



R.D.FERNANDO
ATTORNEY-AT-LAW

TRUST DEED

FOR AN ISSUE OF UPTO TEN MILLION (10,000,000) RATED, SUBORDINATED GUARANTEED, REDEEMABLE DEBENTURES OF THE PAR VALUE OF RUPEES ONE HUNDRED (LKR 100/-) EACH BY CITIZENS DEVELOPMENT BUSINESS FINANCE PLC

This Trust Deed is made on this Seventeenth (17th) Day of May in the year Two Thousand and Sixteen (2016).

Between

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC, a Company incorporated in the Democratic Socialist Republic of Sri Lanka (bearing registration No. PB 232 PQ) and having its principal office at No. 123, Orabipasha Mawatha, Colombo 10 (hereinafter called "**the Company**" and which term or expression herein used shall where the context so requires or admits mean and include the said **CITIZENS DEVELOPMENT BUSINESS FINANCE PLC** and its successors and assigns) of the **ONE PART**;

And

BANK OF CEYLON, a Banking Corporation duly established under the Bank of Ceylon Ordinance (Cap.397) and having its Head Office at "**BOC Square**", No 1, Bank of Ceylon Mawatha, Colombo 1 in the Democratic Socialist Republic of Sri Lanka (hereinafter referred to as "**the Trustee**" and which term or expression hereinafter used shall where the context so requires or admits mean and include the said **BANK OF CEYLON** its successors and assigns) of the **OTHER PART**;

Whereas

- The Company being duly empowered on that behalf by its Articles of Association has resolved by resolution dated 20 April 2016 of its Board of Directors to raise a sum of upto Sri Lankan Rupees One Thousand Million (LKR 1,000,000,000/-) by the issue of Rated, Subordinated Guaranteed, Redeemable Debentures having a tenure and bearing interest at the rates hereinafter mentioned and to be listed on the Colombo Stock Exchange.
- The Company has obtained a guarantee from Seylan Bank PLC, a Licensed Commercial Bank regulated under the Banking Act No. 30 of 1988 (as amended) duly established under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 bearing Company Registration Number No PQ 9 in the Democratic Socialist Republic of Sri Lanka, in favour of the Trustee for the repayment of the principal sum and two interest payments for two Interest Periods at the Rate of Interest upto a maximum sum of Sri Lankan Rupees One Thousand One Hundred and Fifty Million (LKR. 1,150,000,000/-) to the Trustee on behalf of the Debenture Holders arising from an Event of Default of the Company with respect to the Rated Subordinated Guaranteed Redeemable Debentures RSGRD TYPE A and RSGRD TYPE B.
- The said Debentures shall be constituted in the manner and upon the terms and conditions hereinafter contained;
- The Company has obtained an instrument rating of [SL]A-(SO) from ICRA Lanka Limited for the aforesaid Debentures;
- The Trustee being duly qualified to act as Trustee under the Securities and Exchange Commission Act No. 36 of 1987 (as amended) has agreed to accept the office of

Trustee and act under the provisions of this Deed as Trustee for the benefit of and in the interests of the Debenture Holders on the terms hereinafter contained.

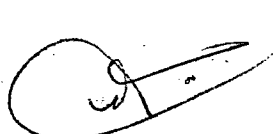
NOW THIS DEED WITNESSETH AND IT IS HEREBY AGREED AND DECLARED AS FOLLOWS:

1. DEFINITIONS

(a) In These Presents unless the subject or context otherwise requires the following expressions shall have the respective meanings given below:

1. **"CENTRAL DEPOSITORY or CDS"** means the Central Depository System (Private) Limited.
2. **"CSE"** means the Colombo Stock Exchange.
3. **"CERTIFICATE"** means any certificate required to be issued under These Presents and they may be signed on behalf of the Company by (a) any two Directors or (b) a Director and the Chief Executive Officer or (c) a Director and the Company Secretary or (d) any two other Officers specifically authorized by the Board of the Company to issue such a certificate.
4. **"DATE OF ALLOTMENT"** means the date on which the Debentures will be allotted to the Debenture Holders which date will be notified to the Debenture Holders.
5. **"DATE OF REDEMPTION"** means Five (5) years from the Date of Allotment or such earlier date on which the Debentures may become redeemable in accordance with Clause 4.3 or such later date on which the Debentures may be redeemable in the circumstances set out in Clause 4.2.
6. **"DEBENTURES"** shall mean with respect to
 - (i) **RSGRD TYPE A:** Rated, Subordinated, Guaranteed, Redeemable Debentures 2016- 2021 of the par value of Sri Lanka Rupees One Hundred (LKR 100/-) each, bearing interest at a fixed rate of Twelve decimal Seven Five per centum (12.75%) per annum payable semi-annually on each Interest Payment Date from the Date of Allotment of the Debentures until the date immediately preceding the Date of Redemption; and
 - (ii) **RSGRD TYPE B:** Rated, Subordinated, Guaranteed, Redeemable Debentures 2016- 2021 of the par value of Sri Lanka Rupees One Hundred (LKR 100/-) each, bearing interest at a floating rate equivalent to the Six Month Treasury Bill Rate plus a margin of One decimal Five Zero per centum (1.50%) per annum computed on each Interest Determination Date, provided however that such Rate of Interest shall not exceed Fifteen decimal Zero per centum (15.00%) per annum and shall not be less than Ten decimal Zero per centum (10.00%) per annum, payable semi-annually on each Interest Payment Date from the Date of Allotment of the Debentures until the date immediately preceding the Date of Redemption

All the Debentures under this Indenture shall rank equal and *pari passu* in all respects except with respect to the Rate of Interest.



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7. **"DEBENTURE HOLDERS"** mean the Holders of the Debentures in whose CDS account the Debentures are lodged as at the relevant date.
8. **"ENTITLEMENT DATE"** means the Market Day immediately preceding the respective Interest Payment Date or Date of Redemption on which a Debenture Holder would need to be recorded as being a Debenture Holder on the list of Debenture Holders provided by the CDS to the Company in order to qualify for the payment of any interest or any redemption proceeds.
9. **"EVENT OF DEFAULT"** means any event set out in Clause 10.
10. **"EXTRAORDINARY RESOLUTION"** means a resolution passed by the holders of not less than three fourth ($\frac{3}{4}$) in value of the Debenture Holders present and voting on such resolution.
11. **"GUARANTEE"** means the guarantee provided by the Guarantor in favour of the Trustee for the benefit of the Debenture Holders guaranteeing the payment of up to a maximum of Sri Lankan Rupees One Thousand One Hundred and Fifty Million (LKR. 1,150,000,000/-) for the payment of the principal sum and two interest payments for two Interest Periods at the Rate of Interest on the Debentures payable by the Company to the Debentures Holders as set out in the Letter of Guarantee signed on the 17 May 2016, a copy of which is annexed herewith as ANNEXURE 1.
12. **"GUARANTOR"** means Seylan Bank PLC, a Licensed Commercial Bank regulated under the Banking Act No. 30 of 1988 (as amended) duly established under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 bearing Company Registration Number No PQ 9 in the Democratic Socialist Republic of Sri Lanka and having its registered address at Seylan Towers No. 90, Galle Road, Colombo 03 and having a rating of A- (lka) by Fitch Ratings Lanka Limited
13. **"INTEREST DETERMINATION DATE"** means in respect of RSGRD TYPE B the Date of Allotment in respect of the first Interest Period and the date immediately prior to the first date of each Interest Period in respect of each subsequent Interest Period
14. **"INTEREST PAYMENT DATE"** means the dates on which the payments of interest in respect of the Debentures shall fall due which shall be the six (6) month period from the Date of Allotment and every six (6) months therefrom of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.
15. **"INTEREST PERIOD"** means the six (6) month period from the date immediately succeeding a particular Interest Payment Date and ending on the next Interest Payment Date (inclusive of the aforementioned commencement date and end date); and shall include the period commencing from the Date of Allotment and ending on the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and the period from the date immediately succeeding the last Interest Payment Date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date).
16. **"LISTED"** means tradable on the Colombo Stock Exchange.

17. **"MARKET DAY"** means a day on which trading takes place at the Colombo Stock Exchange.
18. **"PROSPECTUS"** means a prospectus prepared in accordance with the Companies Act No. 7 of 2007 and delivered to the Registrar of Companies in terms thereof.
19. **"RATE OF INTEREST"** means with respect to;
- (i) **RSGRD TYPE A:** the fixed rate of Twelve decimal Seven Five per centum (12.75%) per annum; and
 - (ii) **RSGRD TYPE B:** the floating rate equivalent to the Six Month Treasury Bill Rate plus a margin of One decimal Five Zero per centum (1.50%) per annum computed on each Interest Determination Date, provided however that such Rate of Interest shall not exceed Fifteen decimal Zero per centum (15.00%) per annum and shall not be less than Ten decimal Zero per centum (10.00%) per annum
20. **"RESOLUTION"** means a Resolution passed by the Debenture Holders in terms of Clause 20 unless otherwise provided for.
21. **"REGISTERED ADDRESS"** when used in relation to a Debenture Holder means the address provided by the Debenture Holder to the CDS.
22. **"REGISTRARS"** means the Registrars to the Debenture issue or such other person or persons to be appointed as the Registrars for the purpose of These Presents by the Company.
23. **"SEC"** means the Securities and Exchange Commission of Sri Lanka established under the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended).
24. **SIX MONTH TREASURY BILL RATE"** means with respect to RSGRD TYPE B, the Six Month Treasury Bill rate (net of tax) published by the Central Bank of Sri Lanka at an auction held immediately prior to an Interest Determination Date.
25. **"SRI LANKAN RUPEES"** and the sign **"LKR"** mean the lawful currency of the Republic of Sri Lanka.
26. **"SUBORDINATED"** means the claims of the Debenture Holders shall in the event of winding up of the Company, rank after all the claims of secured and other unsecured creditors of the Company and any preferential claims under any Statutes governing the Company but in priority to and over the claims and rights of the Shareholder/s of the Company. PROVIDED however that the Debenture Holders (unlike the other unsecured creditors) would be entitled to the benefit of the Guarantee which has been issued by the Guarantor.
27. **"THESE PRESENTS"** means this Trust Deed as from time to time modified in accordance with the provisions herein contained and/or according to law and shall include any Supplementary Trust Deed executed in accordance with the provisions hereof.

28. **"TRUST DEED"** means These Presents as from time to time modified in accordance with the provisions herein contained and/or according to law and shall include any Supplementary Trust Deed executed in accordance with the provisions hereof.
29. **"TRUSTEE"** means Bank of Ceylon, a Banking Corporation duly established under the Bank of Ceylon Ordinance (Cap.397) or its successors or assigns.
30. **"WORKING DAY"** means any day (other than a Saturday or Sunday or any statutory holiday) on which licensed commercial banks are open for business in Sri Lanka

(b) Words denoting or importing the singular number shall include the plural number and vice versa and words denoting or importing the masculine gender only shall include the feminine gender and shall include corporate and unincorporated bodies of persons.

(c) In These Presents references to:

- (i) any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made there under or under such modifications or re-enactment.
- (ii) principal and/or interest in respect of the Debentures or to any monies payable by the Company under These Presents or under the Debentures shall be deemed also to include references to any additional amounts which may be payable under These Presents.
- (iii) Costs, charges or expenses shall include (but not be limited to) Value Added Tax, Turnover Tax or similar tax charged or chargeable in respect thereof.

(d) References in this Trust Deed to clauses, sub-clauses, paragraphs and sub-paragraphs shall be construed as references to the clauses, sub clauses, paragraphs and sub-paragraphs of this Trust Deed respectively.

(e) The headings are inserted herein only for conveniences and shall not affect the construction of These Presents.

2. APPOINTMENT OF THE TRUSTEE

The Trustee is hereby appointed as Trustee for the purposes of the Debentures and for the benefit of and in the interests of the Debenture Holders as provided herein and the Trustee accordingly accepts the appointment upon the terms and conditions contained herein and agree to act under the provisions of this Trust Deed as the Trustee.

3. AMOUNT OF THE DEBENTURE ISSUE AND THE GUARANTEE

3.1 Debentures will be issued by the Company to raise a sum up to Sri Lanka Rupees One Thousand Million (LKR 1,000,000,000/-) and such Debentures shall be listed on the Colombo Stock Exchange subject to in-principle approvals of the CSE being obtained.

3.2 A maximum sum of Sri Lankan Rupees One Thousand One Hundred and Fifty Million (LKR. 1,150,000,000/-) on the principal sum and two interest payments for two Interest Periods at the Rate of Interest, which is due and payable by the Company to the Debenture Holders has been guaranteed by the Guarantor. Accordingly if the Company has failed or neglected to redeem or pay the principal due in respect of the

Debentures subsequent to the occurrence of an Event of Default under Clause 10 of These Presents the Trustee shall call upon the Guarantor to make payment of the entire guaranteed amount within Five (05) Market Days from the date of the Trustee being aware of such default and the Guarantor shall settle any claims made on the Guarantee within Five (05) Market Days of demand in writing being made by the Trustee

4. COVENANTS TO REPAY THE PRINCIPAL SUM AND INTEREST

- 4.1 (a) The Company hereby covenants with the Trustee for the benefit of the Debenture Holders that it will:
- (i) pay on the Date of Redemption to Debenture Holders in accordance with the provisions of These Presents and upon receipt of the information relating to the Debenture Holders from the CDS, as of the Entitlement Date by crossed cheque marked "Account Payee only" sent by ordinary mail to the Registered Addresses of the Debenture Holders or through a SLIPS (Sri Lanka Inter Company Payments System) transfer or a RTGS (Real Time Gross Settlement System) transfer the principal sum of the Debentures which ought to be redeemed and interest (if any) remaining unpaid up to the date immediately preceding the Date of Redemption of the Debentures. RTGS transfers however could be effected only for amounts over and above the maximum value that can be accommodated via SLIPS transfers.
 - (ii) pay on each Interest Payment Date to the Debenture Holders in accordance with the provisions of These Presents and upon receipt of the information relating to the Debenture Holders from the CDS, as of the Entitlement Date by crossed cheque marked "Account Payee only" sent by ordinary mail to the Registered Addresses of the Debenture Holders or through a SLIPS (Sri Lanka Inter Company Payments System) transfer or a RTGS (Real Time Gross Settlement System) transfer the interest on the Debentures for the time being outstanding at the Rate of Interest in accordance with the provisions of These Presents. RTGS transfers however could be effected only for amounts over and above the maximum value that can be accommodated via SLIPS transfers.
 - (iii) the interest calculation shall be based upon the actual number of days in each Interest Period (actual/actual).
 - (iv) determine the Six Month Treasury Bill Rate for an Interest Period in respect of RSGRD TYPE B on each Interest Determination Date and communicate the same to the CSE through the Registrars on each Interest Determination Date.
 - (v) the payment of the principal sum and interest shall be made in Sri Lankan Rupees after deducting any withholding tax and/or such other taxes and charges thereon, if applicable.
 - (vi) any payments shall be deemed to have been made on the Date of Redemption or the Interest Payment Date as the case may be if the cheques are dispatched not later than three (3) Market Days from such date or the SLIPS transfer or the RTGS transfer is made not later than three (3) Market Day from such date.



- (vii) in the event of there being any delay in the redemption of the Debentures or the payment of interest thereon due to a default by the Company, the Company shall pay default interest at the Rate of Interest plus two per centum (2%) per annum from the Date of Redemption or the Interest Payment Date as the case may be.
- (b) The Debentures shall be redeemed in accordance with the provisions contained in These Presents on the Date of Redemption together with interest (if any) remaining unpaid thereon.
- (c) If any Debenture Holder fails or refuses to receive payment of the interest or redemption monies payable to such Debenture Holder, or any part thereof within ninety (90) days from the Interest Payment Date or the Date of Redemption of the Debentures as the case may be, the amount due to him shall be transferred by the Company to a suspense account maintained separately with the Trustee at the end of ninety (90) days after the Interest Payment Date or the Date of Redemption of the Debentures and shall be paid by the Company to the Debentures Holder when a claim is duly made and no interest will be payable by the Company on such interest or redemption monies for the period between the Interest Payment Date or the Date of Redemption as the case may be and the date of the said payment unless the nonpayment is due to a default on the part of the Company.

No person shall be entitled to claim any such payment after the completion of six (06) years from the Interest Payment Date or the Date of Redemption and all unclaimed monies shall cease to be owed and payable by the Company to any Debenture Holder after the said period of six (06) years and such moneys will be returned to the Company by the Trustee.

- (d) If any cheques for redemption and/or an interest payment sent by post to the Debenture Holders are returned to the Company undelivered, the amounts represented by each of such returned cheques shall also be transferred by the Company to the aforementioned suspense account maintained with the Trustee and retained therein for a period of six (06) years from the Interest Payment Date or the Date of Redemption of the Debentures. Such monies will be repaid to the Debenture Holders if the same is claimed in writing by such Debenture Holder within the said six (06) years period and no interest will be payable by the Company on such interest or redemption monies for the period between the Interest Payment Date or the Date of Redemption as the case may be and the date of the said payment.

No person shall be entitled to claim any such redemption and/or interest payment after the completion of six (06) years from the Interest Payment Date or the Date of Redemption and all unclaimed monies shall cease to be owed and payable by the Company to any Debenture Holder after the said period of six (06) years and such moneys will be returned to the Company by the Trustee.

- (e) The Company shall always act on the information furnished by the CDS and it shall be the responsibility of each such Debenture Holder to keep all the information in respect of such Debenture Holder updated. Each Debenture Holder shall absolve the Company from any responsibility or liability in respect of any error or absence of necessary changes in the information recorded with the CDS. Provided further that the Debenture Holder shall absolve the CSE and the CDS

from any responsibility or liability in respect of any error or absence of necessary changes in the information recorded with the CDS where such errors or absence of changes are initiated or are attributable to the Debenture Holders.

- (f) the Company shall be entitled to make payment on redemption of all such Debentures on the Date of Redemption to such Debenture Holders without any request for claim from such Debenture Holders and such payment shall be deemed to be a payment duly made by the Company to the respective Debenture Holders in redemption of the Debentures of such Holders.
- (g) In order to accommodate the Debenture interest cycles in the Automated Trading System (ATS) of the CSE, the Debenture Holders to whom interest shall be paid shall be those holding Debentures in the CDS as of the Entitlement Date.

4.2 If the Date of Redemption falls on a day which is not a Market Day, then the Date of Redemption shall be the immediately succeeding Market Day and for the avoidance of doubt interest shall be paid upto the date immediately preceding such Market Day (including holidays).

4.3 These Debentures shall not be redeemed by the Company prior to maturity for any reason whatsoever except in the manner specified hereinafter. If the Company seeks to redeem Debentures of any Type prior to the Date of Redemption of such Type of Debentures, such early redemption shall be subject to the prior written approval from the Director Non-Bank Supervision of the Central Bank of Sri Lanka and the approval of the Debenture Holders of such Type of Debentures representing three fourths ($\frac{3}{4}$) of the nominal value of such Type of Debentures

5. GUARANTEE AND STAMP DUTY

- 5.1 The Company shall as security provide a Guarantee in the form of a letter of guarantee which has been annexed hereto as ANNEXURE 1 from the Guarantor for a maximum amount of Sri Lankan Rupees One Thousand One Hundred and Fifty Million (LKR. 1,150,000,000/-) for the principal sum and two interest payments for two Interest Periods at the Rate of Interest
- 5.2 The Company shall pay all charges, stamp duties and other similar duties or taxes (if any) payable on or in connection with (i) the issue of the Debentures and (ii) the execution of These Presents.

6. ELIGIBILITY TO APPLY FOR DEBENTURES

Applications for Debentures should be for a minimum of One Hundred (100) for the value of Sri Lankan Rupees Ten Thousand (LKR.10,000/-) Debentures and any application for excess of this figure should be in multiples of One Hundred (100) (LKR.10,000/-) Debentures.

7. TRANSFER OF DEBENTURES

- (a) These Debentures shall be freely transferable and the registration of such transfer shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.
- (b) The Debentures shall be transferable and transmittable through the CDS as long as the Debentures are listed in the CSE. Subject to the provisions

contained herein the Company may register without assuming any liability any transfer of Debentures, which are in accordance with the statutory requirements and rules and regulations in force for the time being as laid down by the CSE, SEC and the CDS.

(c) In the case of death of a Debenture Holder

(i) The survivor where the deceased was a joint holder; and

(ii) The executors or administrators of the deceased or where the administration of the estate of the deceased is in law not compulsory the heirs of the deceased where such Debenture Holder was the sole or only surviving holder;

shall be the only persons recognized by the Company as having any title to his/her Debentures.

(d) Any person becoming entitled to any Debentures in consequence of bankruptcy or winding up of any Debenture Holder, upon producing proper evidence that he/she/it sustains the character in respect of which he/she/it proposes to act or his/her title as the Board of Directors of the Company thinks sufficient may in the discretion of the Board be substituted and accordingly registered as a Debenture Holder in respect of such Debentures subject to the applicable laws, rules and regulations of the Company, CDS, CSE and SEC.

(e) No change of ownership in contravention to these conditions will be recognized by the Company.

8. COVENANT TO OBSERVE PROVISIONS OF THE TRUST DEED

The Company hereby covenants with the Trustee to comply with the provisions contained herein and to perform and observe the same. It is expressly agreed between the Company and the Trustee that the Trustee shall not be liable for any loss or damage however caused by non-observance or non-compliance with the covenants contained in Clause 9.1 by the Company.

9. COVENANTS BY THE COMPANY AND GUARANTOR

9.1 The Company hereby covenants with the Trustee for the benefit of the Debenture Holders that, so long as any of the Debentures remain outstanding;

(a) The Company shall at all times carry on and conduct its affairs in a proper and appropriate manner.

(b) The Company shall at all times keep such books of accounts as it is obliged to keep under the applicable laws and (to the extent not prohibited by law or otherwise by virtue of any duty of confidentiality) at any time after an Event of Default shall have occurred or the Trustee shall have reasonable cause to believe that an Event of Default will occur, allow a reputed audit firm appointed by the Trustee in consultation with the Company free access to the same at all times during working hours and to discuss the same with the directors and officers of the Company, provided however that the Trustee and the audit firm shall, to the extent legally permitted, maintain confidentiality in respect of all the matters relating to the Company and its business and shall not use any information they acquire pursuant to these provisions for any other purpose.

(c) The Company shall issue a Certificate in writing to the Trustee;

- (i) within five (5) days from each Interest Payment Date, certifying that the interest on the Debentures has been paid to the Debenture Holders in terms of Clause 4;
 - (ii) within five (5) days from the Date of Redemption certifying that the principal amount has been paid to the Debenture Holders in terms of Clause 4.
- (d) The Company shall issue to the Trustee such certificates and provide such information as the Trustee may require in order to carry out its duties and obligations in terms of These Presents provided such certificates can be issued or such information can be provided by the Company without committing any breach of its duty of confidentiality to any person or entity.
- (e) The Company shall submit to the Trustee within fifteen (15) days from the end of every calendar quarter from the Date of Allotment a Certificate which is dated in accordance with a resolution of its Board of Directors that the Company has complied with each and all of the covenants including those contained in this Clause 9.1 in These Presents and the certification should include:
- (i) Whether or not any limitation of liabilities or borrowings as prescribed by the Companies Act No. 7 of 2007 and the Articles of Association of the Company has been exceeded;
 - (ii) Whether any material trading or capital loss has been sustained by the Company;
 - (iii) Whether or not any circumstances materially affecting the Company has occurred which adversely affects the Debenture Holders;
 - (iv) Whether or not any contingent liability has matured or is likely to mature within the next twelve (12) months, which will materially affect the ability of the Company to repay the Debentures;
 - (v) Whether the Company has any contingent liabilities and if so the amount of such liabilities;
 - (vi) Whether the Company has assumed a liability of a related corporate body during the preceding calendar quarter, the extent of the liability assumed during the quarter and the extent of the liability at the end of the quarter;
 - (vii) Whether or not there has been any change in any accounting method or method of valuation of assets or liabilities of the Company;
 - (viii) Whether or not any circumstances have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company inappropriate;
 - (ix) Whether or not there has been any substantial change in the nature of the Company's business since the issue of the Debentures;
 - (x) Whether or not any action has been taken by the Board of Directors of the Company in terms of section 219 or section 220 the Companies Act No. 7 of 2007 during the preceding quarter;
 - (xi) Whether or not the Company has observed and performed all the covenants and obligations binding upon it pursuant to the Trust Deed;



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- (xiii) Whether or not any event has occurred which has or could cause the security created in terms of this Trust Deed to become enforceable.
- (f) The Company shall keep a record of the number of Debentures which have been issued and, the date of such issue and the persons to whom such Debentures were issued, provided however that the Company shall after the listing of the Debentures on the CSE be entitled to treat the records maintained by the CDS as an accurate record of the Debenture Holders and the number and value of the Debentures held by each Debenture Holder.
- (g) The Company shall permit the Trustee and the Debenture Holders at all reasonable times without payment of any fee to inspect any records maintained by the Company referred to in Clause 9.1(f) above and to take copies thereof.
- (h) The Company shall forthwith upon the Company becoming aware of the happening of any and every such event as is mentioned in Clause 10 hereof give notice thereof in writing to the Trustee provided that the Company shall in any event issue a Certificate to the Trustee within thirty (30) days from the end of every semi-annual period commencing from the Date of Allotment of the Debentures certifying that no event mentioned in paragraphs (b) and (c) of Clause 10.2 hereof has occurred during the previous six (06) month period which would have resulted in the Debentures becoming payable in terms of the said Clause 10.
- (i) The Company shall make available the Trust Deed in full on the Company's web site and CSE's web site until the Date of Redemption and shall make available to any Debenture holder on request a certified copy of the Trust Deed upon payment of a fee of LKR 100/-.
- (j) The Company shall send to the Trustee, Debenture Holders and the CSE an interim financial statement prepared on a quarterly basis, no later than forty five (45) days from the end of the first, second and third quarters and sixty (60) days from the end of the fourth quarter of its financial year.
- (k) The Company shall send the Trustee all published financial information, which is normally provided to ordinary shareholders at the same time that it is sent to the shareholders.
- (l) The Company shall reimburse all reasonable expenses incurred by the Debenture Holders/Trustee after an Event of Default has occurred in connection with;
- (i) Preservation of the Company's assets (whether then or thereafter existing);
 - (ii) Collection of amounts due under this Trust Deed.
- All such sums shall be reimbursed by the Company within thirty (30) days from the date of notice of demand from the Debenture Holders or the Trustee.
- (m) The Company shall immediately notify the Trustee in the event that the Company becomes aware of the occurrence of any of the following events that has caused or could cause;
- (i) Any amount secured or payable under the Debenture to become immediately payable;
 - (ii) Any event which in the opinion of the Company that could lead to the acceleration of either the payment of interest or redemption of the Debentures;

(iii) Any other right or remedy under the terms and conditions of the Debentures or the provisions or covenants of the Trust Deed to become immediately enforceable.

(n) In the event that the Company creates a charge, the Company shall submit to the Trustee the written details of the charge within twenty one (21) days after it is created and if the amount to be advanced on the security of the charge is indeterminate, the Company shall submit to the Trustee the written details of the amount of each claim, within five (5) days from the date the claim is made.

(o) The Company shall at all times maintain records of all its published information and make them available for inspection by the Trustee and Debenture Holders.

(p) The Company shall not declare or pay any dividend to its shareholders during any financial year unless it has paid all principal sums and interest payments that have become due and payable to the Debenture Holders as at the date on which the dividend is proposed to be declared or paid or has made satisfactory provisions therefor.

9.2 The Company shall, so long as any of the payments relating to the Debentures remain outstanding, provide an undertaking from the Guarantor to the Trustee on behalf of the benefit of the Debenture Holders that it shall;

(a) Submit a confirmation obtained from the Guarantor addressed to the Trustee within one (01) month after the end of every calendar quarter confirming that the Guarantor is maintaining a credit rating and disclosing such current credit rating of the Guarantor;

(b) Submit a certificate to the Trustee that the Guarantor has complied with each and all of the covenants within Fifteen (15) Working Days from the end of every calendar quarter from the Date of Allotment stating;

(i) Whether any material trading or capital loss has been sustained by the Guarantor;

(ii) Whether or not any circumstances materially affecting the Guarantor has occurred which adversely affects the Debenture Holders;

(iii) Whether or not any contingent liability has matured or is likely to mature within the next twelve (12) months, which will materially affect the ability of the Guarantor to perform its obligations under the Guarantee;

(iv) Whether or not there has been any substantial change in the nature of the Guarantor's business since the issue of the Debentures;

(v) Whether or not the Guarantor has observed the obligations binding upon it as provided in these Presents.

(vi) Whether the Guarantor has assumed a liability of a related body corporate during the quarter, the certificate shall also include details of the extent of the liability assumed during the quarter and the extent of the liability at the end of the quarter.

10. EVENTS OF DEFAULT

10.1 The Debentures shall become immediately payable if the Company defaults on the payment of the principal sum or any interest due on the whole or any part of the Debentures in accordance with the provisions contained in These Presents.

10.2 The Debentures shall become immediately payable at the option of the Trustee on the occurrence of any of the following events:

(a) If the Debentures cease to be listed in the CSE at any time between the time of listing and the Date of Redemption, due to any default on the part of the Company.

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- (b) If the Company stops or threatens to stop payment of its debts or ceases to carry on its business, which may lead to the winding up of the Company.
- (c) If any liquidation, bankruptcy, insolvency, receivership or similar action or proceeding is commenced against the Company or an order shall be made or an effective resolution shall be passed for the winding up of the Company.
- (d) If the Company does not submit a certificate to the Trustee as set out in Clause 9.1 (c), Clause 9.1 (e) or Clause 9.1 (h).
- (e) If the Company or Guarantor commits a breach of any of the other covenants or provisions which are to be observed and performed which are contained herein or contained in the Prospectus or any other document pertaining to the debenture issue provided however that the Trustee shall give the Company or Guarantor up to thirty (30) days' notice before declaring such breach to be an Event of Default.
- (f) Where any other indebtedness of the Company becomes due and payable prior to its stated maturity or where security created for any other indebtedness becomes enforceable.
- (g) Where there is revocation, withholding or modification of a license, authorization or approval that impairs or prejudices the Company's ability to comply with the terms and conditions of the Debentures or the provisions of the Trust Deed or any other document relating to the issue, offer or invitation in respect of the Debentures.
- (h) Where any mortgage, charge, pledge, lien or other encumbrance present or future is created or assumed by the Company contrary to the terms or conditions of the Debentures and the provisions of the Trust Deed.

Provided however that the Trustee may give the Company a period of not more than Thirty (30) days to cure the said Event of Default specified in sub-clauses 10.2 and in the event of the Company successfully curing the said default to the satisfaction of the Trustee such event would be deemed not to be an Event of Default.

11. ENFORCEMENT OF OBLIGATIONS

At any time after the Debentures shall have become repayable on redemption or otherwise under any provision of These Presents, and the Company has failed and/or neglected to repay and/or redeem the same within the stipulated time period, and/or the Guarantor has failed to fulfill its obligations in terms of the Guarantee, the Trustee may upon the Company's continuous failure and/or negligence to repay and/or redeem the Debentures despite such notice, or the Guarantor's continuous failure as aforesaid, at its discretion, or upon the request in writing of the Debenture Holders of at least one fifth (1/5) of the par value of the Debentures outstanding, and in the event that there is no Trustee, the Debenture Holders pursuant to an Extraordinary Resolution and subject to fourteen (14) Market Days prior written notice to the Company and the Guarantor, institute such proceedings as they think fit to enforce repayment and other obligations of the Company under These Presents enforce the obligations of the Guarantor in terms of the Guarantee.

12. APPLICATION OF MONIES RECEIVED BY THE TRUSTEE

In the event of the Trustee recovering or receiving any monies from the Company consequent to any action taken by the Trustee against the Company the Trustee shall apply such monies,

- (a) In the first place in paying or providing for the payment or satisfaction of the costs charges expenses and liabilities incurred in or about the execution of the trust constituted by These Presents (including remuneration of the Trustee);
- (b) Secondly, in or towards payment to the Debenture Holders of all arrears of interest remaining unpaid on the Debentures held by them respectively;
- (c) Thirdly in or towards payment to the Debenture Holders of all principal monies due in respect of the Debentures held by them respectively; and
- (d) Finally, the Trustee shall pay the surplus (if any) of such monies to the Company or its assigns, provided that at the discretion of the Trustee payments may be made on account of principal monies before any part of the interest or the whole of the interest on the Debentures have been paid but such alteration in the order of payment of the principal monies and interest shall not prejudice the right of the Debenture Holders to receive the full amount to which they would have been entitled if the ordinary order of payment had been observed. Any payment to the Debenture Holders under this clause shall be made *pari passu* in proportion to the Debentures held by them respectively.

12.2 In the event the Trustee recovering or receiving any monies from the Guarantor or consequent to any action or proceedings taken by the Trustee against the Guarantor the Trustee shall apply such monies for the repayment of principal sum due in respect of the Debentures held by the Debenture Holders in proportion to their investment respectively subject however upto the aggregate amount specified in the Letter of Guarantee. The term "principal monies" for the purpose of this sub clause means the unredeemed portion of the par value of the Debentures.

12.3 The Debentures shall be subordinated and in the event of winding up of the Company rank after all the claims of secured and other unsecured creditors of the Company and after any preferential claims under any Statutes governing the Company but shall rank in priority to and over the claims and rights of the Ordinary and Preference Shareholders of the Company provided however, that nothing in this Clause shall be deemed to adversely prejudice the rights and entitlements of the Debenture Holders to any monies claimed by the Trustee under the Guarantee.

13. MANNER OF PAYMENT AND ENFORCEMENT OF DEBENTURES

Any payment to be made in respect of the Debentures by the Company or the Trustee may be made in the manner provided in this Trust Deed and any payments so made shall be a good discharge *pro tanto* to the Company or the Trustee, as the case may be. Any payment of interest in respect of a Debenture shall extinguish any claim which may arise directly or indirectly in respect of such interest from a Debenture Holder.

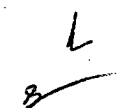
Upon any payment under the provisions of this Clause 13 of the Trust Deed in respect of which such payment is made in full shall be cancelled and the Trustee shall certify or procure the certification of such cancellation.

Notwithstanding anything in the foregoing, the Company shall not effect an early redemption of a part of the Debentures only.

14. REMUNERATION OF THE TRUSTEE

The Company shall pay the Trustee during the continuation of These Presents a sum of Sri Lankan Rupees Two Hundred and Seventy Thousand (LKR 270,000/-) per annum payable in two equal installments of Rupees One Hundred and Thirty Five Thousand (LKR 135,000/-) on a semi annual basis, exclusive of government taxes and levies on account of remuneration





for the Trustee for its services under These Presents. The said fee shall be paid in advance at the beginning of each semi-annual period commencing from the Date of Allotment of the Debentures.

Further, the Trustee shall be entitled to the reimbursement of all reasonable costs, charges and expenses which the Trustee may incur in relation to the exercise of its duties hereunder from and out of the funds lying to the credit of the Trust hereby created.

15. GENERAL POWERS AND DUTIES OF THE TRUSTEE

15.1 Without prejudice to the powers and reliefs conferred on Trustees by These Presents or by the laws relating to the Trusts or any other applicable law the Trustee shall have the following powers:-

- (a) The Trustee shall call upon the Guarantor for the entire guaranteed amount if the Company has failed or neglected to redeem or pay the interest on the said Debentures subsequent to the occurrence of an Event of Default under Clause 10.1 of These Presents within five (5) Market Days of the Trustee being aware of such default and the Guarantor shall make such payment within five (05) Market Days from the demand in writing being made by the Trustee and the Trustee shall be entitled to distribute the proceeds received on the Guarantee *pro rata* to the Debenture Holders.
- (b) The Trustee may in relation to These Presents act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert (whether obtained by the Trustee, Company or the Guarantor) and shall not be responsible for any loss occasioned by acting on any such opinion, advice, certificate or information and that the Trustee shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same shall contain some error as long as the Trustee has acted in good faith.
- (c) The Trustee shall as regards all the trusts, powers, authorities and discretion vested in it by These Presents or by operation of law, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and the Trustee shall not be responsible for any loss, costs, damages, expenses or inconvenience that may result from the exercise or non exercise thereof but where the Trustee is under the provisions of These Presents bound to act at the request or direction of the Debenture Holders the Trustee shall nevertheless not be bound unless first indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing.
- (d) To summon any meeting of the Debenture Holders in accordance with the provisions of Clause 20 hereof.
- (e) In case of default by the Company, the Trustee may but shall not be bound unless directed either by an instrument in writing signed by the Debenture Holders of at least Seventy Five per centum (75%) of the par value of the Debentures for the time being outstanding or in accordance with an Extraordinary Resolution passed by the Debenture Holders in accordance with Clause 20 of These Presents, to waive such terms and conditions as they shall deem expedient any of the covenants and provisions contained in These Presents on the part of the Company to be performed and observed.

- (f) The Trustee as between itself and the Debenture Holders shall have full power to determine all questions and doubts arising in relation to any of the provisions of These Presents and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee.
- (g) The Trustee may, in the conduct of the trusts of These Presents, instead of acting through its staff, employ and pay a professional person with the prior written approval of the Company, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee. Any expense incurred by such employment of a professional person shall not be charged as an expense to the Company.
- (h) The Trustee shall not be liable to the Company or any Debenture Holder by reason of having recognized or treated as a Debenture Holder any person subsequently found not to be so entitled to be recognized or treated.
- (i) Whenever in These Presents the Trustee is required in connection with any exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Debenture Holders, it shall have regard to the interests of the Debenture Holders as a class and in particular, but without prejudice to the generality of the foregoing, shall not be obliged to have regard to the consequences of such exercise for any individual Debenture Holders resulting from his or its being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.
- (j) The Trustee may, accept a Certificate certifying that all Debentures have been redeemed or relating to any other matter primarily in the knowledge of the Company as sufficient evidence thereof and such Certificate shall be a complete protection to the Trustee who acts thereon.
- (k) The Trustee shall exercise reasonable diligence to ascertain whether the Guarantee will be sufficient to cover the conditions under which it is issued.

15.2 The Trustee shall give notice to the Debenture Holders in writing;

- (a) when the Trustee is notified by the Company of any occurrence mentioned in Clause 10 or any condition of the Trust Deed which cannot be fulfilled;
- (b) when the Trustee is notified by the Guarantor of occurrences mentioned in Clause 10.1 (b) and 10.2 (e) or conditions of the Trust Deed wherever applicable to the Guarantor which cannot be fulfilled;
- (c) when the Company fails to deliver the Certificate referred to in Clause 9.1 (e) or the Guarantor fails to deliver the Certificate referred to in Clause 9.2 (b) of These Presents;
- (d) as soon as practicable if the Company or Guarantor fails to remedy any breach of terms and conditions of the Debentures or the provisions/covenants of the Trust Deed as applicable
- (e) when the interest for any Interest Period has been settled by the Guarantor and not by the Company.



- 15.3 The Trustee shall ensure that all documents required to be submitted by the Company and the Guarantor in terms of the covenants set out in the Trust Deed are forwarded in a timely manner.
- 15.4 The Trustees shall in performance of its duties maintain the confidentiality of confidential information received by it (the Trustee may disclose such information to a branch, head office, subsidiary or agent of the Trustee in connection with the Trust Deed and to any government body court and/or to any party in accordance with the law) and shall not use such information for their own personal benefit.
- 15.5 The Trustee shall exercise reasonable diligence to ascertain whether the Company or the Guarantor has committed any breach of the terms and conditions of the Debentures or provisions of the Trust Deed or the Letter of Guarantee or whether an Event of Default has occurred or is continuing to occur, on perusal of the documents submitted in terms of the covenants set out in the Trust Deed. However, the Trustee's role shall be passive prior to the Trustee being notified of any occurrence of an Event of Default and the Trustee shall not have any other duty apart from those expressly stated herein.

16. EXEMPTIONS AND INDEMNIFICATIONS OF TRUSTEE FROM LIABILITY

- 16.1 The Trustee shall be indemnified by the Company for any liability, claim, expense, damage or loss that it may incur in connection with this Trust Deed, provided the liability or loss was not a result of the sole negligence or willful misconduct of the Trustee.

Provided further that none of the provisions of These Presents shall in any case in which the Trustee has failed to show the degree of care and diligence required by it, having regard to the provisions of These Presents, conferring on the Trustee the powers, authorities or discretions, relieve or indemnify the Trustee against any liabilities which by virtue of any rule of law would otherwise attach to it in respect of any negligence, default, breach of duty or breach of trust of which it may be guilty in relation to its duties under These Presents.

- 16.2 Any terms and conditions of the Debentures and provisions in the Trust Deed or a term of a contract with the Debenture Holders secured by the Trust Deed, shall be void in so far as such term or provision would have the effect of exempting the Trustee from liability for:

- (a) the failure to carry out its duties as the Trustee; or
- (b) the failure to exercise the degree of care and diligence required of it as the Trustee.
- (c) indemnifying the Trustee against that liability, unless the term or provision:
 - (i) enables the release of the Trustee from liability for something done or omitted to be done before the release is given; or
 - (ii) enables a meeting of Debenture Holders to approve the release of the Trustee from liability for something done or omitted to be done before the release is given.

Such release will be effective when approved by Debenture Holders if the Debenture Holders who vote for the resolution represent three fourth (3/4) of the par value of the Debentures.

The Trustee is also not liable for anything done or omitted to be done in accordance with a direction given to the Trustee by the Debenture Holders at any meeting duly called.

16.3 The Trustee shall:

- (a) not be responsible in the capacity of a lender or borrower;
- (b) have no obligations to discharge debts owed by the Company to Debenture Holders;
- (c) not be liable for any losses arising out of circumstances beyond its control;
- (d) be entitled to rely and act on any document/ instrument received from the Company unless actual notice of otherwise is given.

17. APPOINTMENT AND REMOVAL OF THE TRUSTEE

- (a) Subject to the provisions of this Trust Deed, the power of appointing new Trustees shall be vested in the Company, provided that the Company shall obtain the consent of Debenture Holders holding not less than fifty per centum (50%) of the par value of the Debentures for the time being outstanding or it may obtain approval by an ordinary resolution of the Debenture Holders prior to the appointment of the new Trustee. Notice of such appointment shall be given to the Debenture Holders within thirty (30) days of such appointment by an advertisement published in national newspapers in all three languages (Sinhala, Tamil and English) of the Company's choice circulating in Sri Lanka.
- (b) In the event the Company does not or cannot exercise its power to appoint a new Trustee and there being no new Trustee appointed as of thirty (30) days before the removal/resignation of the Trustee taking effect in accordance with the terms hereof, the Debenture Holders may convene a meeting to appoint a new Trustee by an ordinary resolution.
- (c) Any removal of a Trustee and the subsequent appointment of a replacement Trustee by the Company shall be with the consent of an Extraordinary Resolution of the Debenture Holders.
- (d) In the event of the Debenture Holders not being satisfied with the Trustee, they have the right to remove the Trustee by way of an Extraordinary Resolution passed at a General Meeting convened under Clause 20 hereof.
- (e) The Company and the Guarantor shall be notified of any removal of the Trustee and subsequent appointment of a replacement Trustee by the Debenture Holders.
- (f) The Company shall take reasonable steps to replace the Trustee as soon as practicable after becoming aware that;
 - (i) The Trustee has ceased to exist;
 - (ii) The Trustee is in a situation of conflict of interests;
 - (iii) The Trustee has ceased to perform its function as a Trustee;
 - (iv) The Trustee is in a situation of unsuitability and does not eliminate such situation within ninety (90) days, after them ascertaining or of them been informed that the Trustee has such situation.
- (g) In the event the Trustee discovers that it is not eligible to be appointed or act as Trustee, the Trustee shall give notice in writing to the Company regarding the same.



- (h) Subject to Clause 19.1 below the existing Trustee shall continue to act as a Trustee until a new Trustee is appointed.

18. COMPLIANCE OF MAJORITY OF TRUSTEES

If there be more than one (01) Trustee under These Presents the Trustees shall with majority consent exercise all or any of the Trustee's powers and discretions vested in the Trustees generally under any Clause of These Presents.

19. RESIGNATION OF TRUSTEE

- 19.1 In the event of the Trustee, in its sole and absolute discretion, desiring to resign, the Trustee shall give not less than ninety (90) days' notice to the Company in writing to that effect, and the Company shall thereupon appoint a new Trustee in accordance with Clause 17 of These Presents. The Trustee shall continue in its capacity as Trustee until such time a new Trustee is appointed.
- 19.2 In the event of such a resignation, the Trustee at its cost shall publish a notice to this effect in Newspapers in all three languages (Sinhala, Tamil and English) of its choice circulating in Sri Lanka and such notice shall be deemed to be sufficient notice to the Debenture Holders notwithstanding anything to the contrary herein contained.

20. MEETINGS OF DEBENTURE HOLDERS

- (a) The Trustee shall call a meeting/cause a meeting of Debenture Holders with notice to the Company and all Debenture Holders or on a requisition being received in writing signed by the Debenture Holders of at least one tenth (1/10) of the par value of the Debentures for the time being outstanding or if requested by the Company.
- (b) Not less than twenty one (21) days' notice shall be given of a meeting for the purpose of passing a Resolution.
- (c) The quorum for the meeting (other than adjourned meeting) for the purpose of passing an ordinary resolution shall be the Debenture Holders representing ten per centum (10%) of the par value of the Debentures for the time being outstanding, provided however, that the quorum for passing an Extraordinary Resolution should be the Holders of a majority in par value of the outstanding Debentures present in person or by proxy or by attorney.
- (d) If such a quorum cannot be obtained, such meeting shall be adjourned for not less than fourteen (14) days in which event notice of adjourned meeting shall be sent to every Debenture Holder and shall state in such notice that if a quorum as above defined shall not be present at the adjourned meeting the Debenture Holders then present shall form a quorum.
- (e) On a poll, each Debenture Holder will be entitled to one vote for each Debenture held by such person.
- (f) A proxy need not be a holder of the Debentures.
- (g) The Trustee shall be the chairman of any meeting of the Debenture Holders and shall appoint a person or body to act as a Secretary of such meeting and a copy of a resolution certified by the Trustee and such Secretary shall deem to be conclusive evidence that such Resolution has been duly adopted. Provided however that in the event of the Trustee not exercising the aforesaid entitlement, the Debenture Holders may appoint a person to act as the chairman of the meeting.

(h) In the event the Company or the Guarantor fails to remedy any breach of terms and conditions of the Debentures or the Letter of Guarantee the provisions/covenants of the Trust Deed, the Trustee may:

(i) Call a meeting of the Debenture Holders with notice to the Company.

(ii) Inform the Debenture Holders of the failure at the meeting; and

(iii) Submit proposals for the protection of the Debenture Holders interests or call for proposals from the Debenture Holders at the meeting as the Trustee considers necessary or appropriate and obtain suitable directions.

21. MODIFICATION OF THE TRUST DEED

21.1 The Trustee and the Company may by mutual agreement agree to modify These Presents, provided such modifications are of a routine nature. Provided however that any modification to These Presents which are detrimental to the Debenture Holders shall only be made with the consent of the Debenture Holders of at least three fourth (3/4) of the par value of the Debentures for the time being outstanding. Provided further that any modification which would have an impact on the interests of the Guarantor shall only be made with the written consent of the Guarantor.

21.2 Upon a modification being duly made, the Company shall immediately notify the CSE of such modification and shall also inform the Debenture Holders and the Guarantor of such modification within seven (7) days of such modification being made.

22. NOTICES

Any notice or demand to the Company, Debenture Holder(s) or the Trustee required to be given, made or served for any purpose hereof shall be given, made or served by sending the same by prepaid registered post in the case of the Company or Trustee and by prepaid ordinary mail in the case of Debenture Holder(s), or by facsimile transmission or by delivering it by hand to the Company, Debenture Holders or the Trustee as the case maybe, in the case of the Company or the Trustee at the address shown in below in this Deed and in the case of Debenture Holder(s) to the address which appear in the CDS, and any notice sent by post as provided in this Clause shall be deemed to have been given, made or served seventy two (72) hours after dispatch and any notice sent by facsimile transmission as provided in this Clause shall be deemed to have been given, made or served at the time of dispatch and in proving the giving, making or service of the same it shall be sufficient to prove, in the case of a letter, that such letter was properly stamped, addressed and placed in the post and, in the case of a facsimile transmission that such facsimile transmission was duly dispatched and received in the readable and understandable condition.

The Trustee shall at any time be entitled to give notice of any meeting or make any communication to the Debenture Holders by notice published in Newspapers in all three languages (Sinhala, Tamil and English) of its choice circulating in Sri Lanka and such notice will notwithstanding anything to the contrary herein contained be deemed to be sufficient notice to the Debenture Holders including the provisions of the above clause.

The Company

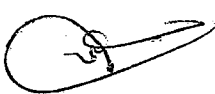
CITIZENS DEVELOPMENT BUSINESS FINANCE PLC

Address: No. 123, Orabipasha Mawatha, Colombo 10

Fax: 011 2429888

Tel No: 011 2429852

Attention: Mr. Damith Tennakoon – Executive Director, Finance



The Trustee

BANK OF CEYLON

Address: "BOC Square", No 1, Bank of Ceylon Mawatha, Colombo 1
Fax: 2346842 Tel No: 2204064
Attention: Mr. W. Y. Bandula- AGM – Investment Operations

23. MISCELLANEOUS

- (a) Nothing in the provisions of These Presents shall require disclosure to the Trustee by the Company of any information as to the affairs of any of its customers except,

- i) when required to do so by a Court of Law, or
- ii) in order to comply with any of the provisions of any Law.


PROVIDED however that the Company shall be obliged to furnish to the audit firm referred to in the Clause 9.1 (b) information in respect of the Company's books of accounts.

- (b) In the event of any inconsistency between these provisions and any rules, regulations or directions of the SEC, or the CSE such rules, regulations or directions shall prevail.
- (c) This Trust Deed shall be governed by and construed in accordance with the laws of Sri Lanka.
- (d) The Trustee shall not disclose the affairs relating to the Trust to any person whomsoever unless such disclosure is:
- i) to the Company as long as the Company is not in default of its obligations hereunder, or
 - ii) required by any Court or regulatory authority in accordance with any statutory provision.

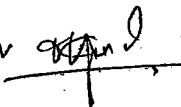
[Execution page to follow]

IN WITNESS WHEREOF the said CITIZENS DEVELOPMENT BUSINESS FINANCE PLC has placed its Common Seal and BANK OF CEYLON has placed its hands hereunto and to one other of the same tenor and date as These Presents at Colombo on the day herein before mentioned.


The Common Seal of CITIZENS DEVELOPMENT BUSINESS FINANCE was affixed hereto in the presence of Roshan Abeygoonewardena (Director) and Damith Tennakoon (Director/ Company Secretary) of the said Company who do hereby attest the sealing hereof

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC

 Director

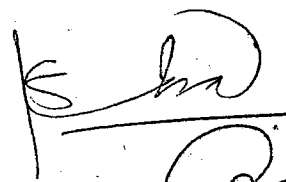
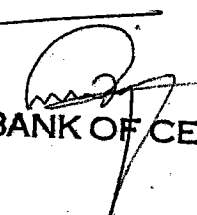
Witnesses:

1. D. K. M. M. Gunawardana. No 33A, Galatigama, Bandanagama 878380100V 


2. K. G. N. D. De Silva
 107/51 France Watta Lane, Matladukuliya
 Colombo 15

853560057V 


Signed for and on behalf of BANK OF CEYLON
 by its duly authorized signatories
 Koliya Bandaralage Senarath Bandara and
 Wedige Yaral Bandula


 FOR BANK OF CEYLON

 Authorised Signatories

Witnesses:

1. Mrs. C. D. Herath. 90, Colamba Ranthin Mo., Ethul Kotte. 777532294V. 

2. S. A. D. P. D. Sumanadasa
 No. 114, Welampage
 Rivillagaskuda
 via Kandy

832440485V 



The bank with a heart

Colombo Fort Branch
Seylan Bank PLC
Ceylinco House Building, No. 69, Janadhipathi Mawatha, Colombo 01,
Sri Lanka.
Tel : (011)-2445840-2, 2332675, 2345878, 2447309, 2337534, 2447340
Fax : (011)-2445843, 2447990
E-mail: cfb@seylan.lk
Co. Reg. No.: PQ 9

Your ref :

Our ref :



PRIVATE & CONFIDENTIAL

17th May 2016.

Bank of Ceylon, Sri Lanka ("the Trustee")
Trustee to the Citizens Development Business Finance PLC
Debenture Issue 2016- 2021

Dear Sir,

LETTER OF GUARANTEE REF: OGT CFB 16-0462 FOR LKR 1,150,000,000/- ON THE ISSUANCE OF UPTO TEN MILLION (10,000,000) RATED, SUBORDINATED, GUARANTEED REDEEMABLE DEBENTURES ("THE DEBENTURES") OF CITIZENS DEVELOPMENT BUSINESS FINANCE PLC OF PAR VALUE OF LKR 100/- EACH

At the request of **Citizens Development Business Finance PLC** (bearing Registration No. PB 232 PQ), a company duly incorporated under the laws of Sri Lanka and having its registered office at No 123, Orabipasha Mawatha, Colombo 10 (hereinafter referred to as the Company) We, the **Seylan Bank PLC**, (bearing Registration No. PQ 9) a Banking Corporation duly incorporated under the laws of Sri Lanka and having its registered office at Seylan Towers No. 90, Galle Road, Colombo 03 and the Colombo Fort Branch at No.69, Janadhipathi Mawatha, Colombo 01, (hereinafter referred to as "the Guarantor") do hereby guarantee undertake bind and oblige to pay to you (including your successors and assigns) on demand at Colombo ~~the sum up to an aggregate value of Sri Lankan Rupees One Thousand One Hundred and Fifty Million only (LKR 1,150,000,000/-)~~ on the principal sum and two interest payments at the Rate of Interest payable on the Debentures

- A. RSGRD TYPE A: Rated, Subordinated, Guaranteed, Redeemable Debentures 2016- 2021 of the par value of Sri Lanka Rupees One Hundred (LKR 100/-) each, bearing interest at a fixed rate of Twelve decimal Seven Five per centum (12.75%) per annum payable semi-annually; and
- B. RSGRD TYPE B: Rated, Subordinated, Guaranteed, Redeemable Debentures 2016- 2021 of the par value of Sri Lanka Rupees One Hundred (LKR 100/-) each, bearing interest at a floating rate equivalent to the Six Month Treasury Bill Rate plus a margin of One decimal Five Zero per centum (1.50%) per annum computed on each Interest Determination Date, provided however that such Rate of Interest shall not exceed Fifteen decimal Zero per centum (15.00%) per annum and shall not be less than Ten decimal Zero per centum (10.00%) per annum, payable semi-annually;

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LETTER OF GUARANTEE REF: OGT CFB 16 0462 FOR LKR 1,150,000,000/-

which may be claimed by you on behalf of the Debenture Holders due and payable by the Company.

All terms not defined herein shall have the same meanings provided to them in the Trust Deed dated Seventeenth (17th) day of May 2016 entered into between the Trustee and the Company (hereinafter referred to as the "Trust Deed").

AND WHEREAS we the Guarantor in consideration of agreement being reached with the Company and other good and valuable consideration do hereby guarantee undertake bind and oblige to pay to you on the first written demand the sum of monies not exceeding **Sri Lankan Rupees One Thousand One Hundred and Fifty Million only (LKR. 1,150,000,000/-)** outstanding on the principal sum and two interest payments at the Rate of Interest on the said Debentures as aforesaid due from the said Company or its successors and assigns to you on behalf of the Debenture Holders.

AND WHEREAS we the said Guarantor hereby confirm that payments under this guarantee will not be denied by reference to the *beneficium excussionis seu ordinis* and/ or any other benefits privileges and exceptions to which sureties are by law entitled.

Your statement that the said Company has failed or neglected to redeem the said Debentures upon the occurrence of an Event of Default as specified in the said Trust Deed and that in consequence thereof any amount not exceeding **Sri Lankan Rupees One Thousand One Hundred and Fifty Million only (LKR. 1,150,000,000/-)** is due to you, shall be absolutely binding on us and shall be accepted by us as sufficient and conclusive proof thereof.

WHEREAS our obligation shall be unconditional and irrevocable and our liability hereunder shall not be discharged or released by any agreement made between you and the said Company with or without notice to us or by reason of any alteration or amendment of the terms of the Trust Deed entered into between you and the said Company or by any forbearance whether as to payments, performance or otherwise whatsoever.

Also we, specifically agree that you shall be at liberty either in one action to sue the said Company and us jointly and severally or to proceed in the first instance against us only.

EVERY payment made by us to you under this guarantee shall be pro tanto discharge of our aggregate liability hereunder and our aggregate liability hereunder shall not in any event exceed the said sum of **Sri Lankan Rupees One Thousand One Hundred and Fifty Million only (LKR. 1,150,000,000/-)**

This Guarantee shall be valid for the period commencing from the Seventh (7th) day of June in the year 2016 up to and including the Seventh (7th) day of July in the year 2021.

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LETTER OF GUARANTEE REF: OGT CFB 16 0462 FOR LKR 1,150,000,000/-

Any claims arising under this guarantee should be in writing and demand under the hand of two duly authorized signatories of Bank of Ceylon, Sri Lanka and shall be addressed and delivered to us on or before the said Seventh (7th) day of July in the year 2021 after which date this guarantee will be treated as null and void and thereafter, even though the original of this guarantee may be retained by you, this guarantee shall not be of any force or avail in law except in respect of claims lodged by you with us under this guarantee on or before the Seventh (7th) day of July in the year 2021 in the manner herein before provided.

This Guarantee shall be binding on and remain in force and be enforceable at all times against the Guarantor and shall continue to be a security against the Guarantor notwithstanding the dissolution or disability of the Guarantor until the Seventh (7th) day of July in the year 2021 as aforesaid or until whole of the sum described above shall have been fully liquidated and paid to the Debenture Holders and shall be irrevocable by the Guarantor.

The liability of the Guarantor hereunder shall not be affected by failure on the part of the Trustee to take any security or by any invalidity or insufficiency of any security taken or in the event of this Guarantee proving not to be binding on the Guarantor for any reason whatsoever.


This Letter of Guarantee shall be in addition to and shall not in any way be prejudiced or affected by any collateral or other security now or hereafter held by the Trustee for all or any part of the principal sum nor shall such collateral or other security nor any lien to which the Trustee may be otherwise entitled nor the liability of any person not a party hereto for all or any part of the principal sum.

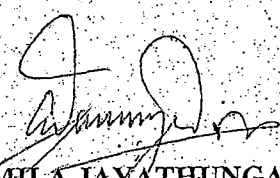
The Trustee shall call upon the Guarantor to make payment of the entire guaranteed amount upon being made aware of the occurrence of an Event of Default as defined in the Trust Deed and all claims made by the Trustee shall be paid by us within Five (05) Market Days of demand as aforesaid, as per the Trust Deed between you and the Company.

This Guarantee shall be governed by the laws of the Democratic Socialist Republic of Sri Lanka.

Signed at Colombo on this Seventeenth (17th) day of May in the year Two Thousand and Sixteen (2016)

Yours faithfully
SEYLAN BANK PLC


D KALUARACHCHI
SENIOR MANAGER
(Signature No. A 620)


CHAMILA JAYATHUNGA
EXECUTIVE - CREDIT
(Signature No. B 2354)

