

THE COLOMBO FORT LAND & BUILDING PLC
(Company No. PQ 172)

C/o. Corporate Managers & Secretaries (Pvt) Ltd.
8-5/2, Leyden Bastian Road,
Colombo 1.

9th April, 2021.

CIRCULAR TO SHAREHOLDERS

Dear Sir(s)/Madam,

**ISSUE OF 19,663,195 ORDINARY SHARES BY WAY OF A PRIVATE
PLACEMENT FOR THE SETTLEMENT OF INDEBTEDNESS**

As you may be aware on the Rights Issue concluded in February 2020 a total consideration of Rs.403,368,050/- was received out of the Rs.600,000,000/- worth of shares on offer. As at 28th February 2021, the Company's indebtedness to Corporate Holdings (Pvt.) Ltd., and Financial Trust Ltd., were Rs.33,530,577.07 and Rs.195,886,089.39 respectively mainly due to accrued interest. In order to relieve the Company from such indebtedness and the resultant interest cost, the Directors of The Colombo Fort Land & Building PLC have decided to issue a further 19,663,195 Ordinary Shares (i.e. 3,247,000 and 16,416,195 Ordinary Shares to Corporate Holdings (Pvt.) Ltd., and Financial Trust Ltd., respectively) at a price of Rs.10/- per share by way of a Private Placement of Shares. The decision to offer the shares at Rs.10/- per share is due to the fact that these shares are the balance available from the Right Issue concluded in February 2020 which had been offered to the shareholders of the Company at Rs.10/- per share. Accordingly the said shares will be placed with Corporate Holdings (Pvt.) Ltd., and Financial Trust Ltd., in settlement of such indebtedness to the extent of Rs.32,470,000/- and Rs.164,161,950/- respectively. The Board has resolved that in its opinion the consideration for which the shares are to be issued is fair and reasonable to the Company and to all existing shareholders as required by the Companies Act.

ADDITIONAL INFORMATION

1. Details of the amounts due by the Company to the aforementioned entities are as follows:-

Entities	Amount outstanding as of 28/2/2021 (Rs.)	Amount to be settled (Rs.000')	Purpose for which the borrowing obtained	Applicable Period	Settlement position
Corporate Holdings (Pvt.) Ltd.	33,530,577.07	32,470,000.00	Funding for Working Capital	From December 2013 onwards	(96.84%)
Financial Trust Ltd.	195,886,089.39	164,161,950.00	Funding for Working Capital	From February 2017 onwards	(83.80%)

The amounts outstanding as at 28th February 2021 are capital and accrued interest.

Rs.20,000,000/- had been settled from the proceeds of the Rights Issue held in February 2020 as against the outstanding dues to Financial Trust Ltd., as disclosed in the Rights Issue Circular.

The number of Shares and percentage pre and post Private Placement are as follows:-

Name of Company	Pre		Post	
	No. of Shares (28/2/2021)	%	No. of Shares	%
Corporate Holdings (Pvt.) Ltd.	-		3,247,000	1.35
Corporate Holdings(Pvt.) Ltd. A/c. No. 1	1,978,265	0.90	-	0.82
Corporate Holdings (Pvt.) Ltd., A/C No. 2	9,099,080	4.13	-	3.79
Financial Trust Ltd.	7,335,226	3.33	23,751,421	9.89

Corporate Holdings (Pvt.) Ltd., - A/C No. 1 and A/C No.2 as well as Financial Trust Ltd., are shareholders of the Company. These two companies had increased their shareholdings since 30th September 2019 through purchases made on the stock market as follows:-

Corporate Holdings (Pvt.) Ltd. A/c No. 1	- 25,000 shares
Financial Trust Ltd.	- 48,226 shares

Brief Resume of Corporate Holdings (Pvt.) Ltd., and Financial Trust Ltd., are given below.

Corporate Holdings (Pvt.) Ltd.

This company was incorporated as a Private Company on 11th September 1986 under the Companies Act No. 17 of 1982 and its principal activity is managing and holding an investment portfolio. The present Directors of the Company are Mrs. A.K. Gunawardhana and Mr. S. Shanmugalingam. The major 9 shareholders of this Company are:-

G S Investments (Private) Limited
S V Investments (Private) Limited
V P Investments (Private) Limited
A S Investments (Private) Limited
S A Investments (Private) Limited
S S Investments (Private) Limited
S T Investments (Private) Limited
G T Investments (Private) Limited
Jacey Trust Services (Private) Limited

Financial Trust Ltd.

This Company was incorporated as a Public Company on 5th April 1982 under the Companies Act No. 17 of 1982 and its principal activity is managing and holding an investment portfolio. The present Directors of the Company are Mr. A. Rajaratnam, Mr. Anushman Rajaratnam, Mr. S. Rajaratnam and Mr. Amrit Rajaratnam. The major shareholders of the Company are:-

Mr. Anushman Rajaratnam
Mr. S. Rajaratnam
Mr. Amrit Rajaratnam
Mrs. L.S. Rajaratnam

Kotagala Plantations PLC

The subsidiary Company, Kotagala Plantations PLC had faced challenges in meeting the debenture commitment of Rs.250 million which was due on 26th May 2020 on its Type C debentures. However instead it has restructured the principal repayment on the Type C debentures, along with Rs. 250 million principal due on its Type D secured redeemable debentures.

2. The Present Stated Capital Rs. 730,368,050/- (No. of shares 220,336,805)

Shareholding Percentage as at 28/2/2021 :-

Non Public	%	64.75%
Public	%	35.25%

After the proposed Private Placement

Stated Capital Rs. 927,000,000/- (No. of shares 240,000,000)

Shareholding Percentage would be :-

Non Public	%	66.29%
Public	%	33.71%

3. Details of the Rights Issue concluded in February 2020

Total Amount Raised	Rs.403,368,050/-
Amount Utilised	Rs. 403,368,050/-
Details of Utilization	Partial Settlement of Inter-Company and Bank borrowings

PURPOSE AND THE UTILIZATION OF PROCEEDS OF THE PRIVATE PLACEMENT OF SHARES

The proceeds of the Private Placement amounting to Rs.196,631,950/- will be utilized for the settlement of the debts mentioned above.

The Company had entered into a Memorandum of Understanding (MOU) with Financial Trust Ltd. and the salient features are as follows:-

- All inter-company loans are payable “on demand” and interest is charged at AWPLR + 3.5%
- All borrowings have been utilized by the Company.
- The Company intends to settle the balance sum of Rs.31.72 million through excess funds from operations/dividends.

Further it should be stated that there is no MOU signed with Corporate Holdings (Pvt.) Ltd. However the necessary Board approvals have been obtained and all inter-company loans are payable “on demand” and interest is charged at AWPLR + 2%.

The loans which were obtained after the Related Party Transactions Review Committee (RPTRC) was formulated as per Section 9 of the CSE Listing Rules, have been reviewed and recommended by the Committee. Approval had also been obtained from the RPTRC to settle these loans. The proceeds of the Private Placement would be utilized to settle the indebtedness due to these two entities.

The Company’s Related Party Transactions Review Committee(RPTRC) comprises of Mr. R. Seevaratnam – Chairman – Independent Non-Executive Director, Mr. A. M. de S. Jayaratne – Independent Non-Executive Director and Mr. S. D. R. Arudpragasam – Non-Executive Director. None of the members of the RPTRC are Directors of the entities which are subject to the Private Placement. Further Section 9.2.7 of CSE Rules does not apply to this Private Placement.

BENEFITS OF THE PRIVATE PLACEMENT

The Company would be in a position to reduce its debts which would in turn improve the gearing ratio and working capital position. The gearing ratio was 0.67 as at 28/2/2021 and it will improve to 0.51 following the private placement.

The debts of the Company will reduce by Rs.196,631,950/- after the settlement of the aforementioned debts and there will be a saving of approximately Rs. 13 million per annum on interest.

It should be noted that the Take Overs and Mergers Code will not be applicable following the Private Placement.

STATUS OF THE NEW SHARES

The shares that are offered on the Private Placement will be directly uploaded to the respective CDS accounts of the shareholders.

Further the new ordinary shares would rank pari passu in all respects with existing issued ordinary shares of the Company and will qualify for all dividends declared, only after the allotment of such shares.

EXTRAORDINARY GENERAL MEETING

An Extraordinary General Meeting of the members of the Company will be conducted as a Virtual Meeting at 8 5/2, Leyden Bastian Road, Colombo 1, in terms of the attached Notice, at which the members will be requested to consider and if thought fit to pass the Special Resolutions necessary to give effect to the foregoing proposal of the Directors.

This Circular together with the Notice of Meeting, Form of Proxy and the Registration Form for Online Meeting Participation will be dispatched via post to the Shareholders provided bulk posting is not suspended and such being accepted by the Central Mail Exchange at the time. However the said documents will be uploaded on the website of the Colombo Stock Exchange.

<https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=CFLB.N0000>

Shareholders who wish to participate at the aforesaid meeting through Audio/Video and visual means are kindly requested to complete and return the Registration Form attached to this Circular, to reach the Registered Office of the Company Secretaries, Corporate Managers & Secretaries (Pvt.) Ltd, 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 or via e-mail to cflbegm2021@cmsl.lk at least three (3) days prior to the date of the Meeting.

Upon receipt of the duly completed Registration Form the Company Secretaries will email Virtual Meeting Attendance login information to the eligible shareholders or their duly nominated proxies to enable them to join the meeting.

If a Shareholder/Proxy holder intends joining the Virtual EGM via a smart phone, it is necessary for him/her to download the "Zoom Mobile App" onto his/her smart phone.

Similarly if the Shareholder/Proxy holder wishes to join the meeting via a desktop computer, the link could be opened by downloading the "Zoom Desktop App" to the respective desktop computer (compatible web browser: Google Chrome)

Further, if shareholders are unable to participate at the Meeting and wish to raise any queries, such queries could be sent in writing to the Company Secretaries or via e-mail, as mentioned above, not less than three (3) days before the date of the Meeting. This is in order to enable the Company Secretaries to compile the queries and forward same for the attention of the Board of Directors so that same could be addressed at the meeting.

If you are unable to be present at this Extraordinary General Meeting to be held on Thursday 6th May 2021 you are kindly requested to complete and return the Form of Proxy to reach the Registered Office of the Company at 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than 48 hours before the time appointed for the Meeting.

LISTING

Approval in principle has been obtained from the Colombo Stock Exchange to issue and list the new shares.

The listing of the shares by the Colombo Stock Exchange will in no way be reflective of the merits of the issue. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports included.

GENERAL

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief that there are no other facts the omission of which would render any statement in the circular misleading.

By Order of the Board

THE COLOMBO FORT LAND & BUILDING PLC
CORPORATE MANAGERS & SECRETARIES (PRIVATE) LIMITED
Secretaries.

CORPORATE MANAGERS & SECRETARIES (PRIVATE) LTD


Secretaries

9/4/2021



Secretaries

9/4/2021

THE COLOMBO FORT LAND & BUILDING PLC
(Company No. PQ 172)

NOTICE OF AN EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be conducted as a Virtual Meeting, at 8 5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, on Thursday, 6th May, 2021, at 10.00 a.m. for the purpose of considering and if thought fit, passing the following resolutions as SPECIAL RESOLUTIONS.

**1. SPECIAL RESOLUTION
PRIVATE PLACEMENT**

Resolved -

"that new ordinary shares of 19,663,195 be issued to Corporate Holdings (Pvt.) Ltd., and Financial Trust Ltd., by way of a Private Placement at a price of Rs.10/- per share and that the proceeds of this issue be utilized for the settlement of indebtedness of Rs. 32,470,000/- and Rs.164,161,950/- due to Corporate Holdings (Pvt.) Ltd., and Financial Trust Ltd respectively. Further such shares shall rank pari passu with the existing issued ordinary shares of the Company and shall be entitled to any dividends declared only after the allotment of such shares."

**2. SPECIAL RESOLUTION
APPROVAL UNDER SECTION 99 OF THE COMPANIES ACT NO. 7 OF 2007 ON THE
ISSUE OF 19,663,195 ORDINARY SHARES BY WAY OF A PRIVATE PLACEMENT**

Resolved

"that The Colombo Fort Land & Building PLC do issue to Corporate Holdings (Pvt.) Ltd., and Financial Trust Ltd., 3,247,000 and 16,416,195 Ordinary shares respectively at a price of Rs.10/- per share constituting a total of 19,663,195 Ordinary Shares by way of a Private Placement and that such shares shall rank pari passu in all respects with the existing issued ordinary shares of the Company including the right to vote and participate in any dividends declared after the date of allotment of such shares ,"

By Order of the Board
THE COLOMBO FORT LAND & BUILDING PLC
CORPORATE MANAGERS & SECRETARIES (PRIVATE) LIMITED
Secretaries

Colombo
9th April 2021

Note:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him.
2. A proxy need not be a member of the Company.
3. A Form of Proxy accompanies this Notice.
4. In the event the Company is required to take any further action in relation to the meeting due to the COVID 19 Pandemic and/or any communications, guidelines, directives or orders issued by the Government of Sri Lanka, Notice of such action shall be given by way of an announcement to the Colombo Stock Exchange.

THE COLOMBO FORT LAND & BUILDING PLC
(Company No. PQ 172)

FORM OF PROXY

I/We

of NIC/Co.Reg.....

being a member/members of THE COLOMBO FORT LAND & BUILDING PLC hereby

appoint.....of

.....or failing him

- | | |
|---------------------------------------|----------------------------|
| 1. Alagarajah Rajaratnam | of Colombo or failing him, |
| 2. Sri Dhaman Rajendram Arudpragasam | of Colombo or failing him, |
| 3. Ajit Mahendra de Silva Jayaratne | of Colombo or failing him, |
| 4. Ranjeevan Seevaratnam | of Colombo or failing him, |
| 5. Anushman Rajaratnam | of Colombo or failing him, |
| 6. Chrisantha Priyange Richard Perera | of Colombo or failing him, |
| 7. Parakrama Maithri Asoka Sirimane | of Colombo or failing him, |
| 8. Sanjeev Rajaratnam | of Colombo, |

as my/our* Proxy to speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Extraordinary General Meeting of the Company to be held on Thursday 6th May 2021, at 10.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

*In favour of the Special Resolution 1 set out in the Notice convening the
Against aforesaid Meeting.

*In favour of the Special Resolution 2 set out in the Notice convening the
Against aforesaid Meeting.

As witness my/our* hand(s) this day of 2021.

.....
Signature of Shareholder

Note:

1. A Proxy need not be a member of the Company.
2. Instructions as to completion appear on the reverse.

INSTRUCTIONS AS TO COMPLETION OF FORM OF PROXY

1. To be valid, this Form of Proxy must be deposited at the Registered Office of the Company situated at 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than 48 hours before the time appointed for the holding of the meeting.
2. In perfecting the Form of Proxy, please ensure that all details are legible.
3. Please indicate clearly how your proxy is to vote on the resolution. If no indication is given the proxy in his discretion may vote as he thinks fit.
4. In the case of corporate members the Form of Proxy must be under seal or under the hand of an authorized Officer or Attorney.
5. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of the same, or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.

THE COLOMBO FORT LAND & BUILDING PLC

(Company Registration No. PQ 172)

REGISTRATION FORM

Participation at the Extraordinary General Meeting (EGM) of The Colombo Fort Land & Building PLC

On 6th May 2021 at 10.00 a.m.

DETAILS OF SHAREHOLDER

Full Name of the Principal Shareholder :

NIC No./Passport No./Company Registration No. :

CDS Account No. :

Folio No. indicated in the Address Label:.....

Residential Address :

Telephone No/s :

Email :

Full Name of 01st Joint Holder :

NIC No/ Passport No. :

Full Name of 02nd Joint holder :

NIC No/ Passport No. :

In the event a Proxy holder is appointed by the Shareholder the following details of him/her will also be required.

DETAILS OF PROXY HOLDER : (only if a proxy is appointed)

Full name of Proxy holder :

NIC No./Passport No. of Proxy holder:

Telephone No/s. : Email :

Signature/s :

Principal Shareholder

01st Joint holder

02nd Joint holder

Date : 2021.

Note : In the case of a Company/Corporation, the Shareholder Registration Form must be signed under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association and in the case of the Registration Form being signed by an Attorney, the Power of Attorney, must be deposited at the Registered Office of the Company's Secretaries, Corporate Managers and Secretaries (Pvt.) Limited, 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, Sri Lanka or emailed to cflbegm2021@cmsl.lk