

20th November 2021

Mr Renuke Wijayawardhane
Chief Regulatory Officer
Colombo Stock Exchange
04-01 West Block, World Trade Centre
Colombo 1.

Dear Sir,

Platform to attract large foreign investors to its Finance Companies

Further to the market disclosure made on 19th November 2021 on the above, LOLC Ceylon Holdings Limited (LOCH) wishes to disclose the following.

1. Date of the transaction – **19th November 2021**
2. Name of the Related Party – **LOLC Holdings PLC (LOLC)**
3. Relationship between the Entity and the Related Party – **Parent**
4. Details of the transaction including the amount, relevant terms of the transaction and the basis on which the terms were arrived at

- Transfer of the below mentioned shares owned by LOLC to LOCH

Company	Number of shares	Percentage of total issued shares
LOFC.N0000 LOLC Finance PLC	2,351,313,562	44.79%
CLC.N0000 Commercial Leasing & Finance PLC	6,308,876,426	98.92%
NIFL.N0000 LOLC Development Finance PLC	132,180,572	55.55%

The market value of the shares transferred, based on the closing price as at 17th November 2021 is as follows.

Entity	Market price on 17.11.2021 (Rs')	No. of shares	Amount (Rs'mn)
LOLC Finance PLC	37.20	2,351,313,562	87,469
Commercial Leasing & Finance PLC	78.50	6,308,876,426	495,247
LOLC Development Finance PLC	500.00	132,180,572	66,090
Total			648,806

The transfer of the shares were executed as an off-the-floor transfer considering the closing prices as at 17th November 2021. However, as this is a transaction between the parent company (LOLC) and its fully owned subsidiary (LOCH), i.e. a common control transaction, LOLC will not be recognizing any gain nor will LOCH recognize any goodwill. This is due to the transfer of shares being within the Group and the status of control of these entities remains unchanged, as the ultimate parent continues to be LOLC. Therefore, the transaction is effectively accounted for, based on its carrying amounts, as reflected below.

L O L C Ceylon Holdings Limited

Company Registration No: PB 00234078

No 100/1, Sri Jayewardenepura Mawatha, Rajagiriya, Sri Lanka
Tel +94 11 588 0880 Fax: General 2865606 Website: www.lolc.com

Entity	No. of shares	Carrying amounts (Rs'mn)
LOLC Finance PLC (LOFC)	2,351,313,562	17,403
Commercial Leasing & Finance PLC (CLC)	6,308,876,426	23,034
LOLC Development Finance PLC (NIFL)	132,180,572	1,667
Total		42,105

LOCH will settle the above transaction value by issuing new shares amounting to Rs.41,105mn to LOLC and pay Rs.1,000mn in cash.

Consequently, LOLC will derecognize its investment in LOFC, CLC and NIFL and recognize a new investment in LOCH amounting to Rs.41,105mn.

LOCH will account for its new investment in LOFC, CLC and NIFL at the above reflected carrying amounts in its Statement of Financial Position.

5. Rationale for entering into the transaction - **As disclosed in the disclosure made on 12th of January 2021 by LOLC Holdings PLC – to create a platform to own the finance companies of LOLC Group.**
6. This transaction exceeds 10% of the Equity and 5% of Total Assets of LOCH as per the latest Audited Financial Statements. The Related Party Transactions Review Committee of LOCH 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. The Related Party Transaction Review Committee is not obtaining an opinion from an independent expert prior to forming its view on the transaction.
7. This transaction exceeds 1/3 of the Total Assets of the entity as per the latest Audited Financial Statements. Hence, shareholder approval was obtained prior to the transaction.
8. Aggregate value of Related Party Transactions

Description	Amount (Rs'mn)
The aggregate value of the Related Party Transactions for the financial year between LOLC and LOCH	42,106
Aggregate value of all Related Party Transactions	42,106

Yours faithfully,



LOLC Corporate Services (Private) Limited
Secretaries to LOLC Ceylon Holdings Limited