

**TRUST DEED RELATING TO THE ISSUE OF DEBENTURES
BY CENTRAL FINANCE COMPANY PLC**

THIS TRUST DEED is made by and between **CENTRAL FINANCE COMPANY PLC**, a company duly incorporated in the Democratic Socialist Republic of Sri Lanka under the Companies Act No. 07 of 2007 bearing company number PQ 67 and having its registered office at No. 84, Raja Veediya, Kandy of the said Republic (hereinafter referred to as "Company" which term or expression as herein used shall mean and include Central Finance Company PLC, its successors and assigns) of the One Part; and

DEUTSCHE BANK AG, a company duly incorporated in Germany and acting through its Colombo branch having a place of business in the said Republic at No 86, Galle Road, Colombo 3 in Sri Lanka (hereinafter called "Trustee" which term or expression as herein used shall where the context so requires or admits mean and include the said Deutsche Bank AG, Colombo Branch and its successors and assigns) of the Other Part;

WHEREAS

- (1) The Board of Directors of the Company has resolved on 13th March 2013 to raise an aggregate sum of upto Rupees One Billion (Rs.1,000,000,000/-) by an initial issue of upto One Million (1,000,000) rated unsecured redeemable debentures each with a face value of Rupees One Thousand (Rs.1,000/-) in the first instance and to raise a further aggregate sum of upto Rupees One Billion (Rs.1,000,000,000/-) by the issue of upto a further One Million (1,000,000) rated unsecured redeemable debentures each with a face value of Rupees One Thousand (Rs.1,000/-) at the option of the Company, if the initial issue is oversubscribed, to investors pursuant to an initial public offering and to list the said debentures on the debt securities - main board on the Colombo Stock Exchange ("CSE"); and
- (2) The CSE has granted approval for the listing of the said debentures subject to the due compliance by the Company of the requirements set out in that regard in the law; and
- (3) The Company proposes to invite investors to subscribe to the said debentures by the issue of a prospectus; and
- (4) The Trustee is a financial institution providing financial services that a bank offers its customers in the normal course of its business including undertaking and executing trusts and acting as agents; and
- (5) At the request of the Company, the Trustee has agreed to be appointed as trustee for the benefit of the holders of the debentures accepting the invitation aforesaid and acquiring debentures on the CSE and to hold any sums of monies due to holders of the aforesaid debentures from the Company either in the form of monies received by the Trustee from the Company on behalf of any such holders and/or monies recovered by the Trustee from the Company in the event of a default by the Company to fulfil its obligations hereunder, in trust for such holders in terms of this Trust Deed; and
- (6) The Trustee has also agreed to act as the agent of the holders of the Debentures for the purposes morefully described hereinafter.



NOW THIS TRUST DEED THEREFORE WITNESSETH that in consideration of each of the parties hereto doing, observing and performing the respective terms, conditions, covenants, stipulations and obligations contained in this Trust Deed to be respectively done, observed and performed by each of them, the parties hereto hereby agree as follows:

1. DEFINITIONS

- (a) In this Trust Deed unless the subject or context otherwise requires the following expressions shall have the respective meanings given below -

“Act” means the Companies Act No. 7 of 2007;

“Articles of Association” means the articles of association of the Company and includes all amendments made thereto from time to time;

“Board” means the Board of Directors of the Company;

“Business Day” means a day (other than a Saturday or Sunday or any statutory holiday) on which licensed commercial banks are open for business in Sri Lanka;

“CDS” means the Central Depository Systems (Private) Limited;

“Company” means Central Finance Company PLC as described above;

“CSE” means the Colombo Stock Exchange being a licensed stock exchange in Sri Lanka in terms of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 as amended from time to time;

“Date of Allotment” means the date on which the Debentures will be allotted to investors subscribing thereto;

“Date of Redemption” means in respect of;

- a) Debentures of Type A, the date on which a period of thirty six (36) months from the Date of Allotment expires or if such date on which a period of thirty six (36) months from the Date of Allotment expires is not a Market Day, the Market Day immediately succeeding such date;
- b) Debentures of Type B, the date on which a period of forty eight (48) months from the Date of Allotment expires or if such date on which a period of forty eight (48) months from the Date of Allotment expires is not a Market Day, the Market Day immediately succeeding such date; and
- c) Debentures of Type C, the date on which a period of sixty (60) months from the Date of Allotment expires or if such date on which a period of sixty (60) months from the Date of Allotment expires is not a Market Day, the Market Day immediately succeeding such date;



“Debentures” means the rated unsecured redeemable debentures which are to be and are issued under clause 4 subject to and upon the terms and conditions of these presents;

“Debenture Holders” means the several persons who are for the time being the holders of the Debentures and includes their respective successors in title and assigns;

“Event of Default” means any of the events set out in clause 11 and which shall have been certified by the Trustee as having occurred;

“Final Interest Period” means the period commencing 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);

“First Interest Payment Date” means 30th June 2013;

“First Interest Period” means 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);

“Interest Payment Date” means 31st March, 30th June, 30th September and 31st December of each year;

“Interest Period” means the three (3) month period commencing 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);

“Interest Rate” means the amount of interest payable by the Company to a Debenture Holder for the type of debenture held by such holder as specified in the Schedule hereto;

“Listed” means tradable on the CSE;

“Market Day” means a day on which trading takes place at the CSE;

“Outstanding” means in relation to the Debentures, all Debentures which have been issued pursuant to the provisions of these presents other than those which have been redeemed in accordance with the terms and conditions thereof on payment of the principal together with all interest accrued thereon to the due date;

“Prospectus” means the prospectus to be issued by the Company in connection with the Debentures;

“Register” means the register of the Debenture Holders to be kept by the Company;

“Registered Address” when used in relation to a Debenture Holder means the address provided by such Debenture Holder to the CDS;

“Rupee” and the sign “Rs.” mean the lawful currency of the Republic of Sri Lanka;

“SEC” means the Securities and Exchange Commission of Sri Lanka;

“substantial” mean with reference to clause 11(f), the disposal of the Company’s assets representing more than half (1/2) of the book value of the same remaining as at the balance sheet date immediately preceding the date of such disposal of the assets;

“Secretary” means the Company Secretary for the Company for the time being;

“Tax Revision” means an amendment to or repeal of any law or regulation or provision thereof for the time being in Sri Lanka in terms of which interest income of the Debentures has been exempted from being subject to imposition of income (whether by way of a withholding or otherwise) under the Inland Revenue Act No. 10 of 2006 (as amended) resulting in such interest income becoming subject to the imposition of income tax (whether by way of a withholding tax or otherwise) under the Inland Revenue Act No. 10 of 2006;

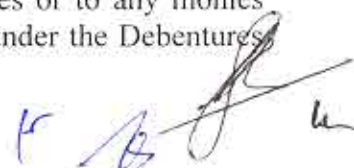
“Tax Revision Law” means the law, regulation, rule, direction or other means by which a Tax Revision is given effect to;

“these presents” means this Trust Deed;

“Trustee” means Deutsche Bank AG as described above and also includes any additional or new trustee appointed under this Trust Deed and acting as aforesaid;

“Trust Deed” means this Indenture and the schedules hereto as from time to time modified in accordance with the provisions herein contained and/or according to law and any other document executed in accordance with the provisions hereof (as from time to time modified as aforesaid) and expressed to be supplemental hereto; and

- (b) Words denoting any 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 thereunder or under such modifications or re-enactment.
 - (ii) schedules, clauses, sub classes, paragraphs and sub-paragraphs shall be construed respectively as referring to the schedules, clauses, sub clauses, paragraphs and sub paragraphs of this Trust Deed;
 - (iii) principal and/or interest in respect of the Debentures or to any monies payable by the Company under this Trust Deed or under the Debentures



shall be deemed also to include references to any additional amounts which may be payable under this Trust Deed;

- (iv) costs, charges or expenses shall include (but not be limited to) value added tax, turnover tax, withholding tax or similar tax or levies charged or chargeable in respect thereof.
- (e) The headings are inserted herein only for convenience and shall not affect the construction of this Trust Deed.

2. APPOINTMENT OF THE TRUSTEE

- 2.1 The Trustee is hereby appointed to act as the trustee for the purposes set out in these presents for the benefit of the Debenture Holders, as provided herein and the Trustee hereby accepts such appointment.
- 2.2 The Trustee shall hold in trust and stand possessed of all sums of money received by the Trustee in terms hereof and be vested with all powers necessary for the Trustee to give full effect to the object of the trust hereby created.

3. APPOINTMENT OF TRUSTEE AS AGENT OF THE DEBENTURE HOLDERS

Without prejudice to the provisions of clause 2, it is declared and acknowledged that the Debenture Holders by applying for and subscribing to the Debentures, have, on being issued and allotted the Debentures, appointed (and shall be deemed to have appointed) the Trustee as agent of the Debenture Holders to act for and on behalf of the Debenture Holders and to represent the Debenture Holders collectively in the instances and the manner provided for hereinafter.

For the avoidance of doubt, the provisions of this Trust Deed entered into between the Company and the Trustee, who also becomes the agent of the Debenture Holders, shall constitute and be deemed to be the written agreement by the Company with the Debenture Holders and the binding promise of the Company to the Debenture Holders in respect of all matters set out herein including with regard to the redemption of the Debentures and payment of interest on the Debentures.

4. ISSUE OF DEBENTURES AND LISTING ON CSE

- 4.1 The Company shall, (i) issue and allot the Debentures to persons who accept the invitation to subscribe to the Debentures in accordance with the terms and conditions set out in the Prospectus and satisfy the criteria stipulated therefor, and (ii) within such time period prescribed by law, credit the securities accounts maintained at CDS by the persons accepting the invitation and subscribing for the Debentures, with the Debentures issued and allotted to such persons and shall send a written confirmation thereof to such persons within two (02) Market Days of the Company crediting such securities accounts at CDS with the Debentures;

- 4.2 The Company shall initially issue and allot up to One Million (1,000,000) Debentures of the aggregate value of Rupees One Billion (Rs.1,000,000,000/-) at an issue price of Rupees One Thousand (Rs.1,000/-) each. The Company may, at its option, issue upto a further One Million (1,000,000) Debentures of an aggregate value of Rupees One Billion (Rs. 1, 000,000,000/-) at an issue price of Rupees One Thousand (Rs.1,000/-) each, if the initial issue is oversubscribed.
- 4.3 The initial issue of the Debentures and the further issue of the Debentures as set out above shall be issued as three types as follows to persons opting to subscribe thereto;
- (a) **Type A** rated unsecured redeemable debentures, each with a face value of Rupees One Thousand (Rs. 1,000/-);
 - (b) **Type B** rated unsecured redeemable debentures, each with a face value of Rupees One Thousand (Rs. 1,000/-);
 - (c) **Type C** rated unsecured redeemable debentures, each with a face value of Rupees One Thousand (Rs. 1,000/-);
- 4.4 The Debentures shall rank equal and *pari passu* with each other without any preference or priority of any one or more than over the others except for the tenor and the interest rates. The claims of the Debenture Holders shall, in the event of a winding up of the Company, rank equal and *pari passu* with the claims of the other unsecured creditors of the Company but in priority to and over the claims and rights of the preference and ordinary shareholders of the Company.

5. NON ISSUANCE OF CERTIFICATES AND REGISTRATION OF DEBENTURE HOLDERS

- 5.1 In order to comply with the directives issued by the SEC, the Company shall deposit the Debentures directly in the securities accounts maintained at CDS by the persons accepting the invitation and subscribing for the Debentures and shall not issue any certificates to any Debenture Holder.
- 5.2 The Company shall not be bound to register more than three (03) persons as joint holders of any Debentures (except in the case of executors, administrators or heirs of deceased Debenture Holders).

6. COVENANTS TO REPAY PRINCIPAL AND INTEREST

- 6.1 (a) The Company hereby covenants with the Trustee for the benefit of the Debenture Holders that it shall:
- (i) until the whole of their respective Debentures shall have been redeemed, pay within three (03) Business Days from the respective Interest Payment Dates to the Debenture Holders registered as at the day immediately preceding the respective Interest Payment Date either by crossed cheque marked "Account Payee Only" sent by registered post at the risk of Debenture Holder to the Registered Address or by a direct transfer using Sri Lanka Inter Bank Payment

System ("SLIPS") or Real Time Gross Settlement System ("RTGS") to the bank account nominated by the respective Debenture Holder (as the case may be), interest on the principal amount of the Debentures for the time being outstanding, at the Interest Rate.

The interest due on the Debentures for a particular Interest Period shall be calculated based on the actual number of days in such Interest Period and be paid within three (03) Business Days from the Interest Payment Date on which such Interest Period ends.

Provided however that the interest due on the Debentures for the First Interest Period shall be calculated based on the actual number of days in the First Interest Period and be paid within three (03) Business Days from the First Interest Payment Date and the interest due on the Debentures for the Final Interest Period shall be calculated based on the actual number of days in the Final Interest Period and be paid within three (03) Business Days from the Date of Redemption. For avoidance of doubt, the Date of Redemption shall not be included or taken into account for purposes of calculating the interest due on the Debentures for the Final Interest Period.

Interest calculation shall be based on an actual number of days in each year.

In order to accommodate the debenture interest cycles in the Automated Trading System of the CSE, the payment of interest shall be made to the Debenture Holders as at the day immediately preceding the respective Interest Payment Date ("Interest Entitlement Date").

- (ii) The Company shall, redeem the Debentures by paying, within three (03) Business Days from the Date of Redemption, to each of the Debenture Holders registered as at end of trading on the Market Day immediately preceding the Date of Redemption the principal amount of the Debentures and interest (if any) remaining unpaid and accrued on the date immediately preceding the Date of Redemption and shall either;
- A. send crossed cheques marked "Account Payee Only" for such payments, by registered post at the risk of each of the Debenture Holders to the Registered Address of such Debenture Holders; or
 - B. directly transfer the said payments using SLIPS or RTGS to the bank account nominated by the respective Debenture Holder (as the case may be).

Such payment referred to in paragraph (a) and (b) above shall be deemed to be a payment duly made by the Company to the respective Debenture Holder in redemption of the Debentures of such Debenture Holder.

- (b) If any cheque(s) relating to payment of interest referred to in clause 6.1(a) (i) above is/are returned undelivered to the Company, the Company shall retain the returned cheque(s) for a period of one hundred and eighty (180) days and upon the expiration of such period of one hundred and eighty (180) days from the date of issue of such cheque(s), cancel the said cheques. The Company shall, upon the cancellation of the said returned cheque(s), deposit such unclaimed interest monies to a bank account maintained by the Trustee for the purpose of the trust created by these presents in order to enable the Trustee to hold such monies in trust for such Debenture Holder(s). Such cheque(s) will be re-issued to the Debenture Holder(s) if such Debenture Holder(s) claims the same in writing within six (6) years from the date of issue of such cheque(s). No interest will be payable for the period such payments were unclaimed. All unclaimed monies after six (6) years from the date of issue of such returned cheque(s) shall cease to be owed and payable to any Debenture Holder who has not claimed such interest. All unclaimed monies shall be returned to the Company by the Trustee after the expiry of the said six (6) year period.
- (c) If any cheque(s) for redemption monies is/are returned undelivered to the Company, the Company shall retain the returned cheque(s) for a period of one hundred and eighty (180) days and upon the expiration of such period of one hundred and eighty (180) days from the date of issue of such cheque(s) and cancel the said cheques. The Company shall, upon the cancellation of the said returned cheque(s), deposit the amount represented by each of such returned cheque(s) to the said bank account maintained by the Trustee to hold in trust for such Debenture Holder(s). Such monies shall be paid by the Trustee to the Debenture Holder(s) upon a valid claim(s) being made by such Debenture Holder(s) and for the period after the Date of Redemption, no interest will be payable. However, after the expiry of six (6) years from the Date of Redemption, all unclaimed monies shall cease to be owed and payable to any Debenture Holder who has not claimed such redemption money and such monies will be returned to the Company by the Trustee after the expiry of the said six (6) year period.
- (d) If any Debenture Holder whose Debentures are liable to be redeemed under any provision in these presents, shall fail or refuse to accept payment of the redemption moneys or interest payable to such Debenture Holder, such payment shall be paid over by the Company to the Trustee and the Trustee shall hold such moneys in trust for such Debenture Holder and interest on such Debentures shall cease to accrue as from the date fixed for the redemption thereof and accordingly the Company shall not be liable to pay any further interest whatsoever thereon. Such moneys shall be retained by the Trustee until such moneys are claimed by the respective Debenture Holder. Monies not claimed as aforesaid for a period of six (6) years shall be returned to the Company. No person shall be entitled to claim any such redemption moneys or interest payments which are returned to the Company as aforesaid.
- 6.2 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

must ensure that the information in respect of the securities account maintained with the CDS is up to date and accurate. Each Debenture Holder shall absolve the Company from any responsibility or liability in respect of any error or inaccuracy 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 inaccuracy or absence of necessary changes in the information recorded with the CDS where such errors or inaccuracies or absence of changes are attributable to any act or omission of the Debenture Holders.

- 6.3 The payment of the principal and/or interest in respect of the Debentures shall be made in Rupees after deducting any withholding tax and/or such other taxes and charges thereon, if applicable.
- 6.4 Every payment of principal and/or interest in respect of the Debentures made to, or to the order of the Debenture Holders shall be a final satisfaction *pro tanto* of the covenants by the Company herein contained except when and to the extent that there is default in the subsequent payment thereof to the Debenture Holders.
- 6.5 In the event any payment of any part of the principal amount of any Debenture is made after the Date of Redemption, payment shall not be deemed to have been made until the full amount due has been received by or to the order of the Debenture Holder. Provided however, the Debentures shall cease to bear interest from the Date of Redemption and the Company shall accordingly not be liable to pay any interest whatsoever thereafter unless payment is improperly withheld or refused by the Company, in which case interest shall continue to accrue on such Debenture/s at the respective Interest Rate applicable to such Debenture/s until settlement in full of all principal and interest thereon.
- 6.6 Liquidated damages

In the event of there being any default by the Company in the payment of interest or any principal sum, the Company shall be liable to pay (by way of liquidated damages and not as a penalty) interest on such defaulted sums at the rate of one decimal five zero *percentum* (1.50%) per annum above the respective Interest Rate applicable to the Debentures, for the period commencing from the due date of such payment upto the full settlement thereof.

7. THE DEBENTURES AND RELEVANT TAXES

The Company shall pay all duties or taxes, if any, payable on or in connection with the issue of the Debentures.

8. THE ISSUE OF FURTHER DEBENTURES

- (a) The Company shall be at liberty from time to time, and subject to listing and approval of the CSE, to create and issue further debentures or debentures ranking equal and *pari passu* with the Debentures except for the tenor and/or the interest rates and/or the frequency at which interest is paid so as to form a single series

