TEA SMALLHOLDER FACTORIES PLC

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Company No. PQ32

THE VIEWS, COMMENTS, AND ADVICE OF THE BOARD OF DIRECTORS OF TEA SMALLHOLDER FACTORIES PLC IN TERMS OF RULE 13(2) OF THE COMPANY TAKEOVERS AND MERGERS CODE OF 1995 (AS AMENDED) ON THE MANDATORY OFFER MADE BY UDAPUSSELLAWA PLANTATIONS PLC TO THE SHAREHOLDERS OF THE COMPANY TO PURCHASE 18,723,161 (62.41%) ORDINARY VOTING SHARES OF TEA SMALLHOLDER FACTORIES PLC

The Board of Directors of the Company, Tea Smallholder Factories PLC in compliance with Rule 12(1) of the Takeovers and Mergers Code 1995 as amended in 2003, has obtained an independent valuation and advice from Moore Consulting (Private) Limited on 20th May 2025 on the Mandatory Offer by Udapussellawa Plantations PLC pursuant to their acquisition of 11,276,839 (37.59%) ordinary voting shares at Rs. 35.00 per share on 3rd April 2025 of Tea Smallholder Factories PLC.

The Board of Tea Smallholder Factories PLC is forwarding the said document in full to shareholders in compliance with the requirements of Rule 13(2) of the Takeovers and Mergers Code 1995 as amended in 2003.

Rule 13(2) also requires the Board of Tea Smallholder Factories PLC to give the shareholders of the company of its Views, Comments and Advice on the Offer Document.

Accordingly, the Board of Directors of Tea Smallholder Factories PLC having examined the contents of the Independent Advisors Report from Moore Consulting (Private) Limited attached hereto, and being of the view that the advice is objective and reasonable; after taking into consideration that the Independent Advisor in arriving at the valuation of shares of the company has used three fundamental Share Valuation approaches; namely; Income Approach (Discounted Cash Flow) Net Asset Approach & Market Approach [and after detailed evaluation based on the reasons given in the report have excluded the Market Approach]; is in agreement with the opinion therein on the concluded valuation that:

"Based on the independent analysis, the offer price is within the range of LKR 30.77 to LKR 56.98 where our valuations were concluded. The value derived from Net Asset Approach is higher than the offer price of LKR 35.00 where the value derived from Income Approach is lesser that the office price of LKR 35.00.

In light of this information, we recommend that shareholders consider the following actions:

- *Sell Shares in the Market: If the market price remains above LKR 35.00, shareholders are encouraged to sell their shares in the market to realize a better return.*

- *Accept the Offer: If the market price falls below LKR 35.00, shareholders may consider accepting the mandatory offer. It is also noteworthy to mention that the historical average share price till the date of incurring the obligation to make the mandatory offer (01st April 2024 to 3rd April 2025) is LKR 41.32."*

Subject to the approval of the Securities & Exchange Commission of Sri Lanka, in terms of Rule 18 of the Code :

The Board of Directors is also of the view that shareholders should make a decision based on their own assessment of the mandatory offer and the independent valuation and wish to advise the shareholders that the final decision to accept or reject the offer rests entirely with the shareholder, and if in any doubt to seek advice from a suitably qualified independent professional. Your Board also draws the attention of the Shareholders to Section 7 of the Independent Advisor's Report, which sets out, in the opinion of the Independent Advisors, the Risk Factors of Shareholders who accept the offer and the Risk Factors of shareholders who do not accept the offer.

Mr. A.K. Gunaratne and Mr. C.S. Hettiarachchi (Non-Executive Directors representing a shareholder of the Offeree, holding approximately 29%) have also consented to the aforesaid views in principle.

Dr. P.S.H. Uluwaduge (Chairman / Non-Executive Non-Independent Director), Mr. D.S.K. Amarasekara (Non-Executive Non-Independent Director), Mr. G. D. V. Perera (Non-Executive Non-Independent Director), Mr. A.S. Perera (Executive Director), nominees of the Offeror, Udapussellawa Plantations PLC, who were appointed to the Board of the Offeree on 9th May 2025, have refrained from participating in setting out their views on the offer to the shareholders.

By Order of the Board
Tea Smallholder Factories PLC

P P Edirisinghe	Ms. S W F Jameel
Director	**Director**

This 20th day of May 2025