Pasikudah Beach Resorts Ltd	Net Asset Valuation

IV. Forecasting Methodology and Sources of Information

Forecasting Methodology and Sources of Information

- The requisite inputs for the DCF approach were derived explicitly from the forecast financial statements of CITH and CITW. Accordingly, the following valuation methodology was adopted in forecasting the financial statements:
 - The financial statements were forecast for a period of 5 years based on the business plans provided by the management
 - Input from the management was obtained in order to gain a better understanding of the nature of operations
 - The historical audited financial statements and the management accounts were analysed in order to identify the possible trends and key performance indicators
 - Future growth plans have been duly incorporated in the forecast financial statements based on the discussions with management
 - The forecast financial performance was assessed taking into consideration the macro economic factors that may influence operations over the next five years
- Information was obtained from the following sources:
 - Audited Financial Statements up to FY2016
 - Company budgets and financial projections
 - Discussions held with the management of respective companies

VI. Valuation of Waskaduwa Beach Resort PLC (CITW)

Waskaduwa Beach Resort PLC

Revenue Assumptions



- **Room Inventory** : CITW has a room inventory of 149 rooms with no plans for expansion during the next 5 years as it was recently constructed
- **Occupancy** : The current occupancy of CITW is 67.5% owing to the resort being a new player in the market. The Company expects occupancy to be driven by extensive marketing and branding efforts, reaching 75.0% in FY2017E and growing further over the forecast period to reach 80.0% by FY2021E
- **Guest Count** : The average number of guests per room is assumed to be 2.2 for the forecast period
- **Average Room Rate (ARR)** : Expected to be c. USD 77 by FY2018E and increase 5.0% YoY (A higher rate was assumed as CITW operates in the 5 Star sector)
- **Exchange Rate** : It is assumed that the average USD/LKR exchange rate for FY2017E would be LKR 150/USD and depreciate thereafter by 3.0% YoY
- **Food & Beverage Revenue** : It is assumed that the Food Revenue Per Guest (USD) would increase by 9.0% YoY in FY2017E, 7.0% YoY in FY2018E and by 5.0% YoY thereafter.
- **Beverage Revenue** : It is assumed that the Beverage Revenue Per Guest (LKR) would grow by 9.0% YoY in FY2017E, 7.0% YoY in FY2018E and by 5.0% YoY thereafter
- **Banquet Revenue** : CITW presently has two banquet halls capable of occupying over 500 guests. It is assumed that the annual occupancy of the banquet halls would increase to 45.0% by FY2017E and up to 60.0% by FY2021E due to the rising demand for venues to host weddings/other events in the Southern Coast and CITW being newly built with modern architectural facets
- **Laundry** : Capture rate per occupied room is expected to rise to 5.0% YoY in FY2017E and remain constant thereafter over the forecast period
- **Spa** : Spa revenue per guest is estimated to increase by 5.0% YoY over the forecast period

Waskaduwa Beach Resort PLC

Revenue Assumptions



Room Revenue Assumptions	FY2016	FY2017E	FY2018E	FY2019E	FY2020E	FY2021E
Occupancy	67%	75%	77%	79%	80%	80%
Guest Nights Sold	79,907	88,551	90,913	93,274	94,713	94,455
Average Room Rate (USD)	66	72	77	80	85	89
Average Room Rate (LKR)	9,201	10,746	11,843	12,808	13,718	14,691

Other Revenue Assumptions	FY2016	FY2017E	FY2018E	FY2019E	FY2020E	FY2021E
Food Revenue Per Guest (LKR)	1,013	1,183	1,304	1,410	1,510	1,617
Beverage Per Room Night (LKR)	358	391	418	439	461	484
Banqueting Occupancy	36%	45%	50%	55%	57%	60%
Average Guest Count per Banquet	156	140	140	140	140	140
Revenue per Banqueting Guest (LKR)	2,968	3,265	3,592	3,843	4,112	4,400
Laundry Capture Rate (% of Occupied Rooms)	2%	5%	5%	5%	5%	5%
Average Revenue per Laundry Ticket (LKR)	2,681	2,500	2,500	2,500	2,500	2,500
Spa Capture Rate (% of Occupied Rooms)	1%	2%	2%	2%	2%	2%
Average Revenue per Spa Guest (LKR)	3,904	4,099	4,304	4,519	4,745	4,982

Waskaduwa Beach Resort PLC

Forecast Revenue Breakdown



Revenue (In LKR Mn)	FY2016	FY2017E	FY2018E	FY2019E	FY2020E	FY2021E
Room revenue	338.67	438.31	495.94	550.29	598.46	639.20
Food revenue	161.88	209.50	237.05	263.03	286.05	305.52
Beverage revenue	28.64	34.59	38.00	40.94	43.65	45.71
Banquet revenue	123.32	150.16	183.53	216.02	240.20	269.80
Laundry revenue	1.79	5.10	5.23	5.37	5.45	5.44
Spa revenue	3.67	7.26	7.83	8.43	8.99	9.41
Total Gross Revenue	657.96	844.92	967.58	1,084.08	1,182.80	1,275.08
Tourism Development Levy	(6.72)	(8.45)	(9.68)	(10.84)	(11.83)	(12.75)
Total Net Revenue	651.24	836.47	957.91	1,073.23	1,170.97	1,262.33

Waskaduwa Beach Resort PLC

Cost Assumptions



Cost of Sales

Assumptions on Cost of Sales	FY2016	FY2017E	FY2018E	FY2019E	FY2020E	FY2021E
Cost of Sales - Room as a % of Room Revenue	5.8%	5.7%	5.6%	5.6%	5.6%	5.6%
Cost of Sales - Food as a % of Food Revenue	52.9%	45.0%	45.0%	45.0%	45.0%	45.0%
Cost of Sales - Beverage as a % of Bev. Revenue	46.6%	45.0%	45.0%	45.0%	45.0%	45.0%
Cost of Sales - Banquet as a % of Banquet Revenue	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
Cost of Sales - Laundry as a % of Laundry Revenue	77.6%	77.6%	77.6%	77.6%	77.6%	77.6%

Administration Expenses

- Presently CITW is overstaffed with 294 employees with a staff to room ratio of 1.97, hence by FY2021E management wishes to bring down the staff cadre to 270 with a staff to room ratio of 1.81. Employee mix is assumed constant.

Expense Item	Forecasting Basis
Salaries & Wages	Year on Year Growth
Defined Contribution Plan EPF ETF	As a % of total salaries and wages
Staff Bonus	Number of months paid as bonus
Executive and Staff Meal	Year on Year Growth
Casual Wages	As a % of Salaries and Wages

- Depreciation and amortization was incorporated considering CITW's current depreciation and amortization policy
- The other administration expenses are assumed to grow by 5.0% Year on Year

Marketing Expenses

- Marketing expenses are assumed to be 2.0% of revenue over the forecast period.

Waskaduwa Beach Resort PLC

Other Assumptions



Finance Income and Expenses

- The information on interest bearing borrowings of CITW as at March 31, 2016 is as follows:

Facility	Loan Value (In LKR Mn)	Interest Rate	Tenor
Sampath Bank Loan	1,650	AWPLR + 1%	10 Years with a 10 Months Grace Period

Taxation

- CITW is currently on a 12 Year BOI tax holiday which ends in FY2028E. Accordingly, CITW is not taxed over the explicit forecast period. However beyond FY2028E it is assumed that CITW would be taxed at the standard corporate tax rate of 17.5% based on letter published by the Inland Revenue Department (Reference Number: SEC/2016/04) on March 28, 2016. As at the time of this Report, the authorities have not published the gazette notification pertaining to the above. **Any possible change to the aforementioned tax rates may have a significant impact to the valuation results of this Report.**

Capital Expenditure

- As per management information , CITW is expected to incur the following capital expenditure:

LKR Mn	FY2017E	FY2018E	FY2019E	FY2020E	FY2021E
Estimated Capital Expenditure	15.00	25.00	25.00	50.00	20.00

Working Capital Assets

Inventory Days	Trade Receivable Days	Trade Payable Days
43 Days	45 Days	160 Days

Dividend

- It is assumed that no dividend would be paid over the forecast period

Waskaduwa Beach Resort PLC

Forecast Income Statements



Forecast Income Statement (In LKR Mn)	FY2016	FY2017E	FY2018E	FY2019E	FY2020E	FY2021E
Revenue	651.24	836.47	957.91	1,073.23	1,170.97	1,262.33
Cost of Sales	(159.69)	(186.83)	(214.34)	(240.89)	(262.67)	(284.08)
Gross Profit	491.55	649.64	743.57	832.34	908.30	978.24
Other Income	5.62	5.91	6.77	5.42	5.91	6.38
Administrative Expenses (excluding depreciation)	(272.65)	(284.09)	(307.36)	(333.62)	(359.15)	(385.16)
Marketing Expenses	(14.83)	(16.90)	(19.35)	(21.68)	(23.66)	(25.50)
EBITDA	209.69	354.57	423.63	482.46	531.40	573.95
Depreciation	(188.07)	(191.82)	(180.68)	(170.67)	(179.41)	(156.72)
EBIT	21.63	162.75	242.94	311.79	351.99	417.24
Finance Income	1.54	-	-	-	-	-
Finance Cost	(219.48)	(253.86)	(242.50)	(221.34)	(191.39)	(153.11)
Profit Before Tax	(196.32)	(91.11)	0.44	90.46	160.59	264.13
Income Tax Expenses/Reversal	(0.11)	-	-	-	-	-
Profit After Tax	(196.43)	(91.11)	0.44	90.46	160.59	264.13

Waskaduwa Beach Resort PLC

Forecast Balance Sheets



Forecast Balance Sheet (In LKR Mn)	FY2016	FY2017E	FY2018E	FY2019E	FY2020E	FY2021E
Property Plant and Equipment	3,872.00	3,695.18	3,539.49	3,393.82	3,264.41	3,127.69
Amount due from Related Parties	12.60	12.60	12.60	12.60	12.60	12.60
Intangible Assets	0.37	0.37	0.37	0.37	0.37	0.37
Total Non Current Assets	3,884.96	3,708.15	3,552.46	3,406.79	3,277.38	3,140.66
Inventories	13.05	22.01	25.25	28.38	30.95	33.47
Trade and Other Receivables	101.08	134.79	149.92	164.28	176.45	187.83
Cash and Bank Balances	16.40	0.00	0.00	0.00	0.00	0.00
Total Current Assets	130.54	156.81	175.17	192.66	207.40	221.29
Total Assets	4,015.50	3,864.95	3,727.63	3,599.45	3,484.78	3,361.96
Stated Capital	2,042.24	2,042.24	2,042.24	2,042.24	2,042.24	2,042.24
Revaluation Reserves	100.92	100.92	100.92	100.92	100.92	100.92
Retained Earnings	(561.60)	(652.72)	(652.27)	(561.81)	(401.22)	(137.09)
Total Equity	1,581.56	1,490.45	1,490.89	1,581.35	1,741.94	2,006.07
Interest Bearing Loans	1,796.73	1,738.95	1,652.82	1,485.70	1,263.79	930.51
Amounts due to Related Parties	470.84	470.84	403.57	336.31	269.05	201.79
Other Non Current Liabilities	10.82	13.97	17.53	21.64	25.99	30.20
Trade and Other Payables	155.56	150.76	162.81	174.45	184.00	193.39
Total Liabilities	2,433.95	2,374.51	2,236.74	2,018.10	1,742.83	1,355.89
Total Equity and Liabilities	4,015.50	3,864.95	3,727.63	3,599.45	3,484.78	3,361.96

Waskaduwa Beach Resort PLC

DCF Valuation

Valuation Assumptions

- Calculation of Weighted Average Cost of Capital (WACC) is as follows:

Cost of Debt

Cost of Debt (pre tax)	13.00%
Tax rate	0.00%
Cost of Debt (post tax)	13.00%

† As CITW is on a tax holiday, from FY2017E to FY2027E the WACC is computed assuming no tax benefit

Cost of Equity

Long Term Government Bond Rate	12.00%
Corporate Bond Premium	1.00%
Equity Risk Premium	4.00%
Cost of Equity	17.00%

WACC

Debt ratio†	50.00%
WACC	15.00%

- Post FY2027E WACC was assumed 13.86% given the completion of the tax-exempt period. Accordingly, the free cash flow used for the terminal value for CITW was adjusted for tax rate of 17.5%.
- A terminal growth rate is assumed as 3.0%

Waskaduwa Beach Resort PLC

DCF Valuation



Valuation of CITW (In LKR Mn)	FY2017E	FY2018E	FY2019E	FY2020E	FY2021E
Profit Before Tax	(91.11)	0.44	90.46	160.59	264.13
Add/(Less) Non Cash Charges	194.96	184.25	174.78	184.13	162.08
Add/(Less) Net Finance Income	253.86	242.50	221.34	191.39	153.11
Taxation Paid					
Cash Flow Before Working Capital Changes	357.71	427.19	486.57	536.11	579.32
Changes in Working Capital	(47.47)	(6.31)	(5.85)	(5.19)	(4.51)
Capital Expenses	(15.00)	(25.00)	(25.00)	(50.00)	(20.00)
Free Cash Flow to the Firm	295.24	395.89	455.72	480.92	554.80

Valuation of CITW (In LKR Mn)	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E
Free Cash Flow to Firm	570.26	587.37	604.99	623.14	641.84	661.09	680.92
Terminal Value							5,917.60
Enterprise Value of CITW							3,938.32

Equity Value of CITW As at March 31, 2016	LKR Mn
Enterprise Value of CITW	3,938.32
Less:	
Interest Bearing Bank Borrowings	(1,796.73)
Interest Bearing Net Related Party Payables	(458.23)
Total Net Debt	(2,254.96)
Equity Value of CITW	1,683.36
Value Per Share (LKR)	8.34

Waskaduwa Beach Resort PLC

Valuation based on other methods



Net Asset Value

- CITW was valued at the Net Asset Value as at March 31, 2016

Valuation of CITW

Net Asset Value as at March 31, 2016 (In LKR Mn)	1,581.56
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Value Per Share (LKR)	7.84
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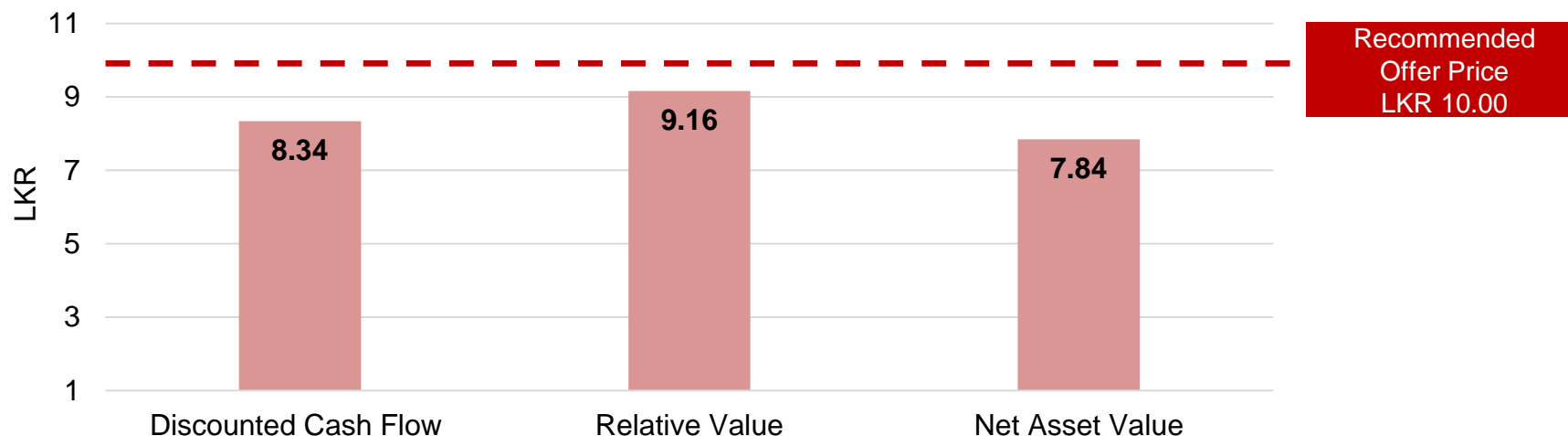
Relative Value based on Price Multiples

- A peer group within the sector “Hotels and Travels” from the companies listed on the Colombo Stock Exchange excluding the companies that comprise of more than one hotel property were selected (refer Annexure 01 for the list of peers)
- NDBIB considered PBV as the more appropriate multiple since forward EPS for CITW is negative.
- Based on the aforementioned peer group, the Relative Valuation Approach based on Market Values as at June 30, 2016 is as follows

Relative Valuation	CITW
Book Value Per Share (LKR)	7.84
Mean Peer Group PBV (x)	1.17
Value of CITW Share (LKR)	9.16

Waskaduwa Beach Resort PLC

Valuation Summary



Valuation Methodology	Price Per Share (LKR)
Discounted Cash Flow Value	8.34
Net Asset Value	7.84
Relative Value	9.16
Recommended Price	10.00

Based on the above valuation methodologies, the valuation of CITW ranges from LKR 7.84 – LKR 9.16. However, NDBIB recommends a value of LKR 10.00 per share for the purpose of the proposed Voluntary Offer with a view to incentivise the shareholders of CITW.

VI. Valuation of Kalpitiya Beach Resort PLC (CITK) and Passikudah Beach Resorts Ltd (PBR)

Valuation of CITK

- CITK was valued at the Net Asset Value as at March 31, 2016

Valuation of CITK

Net Asset Value as at March 31, 2016 (In LKR Mn)	1,572.48
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Value Per Share (LKR)	9.75
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- In arriving at the property value for CITK, a land valuation conducted on May 18, 2015 has been used in the financial statements for the year ended March 31, 2016.

Adjusted Net Asset Value

Adjusted Net Asset Value as at March 31, 2016 (LKR Mn)	981.75
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Adjusted Net Asset Value Per Share (LKR)	6.09
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- CITK has invested LKR 1,641.3 Mn (68% of total assets as at March 31, 2016) in Colombo Land & Development Company PLC (CLND). The investment is carried at cost in CITK Balance Sheet.
- NDBIB marked to market CITK's investment in CLND using 3 month VWAP for CLND as at June 30, 2016 to arrive at the adjusted Net Asset Value for CITK.
- It should be noted that whilst the market value of the investment in CLND has decreased due to price volatility, the NAV has grown from LKR 16.65 at the time of acquisition to LKR 24.71 as at June 30, 2016. Therefore, market value based adjustments may not be required for a transaction that involves strategic control.

Valuation of PBR

- PBR was valued at the Net Asset Value as at March 31, 2016

Valuation of PBR

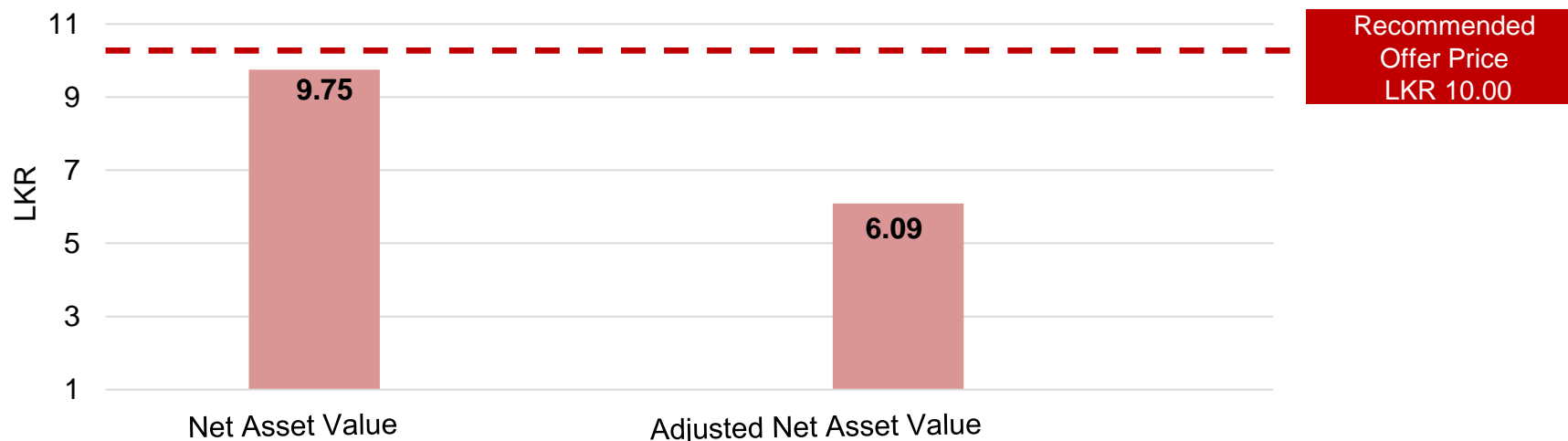
Net Asset Value as at March 31, 2016 (In LKR Mn)	15.93
Value Per Share (LKR Mn)*	15.93

** PBR has only one share in issue*

- In arriving at the property value for PBR, a land valuation conducted on January 12, 2015 has been used in the financial statements for the year ended March 31, 2016.

Kalpitiya Beach Resort PLC

Valuation Summary



Valuation Methodology	Price Per Share (LKR)
Net Asset Value	9.75
Adjusted Net Asset Value	6.09
Recommended Price	10.00

Based on the above valuation methodologies, the valuation of CITK ranges from LKR 6.09 – LKR 9.75. However, NDBIB recommends a share price of LKR 10.00 in order to incentivise the shareholders of CITK to accept the amalgamation proposal

VII. Valuation of Hikkaduwa Beach Resort PLC (CITH)

Hikkaduwa Beach Resort PLC

Revenue Assumptions



- NDBIB expects CITH to benefit from the forecasted increase in tourist arrivals over the next 5 years. An increase in local tourists can also be expected given the growth trajectory of the country. However, as CITH is currently operating at above industry occupancy levels, significant revenue growth for CITH has not been assumed.
- **Room Inventory** : CITH has a room inventory of 90 rooms with no plans for expansion during the next 5 years
- **Occupancy** : The current occupancy of CITH is 77.0% which is above the Southern Coast occupancy of 74.3%. Therefore, the occupancy is expected to grow modestly by 2% YoY from FY2017E – FY2019E owing to the extensive marketing efforts undertaken by CITH and remain constant thereafter
- **Guest Count** : The average number of guests per room is assumed to be 2.2 for the forecast period
- **Average Room Rate (ARR)** : Expected to increase at 4.0% YoY for FY2017E and FY2018E and increase at 3.0% YoY thereafter
- **Exchange Rate** : It is assumed that the average USD/LKR exchange rate for FY2017E would be LKR 150/USD and thereafter depreciate by 3.0% YoY
- **Food and Beverage Revenue** : It is assumed that the Food Revenue Per Guest and Beverage Revenue Per Guest would grow at 5.0% YoY
- **Banquet Revenue** : CITH presently has two banquet halls, namely, Lime Light Banquet Hall and Lobby Hall that can accommodate 190 and 125 persons respectively. It is assumed that the annual occupancy of the banquet halls would increase up to 10.0% over the next 5 years from its current 5.0% occupancy due to the growing need for proper spacing for weddings/meetings in the Southern Coast
- **Other Income** : Other income is assumed to be 1.0% of revenue over the forecast period

Hikkaduwa Beach Resort PLC

Revenue Assumptions

Room Revenue Assumptions	FY2016	FY2017E	FY2018E	FY2019E	FY2020E	FY2021E
Occupancy	77%	79%	81%	83%	83%	83%
Guest Nights Sold	54,944	54,121*	58,539	59,984	60,148	59,984
Average Room Rate (USD)	53	55	57	59	61	63
Average Room Rate (LKR)	7,417	8,264	8,887	9,465	9,944	10,447

*Note : Despite the high occupancy, the low guest nights sold in FY2017 is a due to the closure of the hotel for one month for refurbishment

Other Revenue Assumptions	FY2016	FY2017E	FY2018E	FY2019E	FY2020E	FY2021E
Food Revenue Per Guest (LKR)	1,465	1,648	1,731	1,817	1,908	2,003
Beverage Revenue Per Guest (LKR)	293	303	318	334	351	368
Banqueting Occupancy	5%	6%	7%	8%	9%	10%
Average Guest Count per Banquet	83	120	120	120	120	120
Revenue per Banqueting Guest (LKR)	2,317	2,549	2,804	3,056	3,270	3,499

Total Revenue (In LKR Mn)	FY2016	FY2017E	FY2018E	FY2019E	FY2020E	FY2021E
Room Revenue	188.11	203.30	236.47	258.06	271.86	284.84
Food Revenue	80.50	89.20	101.31	109.00	114.76	120.17
Beverage Revenue	16.09	16.39	18.61	20.02	21.08	22.08
Banquet Revenue	14.07	25.40	34.39	42.84	51.71	61.31
Total Gross Revenue	298.77	334.30	390.78	429.93	459.42	488.40
Tourism Development Levy	(3.08)	(3.34)	(3.91)	(4.30)	(4.59)	(4.88)
Total Net Revenue	295.69	330.95	386.87	425.63	454.83	483.51

Hikkaduwa Beach Resort PLC

Cost Assumptions

Cost of Sales

Assumptions on Cost of Sales	FY2016	FY2017E	FY2018E	FY2019E	FY2020E	FY2021E
Cost of Sales – Room as a % of Room Revenue	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%
Cost of Sales - Food as a % of Food Revenue	48.4%	48.0%	47.0%	46.0%	45.0%	45.0%
Cost of Sales – Beverage as a % of Bev. Revenue	54.1%	54.0%	53.0%	52.0%	51.0%	50.0%
Cost of Sales – Banquet as a % of Banquet Revenue	34.6%	34.0%	33.0%	30.0%	30.0%	30.0%

Administration Expenses

- The current staff strength of CITH is 138 with a staff to room ratio of 1.4, which is considered to be adequate for CITH over the next five years. The staff count and the employee mix is assumed to be constant over the forecast period.

Expense Item	Forecasting Basis
Salaries & Wages	Year over Year Growth
Defined Contribution Plan EPF ETF	As a % of total salaries and wages
Staff Bonus	Number of months paid as bonus
Executive and Staff Meal	Year on Year Growth

- Depreciation and amortization was incorporated considering CITH's current depreciation and amortization policy
- The other administration expenses are assumed to grow by 5.0% Year on Year

Marketing Expenses

- Marketing expenses are assumed to be 8.0% of revenue in FY2017E owing to the comprehensive marketing strategies undertaken by CITH post refurbishment. Thereafter marketing expenses are assumed to be 7.0% of revenue over the forecast period.

Finance Income and Expenses

- CITH obtained a loan facility of LKR 480 Mn in July 2015, which was subsequently given out as related party loans. The terms and conditions of the aforementioned are as follows:

	Interest Rate	Tenor	Other Terms and Conditions
Sampath Bank Loan	Weekly AWPLR + 1.0% Premium	7 Years	Capital Repayment replicates resort seasonality
Related Party Receivables	6 Month AWPLR + 1.5% Premium	10 Years	3 Year Grace Period

Taxation

- Subsequent to the expiration of the tax exemption period in FY2017E, taxation for CITH has been assumed at the standard corporate tax rate of 17.5% based on letter published by the Inland Revenue Department (Reference Number: SEC/2016/04) on March 28, 2016. As at the time of this Report, the authorities have not published the gazette notification pertaining to the above. **Any possible change to the aforementioned tax rates may have a significant impact to the valuation results of this Report.**

Capital Expenditure

- As per management information, CITH is estimated to incur LKR 20 Mn for the refurbishment in FY2017E. Thereafter, CITH is expected to maintain a Capex to Sales ratio of 3.0%

Working Capital Assets

- Working Capital is forecasted based on the working capital days.

Inventory Days	Trade Receivable Days	Trade Payable Days
32 Days	75 Days	220 Days

Dividend

- Dividend Payout is assumed to be 15.0% over the forecast period

Hikkaduwa Beach Resort PLC

Forecast Income Statements



Forecast Income Statement (In LKR Mn)	FY2016	FY2017E	FY2018E	FY2019E	FY2020E	FY2021E
Revenue	295.69	330.95	386.87	425.63	454.83	483.51
Cost of Sales	(63.02)	(71.66)	(82.04)	(87.83)	(93.10)	(99.43)
Gross Profit	232.67	259.29	304.83	337.80	361.73	384.09
Other Income	5.25	3.34	3.91	4.30	4.59	4.88
Administrative Expenses (excluding depreciation)	(116.13)	(122.36)	(129.75)	(137.60)	(145.94)	(154.80)
Marketing Expenses	(22.88)	(26.74)	(27.35)	(30.09)	(32.16)	(34.19)
EBITDA	98.90	113.53	151.64	174.41	188.22	199.98
Depreciation	(40.35)	(40.00)	(37.44)	(32.31)	(34.75)	(37.59)
EBIT	58.55	73.53	114.20	142.10	153.47	162.39
Finance Income	40.34	65.01	65.01	60.36	51.08	41.79
Finance Cost	(30.17)	(47.19)	(40.16)	(33.03)	(25.94)	(18.06)
Profit Before Tax	68.73	91.35	139.05	169.43	178.61	186.13
Income Tax (Expenses)/Reversal	(10.37)	(11.38)	(24.33)	(29.65)	(31.26)	(32.57)
Profit After Tax	58.36	79.97	114.71	139.78	147.35	153.56

Hikkaduwa Beach Resort PLC

Forecast Balance Sheets



Forecast Balance Sheet (In LKR Mn)	FY2016	FY2017E	FY2018E	FY2019E	FY2020E	FY2021E
Property Plant and Equipment	945.91	925.95	900.27	880.88	859.94	837.02
Amount Due from Related Parties	698.99	698.99	698.99	599.13	499.28	399.42
Intangible Assets	0.25	0.21	0.17	0.15	0.12	0.10
Total Non Current Assets	1,565.40	1,625.15	1,599.43	1,480.16	1,359.34	1,236.55
Inventories	5.70	6.48	7.42	7.94	8.41	8.99
Trade and Other Receivables	61.86	68.69	80.30	88.34	94.40	100.36
Other Current Assets	4.27	4.27	4.27	4.27	4.27	4.27
Cash and Bank Balances	43.52	0.00	11.39	176.39	351.06	533.55
Total Current Assets	195.10	79.44	103.37	276.94	458.15	647.17
Total Assets	1,760.50	1,704.59	1,702.81	1,757.10	1,817.49	1,883.71
Stated Capital	778.57	778.57	778.57	778.57	778.57	778.57
Revaluation Reserves	124.18	124.18	124.18	124.18	124.18	124.18
Retained Earnings	279.65	347.63	445.14	563.95	689.20	819.72
Total Equity	1,182.40	1,250.38	1,347.88	1,466.70	1,591.95	1,722.47
Interest Bearing Loans	510.74	384.77	278.80	210.40	142.00	73.60
Amounts due to Related Parties	2.20	2.20	2.20	2.20	2.20	2.20
Other Non-Current Liabilities	14.35	14.79	15.22	15.61	15.97	16.26
Trade and Other Payables	42.23	43.88	50.13	53.62	56.80	60.61
Other Current Liabilities	8.58	8.58	8.58	8.58	8.58	8.58
Total Liabilities	578.10	454.21	354.92	290.40	225.54	161.24
Total Equity and Liabilities	1,760.50	1,704.59	1,702.81	1,757.10	1,817.49	1,883.71

Hikkaduwa Beach Resort PLC

DCF Valuation

Valuation Assumptions

- Calculation of Weighted Average Cost of Capital (WACC) is as follows:

Cost of Debt

Cost of Debt (pre tax)	13.00%
Tax rate	17.50%
Cost of Debt (post tax)	10.73%

WACC

Debt ratio [†]	0.00%
WACC	17.00%

Cost of Equity

Long Term Government Bond Rate	12.00%
Corporate Bond Premium	1.00%
Equity Risk Premium	4.00%
Cost of Equity	17.00%

[†]The Debt Ratio is assumed to be zero given that the loans obtained by CITH were not used for operational purposes

- A terminal growth rate is assumed as 3.0%

Hikkaduwa Beach Resort PLC

DCF Valuation



Valuation of CITH (LKR Mn)	FY2017E	FY2018E	FY2019E	FY2020E	FY2021E
Profit Before Tax	91.35	139.05	169.43	178.61	186.13
Add/(Less) Non Cash Charges	41.86	39.39	34.36	36.89	39.81
Add/(Less) Net Finance Income	(17.82)	(24.85)	(27.33)	(25.14)	(23.73)
Benefit Paid	(1.41)	(1.53)	(1.65)	(1.78)	(1.93)
Taxation Paid	(11.38)	(24.33)	(29.65)	(31.26)	(32.57)
Cash Flow Before Working Capital Changes	102.59	127.73	145.16	157.32	167.70
Changes in Working Capital	(5.97)	(6.29)	(5.08)	(3.36)	(2.71)
Capital Expenses	(20.00)	(11.72)	(12.90)	(13.78)	(14.65)
Add: Terminal Value					1,106.05
Free Cash Flow to the Firm	76.63	109.72	127.18	140.18	1,256.39
Firm Value of CITH					1,710.10
Discounted Cash Flow	65.50	80.15	79.41	74.81	573.05
Discounted Firm Value of CITH					872.91

CITH Equity Value Calculation (As at March 31, 2016)	LKR Mn
Enterprise Value of CITH	872.91
<i>Add: Non-Operating Assets (Net Related Party Receivables)[†]</i>	696.1
<i>Less: Value of Loan Obligations</i>	(445.2)
<i>Adjustment: Present Value of Net Tax Benefit/(Loss))^{††}</i>	(29.0)
Net Value of Non-Operating Assets	221.98
Equity Value of CITH	1,094.89
Equity Value per Share (LKR)	19.02

[†]Net Balance of the Related Party Receivables and Payables as at March 31, 2016

^{††}Present Value of the net tax benefit/(loss) on net interest income considering the interest cost on the loan taken by CITH and the interest income charged on the a related party loan given out by CITH

Hikkaduwa Beach Resort PLC

Valuation based on other methods



Net Asset Value

- CITH was valued at the Net Asset Value as at March 31, 2016

Valuation of CITH

Net Asset Value as at March 31, 2016 (In LKR Mn)	1,182.40
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Value Per Share (LKR)	20.54
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Relative Value Based on Price Multiples

- A peer group within the sector “Hotels and Travels” from the companies listed on the Colombo Stock Exchange excluding the companies comprise of more than one hotel property were selected (refer Annexure 01 for the list of peers)
- NDBIB considered PBV as the more appropriate multiple given the variability of earnings due to the Related party loans to the EPS
- Based on the aforementioned peer group, the Relative Valuation Approach based on Market Values as at June 30, 2016 is as follows

Relative Valuation	CITH
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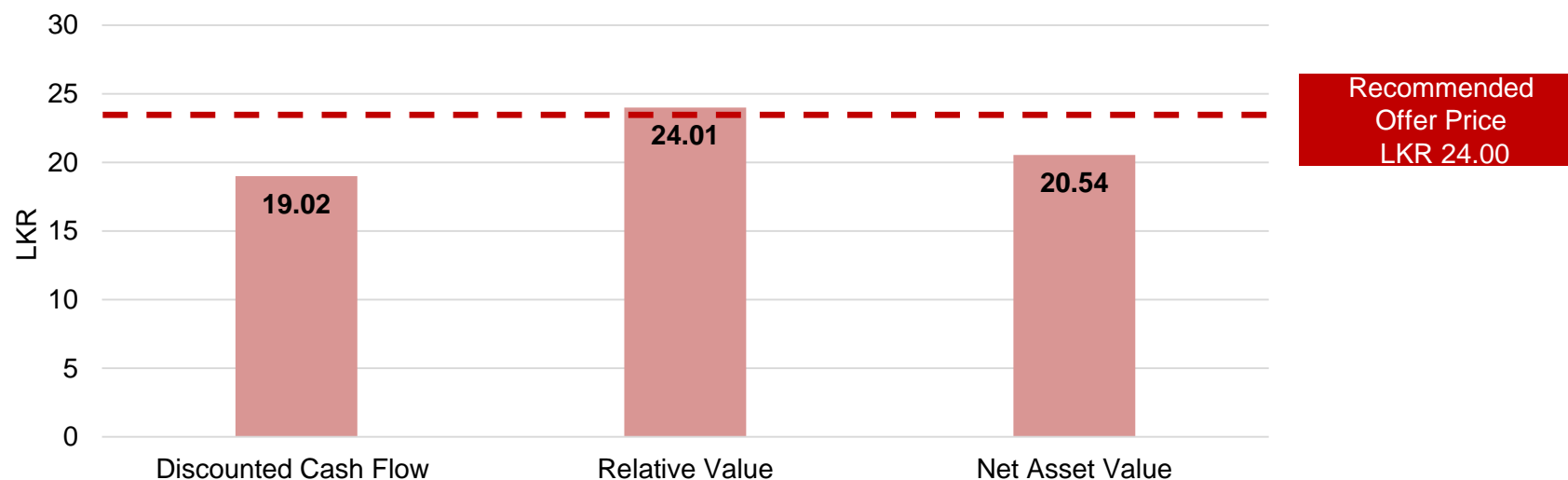
Book Value Per Share (LKR)	20.54
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Mean Peer Group PBV (x)	1.17
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Value of CITH Share (LKR)	24.01
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Hikkaduwa Beach Resort PLC

Valuation Summary



Valuation Methodology	Price Per Share (LKR)
Discounted Cash Flow Value	19.02
Net Asset Value	20.54
Relative Value [†]	24.01
Recommended Price	24.00

[†]Based on the NAV of CITH of 20.54 and the peer group PBV Multiple of 1.17x

Based on the above, the valuation of CITH ranges from LKR 19.02 – LKR 24.01. NDBIB recommends a value of LKR 24.00 per share which is at the higher end of the valuation range to be in line with the premiums offered to offeree companies.

VIII.Valuation Summary & Share Swap Ratios

Valuation Summary and Offer Prices

All in LKR	CITH	CITW	CITK	PBR
Net Asset Value per Share as at March 31, 2016	20.54	7.84	9.75	15,928,244
Adjusted Net Asset Value per Share [†]	N/A	N/A	6.09	N/A
Multiple Based Value Per Share [‡]	24.01	9.16	N/A	N/A
DCF Valuation per Share	19.02	8.34	N/A	N/A
NDBIB Recommended Valuation Range^{††}	19.02 – 24.01	7.84 – 9.16	6.09 – 9.75	15,928,244
Market Price per Share (LKR) ^{‡‡}	13.90	5.10	3.60	N/A
3 Month VWAP (LKR) ^{‡‡}	14.64	5.18	3.50	N/A
Proposed Offer Price per Share (LKR)	24.00	10.00	10.00	15,928,244
Total Company Valuation at Proposed Offer Price (LKR Mn)	1,381.8	2,017.5	1,612.0	15.9
Premium / (Discount) – Market Price per Share (%)	+73	+96	+178	N/A
Premium / (Discount) – 3 Month VWAP (%)	+64	+93	+185	N/A

[†] adjusted investment in CLND using 3 Month VWAP of share as at June 30, 2016

[‡] based on mean PBV multiple of peer sample amounting to 1.17x

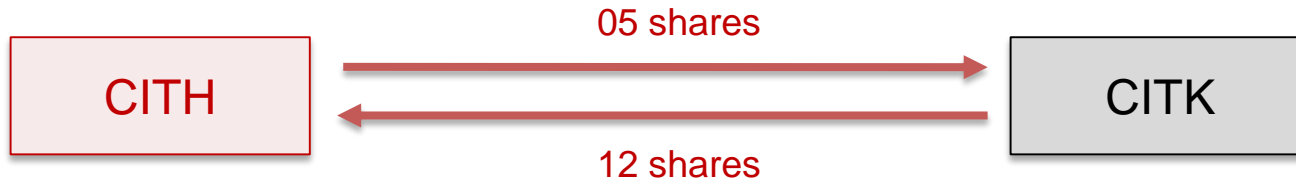
^{††} as per Valuation Report submitted by NDBIB dated August 01, 2016

^{‡‡} as at September 26, 2016

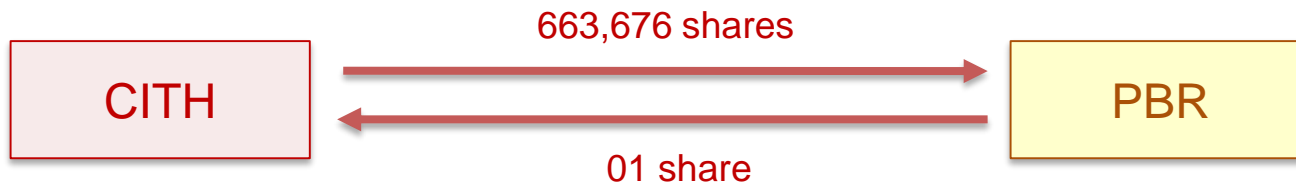
Share Swap Ratios based on Offer Prices

Share swap ratio for the Amalgamation

- Amalgamation of CITH and CITK

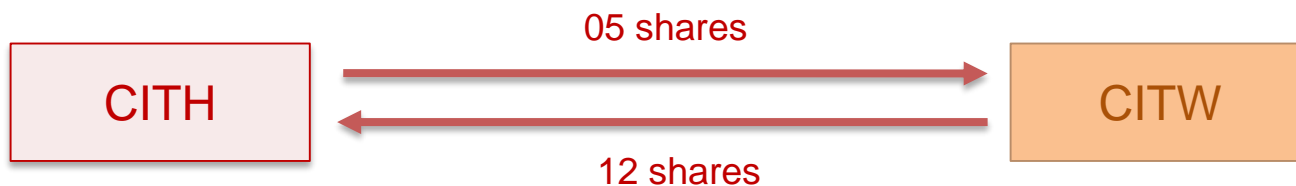


- Amalgamation of CITH and PBR



Share swap ratio for the Voluntary Offer

- The Board of Directors of REEF and CITH have decided to offer shares of CITH as a consideration for the proposed Voluntary Offer to CITW



Annexures

Annexure I

PBV Multiples of Peer Companies

Company	Net Asset Value as at March 31, 2016 (LKR Mn)	Market Capitalization as at June 30, 2016 (LKR Mn)	PBV (x)
Marawila Resorts PLC	1,122	547	0.49
Tangerine Beach Hotels PLC	2,987	1,418	0.47
Galadari Hotels (Lanka) PLC	9,270	4,958	0.53
Kandy Hotels Company PLC	6,205	4,043	0.65
Pegasus Hotels of Ceylon PLC	1,568	1,064	0.68
Royal Palms Beach Hotels PLC	2,186	1,535	0.70
Dolphin Hotels PLC	1,808	1,372	0.76
The Lighthouse Hotel PLC	2,923	2,457	0.84
Mahaweli Reach Hotels PLC	1,171	1,059	0.90
The Nuwara Eliya Hotels Company PLC	3,141	2,906	0.93
Hunas Falls Hotels PLC	343	326	0.95
The Fortress Resorts PLC	1,481	1,541	1.04
Sigiriya Village Hotels PLC	595	629	1.06
Browns Beach Hotels PLC	3,443	3,758	1.09
Ramboda Falls PLC	304	446	1.46
Hotel Sigiriya PLC	407	623	1.53
Beruwala Resorts PLC	476	780	1.64
The Kingsbury PLC	2,182	3,872	1.77
Bansei Royal Resorts Hikkaduwa PLC	299	543	1.82
Tal Lanka Hotels PLC	1,481	2,932	1.98
Trans Asia Hotels PLC	5,703	18,600	3.26
Mean			1.17

Annexure II

Profiles of Valuation Team



Nilendra Weerasinghe **Vice President**

- Nilendra specializes in the structuring and placement of debt and equity securities with over six years of experience in investment banking. Nilendra has been part of the NDBIB team for numerous IPOs managed by the company including transactions of People's Leasing, Singer Finance, Access Engineering, Union Bank and Mackwoods Energy. He also has a wide array of experience in project financing, loan syndications and mergers and acquisitions.
- Nilendra is a CFA Charter holder and a graduate in Computer Science and Engineering with a first class honours degree from the University of Moratuwa. He also holds an MBA in Strategy and Operations from the National University of Singapore. His previous work experience includes Goldman Sachs in Singapore where he was involved in advising and raising funds via equity and hybrid instruments for clients in the Southeast Asian region.

Viraj Wijesinghe **Assistant Vice President**

- Viraj possesses over nine years experience in corporate finance, financial risk management and investment banking. He joined NDB investment bank as an Assistant Vice President in 2014. Viraj has been involved with following projects with NDB Investment Bank
 - Structuring and placing project loans for two Maldivian companies
 - Structuring a listed hybrid debenture for a real estate company
 - Managing the Initial Public Offering of Peoples' Insurance Limited
 - M&A advisory for a diversified conglomerate and a telecom company
 - Advising on Equity Valuations for companies in Leisure and Insurance sectors
- Prior to joining NDB Group he was with the Universal Enterprises Private Limited, the largest leisure group in Republic of Maldives, functioning as their Group Treasury Manager. Viraj was successful in planning and implementing a derivatives based hedging strategy to manage their Foreign Exchange and Interest rate exposures. Further he was responsible for arranging debt financing for their long term projects, optimizing group-level fund utilization and management reporting. Prior to Universal, Viraj worked with Amba Research as an offshore investment analyst. At Amba, he worked with prominent Buy-side and Sell-side clients in major financial markets, successfully catering to their diverse investment analysis requirements.
- Viraj holds a BBA, specialized in Finance, from the University of Colombo. He is an Associate Member of CIMA (UK), a CFA charter holder, An Attorney-at-Law and a certified Financial Risk Manager from Global Association of Risk Professionals (GARP) in USA.

Sujani Perera **Manager**

- Sujani has been a team member of many successful equity and debt offering covering various industry sectors (banking, finance, leasing, construction, energy, IT etc.) including the second largest IPO on the CSE to date. She has been with the Corporate Advisory Team for over seven years.
- Sujani is responsible for the preparation of legal documents relating to IPOs, loan syndication, debenture issues, group restructurings, Private Placements, Rights Issue, Preference Share Issue and Share Repurchase Transactions.
- Sujani was instrumental in executing over LKR 1 Bn loan syndication to facilitate the capital restructuring process of Resus Energy PLC (former Hemas Power PLC). She has also played a leading role in co-ordination of legal work and other processes in relation to the loan syndication of Sinolanka Hotels & Spa (Private) Limited under the previous mandate.
- Selected Equity Capital Markets Experience:
 - IPO of People's Leasing PLC (2nd largest IPO in Sri Lanka) and People's Insurance PLC
 - Rights issue of Overseas Realty PLC (3rd largest rights issue in Sri Lanka)
 - Share repurchase of NDB Capital Holdings Limited (largest share repurchase in Sri Lanka)
- She obtained BSc in Finance (First Class) from University of Sri Jayewardenepura, Sri Lanka and Masters in Financial Economics, Merit Pass from University of Colombo. Sujani is an Associate Member CIMA (UK).

Addendum as at April 17, 2017

Valuation Summary and Offer Prices



All in LKR	CITH	CITW	CITK	PBR
Net Asset Value per Share as at December 31, 2016	20.93	6.85	[†] 10.22	(9,413,829)
Net Asset Value per Share as at March 31, 2016	20.54	7.84	9.75	15,928,244
Adjusted Net Asset Value per Share as at December 31, 2016 [‡]	N/A	N/A	6.00	N/A
Multiple Based Value Per Share as at March 31, 2017 ^{††}	20.70	6.78	N/A	N/A
Multiple Based Value Per Share as at June 30, 2016	24.01	9.16	N/A	N/A
DCF Valuation per Share ^{†††}	19.02	8.34	N/A	N/A
NDBIB Recommended Valuation Range	19.02 – 24.01	6.85 – 9.16	6.00 – 10.22	^{†††}15,928,244
Proposed Offer Price per Share (LKR)	24.00	10.00	10.00	15,928,244
Total Company Valuation at Proposed Offer Price (LKR Mn)	1,381.8	2,017.5	1,612.0	15.9

[†] the financial statements of CITK as at December 31, 2016 are prepared using the financial statements of CLND (associate investment) as at September 30, 2016. It should be noted that the NAV per share of LKR 10.22 does not take into account a deferred tax provision adjustment made in CLND of LKR 646.0 Mn reflected in the unaudited financial statements of December 31, 2016. The pro-forma NAV per share reflecting the said deferred tax provision amounts to LKR 9.41.

[‡] adjusted investment in CLND using 3 Month VWAP of share as at March 31, 2017.

^{††} based on mean PBV multiple of peer sample amounting to 0.99x as at March 31, 2017. However, it should be noted that the corresponding multiple as at March 31, 2015 and March 31, 2016 amounted to 1.37x. Therefore, NDBIB is of the view that the PBV multiple as at March 31, 2017 may be reflective of the depressed market conditions and has continued to use the PBV multiple of 1.17x as at June 30, 2016 to determine the valuation range.

^{†††} the DCF valuation is based on the long term business potential and business plans of the respective entities. Given that both factors mentioned have remain unchanged NDBIB is of the view that the DCF valuations does not warrant a revision.

^{††††} PBR consists of a property that is currently non-income generative which was financed by borrowings that continue to incur finance costs. This leads to losses which results in deterioration of the equity position which may reverse depending on the capital appreciation of the property when revaluation takes place. NDBIB has used the NAV as at March 31, 2016 which reflects the revaluation gain recorded in the audited financial statements for FY2015 for the purpose of this transaction as current NAV figures are not reflective of the potential price appreciation that may be recognised when the property is revalued. It should also be noted that the Board of Directors of the respective companies have resolved to proceed with the restructuring transaction based on the prices recommended by NDBIB.

Considering the above, NDBIB is of the view that there is no material impact on the recommended offer prices and resulting share swap ratios as stated in the Valuation Report dated August 01, 2016.

Disclaimer

NDBIB has complied this document in fulfillment of its obligations in terms of the mandate/s entered into with companies under the REEF Group.

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This report is valid for a period of 6 months from the date of the Addendum i.e. April 17, 2017.