

02nd January 2023
Independent Advisor's Report

KELSEY DEVELOPMENTS PLC

**INDEPENDENT ADVISOR'S REPORT
TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF KELSEY DEVELOPMENTS PLC
ON THE MANDATORY OFFER MADE BY
BLUE OCEAN RESIDENCIES (PRIVATE) LIMITED**

Prepared by



CAPITAL ALLIANCE PARTNERS LIMITED

Level 05, Millennium House, 46/58, Nawam Mawatha, Colombo 02,
Sri Lanka

We, Capital Alliance Partners Limited ("CAL") hereby declare that we possess the requisite expertise to perform a business valuation of this nature involving a quoted public company categorized under the Consumer Durables and Apparel sector

02nd January 2023

The Board of Directors,
Kelsey Developments PLC,
No 02, Deal Place,
Colombo 03.

Dear Sirs,

INDEPENDENT VALUATION REPORT TO THE DIRECTORS AND SHAREHOLDERS OF KELSEY DEVELOPMENTS PLC

Enclosed herewith is the SEC approved independent valuation report to the Directors and Shareholders of Kelsey Developments PLC on the Mandatory Offer made by Blue Ocean Residencies (Private) Limited.

Please feel free to reach out to us should you have any clarifications pertaining to this.

Thanking you,
Yours faithfully,

CAPITAL ALLIANCE PARTNERS LIMITED



NISHOK GOONASEKERA

CHIEF EXECUTIVE OFFICER – CAPITAL ALLIANCE PARTNERS LIMITED

Legal Notice

This Report has been prepared by Capital Alliance Partners Limited ("CAL") to provide an independent opinion on Kelsey Developments PLC (the "Company", "KDL"). CAL acknowledges that this Report is to be circulated to the shareholders of Kelsey Developments PLC in relation to the proposed Mandatory Offer by Blue Ocean Residencies (Private) Limited and therefore may not be used for any other purposes without the prior written consent of CAL.

This Report relies upon discussions with the Directors of Kelsey Developments PLC, information and documents compiled by and provided to CAL by Kelsey Developments PLC and its representatives. CAL has relied solely on reported information such as Annual Reports provided by Kelsey Developments PLC and not examined any other source of information including information on Kelsey Developments PLC that is publicly available. This information was adequate to facilitate an informed view of the offer and to form a reasonable basis for the opinion.

This Report is provided subject to the following assumption and qualification:

Kelsey Developments PLC has made available to CAL all material public information in its possession or known to it in relation to the business operations of Kelsey Developments PLC, and that all information so provided is up to date and that Kelsey Developments PLC has not withheld any material public information;

CAL has not undertaken any independent enquiries or audits to verify that the information provided is correct and has not carried out any type of audit of Kelsey Developments PLC's records to verify that all material documentation has been provided. However, since the analysis was based on financial statements prepared as per LKASs and SLFRSs, CAL takes comfort in the reasonableness of this data. This Report is not intended as an offer document or solicitation for the sale of shares. The recipients of this Report must make their own independent decision regarding the offer made. CAL assumes no responsibility for any investment decisions made by investors based on information contained in this report.

CAL is not in the same group as the financial advisor to the Offeror or anyone who has a significant interest in or financial connection with either the Offeror or the Offeree, therefore is eligible to give such advice.

CAL has given its consent and not withdrawn its consent to the publication of the report exclusively to the Board of Directors and the shareholders of Kelsey Developments PLC.

Table of Contents

Table of Contents	4
Glossary of Terms and Abbreviations	5
1.0 Introduction.....	7
1.1 Executive Summary	7
1.2 Background to the Assignment	8
1.3 Undertaking from PRS and one other Shareholder.....	8
1.4 Terms of References.....	9
2.0 Kelsey Developments PLC – Profile	10
2.1 Kelsey Developments PLC – Ratio Analysis	11
2.2 Kelsey Developments PLC – Statement of Profit or Loss	11
2.3 Kelsey Developments PLC – Statement of Financial Position	12
3.0 The Offeror	14
4.0 Valuation Methodology and Summary	15
4.1 Valuation Summary	15
4.2 Discounted Cash Flow	15
4.3 Net Asset Value	16
4.4 Comparable Ratio Analysis.....	16
4.5 Price Movement of KDL over the 6 months prior to the BORL Transaction	16
4.6 Top 20 Largest Shareholders of KDL as at 08 th December 2022	17
5.0 Risks to Shareholders Who Accept or Reject the Offer.....	19
6.0 Limitations.....	21
7.0 Individuals Materially Participating in the Valuation Assignment	22
8.0 Annexures.....	23

Glossary of Terms and Abbreviations

C.	Circa (Approximately)
CAL	Capital Alliance Partners Limited
Comps	Comparable Companies to Kelsey Developments PLC
CSE	Colombo Stock Exchange
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EV	Enterprise Value
FY	Financial Year
KDL	Kelsey Developments PLC
LKR/Rs.	Sri Lanka Rupee
BORL	Blue Ocean Residencies (Private) Limited
Mn	Million
NAV	Net Asset Value
P/BV	Price to Book Value Ratio
ROA	Return on Average Assets
ROE	Return on Average Equity
SEC	Securities and Exchange Commission of Sri Lanka
TTM	Trailing Twelve Months
VWAP	Volume Weighted Average Price
The Assignment	Independent advisor's report on the mandatory offer made by Blue Ocean Residencies (Private) Limited to the shareholders of Kelsey Developments PLC
The Board	The Board of Directors of Kelsey Developments PLC
Ordinary Voting Shares	Ordinary Voting Shares of Kelsey Developments PLC
The Offer Price	LKR 24.60 Per Share
Shareholders	Shareholders of Kelsey Developments PLC

CAL believes that the offer price of LKR 24.60 IS FAIR & REASONABLE CONSIDERATION for Kelsey Developments PLC investors and recommends shareholders ACCEPT this offer.

1.0 Introduction

1.1 Executive Summary

CAL was unable to value Kelsey Developments PLC ("KDL") using several standard fundamental valuation methods; namely the Discounted Cash Flows, Net Asset Value and Comparable Ratios Approach (refer *Section 4.0*).

- A Discounted Cash Flow valuation is not a suitable valuation methodology due to the prevailing macroeconomic climate that is characterised by the interest rate hike and cost inflation. There is also the lack of visibility in terms of the Offerors intentions for the business going forward. This makes it uncertain to time cashflows since earnings are generated on a project completion basis.
- Net Asset Value based valuation is not viable since KDLs Shareholder Equity is negative.
- Comparable Ratios Approach is not a meaningful valuation basis for this assignment considering KDLs EBITDA, PAT and Shareholder Equity values are negative.

Given the limitation, it is CAL's opinion that the Mandatory Offer made by BORL is fair and acceptable for the shareholders of KDL.

We summarize the rationale for CAL's recommendation as follows:

- Given the aforementioned inability to perform a Discounted Cash Flow valuation, Net Asset Value based valuation and Comparable Ratio Analysis, having analysed the 6 months share performance indicates that the mandatory offer price of LKR 24.60 is at a 16% premium to the average 6-month price (excluding the crossings on 06th and 07th September). Further, given that only 13,210 trades have taken place on the KDL share (excluding the crossings on 06th and 07th September) over the last 6 months depicts there are limited buyers in the market for this share. Therefore, the mandatory offer price is fair and acceptable.
- While CAL believes there are plausible long-term strategies and synergies which could improve KDL's share price, current macroeconomic conditions and the business risks faced by the Company (as expressed in *Section 5.0*) may result in a drop in share price. Accepting the mandatory offer will provide the existing shareholders the opportunity to mitigate any risks associated with this.

1.2 Background to the Assignment

Blue Ocean Residencies (Private) Limited ("BORL") acquired by way of a crossing transaction on the Colombo Stock Exchange ("CSE"), a total of 10,457,564 ordinary shares in Kelsey Developments PLC ("KDL") from its Major Shareholders Messrs. Prakash Schaffter and Ramesh Schaffter (together referred to as "PRS"), representing 59.99% out of the 85.24% voting rights held by PRS, at a price of LKR 24.60 per share amounting to a total consideration of LKR 257,256,074.

Consequently, as BORL's ordinary voting rights in KDL exceeded the statutory threshold of 30% of the voting rights of KDLs set out in Rule 31 (1) (a) of the Company Takeovers and Mergers Code 1995 (as amended in 2003), it has become obligatory on the part of BORL to make a Mandatory Offer to the remaining ordinary shareholders of KDL in accordance with the provisions of the Code to acquire all the Offer Shares subject to the undertaking received by BORL from PRS and one other shareholder amounting to 5,227,821 shares, as more fully described in Section 1.3 Undertaking from PRS and one other shareholder, at the Offer Price (i.e. LKR 24.60 per share), being the highest price at which BORL acquired KDL Shares within the twelve (12) months prior to the date of acquisition, being November 15, 2022 on which date the aforesaid threshold was crossed subject to the terms and conditions hereinafter stipulated.

1.3 Undertaking from PRS and one other Shareholder

The Offeror has received letters of undertaking from certain shareholders of the Offeree that they will not accept the Offer. The total number of Shares held by such shareholders as at 29th November 2022 is five million two hundred and twenty seven thousand eight hundred and twenty one (5,227,821) Shares. The details of such shareholders are as follows:

Name	Number of Shares held as at 29th November 2022
Mr. P.A. Schaffter	2,199,611
Mr. R. Schaffter	2,199,611
Mrs. M. Mathews	828,599

The Shares remaining after the aforesaid five million two hundred and twenty seven thousand eight hundred and twenty one (5,227,821) Shares in respect of which undertakings have been given to the Offeror by the aforementioned shareholders are excluded, amount to one million seven hundred and forty three thousand eight hundred and eighty nine (1,743,889) Shares amounting to approximately 10.01% of the issued and paid up ordinary shares of the Offeree

CAL was appointed by the Directors of KDL to act as Independent Advisor to the Board of Directors and Shareholders of KDL in connection to the aforesaid offer made by BORL

1.4 Terms of References

CAL's terms of references in respect to this assignment involve recommending to the Board of Directors and Shareholders of KDL (the "Shareholders") regarding the fairness of the mandatory offer made by BORL.

2.0 Kelsey Developments PLC – Profile

Incorporated in 1983, Kelsey Developments PLC specialises in real estate development. It has two subsidiaries Kelsey Homes (Pvt) Ltd and Kelsey Homes (Central Park) Ltd.

Kelsey Developments PLC has built its expertise in the acquisition of land and the design and sale of gated developments to its clientele including homes, villas and apartments. Its proven track record is evident through its completion of 200 projects in Colombo and its neighbouring suburbs.

However, owing to the shift in macroeconomic headwinds the Company faced unprecedented challenges which dampened the project progress and completion. This results in the Company not being able to predict with a high degree of confidence their expected cashflows and the timing of such cashflows.

The Company's project details and revenue to be earned from incomplete projects is indicated in the below table.

Table 2.0.1: KDL Total Reservations and Revenue Details

Project	Total Reservation (including revenue converted) up to 31 st October 2022		Total Revenue converted up to 31 st October 2021		Total Reservation to be converted to revenue 31 st October 2021	
	Volume Qty	Sales Value (Rs. '000)	Volume Qty	Sales Value (Rs. '000)	Volume Qty	Sales Value (Rs. '000)
Urban Heights	16	331,263	8	184,224	8	147,039
Urban Gateway	30	636,955	21	461,490	9	175,465
Central Park	206	2,939,851	206	280,954	206	2,658,897
Green Grove	5	62,977	2	26,069	3	36,908
Kelsey Palace	0	0	0	0	0	0
Grand Total	257	3,971,046	237	952,737	226	3,018,309

2.1 Kelsey Developments PLC – Ratio Analysis

Ratio Analysis	Six months ended 30 September 2022 (unaudited)	Year ended 31 March 2022 (audited)
Profitability		
EBITDA Margin	(0.03%)	(0.72%)
EBIT Margin	(0.04%)	(0.77%)
Net Profit Margin	(0.22%)	(1.08%)
ROA	(0.04%)	(0.08%)
ROE	(0.35%)	(0.08%)
Asset Utilization		
Total Asset Turnover	0.19	0.07
Fixed Asset Turnover	4.39	1.88
Liquidity		
Current Ratio	1.14	1.17
Debtor Days	16	21
Leverage		
Debt to Equity	(3.96)	(6.55)
Interest Cover	0.30	2.14

2.2 Kelsey Developments PLC – Statement of Profit or Loss

Statement of Profit or Loss for the (‘000)	Six months ended 30 September 2022 (unaudited)	Year ended 31 March 2022 (audited)
Revenue	687,480	308,051
Cost of Sales	(615,868)	(248,986)
Gross Profit	71,612	64,064
Administrative Expenses	(93,146)	(152,220)
Selling and Distribution Expenses	(7,138)	(64,491)
Other Income		6,617
Operating Profit/(Loss)	(26,739)	(235,942)
Net Finance Cost	(126,714)	(117,371)
Profit/(Loss) Before Income Tax	(153,453)	(333,036)
Income Tax		10,697
Profit/(Loss) for the Year	(153,453)	(333,036)

2.3 Kelsey Developments PLC – Statement of Financial Position

Statement of Financial Position ('000)	Six months ended 30 September 2022 (unaudited)	Year ended 31 March 2022 (audited)
ASSETS		
Non-current Assets		
Property, Plant and Equipment	10,891	12,903
Intangible Asset	2,054	2,032
Right of use Asset	51,997	56,796
Deferred Tax assets	91,702	91,702
Total Non-current Assets	155,644	168,433
Current Assets		
Inventories	3,241,854	3,531,154
Contract Cost Asset	27,669	25,672
Trade and other Receivables	29,681	17,866
Amount due from Related Parties	10,687	7,197
Receivable from Inland Revenue	5,736	5,736
Investments		406,061
Cash and Cash Equivalents	137,105	41,789
Total Current Assets	3,435,643	40,035,474
Total Assets	3,609,376	4,198,908
EQUITY AND LIABILITIES		
Capital and Reserves		
Stated Capital	232,390	232,390
Retained Earnings	(993,215)	(812,996)
Non-Controlling Interest	300,000	300,000
Total Equity	(460,825)	(280,605)
Non-current Liabilities		
Interest Bearing Loans and Borrowings	229,095	1,015,603
Debenture	778,876	
Retirement Benefit Obligation	7,113	4,757
Total Non-current Liabilities	1,015,083	1,020,362
Current Liabilities		

Interest Bearing Loans and Borrowings	744,925	699,685
Amounts due to Related Parties	178,326	69,454
Trade and Other Payables	2,082,416	2,567,759
Dividend Payable	517	517
Bank Overdraft	30,655	121,737
Total Current Liabilities	3,036,841	3,459,151
Total Liabilities	4,051,924	4,479,513
Total Equity and Liabilities	3,591,099	4,198,908

3.0 The Offeror

Blue Ocean Residencies (Private) Limited ("BORL"), incorporated in Sri Lanka on July 25, 2011, is a limited liability company that operates in the real estate and property development sector. BORL is part of the Blue Ocean Group of Companies, with a footing in construction, consumer durables, garments, logistics, leisure and education. BORL currently oversees a vast portfolio of development projects spread across the Colombo City and its neighbouring suburbs. It ensures that its developments are constructed and designed in a manner suited to its wide-ranging client base.

The Group is headed by Mr. Sivarajah Thumilan who believes that real estate development is a dynamic industry and that being prepared for challenges is of utmost importance. Under his leadership, the Group steered their property development pipeline in a manner that is inclusive of all social groups in the country. It also works to support the Government by ensuring its investments are broadly in line with the Governments long term infrastructure growth projects. The Group is driven by the vision "to be the most highly respected and ethical company in the industry".

4.0 Valuation Methodology and Summary

CAL is unable to determine the Fair Market Value per share of KDL, given there is no arm's length basis to value the Company. Therefore, by analysing the last six month share performance of KDL, CAL is able to only make a recommendation on the offer submitted by BORL.

The "*Fair Market Value*" is the expected price at which a willing seller and a willing buyer would conclude a transaction. This assumes that both parties to the transaction are informed of all relevant factors as at the date of the transaction, and are undertaking the transaction without duress. Fair Market Value estimates rely principally on calculations of a range of fundamental values plus other relevant factors such as share liquidity/illiquidity, scarcity value, concept premium and/or a control premium, as appropriate.

Method	Definition
Discounted Cashflow Valuation (DCF)	Discounted cash flow is a valuation technique that assess the value of an investment based on future cashflows. It determines the present value of an investment based on how much cashflows can be generated in future.
Book or Net Asset Value	Book or liquidation value is based on balance sheet accounting values. This method ignores the market value of a share, and instead refers exclusively to balance sheet values (adjusted for known off balance sheet assets and liabilities).
Comparable Ratios Approach	Uses several common financial and valuation ratios to compare peer companies based on their recent historical performances.

4.1 Valuation Summary

CAL's recommendation is detailed out in *Section 1.1 Executive Summary*. CAL has provided its recommendation to the Board of KDL that the offer of 24.60 per share is fair and acceptable. It has arrived at this conclusion because the valuation techniques under consideration have proven to be unsuitable for this assignment.

4.2 Discounted Cash Flow

Given that the Discounted Cash Flow approach bases its evaluation of an investment considering future cash flows, undertaking a DCF based approach in the current macro-economic context is not suitable in the case of KDL.

The source of KDL's cashflows are through the completion of projects and sale of such units. The following factors make it challenging to forecast a predictable cashflow and justify the timing of the realisation of such cashflows.

- Interest rates: The interest rate hike and high cost of borrowing impacts the ability of KDL to obtain additional debt financing in order to support the completion of the projects. Further,

residential units are generally supported by mortgages for buyers and the current interest rate environment has resulted in extremely low demand.

- Cost inflation and availability of raw material: The depreciation of the LKR against the USD (combined with the high interest rates) has resulted in a significant increase in cost of raw materials. Further the import restriction in force has also made availability of raw material a challenge, resulting in project delays and escalated cost of completion
- Offeror intentions: The Offeror has stated that it will continue to operate KDL's business as it is, and has no intentions of making major changes to the business operations including redeployment of its fixed assets.

Given the above factors, Therefore, this indicates to CAL has little to no visibility on the impact of KDLs future cashflows and profit position.

4.3 Net Asset Value

Net Asset Value based valuation is commonly used to value business under stressful conditions, when analysing cash flows and profitability is not viable. However, a Net Asset Value based valuation cannot be used for KDL because their Shareholder Equity value is negative.

4.4 Comparable Ratio Analysis

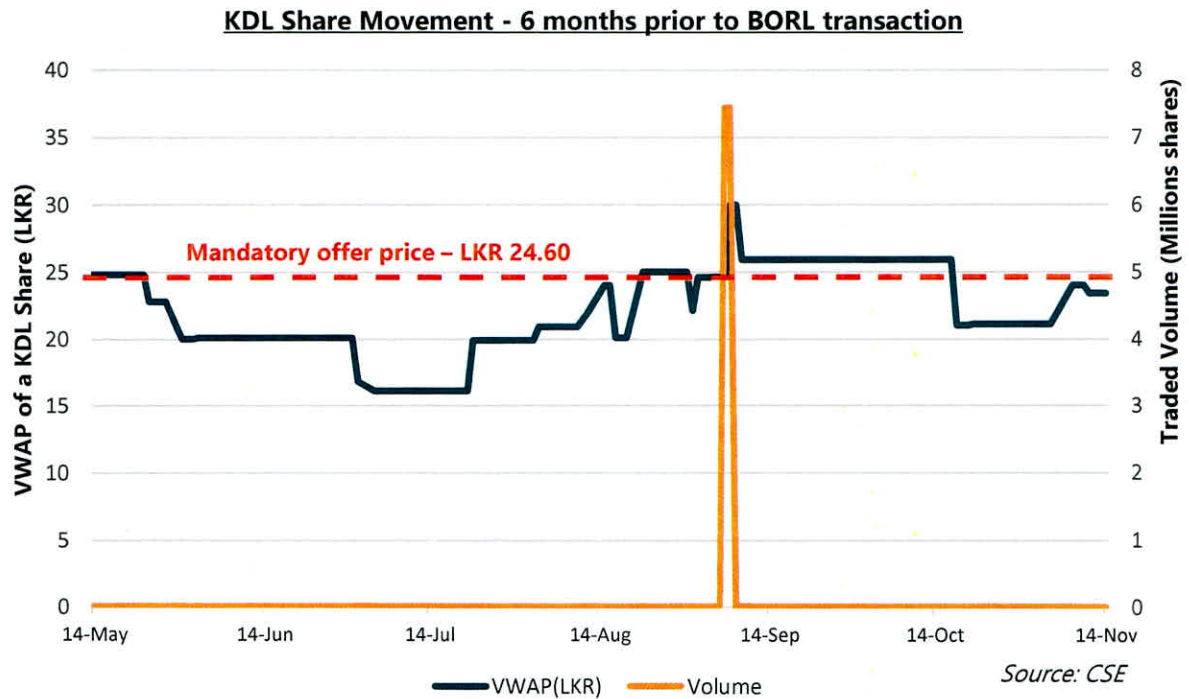
The table in *Section 8.0 Annexures* includes the comparable ratio analysis for KDL. These ratios represent rule of thumb calculations, with the values varying daily according to the closing price of a given counter. Therefore, CAL typically would not have placed much emphasis on single ratio measures, particularly outliers and anomalies.

However, in the case of KDL EBITDA, PAT and Shareholder Equity values are negative. Therefore, performing a comparable ratio analysis is not a meaningful exercise in this assignment.

4.5 Price Movement of KDL over the 6 months prior to the BORL Transaction

CAL has performed an analysis of the share price performance of KDL for 6 months prior to the BORL transaction.

Accordingly, BORL's offer price is at 16% premium to KDL's VWAP of LKR 21.20 during the 6 months prior to the transaction (excluding the crossings that took place on the 06th and 07th September). Further, the total number of shares traded over the 6-month period amounts to 13,210 shares (excluding the crossings that took place on the 06th and 07th September). This indicates that at a higher VWAP of the KDL share there is a shortage of Buyers in the market. Therefore, CAL recommends to the shareholders of KDL, that the mandatory offer price is fair and acceptable offer.



4.6 Top 20 Largest Shareholders of KDL as at 08th December 2022

#	Name of Shareholder	No. of Shares	%
1.	Blue Ocean Residencies (Pvt) Ltd	10,457,564	60.00
2.	Mr. P. A Schaffter	2,199,611	12.62
3.	Mr. R. Schaffter	2,199,611	12.62
4.	Pan Asia Banking Corporation PLC/Mrs. M. Mathews	827,099	4.75
5.	Mr. T. Ono	369,274	2.12
6.	Mr. D. P. J. Jayamaha	107,628	0.62
7.	Peoples Leasing & Finance PLC/L. P. Hapangama	75,045	0.43
8.	Mr. G. C. A. De Silva	67,059	0.38
9.	Peoples Leasing & Finance PLC/L. H. L. M. P. Haradasa	61,400	0.35
10.	Mr. A. H. Munasinghe	58,325	0.33
11.	Mr. K. C. Vignarajah	56,738	0.33
12.	Mr. A. R. Ranaweera Kaluarachchige	50,001	0.29
13.	Mr. R. J. S. Jayamaha	50,000	0.29
14.	Mr. K. Kondo	32,074	0.18
15.	Mrs. R. Rasanayagam	27,000	0.15
16.	Mrs. S. Vignarajah	18,215	0.10
17.	Mr. S. P. Rasanayagam	18,000	0.10
18.	Mrs. N. H. M. L. Perera	16,875	0.10

19.	Mr. D. J. Galhindarachchi	16,700	0.10
20.	Mr. W. M. L. F. S Fernando	16,000	0.09

Source: Company Financial Statements

5.0 Risks to Shareholders Who Accept or Reject the Offer

The shareholders of KDL are subject to risks if they choose to either accept or reject the offer made by BORL. This section highlights the sources of risks, but not necessarily all the risks faced by the shareholders.

Risks of accepting the offer to shareholders

- **Improvement in KDL's financial performance due to favourable interest rate regime**

A subsequent decrease in interest rates this will allow for more funding options for KDL and their customers alike. Thus, KDL will be able to recommence its development projects and see an uptick in its profitability. This will lead to an appreciation in its share price owing to improved earnings.

- **Improved Company performance due to the reduction in construction material costs**

As the inflationary pressure eases and the flow of imports into the country eases, the price of procuring raw materials for the construction sector could witness a decline. This will allow KDL to lower its overall costs of production as procurement becomes cheaper. This will lead to improved profitability for the Company.

- **Improved macroeconomic sentiment**

As the negative macroeconomic pressures decrease and the country's growth prospects gradually improve this will raise economic activity. Individuals will have greater spending capacity which would make them undertake an investment into real estate and property. This will boost the sales of the units in KDLs projects and anchor their cashflows.

Risks of rejecting the offer to shareholders

- **Continuation of the current interest rate regime**

If the current interest rate regime is extended this will lead to KDLs projects being stalled further and lead to the Company accruing further losses. This will negatively impact its share price performance and shareholders who choose not to accept the offer may face the risk of foregoing the chance of exiting the business at the mandatory offer price of LKR 24.60.

- **Continued rise in raw material costs**

The increase in raw material costs could remain on an upward trend if cost push inflation does not ease over time. This will raise costs of project completion even further thereby extending the project completion and reduce visibility in terms of sustainable cash flows. This will negatively impact KDLs share price performance and disallow the shareholders to exit at a price of LKR 24.60 per share.

- **Prolonged recessionary environment**

If the global economy plunges into a longer period of negative growth rates this will exacerbate the recessionary environment locally for a longer period as well. This will depress economic activity and investor sentiment. Thereby worsening the financial performance of the Company

and the shareholders who choose not to accept the mandatory offer price would have to delay their exit till economic conditions improve.

6.0 Limitations

CAL's analysis is based on information obtained from the audited financial accounts supplied by Kelsey Developments PLC. CAL relied primarily on the information provided by Kelsey Developments PLC and acted with due care, due diligence and consideration in preparing the report and nothing has come to the attention of the Independent Advisor to believe the facts and data set forth in the report are incorrect. CAL assumes no responsibility for errors or omissions in information furnished by Kelsey Developments PLC.

This report is for the use of the Board of Directors and shareholders of Kelsey Developments PLC for the purpose set out in *Section 1.2 Background to the Assignment* of this report and should not be used for any other purpose.

Neither all nor part of the contents of this report shall be disseminated to the public, through advertising, public relation, news, sales or any other public media without prior written approval of Capital Alliance Partners Limited.

In carrying out this Assignment, analysis deemed appropriate and assessments that were possible and practical within the time available have been carried out. Financial information and market data from the CSE have also been used for this Assignment.

The value recommendations given in this report are valid as at 02nd January 2023 and a reasonable period of time there on. The use of these value recommendations will not be appropriate after the passage of a substantial time period (generally 6 months from 02nd January 2023) and/or where material changes have taken place in the Company's operating environment. A factor to be considered for this report is that the valuations carried out are done based on financial data released by Kelsey Developments PLC. Where the data provided were incomplete, we have used reasonable judgment and we take responsibility for the same.

7.0 Individuals Materially Participating in the Valuation Assignment

Vishnu Balachandran, CFA, ACMA, BBA – Executive Vice President - Head of Investment Banking

Vishnu joined CAL in 2011 and has been a key driver in concluding many noteworthy M&A advisory transactions and debt issuances. Prior to joining CAL, he worked as an Equity Analyst at Amba Research, covering FMCG and retail markets in East Asia. Vishnu is a CFA Charter holder (USA), an Associate Member of the Chartered Institute of Management Accountants (UK) and holds a Bachelor's in Business Administration from the University of Colombo.

Ashvanth Vijayaram, BBA, ACCA Affiliate – Vice President – Head of Equity Capital Markets & M&A

Ashvanth joined CAL in early 2017 and has been involved in a number of M&A transactions since. He is an Affiliate of the Association of Chartered Certified Accountants (UK) and holds a Bachelor's degree in Business Administration (Finance) from the University of Colombo. Prior to joining CAL Ashvanth lectured at the Mercury Institute of Management.

Hashila Fernando, MSc, BSc – Analyst – Investment Banking

Hashila joined CAL in early 2021 and since then has been a part of buy- side and sell- side M&A transactions and public offerings across the following sectors; FMCG, Healthcare, Manufacturing and Life Insurance. She has a Bachelor's degree in Political Economy from Kings College London, UK and a Master's degree in Development Economics from SOAS University of London, UK.

8.0 Annexures

Table 8.0.1: Comparable Peer Ratios

Comparable Companies	Market Capitalization (LKR'000) ¹	P/BV ²	P/E	EV/EBITDA ²
Millennium House Developers PLC	444,000	0.41x	130.81x	12.65x
Prime Lands Residencies PLC	6,844,000	0.82x	3.32x	2.85

Source: CSE, Company financial statements

¹ Market Capitalization is calculated as at 5th December 2022

² EV/EBITDA is based on TTM as at 6th December 2022 while P/BV is based on NAV per share as at 06th December 2022

Appendix – Definitions of Key Ratios

Profitability

EBITDA margin	$\text{EBITDA} / \text{Net revenue}$
EBIT margin	$\text{EBIT} / \text{Net revenue}$
Net profit margin	$\text{Profit after tax} / \text{Net revenue}$
ROA	$\text{Net Profit} / \text{Average of assets}$
ROE	$\text{Net profit for equity} / \text{Average of total equity}$

Asset utilization

Total asset turnover	$\text{Net revenue} / \text{Total Assets}$
Fixed asset turnover	$\text{Net revenue} / \text{Total fixed assets}$

Liquidity

Current ratio	$\text{Total current assets} / \text{Total current liabilities}$
Debtor Days	$(\text{Trade receivables} / \text{Net revenue}) * 365$

Leverage

Debt-to-equity	$\text{Total debt} / \text{Total equity}$
Interest cover	$\text{EBIT} / \text{Interest expense}$