



Corporate Services (Private) Limited

An affiliate of F. J. & G. de Saram

30th November 2021

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Colombo Stock Exchange,
Level 4-1, West Tower,
World Trade Centre,
Echelon Square,
Colombo 01.

Attn: Mr. Renuke Wijayawardhane
Chief Regulatory Officer

Dear Sir,

PEOPLE'S MERCHANT FINANCE PLC- (PQ 200) ("the Company")

CORPORATE DISCLOSURE/ DISCLOSURE OF A RELATED PARTY TRANSACTION IN TERMS
OF LISTING RULES OF THE COLOMBO STOCK EXCHANGE

We write for and on behalf of our client, People's Merchant Finance PLC.

In terms of Rule 8 – Corporate Disclosure and Rule 9.3.1 (b) – Related Party Transactions of the Listing Rules of the Colombo Stock Exchange, we wish to make the following disclosure with regard to a Mortgage Loan Facility granted to Sterling Holdings (Pvt) Ltd:

- | | |
|---|---|
| i. Date of the Transaction | 30th of November 2021 |
| ii. Name of the Related Party | Sterling Holdings (Pvt) Ltd |
| iii. Relationship between the Entity and the Related Party | People's Merchant Finance Plc is a related party/company to Sterling Holdings Pvt Ltd as per the related party definition given in clause (b) (vii) in the section 9 of the CSE listing rules, which similarly defines by SLAS. |
| iv. Details of the Transaction | |
| 1. Facility Type | Mortgage Loan (Property) |
| 2. Facility Amount | LKR.300 Mn |
| 3. IRR | 12.0% |
| 4. Tenor | 60 Months – Structured repayment plan |
| 5. Asset Description/Collateral | A primary mortgage over the Land & Building at No.361 & 361/1, R A De Mel Mawatha, |

Handwritten signature

Colombo 03, bearing Deed No. 3111 & Plan
No. 4914A with an extent of 21.95P.

6. Market Value (MV)	LKR 470.0 MN
7. Forced Sale Value (FSV)	LKR 430.0 MN
8. LTV	69.76%

v. **Rationale for entering
into the transaction**

A mortgage loan facility is initiated to Sterling Holdings Pvt Ltd as a normal cause of business for part financing as a reimbursement of refurbishment cost incurred in developing the subjected property (Classified in clause 5 of (iv) above and the remainder to finance the working capital requirement of Sterling Holdings (Pvt) Ltd.

vi. The Related Party Transactions Review Committee of People's Merchant Finance PLC is of the view that the transaction is on normal commercial terms, and is not prejudicial to the interests of the Entity and its minority shareholders and the Related Party Transaction Review Committee is not obtaining an opinion from an independent expert prior to forming its view on the transaction.

vii. **Aggregate value of Related
Party Transactions for the
financial year with the
particular Related Party**

LKR 309 Mn.

**Aggregate value of all
Related Party Transactions
for the financial year 2021/22**

LKR 321.592 Mn.

Yours faithfully,



Chief Executive Officer

CORPORATE SERVICES (PRIVATE) LIMITED

Secretaries

Chief Executive Officer

CORPORATE SERVICES (PRIVATE) LIMITED

Secretaries

PEOPLE'S MERCHANT FINANCE PLC

RSK/VF