



East - West Properties PLC



Company
Profile
2013



Vision

Use our pioneering spirit to be the leader in every market we serve and build value for our shareholders

Group Ethos

Build your business through showing people how to build your reputation

Chairman's Message



For the better part of the last decade East West Properties has been real estate and investment holding company, the company

looks set to take advantage of the positive momentum created by the end of the country's 30 year civil war which promises to usher in a period of strong growth in key industry such as Tourism, Financial and Trade. The company for this financial year 2010/2011 successfully completed a 1 Billion rupee rights issue.

The company will be expanding to into the leisure sector with the goal of establishing a room inventory of over 1000 keys in six properties located around the country. The company during this financial year established a destination management company, to coordinate its inbound tour operations.

I look forward to the forthcoming financial year which promises strong growth I the company's key business areas.

Our Focus Industries

- Financial Services
- Media & Entertainment
- Securities & Investments
- Real Estate & Property
- Resorts & Spas
- Venture Capital

Products & Services

Securities & Investment

Investments

The company currently manages a Rs300,000,000 portfolio primarily focused on investments in securities listed on Colombo Stock Exchange, part of the portfolio activity also involves investments as private equity in growth sectors such leisure and finance.

Media & Entertainment

Radio & TV

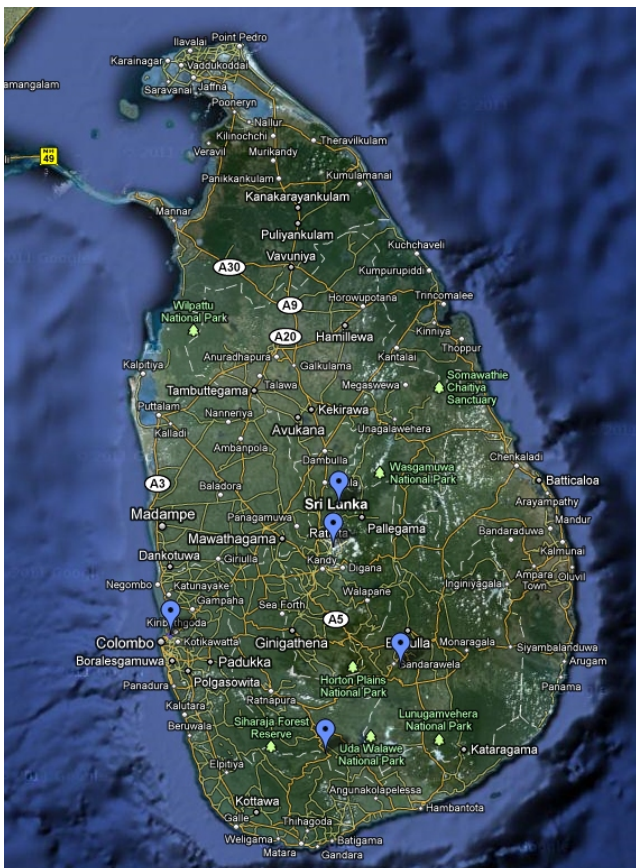
People's Media Network, operates 11 radio frequencies and 2 TV frequencies; It is currently engaged in partnerships the Independent Television Networks (ITN) to operate its tamil radio broadcast providing coverage in Colombo.

The company recently commenced operations with The Buddhist Channel to provide it radio and tv coverage.

The radio channel operates in Colombo (104.5), Kandy and Down South, the coverage is expected increase to a further 5 locations. The Buddhist channel TV is currently operated in Colombo (UHF 53) and on Dialog TV.

Broadcast Tower Infrastructure

The company has commenced the erection of 4 boardcast towers in Colombo, Hunasgiriya, Gammaduwa and Nayabbadha the main focus of the business is to provide tower space to radio/TV and cellular broadcasters.



Property & Real Estate

East West Warehousing Complex



The company owns 5 acres of land at Peliyagoda with 38,000sqft of warehousing space, The company has commenced a redevelopment program of the land over the next 5 years into multistory office/warehouse style buildings which will see us reach 200,000sqft of rentable space. With the upgrade of our facilities and the close proximity to the Colombo – Katunayake express way which is due to be completed in November 2012 and the positive outlook for economic growth we expect to see the demand for rental in this area to increase.

We are currently operating at 100% occupancy on the existing 38,000sqft and even in the current environment we feel confident that any new warehouse/office space we bring to market will be easily rented.

East West Warehousing Complex

The recently commenced construction on a eighty perch block of bear land which will be developed into a multistory building with a gross area of 33,000sqft of office space. The project is due to be completed in Dec 2011

Media House

The owns a 6000sqft building on Galle Road, Colpity which sits on 9 perches of land and is currently tenanted by the Industry of Commence.

UltraTech



The company has leased part of its land at Peliyagoda to Ultra Tech. The land and infrastructure developed on land will be returned to the company in 2027. The operation of Ultra Tech are as follows: UltraTech's bulk cement terminal in Sri Lanka is located at Colombo. Cement is received by specially-engineered, self-discharging bulk cement carriers. It is then discharged at the

port in road bowzers which transport cement 10 km from port to the terminal. Cement is stored in 4 x 7500 T cement concrete silos. A sophisticated bulk cement terminal (which subscribes to all environmental norms) despatches cement in bulk form to RMC and asbestos plants. The terminal also has a modern Italian make Ventomatic packer to pack cement in 50 kg. paper bags to service customers in the island.

With its sharp focus on cement, the Aditya Birla Group has always believed that like arrangements between countries in different parts of the world for regional cooperation, it (the group) should be present in adjacent countries with facilities to qualify as a local producer of cement. Two of the countries adjacent to India have limited deposits of limestone, the basic raw material for cement. This position compels the two to be dependent on import for their domestic construction activity. It was in this context that a joint venture bulk cement terminal was established in Colombo, Sri Lanka.

Resorts & Spas

Weligama Hotel Development



The company has commenced the development of a 4 star 120 key hotel and spa in Weligama on 3 acres of beach front, the property is expected to be managed by an international hotel management company.

Venture Capital

Startups

East West Venture Capital is a private equity fund with offices in Singapore and Sri Lanka. We invest in high growth companies with the aim of helping management teams reach their potential. We are a fast growing investment house ourselves and we have learned firsthand about the value of hard work, dedication and pursuing a dream.

The investment team that is one of the most experienced in the business and one that has made significant contributions to local industry development.

EWVC has built an extensive record of

successful starts including ETV1&2 and East West Information Systems (EWIS). We aim to help entrepreneurs and their companies create value. We view ourselves as an investor that provides our portfolio companies with financial support, appropriate network access and the strategic guidance to help them reach their full growth potential. Our investment professionals serve on the boards of directors and assist the management teams of our portfolio companies, providing them with direct access to expertise within our firm and our network beyond.

Our vast network of contacts includes strategic partners, co-investors, family trusts, high net worth individuals, successful entrepreneurs and bankers. Furthermore, we have strong working relationships with key Sri Lanka government agencies.

EWVC Investment Philosophy can be summarized as follows:

- Leverage Sri Lanka's strong growth for profitable & fast investment exits.
- Optimize for early dividend payments and long-term capital gain.
- Diversify by industries to ride industry cycles.
- Collaborate with top-tier co-investors in Singapore to lower financing risks.

Our History

The Past 30 Years:

The group Started Business in 1975 as East West Enterprises Ltd. and was and was owned and managed by Ex Seafarers. The founding directors was Nahil Wijesuriya a Marine Engineer who sailed as Chief Engineer on almost all of the ships of the Ceylon Shipping Corporation, previously having sailed with the British Company P&O Stem navigation Company. Later he was the Technical Manager of the CSC and the Chief Engineer of the Colombo Dockyard.

The main business was Shipping Agency but soon developed into other areas of activity through appropriately named Companies.

These were:

1. East West Properties Ltd.
2. East West Haulage Ltd.
3. East West Containers Ltd.
4. East West Clearing and Forwarding Ltd.
5. East West Information Svstems Ltd.
6. Extra Terrestrial Vision Ltd. (ETV)

The group acquired Sri Lanka Shipping Company Ltd. which was Sri Lanka's First Ship owning company which was owned by

Freuden berg Group belonging to the Senanayake Family, of Political fame. This company furthered its business in ship owning and was housed in the "Robert Senanayake Building" in Nawam Mawatha Business Complex which was appropriately named after the Founder of the Company after his demise.

The company acquired the Cargo Ship "MV "San George "which was on Charter and renamed it MV "Mahanuwara" -which was the city from which the current Chairman of the Group Company originated.

In the field of Marine and Shipping it went in to the Salvage and Towage Business through Offshore Marine Services Ltd. owning the tugs MT"Sigiri" ad "Nilgiri" It went into Bunkering activities through Pioneer Bunker Services Ltd. which owned the tankers MT. "Rangiri" MT"Bunker 1" and MT"Bunker 2" - the 37,000 Dead Weight Ton tanker which remains the largest ship to be owned by a Sri Lankan Company.

The company's activities have always developed and adjusted to the Sri Lanka's changing economic and Political circumstances.

During the economic boom thro the Accelerated Mahaweli Development Scheme of the late 1970's and early 1980's East West Haulage Ltd. developed in to the largest Heavy Haulage Company owning the largest fleet and East West Clearing and Forwarding Ltd. the largest in its field of activity. Both these companies underwent a "Management Buy Out" towards the end of that economic cycle.



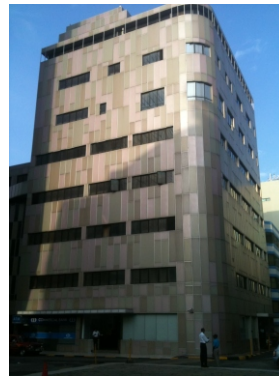
**East West Information Systems
(now known as EWIS)**

Was setup in the late 1980s and was the first authorised IBM dealer in the company and through the 1990s was the largest importer and distributor of computer hardware and peripherals in the country. This company also underwent a "Management Buy Out" and now operates under the brand EWIS.



**Extra Terrestrial Vision Ltd.
(ETV)**

In 1994 the company launched 2 televisions rebroadcasting Star TV and BBC, this was the first 24 hour channel in the country. This was late sold to E.A.P Edirisinghe Networks.



**Nawam Mawatha
Business Complex**

The company built and owned 5 commercial buildings in Nawam Mawatha totaling 200,000sqft of commercial office space. These building were last sold to Akbar Brothers and Dilmah in 2004.

East West Group bought the controlling interest of the Ceylon Continental hotel in April 2008, the hotel was previously built and managed by the InterContinental Hotel Group. This was Sri Lanka's first 5 star hotel built on 4.5 Acres of prime real estate in the middle of the Colombo's central business district.

The East West Group managed the hotel for a period of 2 years before selling it in April 2010. The valuation of 250,000USD per key for the 200 room property made it an attractive sale, realizing substantial capital gains in excess of 100%.

Leadership

M W A D J Nahil Wijesuriya Chairman

Mr. Wijesuriya is a Professional Engineer in Mechanical and Production Engineering from the Leicester College of Technology UK and was with the P&O Shipping Lines of the UK as Marine Engineer and Chief Engineer with the Ceylon Shipping Corporation and Deputy Chief Engineer of the Colombo Dock yard. He founded the East West Group of Companies in 1977. He has done substantial property development and successfully speculated in the London and Singapore Property Markets where he is a citizen now.

H B G Vijayanthi Jayasinghe

Mrs. Vijayanthi Jayasinghe has completed Licentiate Examination conducted by Institute of Chartered Accountants of Sri Lanka in 1997. She has around 17 years working experience.

Nishantha P Sooriyaarachchi

Mr. Sooriyaarachchi holds Higher National Diploma in Accountancy and he is following Final Level Examination of the Institute of Chartered Accountants of Sri Lanka. He has around 9 years experience with East West Group of

Companies. He is also a Director of Peoples Media Network (Pvt) Ltd, and Infrastructure Developers PLC.

Dhammika Karalliedde has over 10 years experience in wide range of diverse infrastructure projects around the world, from conceptual stage to successful completion. Since obtaining an MEng Honours degree in Civil Engineering from Imperial College London in 1998, Dhammika has worked at Mott MacDonalds (UK), East West Properties (Sri Lanka) and has 6+ years experience as a civil engineer at Atkins, one of the world's leading engineering and design consultancies.

M W A D J Vijitha Wijesuriya

Mr. Vijitha Wijesuriya joined the Board on 29th June 2010. He has a Bachelor of Science from Imperial College, London and is an Associate of the Royal College of Science. He also served on the Board of Peoples Media Network (Pvt) Ltd.

Ms. K. W. C. Devika Shiranthi Kariyawasam

acts as the secretary to the chairman and completed higher education in 2005 and having 6 years of working experience as an Executive Secretary.

Corporate Information

At a glance

East West Properties PLC

Company Number PQ 221

Legal Form

A Public Limited Liability Company

incorporated in Sri Lanka on 18th March 1981, and quoted on the Colombo Stock Exchange

Audit Committee

Mr D Sunil AbeyRatna

Dr Lakshman D Karalliedde

Company Secretaries

SSP Corporate Services (Pvt) Ltd

101, Inner Flower Road

Colombo 03.

Auditors

V.S.& Associates

Chartered Accountants

15/7, Victoria Place,

Colombo – 08.

Bankers

Hongkong & Shanghai Banking Corporation Ltd

Bank of Ceylon

Hatton National Bank PLC

Deutsche Bank AG

Registered Office

594/1

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Contact Information

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East - West Properties PLC

LAND AND PROPERTY | 28th June 2011

EAST WEST PROPERTIES PLC

Rs.16.00

BROADENING HORIZONS

Company profile: Incorporated in 1981, East West Properties has been in the business of property development in the past two decades. The Principal business activity of the company is renting out warehouses and engaging in the property development since its inception. However, with the disposal of its major investment in Hotel Services Plc (operating entity of Ceylon Continental Hotel) in March 2010, the company's line of business has taken a more investment oriented approach.

Increased earnings led by capital gains: In FY10, EAST posted a net profit of 52.1mn where a large contribution came from the capital gain from disposal of shares in Hotel Services. During the period the sales proceeds have been invested (largely in the equity market) and the subsequent gains have contributed substantially to the company earnings in the recent quarters (In 1-3QFY11 – Rs.38.6mn). EAST is the 8th largest shareholder of Overseas Realty (OSEA) with a stake of 5.4mn shares.

Expanding scope: EAST issued ~Rs.1.0bn worth shares to its existing shareholders by way of rights. Funds raised through the rights issue are expected to be invested in the booming tourism industry and for working capital for ongoing projects. Presently these funds are invested in Repo where company will benefit from additional interest income. Further, company is expected to build a bank of properties which is suited for hospitality and leisure sector. A 4 star hotel will be built in Weligama and the construction is expected to commence at the end of 2011. Company may finance the project by a private placement (approx. Rs.500mn). In our opinion this is a well-timed strategic move since the tourism industry is on its way to be a key performer in Sri Lankan economy.

Revaluation of Assets: EAST recently announced that the company has re-valued its Rs.125.9mn worth assets to an amount of Rs.694.7mn. unrealized gain on revaluation is Rs.694.7mn (Rs.5.0 per share). However, only Rs.33.7mn revaluation gain was incorporated in FY11 financials while the revaluation of lease hold land which amounts to a gain of Rs.661.0mn has not been recognized.

Expected results: Considering above private placement and the unrecognized revaluation surplus, EAST's BVPS is expected to be at Rs.15.2. this may be further improve with future earnings. According to the above calculation forward PBV is expected to be at 1.0x. Further, the free float of the company is around 19.0% which is approximately 26.3mn shares. The expected high book value along with low liquidity in the market presents high potential of price appreciation in the short run.

Major Shareholders (as at 31st Mar 2011)	%
Asia 2000 Investments Inc	50.9
HSBS Int. Nominees Ltd. – Deutsche Bank AG Singapore	16.7
M.W.A .D.J. Vijitha Wijesuriya	4.6
S.M. Raslan Mowlana	0.6
A.M. Weerasinghe	0.6

Share Information	
CSE code	EAST.N0000
Bloomberg Code	EAST SL
Shares in Issue (mn)	138.2
Public holding (%)	44.5
Market Cap. (Rs.mn)	2,073.6
52 week range (Rs.)	10.0-18.0
Avg. daily volume ('000)	188.2

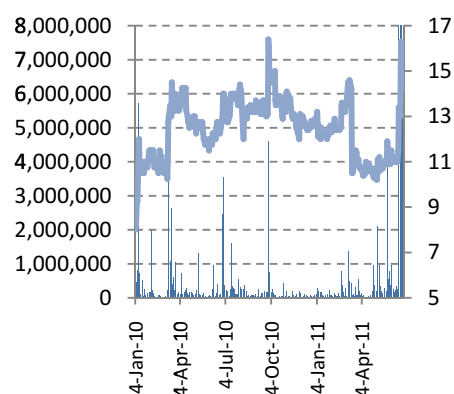
Source: cse

Key Data	FY09	FY10	FY11
EPS (Rs.)	0.01	0.38	0.02
BVPS (Rs.)	2.80	3.18	3.19
ROA (%)	0.23	10.86	0.43
ROE (%)	0.28	11.86	0.61
D/E ratio (%)	6.33	5.28	36.73
PER (x)	1,693.50	35.81	551.52
PBV (x)	4.82	4.25	3.36
MPS (Rs.)	13.50	13.50	10.70

Source: company financials

*Key data including MPS has adjusted for the right issue

Price Volume Chart



Price Performance %	01m	06m	12m
ASI	13.7	49.3	106.1
Sector	17.9	4.39	51.3
EAST	23.5	11.8	13.6

Source: cse

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