

Nation Lanka Finance PLC raises fresh equity capital with a foreign Investment Group

Colombo (06.02.2014): Nation Lanka Finance PLC (CSE:CSF) yesterday signed a transaction with GEM Global Yield Fund to receive a fresh equity infusion of LKR 1.4 billion initially; comprised of LKR 700 million in Private Placement and LKR 674 million in private unlisted Warrants, to support its lending business including the micro lending program and also to enhance the core capital. The price and the volume of shares to be issued by way of the Private Placement will be determined by the agreed upon formula by the Company and the Investor, which is driven by the actual market price and average volumes based on a 15 market day period. In terms of Warrants, the Company will issue 67.5million private unlisted Warrants to the investor with an Exercise Price of Rs 9.99 totaling LKR 674million, with each Warrant equivalent to one Ordinary Share.

According to Nation Lanka Finance PLC CEO Mr Charith Amarasekara, the private placement and the warrants both will not exceed 29.9% stake of the company. “We have just signed an agreement for our initial fund requirement for LKR 1.4 billion, and plan to secure an additional long-term funding very soon. To get the shareholder’s blessing an EGM will be held in the days to come,” he said.

“We contracted Yenom (Pvt.) Ltd. to help us find a dynamic investor that could help fund Nation Lanka Finance PLC so that we can capitalize on the growth potential in the financial industry. Entire process was signed and completed in less than three months, which has allowed us to fast track our growth strategy for 2014,” he added.

As at 30th September 2013, Nation Lanka Finance PLC has around 250 million shares in issue with a net asset per share value of LKR 1.17. It has assets worth LKR 4.3 billion as at end September 2013, up from LKR 3.6 billion a year earlier. Liabilities amounted to LKR 4 billion, up from LKR 3.15 billion. Nation Lanka Finance PLC in the first half of FY14 posted a net profit of LKR 48 million, as against a loss of LKR 187 million a year earlier. Mr Charith Amarasekara, elaborating further said “We have already made plans to disburse these funds very quickly to yield the maximum returns to the Company. Fresh capital of LKR 1.4 billion itself will appreciate our Net Asset value per share by roughly LKR 4 taking the overall Net Asset value to over LKR 5 per share. But with the returns we anticipate on our investments, especially in Micro Finance, we expect our Net Asset value to climb very fast to levels above LKR 10 per share giving maximum upside to our valued shareholders.”

GEM Global Yield Fund is an investment fund of the Global Emerging Markets Group, an alternative investment group that handles a diverse set of investment vehicles across the world. This investment will be their first in Sri Lanka.

Nation Lanka Finance PLC is a Public Limited Liability Company incorporated in Sri Lanka on 15th July 1987 under the Company's Act No. 17 of 1982 and re-registered under the Companies Act No.07 Of 2007. The company is also a finance company approved and regulated by the Central Bank of Sri Lanka. During the past 25 years the Company built its reputation on strong connections with local communities. With 23 branches throughout Sri

Lanka, Nation Lanka Finance PLC is well placed to support our communities at a local and international level using its strategy is built around customers, putting them at the center of everything the Company does and helping them realize their potential.

Yenom (Pvt.) Ltd. provides direct and facilitated investments for companies and private/government projects through various structured products. Yenom is owned and operated by the two former operating directors of ERI, Dr. Kosala Heengama and Gregory Scott Newsome. Yenom together with their foreign partners are pleased that they could introduce another global investment fund into Sri Lanka's equity and investment market.

About the GEM Group:

Global Emerging Markets Limited (www.gemny.com) was founded 1991. GEM, having completed 305 transactions in 65 countries, is an alternative investment group that handles a diverse set of investment vehicles across the world. GEM's fund include; CITIC/GEM Fund; VC Bank/GEM Mena Fund*; Kinderhook; GEM Global Yield Fund; GEM India Advisors, and GEM Brazil PE Fund.

*GEM exited both its LP and GP stakes in Q1, 2010.

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