Drake & Scull

Clarification Statement

Mr. Hasan Abdulrahman Al Serkal
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Dubai- United Arab Emirates

12 October 2016

Subject: Additional clarification on the Statement dispatched on October 3, 2016 - Ref: LD/B/FS/16/009 regarding the news article published in the media on October 2, 2016, titled: "مقاول يستحوذ على 200 مليون دون إكمال مشروع أبراج في جدة"

Greetings,

According to the published article on October 2, 2016 entitled "مقاول يستحوذ على 200 مليون دون إكمال مشروع أبراج في جدة", Drake & Scull International PJSC (DSI), would like to clarify that the information cited in the article are unfounded, disingenuous and equivocal and affirms that there are no ongoing legal cases between DSI and Lamar Investment and Real Estate.

In addition, the company wishes to clarify the following:

DSI reiterates that it had signed on to complete the Lamar Towers project in 2013; six years after the project commenced, as a co-investor and partner in good faith, despite the chequered and troubled history of the project which has witnessed multiple starts and stops with other contractors prior to the company's involvement. It is noteworthy that the project commenced in 2007 and was halted several times including 2009, due to lack of funding and harmony between LAMAR and contractors.

DSI has been actively engaged with Lamar Investment and Real Estate to arrive at an amicable resolution to the significant challenges faced by DSI impeding progress on the project. Notwithstanding the latest developments, DSI's primary objective (as a 20% equity shareholder) continues to be the successful completion of the Lamar Towers project.

DSI wishes to continue the negotiation with Lamar Investment and Real Estate to settle outstanding financial issues in a mutually satisfactory and just manner equitable for both sides, and collect its receivables of the completed and unpaid work. The company has already taken

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cognizance of the financial impact for this project by eliminating it from the order backlog and made required provision in its books in line with Accounting Standards.

DSI also reaffirms its commitment to the strategic KSA market, which continues to be one of DSI's biggest markets by volume, constituting 25% of DSI's Q2 2016 revenue by region, and 17% of DSI's ongoing projects backlog as on 30th June 2016.

Many thanks for your consideration.

Sincerely Yours,

Fadi Saba
General Counsel

Drake & Scull International PJSC

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