MPD PARTNERS
MODERN PORTOFOLIO DIVERSIFICATION

Information Memorandum

Company: 500x100

500
x
100

Investment Highlight

- Total Offering: €850.000
- Equity Stake: Up to 30%
- Funding Timetable: up to 12 months
- Fund Allocation: Start-up development and working capital

Business Highlight

- Clientele Focus: premium offices for multinationals
- Geographic Focus: Saudi Arabia and the KAFD Project
- Strategic Acquisition: Appealing strategic assets in an arm's length

Fundraising Strategy

- First Round: €400.00 by the end of May 2015
- Second Round: €450.000 with flexible timing
- Investment Instrument: Equity with a Value Adjustment Mechanism (VAM)
- Exit Strategy: combination of share buyback with premium and dividends

Product & Services

- The Offer: one-stop solution for interiors and Fit-outs contracting
- Core Concept: "In Italy"
- Key Strength: extensive network and expertise in of the founding partners

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Snapshot

The Newco

500x100 srl is a new company that was formed in January 2015. It seeks funds to arrange a showcase and gain market share in the interiors and fit-out industry, with particular focus on the Middle East and Saudi Arabia. 500x100 is currently negotiating the acquisition of assets that would allow it to operate as a going concern in Saudi Arabia via a fully-owned subsidiary, MPD understands (Full details about these asset can be provided, pending the signing of a non-disclosure agreement).

The total fundraising should amount to €850.000, according to MPD estimates, and may be split into three tranches in fiscal year 1, which we intend from the end of May 2015 to the end of may 2016 (or any other date following the fund raising). 500x100 aims to raise at least €400.000 by the end of May in order to finance the showcase project as well as for working capital purposes.

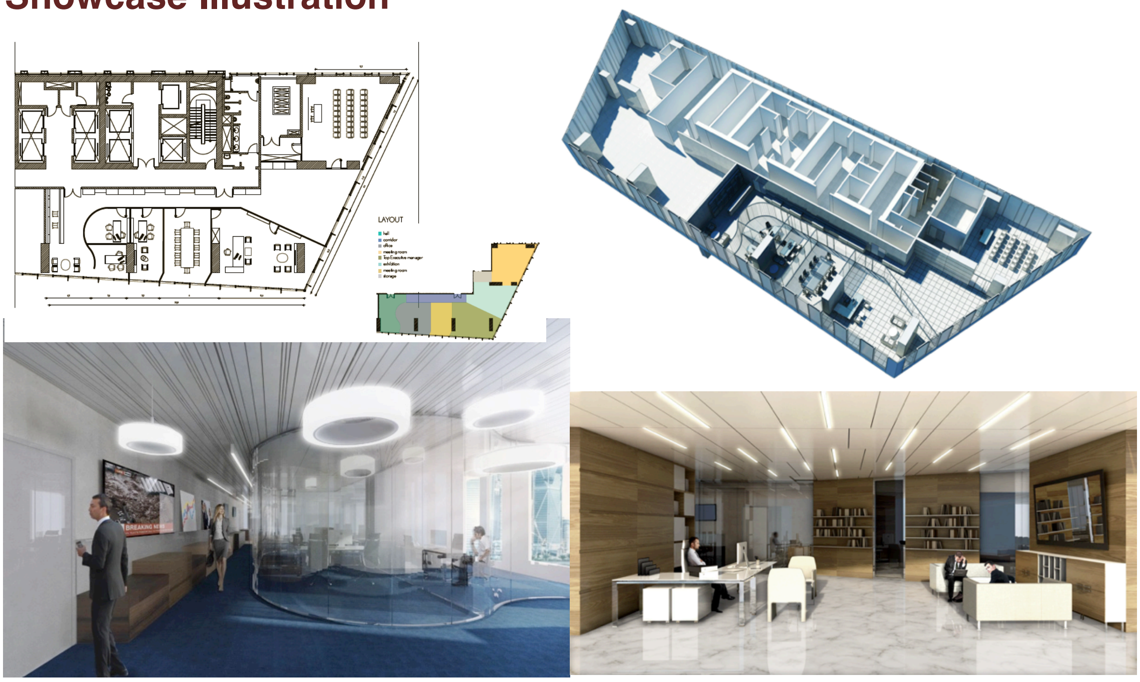
All assumptions are based on revenue of €4 M in year 1, which according to 500x100 is a target that will likely to be hit in the light of its extensive network and on-going negotiations with third parties. For a total of €850,000 MPD believes that 500x100 should consider to gave up control of a total of up to 30% in the business to external investors, which would put a value of up to €2.8 M on the enterprise, which would be debt-free in year 1.

MPD believes that 500x100 could receive a much higher valuation if it can deliver return on equity in excess of 10% a year in year 1, 2 and 3.

In this context, we strongly recommend that all short/long term interests of various founding partners will be aligned. Contractual constraints and economic incentive mechanisms should be designed to lead to mutual agreement, especially at the moment when strategic decisions need to be made and at the stage of launching the operation. Furthermore, such constraints and mechanisms could prevent opportunistic behaviour and effectively protect the interests of non-controlling shareholders.

The possibility of raising capital in the form of convertible notes that may or may not pay a yield to maturity has been ruled out.

Showcase Illustration



Implied Valuation with Different Dilution Scenarios

Implied Valuation	800.000	850.000	900.000
40%	2.000.000	2.125.000	2.250.000
35%	2.285.714	2.428.571	2.571.429
30%	2.666.667	2.833.333	3.000.000
25%	3.200.000	3.400.000	3.600.000
20%	4.000.000	4.250.000	4.500.000

Implied EV/Sales Multiple with Different Dilution Scenarios

Implied EV/Sales	800.000	850.000	900.000
49%	0,4x	0,4x	0,5x
45%	0,4x	0,5x	0,5x
40%	0,5x	0,5x	0,6x
35%	0,6x	0,6x	0,6x
30%	0,7x	0,7x	0,8x

Implied ROE with Different Dilution Scenarios

Implied ROE	800.000	850.000	900.000
49%	8%	7%	7%
45%	7%	7%	6%
40%	6%	6%	6%
35%	6%	5%	5%
30%	5%	5%	4%

The Founding Partners

The founding partners held initial discussions about the business opportunity in the second quarter of 2014. Based in Palermo, Italy, (Via Ugo La Malfa 91, 90146, VAT reg. 06365670824) the company's CEO is Sergio Lo Giudice, who previously worked for Gruppo Industriale Tosoni (GIT), while Alfonso Femia is the chairman.

The three main shareholders – they are represented by registered entities in Italy -- boast a strong track record in their respective fields and have been operating in the construction sector for several years, performing different, complementary tasks. They own 500x100, and their stakes are almost evenly split.

They are: **5+1AA**, an Italian design company, which owns a 33% stake in 500x100; **Lo Giudice Merfori** (LGM, 34% stake), a small enterprise based in Italy that focuses on sales of interiors and security systems (hardware) for banks and other clients; and **Universal Selecta** (US, 33% stake), a producer of partition walls based in Milan.

Strength and weaknesses can be easily identified with most of the players involved. Weaknesses, in particular, refer to the general condition of the construction industry rather than on the fundamentals of 500x100, which at present has a clean balance sheet and no assets (the acquisition of operating assets in Saudi Arabia could be made as soon as 2Q15), but has secured a **pre-qualification** -- MPD has sighted a copy of the statement, a copy of which can be found in appendix IV -- to participate in the auction for projects valued at **1.6 million sqm** in Riyadh. This is particularly important because only four other existing players can place their bids, and testifies to the attractiveness of the investment case and its potential.

The initial funding round aims to back a pre-development phase, which will feature the showcase of interiors as shown in our tabs below.

A **comprehensive SWOT analysis** will be presented later in this research, but MPD believes the opportunity for investors hinges on the possibility to be part of a success story led by a highly experienced team of professionals, with deep ties and know-how, particularly in the Middle East.

Investors should bear in mind that entry barriers are high for competitors. In this context, 500x100 has discussed with MPD alternative business plans and the company has agreed to press forward to be **a one-stop services solution and construction business** focusing on interiors and fit-out projects of different sizes and applying the concept of **"Made & Designed In Italy"**.

500x100 targets clients such as **multinational companies** renting and owning high-end offices in class-A buildings, which is LGM's core business, but it also may exploit opportunities in entertainment areas and hotels, for instance, as well as others.

Local and international companies are the obvious clients that may be attracted to 500x100's offering, given that these prospects (the clients) can **allocate significant capital** and resources of any other kind to back projects in emerging economies.

In the Middle East, in particular, we envisage rising purchasing power by large international companies, which will continue to ask for modern style fit-out for their office spaces, regardless of economic conditions, in our view.

While corporate budgets are more carefully monitored now by clients than in the heydays of the credit crunch, the banks, asset managers, law firms, and other large players in the consumer, pharmaceutical and leisure industries will certainly continue to invest in 500x100's end markets – not least because they need to attract talent to develop their economies and boost domestic consumption.

500x100 sees an opportunity and aims to be a vertically integrated company where each founding partner, or shareholder, would add value by contributing with several different elements.

In this context, **LGM** will be responsible for sales, administrative and project management duties. **5+1AA** will manage project design and several other technical aspects (MEP, or mechanical, electrical, and plumbing services) related to the project, while **US** would come into play when the installation of the partition walls is required. Here the whole is worth more than the parts, in our view, and that is why unity of intention and action is of paramount importance with regard to strategy.

In fact, the business proposition integrates the capabilities of three different, experienced teams that would otherwise lose **potential and ancillary business** and may not be able to participate in dedicated auctions if they were to operate on their own. Strong relationships may allow LGM, in particular, to penetrate the market in Saudi Arabia on its own, MPD believes.

Competition

500x100 competes directly with suppliers and integrated players, which in some case could be the contractors.

Market research shows that the Gulf Cooperation Council (GCC) market size for interiors and fit-outs is estimated to be around $9.57 billion in 2014 in terms of total project values**,** according to *Ventures on Site.*

The GCC is particularly attractive because Saudi Arabia, the UAE, Qatar, Kuwait, Bahrain and Oman are competitive, but 500x100 has already been formally short-listed for the King Abdullah Financial District Project (KFAD Project). At present, the company doesn't plan to devote time and capital to Europe, which shows lower growth and a less robust environment, where deflation risk will likely dominate the headlines for a very long time in spite of accommodative monetary policies. According to our estimates, in year 2, 500x100 could raise €1.5m of debt either to finance dividends or to buy back stock, but one alternative would be to use debt proceeds to try and enter the European market. MPD believes that's a high-risk strategy that may or may not be taken into consideration — the downside is that entering Europe or similarly mature markets would push fixed/variable costs up, putting pressure on operating margins. Geographical diversification is unlikely to be the answer in the first 18-24 months of business.

To deliver higher margins and profitability, 500x100 aims to focus, at least initially, on those **premium niche segments**, where it boasts strong contacts, hence avoiding direct competition with consolidated and fully integrated players.

In the first 3 years, 500x100 plans to bid for a large number of projects in the KAFD, which is based in Riyadh, the capital and the largest city of Saudi Arabia -- over 100 projects represents the total capacity of KAFD.

Aside from the attractiveness of higher returns compared to those that can be achieved in more mature markets, **good working capital management is vital.** Our analysis shows that the cash conversion cycle should be lower than 100 days.

According to 500x100, the estimated client budget in the KAFD for interiors and fit-out is $1580/sqm (€1500/sqm), while the KAFD offers a total of 750,000smq, which ideally will be initially targeted.

Some 1,650,000sqm in total could be targeted at a later stage.

In KAFD, only five companies, including 500x100, will compete in the auctions, according to 500x100.

500x100 has discussed with MPD the opportunity of implementing a business model that would see the company operate as a fully-fledged agency, but it was advised to consider an alternative business model in order to minimise operational and reputation risk. Our model suggests operation costs deriving from fixed costs accounts for around 25% of revenue in the first three years.

In fact, while the current business model may dilute returns as it would likely require more invested capital, it could also deliver more stable and predictable cash flows. In such a way, 500x100 could become a decent growth story offering a very attractive yield, and perhaps it could chase inorganic growth opportunities at a later stage if it can deliver excess cash flow, or if it can lever up its balance sheet.

Shareholders

5+1AA

5+1AA is a design studio founded by Alfonso Femia and Gianluca Peluffo in 2005.

In 2006, Simonetta Cenci became the third partner of the company, which opened a new office in Milan. Two years later, 5+1AA opened another office in Paris. Since its inception, 5+1AA has won numerous projects and awards.

Selected Awards:

2011 Philippe Rotthier European Prize for Architecture, for a project called “Frigoriferi Milanesi”. In the same year, the company also secured the International Chicago Athenaeum Prize for the best global project of 2011 (“Torre Orizzontale”).

In 2014, the IULM Knowledge Transfer Centre in Milan received a special mention in the section of “best architectures” at the AIT Awards ceremony in Frankfurt, Germany.

Balance Sheet					
Assets	2013	2012	Liabilities & Equity	2013	2012
Current assets	1,063,164	1,679,383	Current liabilities	2,054,517	2,421,040
Non-current assets	1,025,043	767,180	Non-current liabilities	4,251	-
			Shareholders' equity	29,439	25,523
Total Assets	2,088,207	2,446,563	Total L & E	2,088,207	2,446,563

Income Statement	2013	2012
Revenue	2,469,237	3,283,861
COGS	2,044,115	2,922,066
Gross Margin	425,122	361,795
Operating Expenses	313,587	347,328
EBITDA	111,535	14,467
D&A	55,691	63,294
EBIT	55,844	- 48,827
Financial income and expenses	- 1,512	5,233
Exchange rate differences	21,457	33,523
EBT	75,789	- 10,071
Tax	71,873	57,887
Net Income	3,916	- 67,958

Financial ratios	2013	2012
Liquidity ratios		
Current ratio	0.52	0.69
Coverage ratios		
Debt to equity ratio	69.93	94.86
Debt to assets ratio	0.99	0.99
Interest coverage	8.42	- 7.19
Profitability ratios		
Gross Margin	17.22%	11.02%
ROA	0.19%	-2.78%
ROE	13.30%	-266.26%
Efficiency ratios		
Total assets turnover	1.18	1.34
Net Trade Cycle (days)	83.1	96.4
Days account receivable	117.7	125.1
Days inventories	-	-
Days account payable	34.7	28.7

Lo Giudice Merfori

Lo Giudice Merfori is a small enterprise with over 50 years of track record. LGM specialise in the distribution and integration of office/bank security products. It also has experience in office fit-out design and installation.

The company entered the world of commercial buildings in the 80s operating as a regional agent for the Gruppo Industriale Tosoni (focus: curtain wall and steel structure products & services). Then, it expanded its activities into the North Africa and the Middle East.

In the 90s it started to carry out projects concerning interiors design and fit-out for bank branches and offices. In 2008, LGM sealed a distribution agreement with Sedus Stoll, a German premium lighting and fit-out furnishing company.

Balance Sheet					
Assets	2013	-2012	Liabilities & Equity	2013	2012
Current assets	813,013	784,370	Current liabilities	596,128	521,342
Non-current assets	1,144,113	1,188,926	Non-current liabilities	1,063,629	1,155,394
			Shareholders' equity	297,369	296,560
Total Assets	1,957,126	1,973,296	Total L & E	1,957,126	1,973,296

Income Statement	2013	2012
Revenue	1,142,710	1,195,606
COGS	786,290	825,752
Gross Margin	356,420	369,854
Operating Expenses	232,352	229,691
EBITDA	124,068	140,163
D&A	65,901	68,624
EBIT	58,167	71,539
Financial income and expenses	- 37,585	- 60,105
EBT	20,582	11,434
Tax	19,774	14,718
Net Income	808	- 3,284

Financial ratios	2013	2012
Liquidity ratios		
Current ratio	1.36	1.50
Coverage ratios		
Debt to equity ratio	5.58	5.65
Debt to assets ratio	0.85	0.85
Interest coverage	1.54	1.19
Profitability ratios		
Gross Margin	31.19%	30.93%
ROA	0.04%	-0.17%
ROE	0.27%	-1.11%
Efficiency ratios		
Total assets turnover	0.58	0.61
Net Trade Cycle (days)	136.9	223.6
Days account receivable	102.0	169.4
Days inventories	61.5	76.3
Days account payable	26.5	22.1

Universal Selecta

US is an Italian company specialising in the production of partition systems. Its product lines range from glass partition walls to high performance doors. The company was founded in the late 70s and is located in Milan. With its own production line, US operates in Italy implementing a direct marketing strategy. It operates via subsidiaries across Europe. It also has branches in Singapore and Beijing.

Balance Sheet					
Assets	2013	2012	Liabilities & Equity	2013	2012
Current assets	3,579,429	4,207,616	Current liabilities	1,342,749	2,157,683
Non-current assets	322,206	404,080	Non-current liabilities	458,445	383,672
			Shareholders' equity	2,100,441	2,070,341
Total Assets	3,901,635	4,611,696	Total L & E	3,901,635	4,611,696

Income Statement	2013	2012
Revenue	4,751,170	6,395,124
COGS	3,290,106	4,799,970
Gross Margin	1,461,064	1,595,154
Operating Expenses	1,489,899	1,311,897
EBITDA	-28,835	283,257
D&A	60,092	66,123
EBIT	-88,927	217,134
Financial income and expenses	5,688	6,805
Exchange rate differences	237,813	9,228
EBT	154,574	233,167
Income taxes, current and deferred	124,474	154,535
Net Income	30,100	78,632

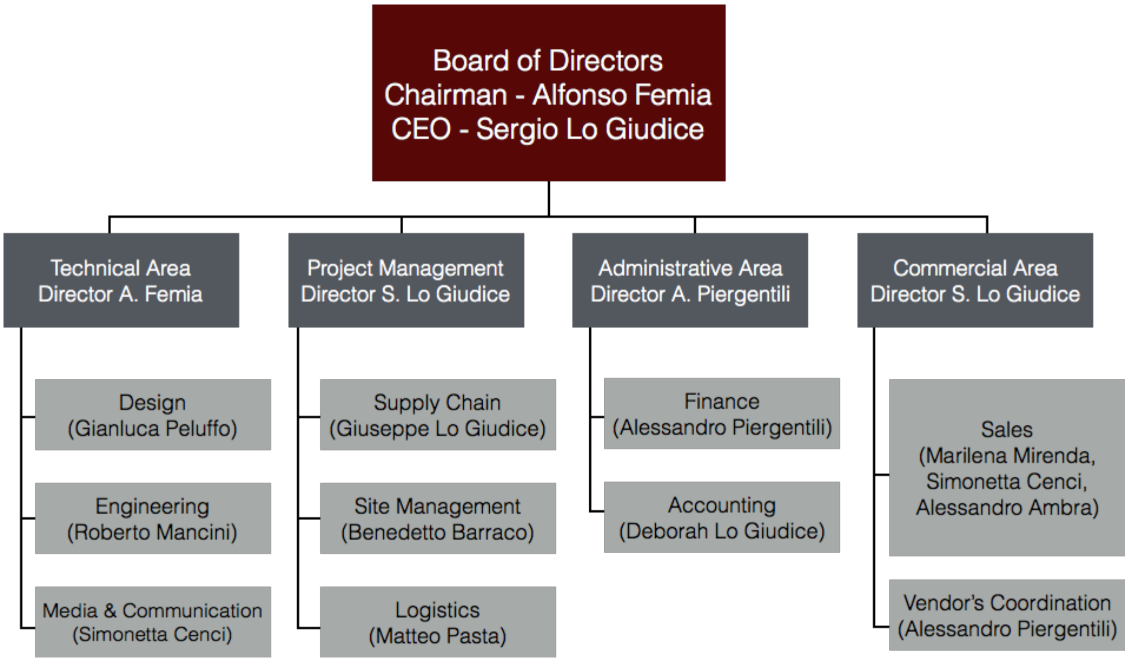
Financial ratios	2013	2012
Liquidity ratios		
Current ratio	2.67	1.95
Coverage ratios		
Debt to equity ratio	0.86	1.23
Debt to assets ratio	0.46	0.55
Interest coverage	- 188.80	2,029.29
Profitability ratios		
Gross Margin	31%	25%
ROA	0.77%	1.71%
ROE	1.43%	3.80%
Efficiency ratios		
Total assets turnover	1.22	1.39
Net Trade Cycle (days)	213.0	146.1
Days account receivable	147.3	129.8
Days inventories	80.0	32.1
Days account payable	14.3	15.7

Organisation

The board of directors of 500x100 includes Alfonso Femia of 5+1AA and Sergio Lo Giudice of LGM. Alfonso Femia is the chairman of the board as well as a director in the Technical Area. He is an internationally recognised architect with extensive experience in this field. CEO Sergio Lo Giudice is the director of project management and sales. He enjoys a rich experience in the business development area in the contracting

sector. He has developed an extensive professional network worldwide and especially in Saudi Arabia due to his professional experience as a member of the board of Gruppo Idustriale Tosoni.
As part of the team, Alessandro Piergentili is a director. He has extensive experience in corporate finance and business strategy. He is also the CEO of its own consulting firm Piergentili & Partners.

500x100 Organisation Chart



Investment

Funding Needs

MPD estimates that by the end of May 2015 the company will need to raise at least €400.000 to be used for the realisation of the showcase, including costs associated to the installation and fit-out of the exhibition space as well as to hire a sales expert. Part of the proceeds could be used to acquire certain assets in Saudi Arabia (more information could be granted pending the signing of a non-disclosure agreement), provided that 500x100 decides to consolidate a local company in order to obtain the permission to carry out project management and on-site operations.

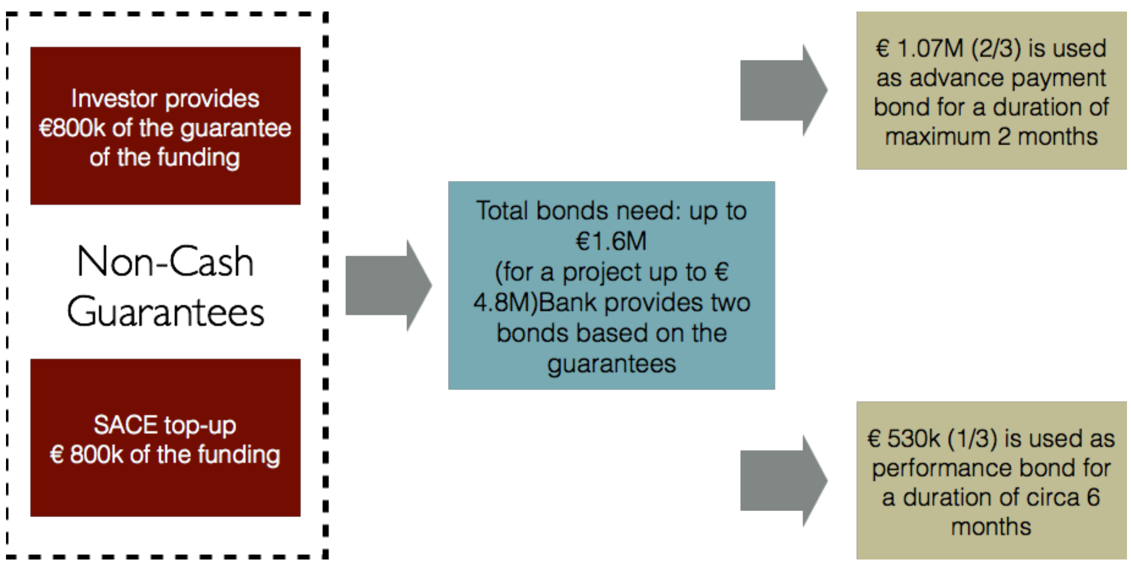
The total fundraising should amount to €850,000 M, according to scenario A, which would mean 500x100 would forgo the opportunity to secure an overdraft line (essentially a revolving bonding facility), which is an undrawn credit.

A strong capital structure would be needed to receive bank guarantees for projects directly from the banks. However, one alternative would be to raise less cash (€400.000), and top that up with a formal commitment from investors, who would guarantee for a €800.000 non-cash bonding facility. This scenario assumes that 500x100 will quickly turnover €1 M quarterly or about €11.000 a day. MPD believes that such a capital structure would not be appropriate at this stage of maturity for 500x100 but here is how it could work.

Under scenario B, once a contract is awarded, 500x100 will need to present two types of bonds to wrap the contract, namely: “advance payment bond” and “performance bond”. The size of the bond package would depend on the actual project size, and the usual amount is 30% of the total project value.

Advance payment bonds usually amount to 20% of the total project value and carry a maturity of up to 2 months, and they guarantee for very short-term liquidity. Performance bonds usually make up for the reminder, i.e. 10% of the total project value, and the required duration is usually around 6 months, which tends to cover the length of the construction phase. Guarantee bonds are usually issued by financial institutions such as banks and insurers, and are based on commitment guarantees. We further introduce the bonds often used in the contracting sector in Appendix III.

However, such bonds will not prevent significant shortfalls in operating cash flows, and that’s the biggest risk hovering around 500x100 in the early days of business. This is why we strongly advise 500x100 to consider the scenario A and possibly diversifying the investor base, to up to 4 additional strategic



shareholders.

Our research shows that the volatility in the industry could hit 500x100, and we believe that five critical areas could hinder performance, which suggests a large chunk of equity capital ought to be injected into the business in year 1, perhaps in three different stages.

Critical areas are:

a) COGS at 65%, according to our model (they could end up being higher).
b) Growth rate and project “hit rate” (they could be lower). The former is assumed at 100% a year for the first three years, based on sales projections provided to MPD by 500x100, which we consider to be a bull-case scenario. In our view, the base case scenario should assume €2 M revenue a year.
c) Fixed costs as a percentage of total revenue (they could be higher), which we estimate at 25%.
d) Margins volatility and cyclicality (the more 500x100 grows, the more difficult will it be to preserve core margins presented in our model)
e) Working capital management – we have assumed 45 days for receivables, 30 days for inventory and 30 days for payables, for a cash conversion cycle of 45 days, which could be longer, however, which would mean 500x100 would need to raise additional equity or semi-equity/high-yield capital to finance its operations.

We advise 500x100 to implement a zero dividend policy in year 1, and to pay a significant equity premium to shareholders to buy back its own stock, depending on certain assumptions.

Alternatively, one option would be to use part of the excess cash flow in year 2 and year 3 to buy back stock and at the same time pay a dividend.

	Year 1	Year 2	Year 3
Revenue	**4.000.000**	**8.000.000**	**16.000.000**
COGS	**2.600.000**	**5.200.000**	**10.400.000**
Gross Margin	**1.400.000**	**2.800.000**	**5.600.000**
Personnel Expenses	550.850	605.935	922.565
Rent	36.000	36.000	36.000
Project Management Costs	200.000	400.000	800.000
Utilities	3.600	3.600	3.600
Insurance RCT/RCO	40.000	80.000	160.000
Variable Admin Costs	120.000	240.000	480.000
Logistics	80.000	160.000	320.000
Legal & Advisory Fee	59.500	-	-
Apartment Rent Riyadh	30000	30000	30000
Total Operating Expenses	1.119.950	1.555.535	2.752.165
EBITDA	**280.050**	**1.244.465**	**2.847.836**
D&A	120.000	240.000	480.000
EBIT	**160.050**	**1.004.465**	**2.367.836**
Interests	**-**	**12.500**	**43.750**
EBT	**160.050**	**991.965**	**2.324.086**
Tax	32.010	198.393	464.817
Net Income	**128.040**	**793.572**	**1.859.268**

Risk-Return Profile

The prevalent risk associated with 500x100 is the management of working capital. Here we carried out a scenario analysis based on different cash conversion cycles. Below is a scenario analysis of three different cases where the cash conversion cycle is stressed and tested.

Base Case (Days Inventory=30, Days Receivable=45, Days Payable=30)

	Year 1	Year 2	Year 3
Net Cash Flow to Equity	-705.111	760.421	1.542.967
Net Cash Flow to Firm	-695.111	295.421	792.967

Bull Case (Days Inventory=30, Days Receivable=45, Days Payable=40)

	Year 1	Year 2	Year 3
Net Cash Flow to Equity	-633.878	831.654	1.685.433
Net Cash Flow to Firm	-623.878	366.654	935.433

Bear Case (Days Inventory=40, Days Receivable=60, Days Payable=30)

	Year 1	Year 2	Year 3
Net Cash Flow to Equity	-869.494	596.038	1.214.200
Net Cash Flow to Firm	-859.494	131.038	464.200

Valuation and Dilution

In the first round of financing (at least €400.000), the current shareholder will need to accept a dilution of their share around 15%. Currently LGM, 5+1AA and US own about 33% each of all the outstanding shares. This means after this round of financing, they will lower their holdings to between 28.3% and 30% according to the sale of a stake between 10% and 15%.

Implied Dilution

	5+1AA 33%	LGM 34%	US 33%
15,0%	28,05%	28,90%	28,05%
13,3%	28,60%	29,47%	28,60%
11,7%	29,15%	30,03%	29,15%
10,0%	29,70%	30,60%	29,70%

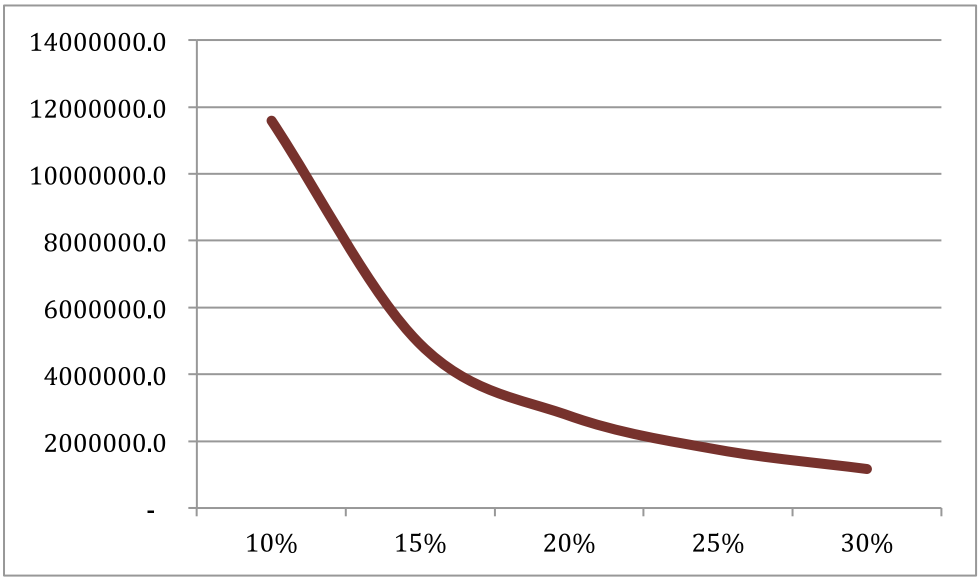
If in year 1, the company generates more than €5 M in revenue, it's fair to assume that it will not need any additional external capital by and can use the excess in cash to buy back shares with a call option. Which is an option that should be granted to 500x100 during the negotiation.

For academic purposes, we valued 500x100 with various valuation methods. All analysis is based on the base case scenario where the target of € 8M is achieved. Currency is all in Euro.

DCF Intrinsic Value (Enterprise Value)

	Year 1	Year 2	Year 3
Cash Flow to Firm	-695.111	295.421	792.967

Enterprise Value		Terminal Growth Rate				
		3%	4%	5%	6%	7%
Discount Rate	10%	8.177.361	9.595.856	11.581.749	14.560.588	19.525.321
	15%	4.031.850	4.426.841	4.900.831	5.480.152	6.204.303
	20%	2.401.747	2.570.458	2.761.663	2.980.184	3.232.323
	25%	1.559.631	1.647.510	1.744.177	1.851.018	1.969.732
	30%	1.060.181	1.111.596	1.167.124	1.227.279	1.292.665



Funding Strategy

500x100 should issue equity shares with an imbedded value adjustment mechanism (VAM), in our view. The VAM would be triggered by KPIs (key performance indices). If, for instance, in year 1 the revenue line hits € 6 million, 500x100 will have the right to buy back 10% of shares at a valuation of 0.4x revenue of year 1, that is, € 260,000 against 10% at a valuation of €2.6 M in case the year 1 revenue is €6.5 M, therefore favouring 500x100 by offering it a chance to buyback its shares at a convenient price. However, if in year 1 the revenues fail to meet a bottom line target of €2 M, the investor may have the right to exercise a call option to acquire an additional 10% of shares in exchange at a valuation of 0.4x of year 1 revenue, that is, if the year 1 revenue is only €1.8 M, the investor will have the right to buy 10% shares for €72,000 at a valuation of €720,000, which adjust the initial valuation downwards. Under this mechanism, the managers of 500x100 will have the incentive to perform to render the original issuance of the stock cheaper, while at the same time the investors could limit their downside risk by adjusting the value of the original investment according to the actual performance of the company. The mechanism to determine the exercise price of both buy-in and buy-out should be negotiated by 500x100 and the investor. MPD suggest that such prices should be linked to multiples based on revenue, EBITA or a combination of both.

Alternatively, we do not believe a convertible bond issuance would be in the best interests of the existing shareholders and the investors. In fact, any such instruments have to carry an interest rate in the double-digit territory, which would put pressure on 500x100 to hit target very quickly. Assuming an initial funding of

€400.000, any such instrument would yield recurring finance costs of between €3.500 and €5.000 monthly, and would jeopardise not only the operations but also the value of the investment for external investors. Moreover, at this stage of maturity, the valuation of a fair conversion price would be highly illusionary since 500x100 has very little track record as an operating entity.

Finally, another obvious exit strategy is a trade sale to strategic players. In the short-to-medium term, 500x100 may be able to obtain a handful of projects of significant value. Strategic players such as integrated contractors may have interests in the project portfolio of 500x100, mainly because of its potential in the Middle East and a premium brand image, if its strategy is successful.

Share Buy Back Plan: an example				
	01/06/2015	01/08/2015	01/6/2016	01/6/2017
Capital Injection	400.000	450.000		
Net Debt Issuance			-	-
Equity Buy Backs			500.000	650.000
Cumulated Distribution			500.000	1.150.000
Stake Transfer	15,0%	12,0%	10,0%	10,0%
External Investor's Stake	15,0%	27,0%	17,0%	7,0%
Management Stake	85,0%	73,0%	83,0%	93,0%
Implied Valuation	2.666.667	3.750.000	5.000.000	6.500.000
Implied investor stake value	400.000	1.012.500	850.000	455.000
Investor NAV	400.000	850.000	1.350.000	1.605.000
Global IRR	89%	Annualised IRR	24%	
*IRR calculated based on initial commitment of €850.000				

Market Analysis

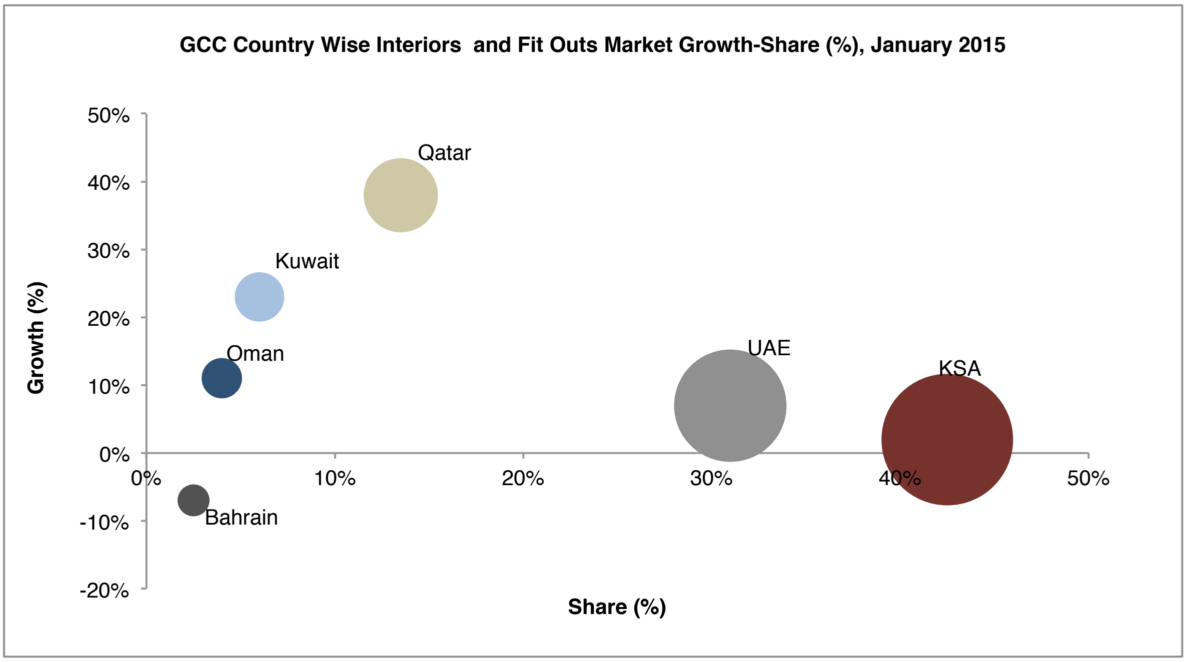
MPD conducted a market research on the international interiors contracting and fit-out market based on third-party special reports such as the periodic report from Venture Middle East that was commissioned by International Design Exhibition (INDEX) as well as insights provided by industry professionals in interviews. We found out that the GCC Market is an ideal platform for 500x100, considering buoyant market trends and especially taking into account the existing network of both 500x100 and MPD in that area. The European market is less dynamic but still there are opportunities such as promising development plans in London, which could be exploited by 500x100. MPD does not recommend 500x100 to tap other geographic areas at this stage because 500x100 is less familiar with other markets does not have the resources to expand internationally. All data in this section comes from market intelligence provider *Ventures On Site* if not specified otherwise.

The GCC Market

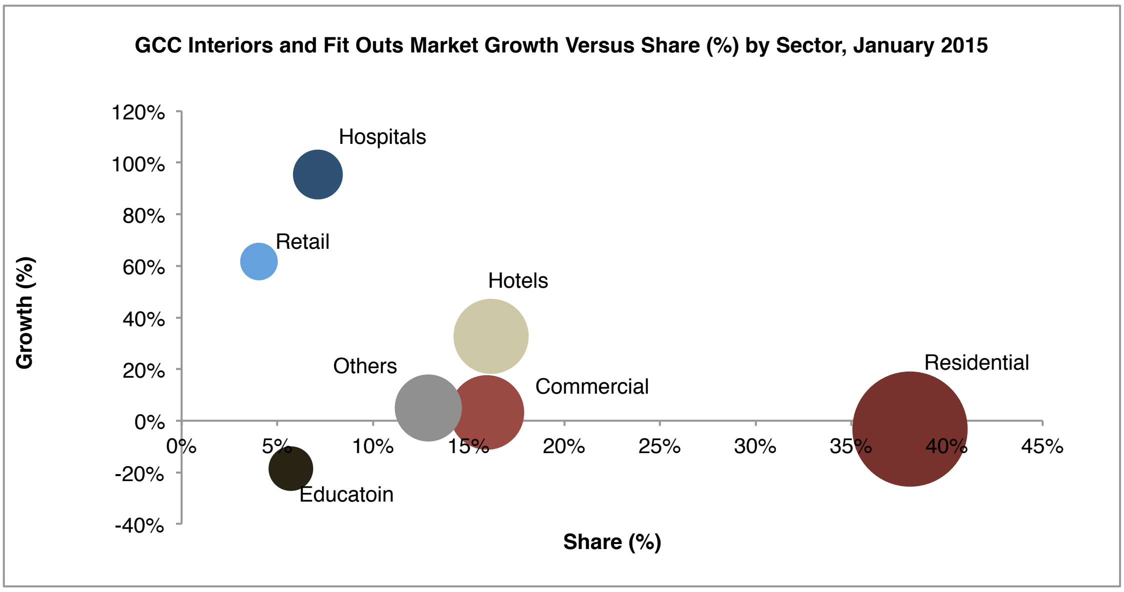
During 2014, the six states of the GCC --UAE, KSA, Qatar, Bahrain, Kuwait and Oman-- have witnessed a fluctuation in terms of total value of projects and growth rates in the interiors and fit-outs market as well as in general conditions of the construction industry. Though project volumes keep going up in all the countries due to massive public spending, the pace of growth has slowed down in Bahrain. The crash of oil price, regional political instability and increasing costs of inputs such as materials and labour as a result of competing use of resources in the region, all contribute to the new landscape. MPD thinks that these elements may have mixed effects on the operators' margin, but at the same time point to higher entry barriers. Lower oil price could definitely favour players importing goods such as furniture, partition walls & doors and other equipment in terms of lower logistic costs while higher input prices, especially labour costs, will have a negative effects on the net income due to the rise in certain items in the income statement.

However, all the governments in GCC claim that they have no intention to forgo massive investment programmes, as these countries have clear strategies to diversify their economies from the oil sector for the long-term benefits. MPD do not think that governments of the GCC countries will shrink their massive construction budgets between now and 2020, at the earliest.

Currently, the three major markets in terms of projects size are Saudi Arabia, the UAE and Qatar, which features different characteristics but all provide considerable amount of opportunities in the interiors contracting and fit-outs market.



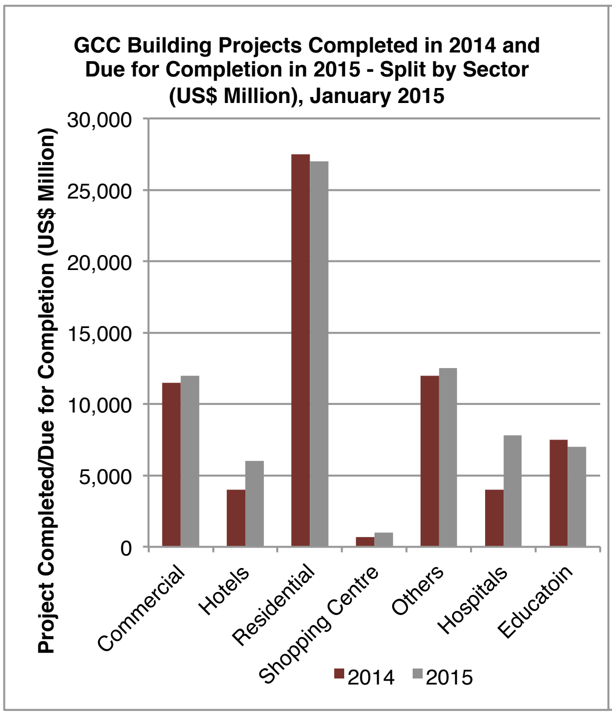
As we can see from data, the market of interiors and fit-outs in Saudi Arabia is the largest in size, amounting to more that 40% of the entire GCC market. That said, the market seems to be achieving its peak with a slower growth rate. The absolute size of the market means that even with such a low growth rate, it offers substantial new projects and opportunities for new operators who have access to labour force and commodities (as well as permissions and pre-qualifications). In addition, taking into consideration that the Saudi Arabia is a market with extremely high barriers of entry because of administrative and onerous bureaucratic procedures. 500x100 may be well positioned to grow its market share very quickly.

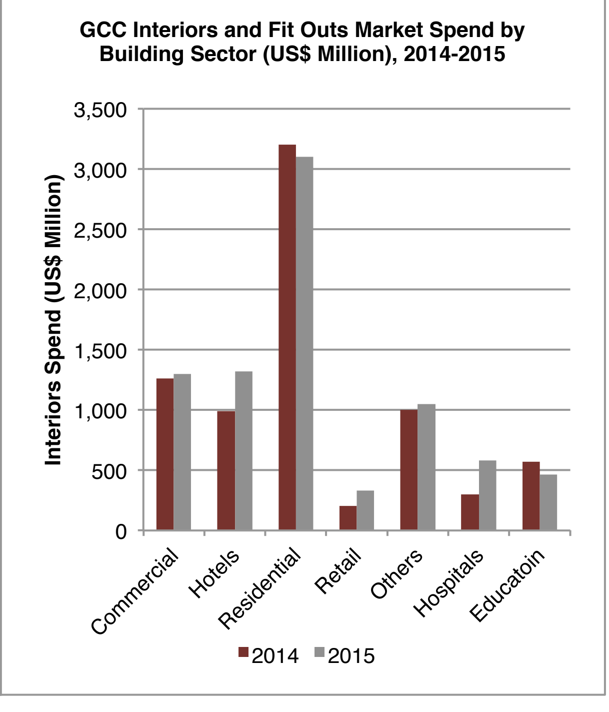


The Saudi Arabia tends to limit works that are being carried out by foreign companies, especially in the construction market; indeed Saudi Arabia is less transparent than the UAE, so personal relationships such as the one Mr. Lo Giudice has in loco, could help 500x100 grow in line with its projection. Though the Saudi Arabia and the UAE market are both large in size and have experienced substantial growth in the recent years, their market environments differ from each other in many ways. In the Saudi Arabia market, several families control the construction industry, with Saudi Bin Ladin Group, the largest construction company in the country, enjoying over half of the overall market share. One of the important factors of operating a successful business in the country is to have good relationships with kingdom families.

In 2014, over US$ 85bn worth of building projects were awarded to contractors across all building sectors including residential, commercial, hospitality, retail, healthcare and education. Though the growth pace has slowed down compared to previous years, MPD predicts that this number is going to increase in the following years thanks to the commitment from government investment authorities. This implies that markets for interiors contracting and fit-outs will also continue to prosper in the future years.

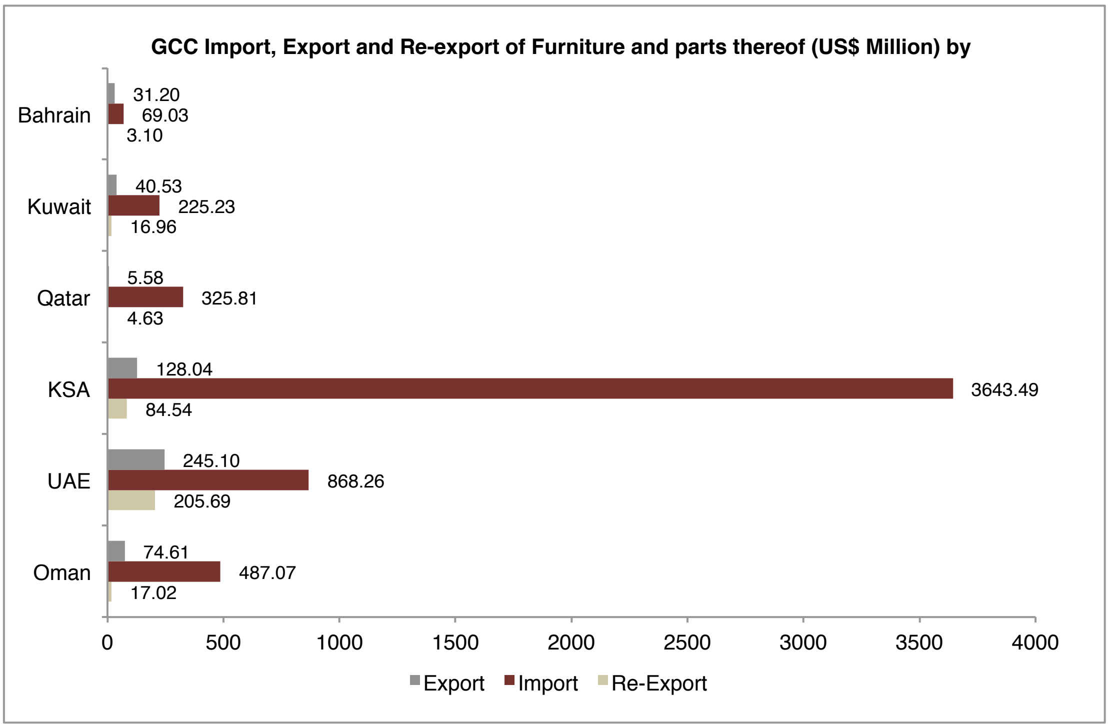
Venture Middle East predicts that the GCC construction industry will climb by 9% to almost US$ 7.98 bn by 2015 from US$ 7.35 bn in 2014, which MPD believes it's a realistic scenario based on trailing trends. As we can see from the breakdown of the different segments in the





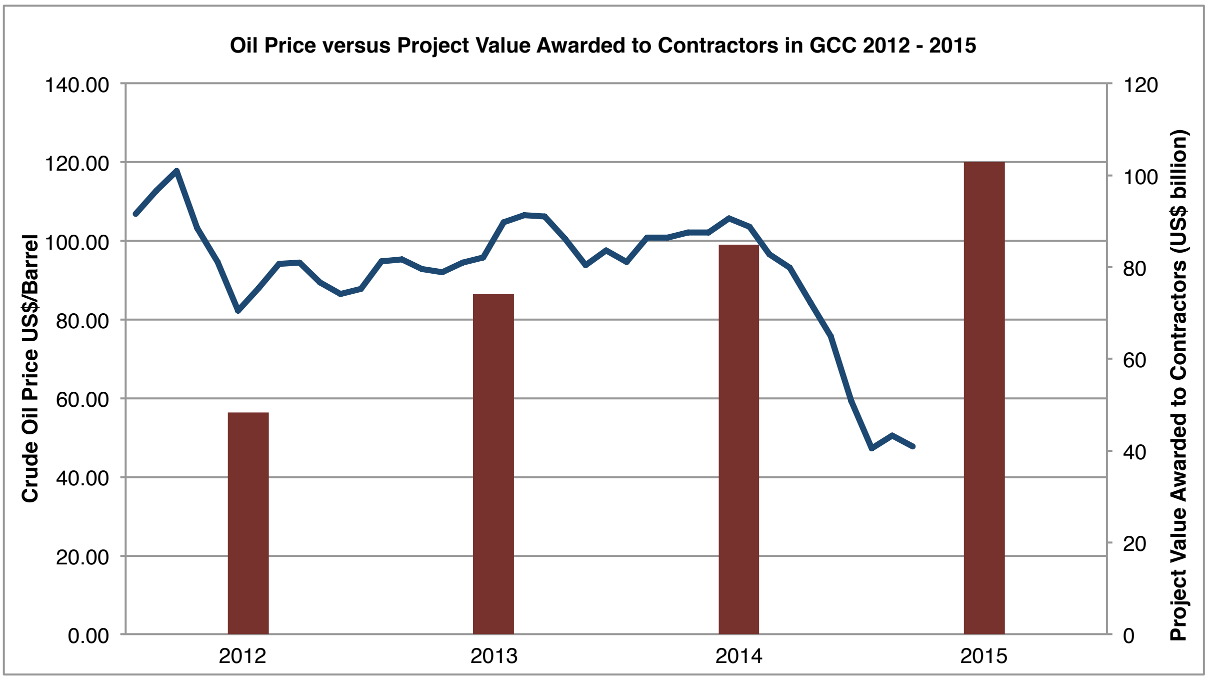
Furniture Import, Export and Re-export

One of the main activities of 500x100 is the importation of Italian furniture for its projects. According to the United Nations Commodity Trade Database, Saudi Arabia is the biggest importer of furniture. Although at the moment no precise breakdown data is available for imports by country, it is fair to assume, in our view, that the majority of projects undertaken in the area belong to the "luxury" category — hence, the demand for European high-end furniture should be high.



Oil Price and impact on Construction

According to a recent report from Ernst & Young (EY Middle East Benchmark Survey May 2014) if the oil prices remain low or continue to decline, the Middle East's tourism sector might face a slowdown. It's worth considering that the chart below shows oil prices may have bottomed out, and WTI Crude now trades in the $60s per barrel. That means there could be more upside than downside for most sectors in the GCC, such as tourism. That said, in recent time the Dubai market, for example, has witnessed that the hotel developments construction pace was lowing, with delays in the scheduled opening dates of the new hotels since the beginning of 2015. But MPD thinks that the plummeting oil prices may revert to mean and will not have too much adverse impact in the construction in the GCC. We compared the oil price with respect to the total project value awarded to contractors in the last three years and the expectation of 2015. We can see that although oil prices have experienced strong swings in 2012-2014, and dived in the last 7 months, the construction activities in the GCC area continue to heat up with an estimated project value reach over $100 billion in 2015, with a steady CAGR of around 28%.



The European Market

The European construction market as the home market and a destination for diversification for 500x100, is expected to recover from the poor performance in the previous years as a number of countries in the area move out of recession. According to *Euroconstruct*, a leading construction research group in Europe, there will be 0.9% growth in the construction market across 19 participating countries. Furthermore, it is predicted that in the next 2 years, Europe will experience higher growth of 1.8% and 2.2% respectively.

The picture of recovery, however, is mixed. The Northern European countries shows more robust recovery, with Sweden and Norway predicting growth over 3.5%, while in southern Europe, the construction activities are remaining in recession in countries such as France, Italy, Spain and Portugal. More precise data is not available regarding specifically the interiors and fit outs market. However, we can reasonably assume that the interiors and fit outs market closely mirrors that of the construction market in general.

However, some interesting projects are planned for big cities such as London. According to a recently released report by the NLA (New London Architecture) and property consultant GL Hearn, over 260 buildings higher than 20 storeys are planned for London in this year. In addition, over 70 out of these 260 projects are already under construction. MPD believes that the London market could offer plenty of opportunities in the coming years, though margins regarding these projects must be carefully analysed if 500x100 decided to expand in Europe. According our analysis of some important players in the UK market, such as ISG, margins can be incredibly thin (0.2-2.5%). We suggest that their heavy business models and wide diversification dilute profits.

Competition Landscape

Porter's Five Forces

Industry Rivalry

Our research of the international interiors and fit-outs market shows that no single player in the interiors and fit-outs sector has a dominant market share globally.

The industry does not have a high level of concentration for small and medium projects as most of the players operate only at a **local level** and do not have the capacity to undertake large and global investments.

Only a handful of established players, such as **ISG** of the UK and Dubai-based **DEPA**, are large in size both in terms of revenues and project size, with a high degree of vertical integration globally. As such, these companies are able to participate in several auctions, bidding for large projects that require a high level of qualification and global recognition.

Their core operations include interiors contracting and integrated construction, from exteriors to interiors, but not all players have the same degree of vertical integration – in fact 500x100, albeit a small entity at present, aims to grow fast and incorporate some of the main functions in the supply chain.

Overall projects costs in in the GCC are relatively high because variable costs such as materials and labour costs dilute returns.

Bargaining Power Of Suppliers

The bargaining power of suppliers is low for the interiors and fit-outs companies, except for a few furniture producers with very strong brand appeal. The market on the supply side is crowded with many competitors, which is essentially could benefit 500X100.

Evidence of this is demonstrated by the fact that various suppliers are willing to provide free materials and products for the construction of the showcase for 500x100. Suppliers tend to provide standard office furniture in terms of design and functionality.

In this context, 500x100 offers a high level of flexibility when it comes to choosing among a wide range of suppliers before a bid is submitted. Furthermore, 500x100 is not a price taker, and can dictate terms on deals because several suppliers must complete in each project.

Bargaining Power Of Clients

Targeted clients will be large, diversified corporations and building developers. The number of clients can be low due to the intrinsic nature of interiors contracting: to one single project corresponds one single developer or user.

In the niche market for high-end office interiors and fit-outs, the budget costs are only one element that should be taken into consideration, and price sensitivity is not as high as that that characterises low-end markets.

The ability to differentiate the offering is key to obtaining strong bargaining power towards clients, because clients consider of vital importance the uniqueness, the design and the quality of each project. The bidding process generally doesn't allow for much negotiation with the client, but must take into account several aspects beyond price, and 500X100, we believe, could cover several clients' needs.

With regard to the competitive landscape in Saudi Arabia and specifically to the KAFD project, contractors have a very weak position due to the oligopolistic nature of the market, where the Saudi Bin Ladin Group has a dominant position.

One point worth mentioning is that the only negotiation power for 500x100 and the likes is associated to the concept of moral hazard, according to which at the completion of any project, the contractor may claim the difference between the budget and actual costs. Opportunistic bidders may be enticed by the idea of placing very low bids to secure key contracts, but for a small company that is looking to build brand and reputation such a strategy is not recommended. MPD belives that such actions could harm value over the medium to long term, with the inevitable result of losing clients and damaging relationships.

Threats Of Substitutes

It is very hard to replace the offer provided by interiors and fit-outs contractors as they offer tailored solutions, which may range from design to project management and execution. The developers (the clients in this instance) could act as the contractor and manage the individual phases of the process themselves, but this is neither cost-efficient nor common practice.

Threat Of New Entrants

The barriers for new players in the interiors and fit-outs market are high, especially for the KAFD project, where a pre-qualification to participate in the bidding process is required.

The whole interiors contracting requires various qualifications and know-how, such as project planning in the early stages, as well as design capabilities, financing and others.

At the current stage, 500x100 operates as a newco and it's clear that these barriers should not be overlooked.

Compared to the incumbent players with consolidated operations in the different phases, 500x100 lacks proven project management skills -- 500x100 may find useful to strike strategic partnerships with some strong players domestically, and that is what it's planning to do.

Additional rounds of fundraising may help it bulk up inorganically, i.e. via acquiring strategic assets.

Competitors

We have identified two main tiers of competitors.

In the first-tier group we have included direct competitors bidding for the KAFD projects.

Just like 500X100, a small number of rivals have obtained a pre-qualification and thus enjoy the privilege of being able to showcase their projects for the KAFD area at the time of writing.

As far as MPD knows and based on the data that has been gathered in this research, at present there are only five players, including 500x100, competing for projects in the KAFD area; it may or it may not happen that additional pre-qualification will be issued to additional players, thus increasing the level of competition and the risk associated to the investment in 500x100. MPD has been told that pre-qualification requirements represent a very high entry barrier, as it is notoriously difficult to obtain the permission to operate in Saudi Arabia.

Tier One

The players joining the auction for the KAFD project, and competing directly with 500x100, are DEPA, Permasteelisa, Transea and Design Lab.

Permasteelisa Group

PERMASTEELISA

Permasteelisa Group (EUR1.3bn revenue) is an Italian, vertically-integrated player. The company has three subsidiaries or affiliates: Permasteelisa (Italy) focuses on engineering, project management, manufacturing and installation of architectural envelopes and interiors system; Gartner and Scheldebouw are both based in Germany – the former is the producer of aluminium and steel facades respectively, while the latter acts as the installer.

Permasteelisa Group, now part of Japan's LIXIL, has a worldwide presence, and has a strong track record with regard to numerous projects. Permasteelisa is a contractor with the capacity to carry out construction projects from exteriors to interiors. They have a deep vertical integration from production to realisation. With numerous local companies and design & engineering centres around the world. Though being another Italian competitor in the pool, Permasteelisa is not mainly selling on the Italian concept but rather their ability to accomplish projects in a very integrated fashion.

LIXIL acquired the company for more than half a billion euros in 2011, when it said that with the integration of Permasteelisa, LIXIL would have had in place "a platform for global business," gaining access to a brand with history and proven track record which holds other prestigious brands such as Gartner. The deal allowed LIXIL to enter the skyscraper and high-end segment, and strengthen design, production technology and product development capability. Into 2020, MPD believes that 500X100 could build awareness in the marketplace and become an attractive target if its business plan develops as inorganic growth is more likely to play an important part in the capital allocation strategy of larger companies' plans than organic growth.

DEPA

DEPA, a Dubai based interiors contractor, has been in business for just less than 20 years. With revenues of about $250m, it just manages to break even now, after a few difficult years. It has strong relationships in the Middle East: it fitted out Dubai's Burj Khalifa, the world's tallest building.

It is specialised in the full-scope turnkey fit-out and furnishing for commercial, residential and hospitality properties. It has a major presence in the UAE, but it also operates worldwide. Similarly to Permasteelisa Group, DEPA has in-house design and production capacity, and present a good degree of vertical integration.

DEPA is a listed entity and has strong relationships both in the UAE and Saudi Arabia, and has been favoured by their presence there. DEPA owns a captive financing arm, which not always has a strong economic logic, but certainly guarantees more negotiating power with customers.

Transea/Design Lab

Financials for Transea are hard to come by, and details about the business are sketchy. The same applies to Design Lab. Delving into Transea's background we found one construction company focusing on industrial construction and MEP, but not on interiors and fit-outs.

Tier Two

These we include companies with a strong international presence and track record and a deep level of vertical integration, but these companies have not obtained any pre-qualification for the KAFD projects and thus are not competing directly with 500x100 at this stage. However, if 500x100 is sticking to the plan and will operate in the European market, it will need to face fierce competition stemming from these established operators.

Al Habtoor ISG (HISG)

The company is a joint venture equally owned by Al Habtoor Leighton Group, a conglomerate based in the Middle East, and ISG.

Lindner

The Lindner Group has strong presence in Continental Europe and focuses on interiors fit-out, facade construction and insulation engineering. It was formerly qualified for the KAFD project, but were later excluded for reasons unknown to MPD. It is an integrated player with expertise in exteriors, interiors, and has in-house production capacity.

Morgan Sindall Group & Others

A UK construction group, it operates in the public and commercial sectors. It has two dedicated affiliates that specialise in interiors and fit-outs contracting: Overbury and Morgan Lovell.

KPS, United Design International, Summertown, 2Square

These four companies are players focused only on interiors and fit-outs. They have a business model similar to that of 500x100, but mainly operate in the UAE market.

SWOT Analysis

Strength

500x100 has a strong capability in integrating different phases of the whole value chain. Thanks to the individual founding partner's expertise in their respective area and an efficient framework of cooperation, 500x100 can combine the commercialisation (sales & marketing), design,. The internal mutual trust inside the 500x100 between participating partners significantly reduces the transaction costs and inefficiency otherwise would arise under a simple coordination of a generic agency or brokerage.

In addition, the unique concept of "Designed and Made in Italy" is a strong premium brand image. Its attractiveness is demonstrated by the fact that during the Salone di Mobile 2015 in Milan, 500x100 hold one of the most lively and visited sites. 500x100 experienced significant media exposure and extended its network. This may help 500x100 to entre a new market with already a brand recognition and differentiate from its competitors.

The other advantages of 500x100 is their prequalification to participate in the bidding of contracts in Saudi Arabia for the KAFD. This has several implications. First, it fully demonstrates the quality of 500x100's founding partners in terms of their track record and network. Second, it implies a higher valuation by the rationale of significant costs in terms of money and time to replace the existing entity, namely, a high replacement cost. Last but not least, the prequalification clearly shows the ability of 500x100 to effectively penetrate a new oversea market from the beginning of its operation.

The concept of the framework together with the high recognition of 500x100's reputation renders it a very strong bargaining power towards the suppliers. This means a high flexibility to choose suppliers to better fit the individual projects needs at lower prices. It also implies that, financially, 500x100 will have more room of manoeuvre in working capital.

Weaknesses

On the other side, the Newco status of 500x100 gives it some constraints and vulnerabilities. The most obvious one is that even though all the partner companies have decent track records in their respective fields, 500x100 itself still need to earn its reputation.

Moreover, 500x100 is in the beginning phase of to launch its operation and the individual competencies and know-how of the partner companies do not necessarily translate into the capability of out the integrated operation with a cost-efficient way. Business discipline and expertise must be emphasised from the very beginning in order to minimise the time needed to calibrate the business coordination, especially in the case of numerous partners participating in a project.

Another concern is that 500x100 is focusing merely on a single project in the Saudi Arabia. It is relatively risky from a diversification point of view. A more reasonable approach would be to allocate some resources also on other projects in the GCC, or better, diversify the marketing activities in different geographic regions. However, this action should be carried out with caution as more the more efficient markets may allow very thin margin and cannibalise the capacity to exploit high margin opportunities.

Opportunities

The GCC area clearly provides an excellent market prospect in interiors and fit outs sector and in construction industry in general. As analysed in the previous sections of this research, the GCC construction industry including the interiors and fit outs sector is dominant in terms of absolute market size with value of planned projects as high as US$ 102.96 Billion and US$ 7.98 for construction and interiors and fit outs respectively.

Among the most buoyant markets in the GCC area, Kingdom of Saudi Arabia is the most prominent in terms of absolute size and the scale of its star project: the King Abdullah Financial District. The KAFD project is divided into 100+ smaller projects, which provides a considerable amount of opportunities for interiors and fit outs operators of various type to participate. As mentioned earlier in this section, 500x100 is prequalified for the entire project of KAFD and this creates a significant barrier of entrance compared to the other companies who do not enjoy this qualification. Furthermore, a specific project with the value of €4.5M is at an arm's length for 500x100, with sufficient financial resources and a reliable partner who are capable of carrying out the realisation phase of the project, 500x100 has a very promising prospect.

There are a couple of alternatives allow 500x100 to access the market directly or indirectly with low resource inputs. The first is to ally with an existing local operator who is familiar with the business environment in the GCC area, and can provide business references through its network. The other possibility is to tap the market through an acquisition of a local operator with relative qualification and mature operation. The two alternatives both have their pros and cons and a more detailed analysis is provided in the next section of the chapter.

Threats

The Main concerns regarding the new venture of 500x100 and especially the successful entrance into the Saudi Arabia market is the uncertainty of a local partnership. A previous founding partner of the new venture, Gruppo Industriale Tosoni, exited the partnership due to financial stress. This shaded shadows on the potential of entry to the market. However, Opportunities still exists if the partner companies of 500x100 can leverage on their network and structure partnerships with or acquisition of local operators in a creative way.

Another concern is the financial strength of 500x100, especially regarding working capital management. A fast growth pace would require intensive investment in working capital and excellent relationship management between suppliers and clients respectively. The ability to stretch from suppliers and delay payment while collect receivables from clients effectively is a key point from a financial point of view. However, with a growing top line in the income statement and forecasted operation income, MPD believes that it will not be impossible to obtain traditional credit supply from banking institutions in the near future.

500x100 & MPD

500x100 could benefit from deeper focus and knowledge of financials and planning that MPD would bring to the management team.
500x100 is an Italian Newco with participating companies specialise in the industrial, commercial and disgn sector respectively. 500x100 integrate the sector of interior design & fit-out for various types of public spaces. The capacity of project planning in the most modern office spaces which meets the clients need, together with the know-how of managing a complicated construction sites in 4 continents and the compacity to creat an efficient network inside a team consisting of suppliers, founding companies, market partners, characterise the competitive advantages of 500x100. The integration of various companies and the concept "in Italy" as the soul of the project complements the entrepreneurial capacity to do a successful busines at a global scale.

The “Italian Design” and “Made in Italy” or the concept “In Italy” is the soul and the competitive advantage of 500x100 (need to be discussed). 500x100 has the capacity of in-house bespoke design to better meet the clients and the end user’s need, instead of offering only products from a catalogue. The project is the centre of the work. By integrating the design, products and materials, 500x100 aims to eliminate the inefficiency between different phases of the project and to extract synergies from the seamless corporation of different parties.

500x100 has mandated MPD Partners to undertake a strategic analysis for a period of four weeks, which is aimed at identifying operational and financing options

for the business, based both on proposed business model and other opportunities in the marketplace.
If the fundraising is successfully executed, MPD believes the risk associated to the business plan could be minimised by the inclusion of a MPD acting as a financial advisor of 500x100. 500x100 boasts strong relationships in the industry all along the value chain with suppliers, competitors and players operating in key end markets thanks to the extensive experience and track records of its core partners.

After this round of analysis, MPD believes that 500x100 understands the need for guidance through a critical stage of development of a business that essentially is at the crossroads.
500x100 founding partners and its newly proposed acquisition target all have deep industry reputation with rich experiences and extensive contacts in the industry. This is an element to like and could support a new business plan, as should significantly facilitate the implementations of a new integrated business model, which otherwise will be difficult to execute for industry outsiders.

Geneva-based MPD Partners is the ideal partner, given that it advises clients in the private equity and real estate segments with particular focus on SMEs. The firm manages and advises on a range of investment programs and portfolios for family offices and qualified investors who are seeking direct exposure to private businesses, so it has contacts that could help 500x100 get on a more sustainable path.

MPD Partners Team

Mirco Coccoli, Partner

- Investment Management Professional since 2007 at BCV and Reyl & Cie, with up to 500MCHF AUM
- High Energy Physics for US DoE, Berkeley and CERN
- In 2006-2007 coordinator of the LHC at CERN during Hardware Commissioning
- Studied Quant Portfolio Management in Geneva
- Diploma in Financial Strategy at the Said Business School of the University of Oxford
- MSc in Applied Physics at the Universities of Milan and Berkeley

Luis Brunschweiler, Partner

- 30 years' experience in SME Valuation, M&A, Accounting and Audit, including deal structuring
- Owner of a Geneva based audit firm
- Director of a Geneva based accounting firm operating internationally
- Judge at the Geneva court for employment affairs
- Master's degree in Engineering from the University of Geneva
- Serial entrepreneur owning stakes in a variety of SMEs

Alessandro Pasetti, Manager

- Founder of Hedging Beta in London
- Previously worked for almost five years at Dow Jones/The Wall Street Journal carrying out M&A research for the IB community.
- Contributed to the launch of Loan Radar, where he worked for three years in London.
- Equity research at such banks as Bear Stearns in London and HVB in Munich.
- Inter-market analysis research thesis with Unicredit in Milan.

Yubin Yang, Analyst

- CFO of an online grocery Start-up based in Milan
- Formerly managed an e-store in high-end fashion sourced in Europe and sold in the Chinese market, gaining exposure to e-marketing strategies and direct procurement exposure.
- Studies Finance at Bocconi University in Milan (MSc graduation expected 03-2016).
- CFA Level II Candidate

Ksenia Davydova, Analyst

- Former experience in financial and risk modelling, cash flow analysis, financial performance and ratios calculation and measurement, at Commerzbank, Lukoil and Reiffeisen.
- Former member of Price Waterhouse Coopers (PWC) Junior Club, Moscow, Russia.
- Studies Finance at Bocconi University in Milan (graduation expected 07-2015).

MPD & iStarter PARTNERSHIP

The venture accelerator: iStarter finds attractive business plans, places managers in key places and helps clients improve their performance and products, providing strategic advisory and helping with the initial funding. The firm supports new entrepreneurial ventures, enhancing the potential growth and fostering innovation.

Strong international presence and network: the network is highly diversified and is represented both by young professionals and senior advisors. Consequently, such network not only gives an opportunity to access the capital, but also provides the expertise.

57 partners with strong shareholder commitment: iStarter defines itself as a “public” unlisted company, meaning that the revenue stream is based on the success of the ventures. The organizational structure of iStarter allows it to enhance the growth and improvement of the ventures; all the partners are organized in teams based on their competences and contribution. Moreover, the partners provide the start-ups with access to distribution channel and contacts in the companies that will create synergetic effect, which is crucial in the early stage of the business. Now with the collaboration between iStarter and MPD Partners in place, the former takes charge of the early stage companies, while the latter is in charge of growth capital companies, 500x100 is an appealing project for both.

Track record: in 3 years, 4,5 million euros have been raised for a total amount of 16 projects. The plan is to build on its existing pipeline, so the timing for the ’s project is good.

Appendix I King Abdullah Financial District

The King Abdullah Financial District (KAFD) is a project located in the Asahafa area of Riyadh, Saudi Arabia. The project is currently under development and the total scale of the project consists of 59 towers in an area of 1.6 million square metres. The total usable space will be as large as 3 million square metres. The project development is undertaken by the Al-Raidah Investment Company on behalf of the Public Pension Agency (PPA) of the Kingdom of Saudi Arabia. The master plan was design and overseen by Danish architecture company Henning Larsen Architects. The Area also includes a mono rail skytrain which connects the main points of the whole area.

Fact Sheet

Item	Area
Project total area	1.608.029 m2
Total building area	3.085.026 m2
Total parking area	2.302.781 m2
Total area of floors to be leased	2853738 m2
Offices	1.658.117 m2
Residential apartments	626.811 m2
Hotels	152.511 m2
Total business area	52.838 m2
Exhibitions & Conference halls	52.550 m2
Retail shops	310.912 m2
Government & community service buildings	71.487 m2
Promotional buildings	159.878 m2
Number of parks	61.472 parks

One of the main features of the district is that it is isolated from the rest of the strictly monitored society and might open a window to modernity. Strict separation between sexes and religious polices are expected to be at least less presented in the area. It is the project that represents the vision of the Saudi authority – a modern society based on functional and modern middle class and less dependent on the oil industry.

The KAFD project development is divided into 3 different phases. Phase 1 (PPA-10) contains 10 towers and is now near completion. Phase 2 (PPA-30) consists 45 office, residential and commercial towers, with Saudi Binladen Group as the contractor. Phase 3 includes the external roads and brigedges and the remaining buildings, which are mainly attractors of various types. The remaining buildings are still under study and offering.

Appendix II Introduction to Guarantee Bonds

Performance Bond

Performance Bonds guarantee for the satisfactory completion of a project. This will require having a collateral property or investment to back up the requirements of the surety agency. A performance bond is usually issued by a bank or an insurance company, both of which act as a "surety."

How They Work?

The Government requires performance bonds and payment bonds for projects to protect the tax payer's investment. The private sector also requires the issuance of performance bonds. Common performance and payments bonds for government projects consist of building bridges and roads. If the contractor does not completion the project specified in the contract the surety bonding company will either pay for the completion of the project or hire a contracting firm to complete the project.

A performance bond will protect the owner against possible losses in a case a contractor fails to perform, or is unable to deliver the project as per established and the contract provisions. Sometimes the contractor defaults or declares himself in bankruptcy, and then in those situations the surety is responsible to compensate the owner for the losses. Such compensation is defined as the amount covered under the performance bond.

Payment from the performance bond is available only to the project/property owner. No one else can make claims against it. In order for a performance bond to be effective, the contract must be specific about the work to be done. A contractor cannot be held accountable for vague descriptions that are open to interpretation.

Performance Bonds Benefits

Performance bonds ensure that:

- The owner of a project is assured of the completion of the project.
- The owner does not need to incur additional costs.

There are also some drawbacks with the Performance Bonds. The drawbacks of performance bonds are:

- Sometimes, the surety tries to establish that the owner did not comply with the technical conditions of a bond to avoid paying the compensation.
- Sometimes the surety will try to prove, that the owner may have to settle for the least expensive remedy to the problem.
- The owner needs to quantify the losses that might have been suffered when a trader or contractor fails in their performance.
- If the owner underestimates the losses and the future cost of the completion of the project, the owner may not be able to recover the shortfall from the surety.

Payment Bond (Advance Payment Bond)

A payment bond is required on many construction projects. In the construction industry, the payment bond is usually joined to the performance bond. The payment bond forms a three-way contract between the Owner, the contractor and the surety. The Payment Bond guarantees that all sub-contractors, laborers, and material suppliers will be paid leaving the project lien free. A Payment Only Bond is rarely requested and is billed usually at about 50% of the regular premium.

Payment Bond Terms

The Surety is the company licensed by the Insurance Department and the regulatory agencies to write bonds.

The Contractor also called the principal, promise in the payment bond that the contract will be executed according to specified terms, while the Surety promises that if the contractor fails on his payments, it will pay damages to all demanding parties.

On private project the payment bond might become a substitute of a mechanics' lien. When the principal or contractor fails to pay the suppliers and the subcontractors, they might collect from the surety under the payment bond. Payments under the bond will deplete the penal sum, an amount less than the total prime contract, intended to cover supplier and subcontractor costs.

Source: *construction.about.com* by *Juan Rodriguez,* Construction Expert

Appendix III Prequalification Letters of 500x100

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الرائدة
AL RA'IDAH

Sergio Lo Giudice
General Manager
Saudi Tosoni
Industrialized Construction
P.O. Box: 66639
Riyadh 22586 Saudi Arabia
sergio@logiudicemerfori.com

Date: Wednesday, 12 November, 2014

Ref: RIC0574-1114/A01

Subject: King Abdullah Financial District Project (KAFD)
Saudi Tosoni IC – KAFD Fit-Out Show Case

Dear Sergio

With reference to our "Notice To Proceed" email dated 21 August 2014, King Abdullah Financial District Project Team and Alra'idah Investment Company (Alra'idah) is pleased to inform you that your firm has been selected to provide the fit-out works showcase (exhibition) on your cost as described in your letter. The project Team has dedicated an office space in one of our office towers located in the development.

For a successful and safe delivery/construction of the Fit-Out showcase, we refer to our KAFD Fit-out Showcase General Guidelines and Safety & Security Regulations emailed to you. This to be followed while working inside the premises of the KAFD. You are kindly requested to confirm in writing that you have read understood and agreed to the General Guidelines and Safety & Security Regulations.

Please note that the KAFD Fit -Out Showcase General Guidelines and Safety & Security Regulations is an initial document in which the Fit-Out Contractor (FOC) will be required to follow and comply with, until such time that the final Fit-Out Manual is issued.

This letter is to serve as confirmation that Saudi Tosoni Industrialized Construction (Saudi Tosoni IC, located at Office#3 1st floor, Al Karamah Building# 480, Alourubah Street, Sulaimania, with P.O. Box 66639, Riyadh 11586, Saudi Arabia) is pre-qualified and approved FOC for KAFD office spaces.

Regards,

fai

Waleed Aleisa
KAFD Project Manager

Cc: Fahad Aljabr- RIC/Ali Annaim- RIC/Tarek Abou Sakher-RIC
Encl.: Email copy sent to Saudi Tosoni's Sergio

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الرائدة
AL RA'IDAH

Sergio Lo Giudice
General Manager
Saudi Tosoni
Industrialized Construction
P.O. Box: 66639
Riyadh 22586 Saudi Arabia
sergio@logiudicemerfori.com

Date: Wednesday, 14 January 2015

Ref: RIC 0055-0115/A01

Subject: King Abdullah Financial District Project (KAFD)
Saudi Tosoni IC and 500x100 - KAFD Fit-Out Show Case

Dear Sergio

We refer to your letter reference number N.00010A, dated 05/12/2014 (copy attached) and our recent letter reference number RIC0574-1114/A01, dated 12 November 2014, (copy attached), with regards to the KAFD Fit-Out Show Case and the pre-qualification and approval for Saudi Tosoni Industrialized Construction (Saudi Tosoni IC) as Fit-Out Contractor (FOC) for the KAFD office spaces.

This letter serves as confirmation to extend our approval to your affiliate company "500x100" as alliance of 5+1AA Alfonso Femia/Gianluca Peluffo, Universal Selecta and Lo Giudice Merfori for the fit-out works in the KAFD for the office spaces, and as found in SAGIA's Service Investment License number 1020320910839-01. (Copy attached)

This is for your information and record,

Regards,

Waleed Aleisa
KAFD Project Manager

fai

Cc: Fahad Aljabr- RIC/Ali Annaim- RIC/Tarek Abou Sakher-RIC
Encl.: RIC Letter Reference RIC0574-1114/A01
500x100 letter reference N.00010A
Saudi Tosoni SAGIA License

Page 1 of 1

500
x
100
INNOVATIVE WORKPLACE

To the kind attention of
Eng. Aleisa Walid,

Dear Mr. Aleisa,
let us introduce the firm 500X100.
500X100 is a is a fit-out integrator whose founders are industrial, commercial and design 's companies that integrate world's interior design and fit out .

Management's know-how of complex project characterize the core business of the company. The mayor skills are the concept design and space planning of office spaces, up-to-date with the most modern and demanding market requests.

The integration between the companies is driven by the "made in Italy" concept.

The company founders of 500X100 are: the designer firm 5+1AA of Alfonso Femia and Gianluca Peluffo, UNIVERSAL SELECTA one of the most important Italian producer of partition walls and LO GIUDICE MERFORI a fit-out integrator specialized in bank's realisation.

These companies have created a team of suppliers partner first quality. The best that Italian design can offer in terms of furnishings . No major international brands , but the excellence of Italian made with small and medium enterprises. the strength of 500X100 is the ability to integrate the team of suppliers creating value with the capabilities of 5+1AA also with the joint venture with the Tosoni Group and For Engineering.

You will find below our pre-qualification dossier with company overview, the projects catalogue of the shareholders as a demonstration of our potential in the achievements of the fit out and design projects.

President　　　　　　　　　　　　Ceo

www.500x100.com
info@500X100.com

Date 14/12/05　Object: PO KAFD　post out N.00010A

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الهيئة العامة للاستثمار
SAGIA
المركز الرئيسي

ترخيص استثمار خدمي
Service Investment License

35304
(102032091083 9-01)

رقم الترخيص
تاريخ الإصدار 1432/10/27 هـ　2011/09/25 م
تاريخ الإنتهاء 1435/07/30 هـ　2014/05/29 م

حالة الترخيص: تجديد
اسم الترخيص: شركة توسوني السعودية للبناء المحدودة (626035)
الكيان القانوني: شركة ذات مسؤولية محدودة
رأس المال: (500,000) ريال سعودي
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اسم صاحب/ أصحاب الترخيص: أوفيسين توسوني لينو إس بي إيه OFFICINE TOSONI LINO S.P.A　رقم المستثمر 626229　الجنسية إيطاليا　الحصة 50%
اسم صاحب/ أصحاب الترخيص: كورديولي إس بي إيه CORDIOLI E.S.P.A　رقم المستثمر 626230　الجنسية إيطاليا　الحصة 50%

النشاط: ...

تم التوقيع نيابة عن محافظ ورئيس مجلس إدارة الهيئة من قبل مدير فرع الرياض : نامر بن سليمان العيسى

تاريخ الطباعة 1435/01/23 هـ
1 - 1