TAL LANKA HOTELS PLC
Company No. PQ 183
Taj Samudra Hotel, 25, Galle Face Centre Road,
Colombo 3

CIRCULAR TO SHAREHOLDERS

IMPORTANT: THIS DOCUMENT IS OF VALUE

If you are in doubt as to the action you should take, please consult your Stockbroker or other Professional Advisors immediately

Dear Shareholder,

1. RIGHTS ISSUE OF SIXTY SIX MILLION EIGHT HUNDRED AND THIRTY SIX THOUSAND SEVEN HUNDRED AND EIGHTY FIVE (66,836,785) ORDINARY VOTING SHARES ('ORDINARY VOTING SHARES') AT SRI LANKAN RUPEES TWENTY EIGHT (LKR 28) PER SHARE

The Board of Directors of TAL Lanka Hotels PLC ("the **Company**") resolved on 7th July 2026 to offer Sixty Six Million Eight Hundred and Thirty Six Thousand Seven Hundred and Eighty Five (66,836,785) new Ordinary Voting Shares by way of a rights issue to the holders of the issued Ordinary Voting Shares of the Company as at the end of trading on "Date of Entitlement" (being the Record Date/Date of Provisional Allotment, which is the 02nd Market Day from and excluding the Extraordinary General Meeting date) (the "**Record Date**") in the proportion of forty two (42) new Ordinary Voting Shares for every one hundred and eight (108) existing Ordinary Voting Shares held in the Company by such shareholders, at a price of Sri Lankan Rupees Twenty Eight (LKR 28) per share (the "**Rights Issue**").

The new Ordinary Voting Shares shall, upon due acceptance and payment, rank *pari passu* in all respects with the existing issued Ordinary Voting Shares of the Company and shall qualify for all dividends declared, only after the final allotment which shall be after the last date of acceptance and payment.

The Rights Shares will be provisionally allotted to the shareholders once the Rights Issue is approved by the shareholders of the Company by ordinary resolution at the Extraordinary General Meeting.

In the opinion of the Board of Directors the issue price of Sri Lankan Rupees Twenty Eight (LKR 28) per Ordinary Voting Share is fair and reasonable to the Company and all its existing shareholders.

Fractions of Ordinary Voting Shares arising from the computation of ordinary voting shares that each shareholder will be entitled to under the Rights Issue, will be deemed to be declined by the shareholders and be aggregated into whole Ordinary Voting Shares (with any fractions arising from such aggregation being disregarded) and the whole Ordinary Voting Shares arising from such aggregation will be pooled together and allotted to shareholders who apply for additional rights shares. Fractional entitlements referred to herein shall mean the fractions arising after applying the following formula;

$$= \frac{\textbf{Number of ordinary voting shares held by a shareholder as at end of trading on the second (2nd) market day from and excluding the date of the EGM (i.e Record date)} \times \textbf{42}}{\textbf{108}}$$

In allocating Rights Shares provisionally, the holding of the shareholders, as appearing in the Central Depository Systems (Private) Limited ("**CDS**") and the Share Register maintained by the Company will be aggregated in so far as the identity of such shareholders are available with the Company for identification purposes.

Applications for additional rights shares will be permitted. The Ordinary Voting Shares not subscribed for as at the last day of acceptance specified in the Provisional Letter of Allotment, the new Ordinary Voting Shares for which payment has not been duly and validly received by the Company as at the date of final allotment and the whole Ordinary Voting Shares arising from the aggregation of fractions of shares as aforesaid will be deemed to have been declined and such declined shares will be allotted at the same price to the existing shareholders who apply for additional rights shares on a fair and reasonable basis as determined by the Board of Directors.

2. EQUITY AND CAPITAL STRUCTURE

Existing Stated Capital	Sri Lankan Rupees Two Billion Seven Hundred and Seventeen Million Seven Hundred and Forty Four Thousand Four Hundred and Twenty Five (LKR 2,717,744,425) constituting of monies received by the Company by the issue of One Hundred and Seventy One Million Eight Hundred and Sixty Six Thousand Eighteen (171,866,018) ordinary voting shares
Proposed increase under the Rights Issue	Upto Sri Lanka Rupees One Billion Eight Hundred and Seventy One Million Four Hundred and Twenty Nine Thousand Nine Hundred and Eighty (LKR 1,871,429,980) to be received by the Company by the issue of Sixty Six Million Eight Hundred and Thirty Six Thousand Seven Hundred and Eighty Five (66,836,785) ordinary voting shares offered at a price of Sri Lankan Rupees Twenty Eight (LKR 28) each
Stated Capital of the Company post-Rights Issue, if the Rights Issue is fully subscribed	Sri Lankan Rupees Four Billion Five Hundred and Eighty Nine Million One Hundred and Seventy Four Thousand Four Hundred and Five (LKR 4,589,174,405) constituting of monies received from the issue of Two Hundred and Thirty Eight Million Seven Hundred and Two Thousand Eight Hundred and Three (238,702,803) ordinary voting shares

3. OBJECTIVE OF THE ISSUE

3.1 Objectives of the Right Issue

The funds raised through the Rights Issue after deducting the costs of the Rights Issue (the proceeds of the Rights Issue remaining after deducting such costs shall hereinafter be referred to as "**Remaining Proceeds**"), will be allocated in the following manner -

No.	Objective	Estimated amount (up to)
1.	Part-repayment or pre-payment of certain loans obtained by the Company	LKR 369,600,000
2.	Partial financing the refurbishment, renovation and upgrade of Taj Samudra Hotel situated in Colombo	LKR 840,000,000
3.	To settle payment to vendors / suppliers and overdue fees payable to operator, TAL Hotels and Resorts Limited	LKR 638,400,000
4.	General corporate purposes including, operational expenses, professional fees, and to meet any shortfall in the proceeds allocated for the objectives stipulated in 1 to 3 above	LKR 22, 429, 980
	Total	**LKR 1,870, 429,980**

It is currently estimated that the cost of the Rights Issue is approximately Sri Lankan Rupees One Million (LKR 1,000,000) and the amount to be settled is included on the assumption that the cost will be Sri Lankan Rupees One Million (LKR 1,000,000). The amount to be settled will accordingly vary if there is a variation in the cost of the Rights Issue.

Specific details pertaining to each objective are set out hereunder -

Objective 1 - Part repayment or pre-payment of certain loans obtained by the Company

Date on which the loan was obtained and the purpose of obtaining the loan	Financial Institution/ Lender	Details of Facility		Outstanding Balance as of 31 March 2026 (LKR, audited)	Outstanding Balance as of 30 June 2026 (LKR, unaudited)	Amount to be settled (LKR)
		Type	Date First Obtained			
31st August 2022 for refurbishment of the Hotel	Hatton National Bank PLC	Term Loan	31st August 2022	2,041,782,560	2,009,275,450	369,600,000
			Total	2,041,782,560	2,009,275,450	369,600,000

The above loan was obtained for the refurbishment of the Hotel. The part repayment of the loan will generate finance cost savings of approximately USD 144,000 (LKR 48,384,000). In addition, it will improve working capital, strengthen the debt-to-equity ratio, and reduce

exposure to exchange rate fluctuation risks. This loan has been selected among other similar loans (detailed below) as the other term loan facility remains partially undrawn to date.

Other loans obtained by the Company

Further, the Company has obtained an additional term loan from Hatton National Bank PLC amounting to Sri Lankan Rupees One Hundred and Twenty Five Million Five Hundred and Forty Thousand (LKR 125,540,000) on 23rd September 2025 to part finance the refurbishment costs of the hotel. This loan remains partly undrawn as at date.

Objective 2 - Partial financing of the refurbishment, renovation and upgrade of Taj Samudra Hotel situated in Colombo

A sum of Sri Lankan Rupees Eight Hundred and Forty Million (LKR 840,000,000) will be allocated for the following refurbishments, renovations and upgrades of the Taj Samudra Hotel:

(i) 60 Guest rooms on the 5th floor
(ii) 60 Guest rooms on the 3rd floor
(iii) Renovation of Ports of Call – All day dining

The proposed refurbishment program covers the upgrading and modernization of identified facilities and infrastructure, with the aim of extending asset life, improving guest experience, enhancing operational performance, and aligning the property with the Taj brand and regulatory requirements

The Company has obtained all requisite regulatory approvals/ licenses to manage and operate Taj Samudra, Colombo as a tourist hotel and no further licenses/ approvals will be required in order to refurbish, renovate and upgrade the said property.

The remaining funds for the refurbishment, renovation and upgrade of Taj Samudra Hotel (if required) will be provided by the Company with its internal accruals. The total estimated cost of the refurbishment and renovation and the manner in which any additional funding (if required) provided by the Company for the purpose of this objective will be disclosed to the shareholders via a market announcement.

The Company further confirms that the funds allocated to this Objective 2 will not be lent to related parties in any manner.

Objective 3 - To settle payment to vendors / suppliers and overdue fees payable to operator, TAL Hotels and Resorts Limited

A breakdown of the manner in which a sum of Sri Lankan Rupees Six Hundred and Thirty Eight Million Four Hundred Thousand (LKR 638,400,000) allocated to settle payment to vendors/ suppliers including overdue fees payable to operator, will be utilized, is provided hereinbelow -

No.	Fees payable to vendors/ third party service providers	Estimated Amount
1.	Vendor payments	LKR 168,000,000
2.	Overdue Management Fee payable to TAL Hotels and Resorts Limited	LKR 470,400,000

The Company decided to prioritize settlement of overdue fees payable to a related party, i.e. TAL Hotels and Resorts Limited to ensure compliance with contractual obligations under the management agreement, considering the financial and accounting implications to the Hotel Operator (TAL Hotels and Resorts Limited) and to maintain continuity of critical management services and uphold transparency in related party transactions.

Other liabilities continue to be managed in line with their respective contractual terms and commercial priorities.

Objective 4 - General Corporate Purposes

Part of the Remaining Proceeds allocated to Objective 4 - General Corporate Purposes (including operational expenses, professional fees and to meet any shortfall in the proceeds allocated for the Objectives 1, 2 and 3 above), will be utilized to strengthen the Company's overall financial position and operational flexibility, ensuring adequate reserves to meet unforeseen corporate requirements, including working capital requirements, thereby supporting the Company's long-term stability and growth.

The latest working capital requirement of the Company, based on the latest audited financial statements of the Company for the year ended 31st March 2026 is LKR 1,045,794,388. The working capital requirement of the Company based on the latest unaudited interim financial statements of the Company for the period ended 30th June 2026 is LKR 1,144,868,279.

The remaining working capital requirements of the Company which cannot be met through the Remaining Proceeds allocated for this objective, will be funded through the Company's own funds.

The Company further undertakes to make timely disclosures to the Colombo Stock Exchange ("CSE") and the market, pertaining to the use of Remaining Proceeds allocated towards general corporate purposes, from time to time, within the timelines stipulated in Section 3.2 below.

3.2 Timelines for use of the Remaining Proceeds

The funds with respect to the objective as aforesaid would be utilized within a period of two (02) years from the allotment of shares under the Rights Issue. The estimated timelines by which the proceeds will be utilized in respect of each objective is set out hereunder -

Sr. No.	Objective	Estimated timeline[1] (from the allotment of shares)
1.	Part-repayment or pre-payment of certain loans obtained by the Company	2 months

[1] One month for the purposes of computing the estimated timelines would be thirty (30) days.

Sr. No.	Objective	Estimated timeline[1] (from the allotment of shares)
2.	Partial financing of the refurbishment, renovation and upgrade of Taj Samudra, Colombo	14 months and 06 days
3.	To settle-payment to vendors / suppliers and overdue fees payable to operator, TAL Hotels and Resorts Limited	02 months
4.	General corporate purposes including operational expenses, professional fees and to meet any shortfall in the proceeds allocated for the objectives stipulated in 1 to 3 above.	16 months and 05 days

There is no risk of the funds raised through the Rights Issue not being utilized for the objectives, within the timeframe mentioned above. However, in the event of any such unforeseen deviations in the timelines, the Company will make a market announcement pertaining to such a deviation.

Any proceeds that are not utilized immediately upon receipt will be invested during the interim period in Government Securities and or in Fixed Deposits in Licensed Commercial Banks and/ or Money Market Funds generating a minimum return equivalent to prevailing overnight REPO Rates.

3.3 Benefits to Shareholders of the Company

By allocating the Remaining Proceeds towards repayment of borrowings, the Company will strengthen its balance sheet and reduce interest costs. Investment in the refurbishment of Taj Samudra, Colombo is intended to drive increase in business and revenue, and reinforce the Company's brand in the tourism sector. Supporting working capital requirements ensures smooth operations, resilience against market fluctuations and the ability to capture growth opportunities.

Moreover, allocation of part of the Remaining Proceeds towards general corporate purposes provides strategic flexibility to pursue initiatives that maximize long-term value and improve the business of the Company. Collectively, these measures are designed to improve the balance sheet and profitability, strengthen the Company's market presence and ultimately enhance shareholder value.

3.4 Recommendation of Related Party Transactions Review Committee

As required by the Listing Rules of the CSE, the Related Party Transactions Review Committee has recommended to the Board the settlement of management fees payable by the Company to one of its major shareholders, TAL Hotels and Resorts Limited, as set out in section 3.1.

The Company further confirms that the Related Party Transactions Review Committee reviewed the terms and conditions under which the management services are provided by TAL Hotels and Resorts Limited to the Company, at arm's length.

The members of the Related Party Transactions Review Committee of the Company who evaluated the objectives are set out hereunder:

Name of the Member	Directorship Status	Membership Status
Mr. Nissanka Weerasekara	Non-Executive Independent Director	Chairman
Ms. Niloo Jayathilake	Non-Executive Independent Director	Member
Mr. Chandrasekaran Subramanian	Non - Executive Non Independent Director	Member

Further, following the resignation of Mr. Chandrasekaran Subramanian from the board of directors of the Company with effect from 05th August 2026, Mr. Nabakumar Shome, a non-executive non-independent director was appointed as a member of the Related Party Transaction Committee with effect from 05th August 2026. Accordingly, the Related Party Transactions Committee of the Company as at the date of this Circular comprises of the following members -

Name of the Member	Directorship Status	Membership Status
Mr. Nissanka Weerasekara	Non-Executive Independent Director	Chairman
Ms. Niloo Jayathilake	Non-Executive Independent Director	Member
Mr. Nabakumar Shome	Non - Executive Non Independent Director	Member

3.5 Specific Risks Associated with the Objective of the Issue

The Company does not foresee any deviations from/ risks associated with the identified objective or timeline associated with the Rights Issue. However, in the event of any such unforeseen deviations to the objective of the Rights Issue, the Company will make a market announcement pertaining to such a deviation, obtain shareholder approval in terms of the Listing Rules and required regulatory approvals (as applicable) for the new objectives.

3.6 Market Performance of Shares for the Three Months from July 2026

Month	Highest Price (Rs.)	Lowest Price (Rs.)	Closing Price (Rs.)	Trade Volume	Share Volume
July	34.70	30.00	30.00	237	22663
August	32.60	29.00	31.00	108	24880
September	32.00	27.10	28.10	155	25174

Market price of the Company's share as at the date of printing the Circular to Shareholders 07th of October 2026 is Sri Lankan Rupees Twenty Eight (LKR 28.00) (last traded price).

3.7 Top 20 Major Shareholders of the Company as at 30th June 2026

The list of 20 major shareholders of the Company as at 30 June 2026 is as follows:

	Name	No. of Shares	% of Holding
1	TAL HOTELS AND RESORTS LIMITED	107,497,886	62.55%
2	IHOCO BV	40,287,858	23.44%
3	EMPLOYEE'S PROVIDENT FUND	6,937,742	4.04%
4	MOUGIN INVESTMENT COMPANY LIMITED	2,070,000	1.20%
5	ASSOCIATED ELECTRICAL CORPORATION LTD	1,990,303	1.16%
6	SAMPATH BANK PLC/MR.ARUNASALAM SITHAMPALAM	1,304,038	0.76%
7	PEOPLE S LEASING AND FINANCE PLC/L.P.HAPANGAMA	1,286,436	0.75%
8	E.W. BALASURIYA & CO. (PVT) LTD ACC NO 01	901,658	0.52%
9	HALLSVILLE FRONTIER EQUITIES LTD.	343,029	0.20%
10	PEOPLE'S LEASING & FINANCE PLC/L.H.L.M.P.HARADASA	328,885	0.19%
11	ASHAN DE ZOYSA AND COMPANY PVT LIMITED	265,000	0.15%
12	Mr. KANTHIMATHINATHAN MUTHUVINAYAGAM	232,232	0.14%
13	PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	225,455	0.13%
14	COMMERCIAL BANK OF CEYLON PLC A/C NO. 04	212,390	0.12%
15	PEOPLE'S LEASING & FINANCE PLC / MR.W.P.C.M.NANAYAKKARA	160,000	0.09%
16	MR. NAWALAGE JOSEPH HIRAN MAHINDA COORAY	137,165	0.08%
17	MRS. BINANTHI SHAMANI RASANAYAGAM	122,000	0.07%
18	SENKADAGALA FINANCE PLC	114,432	0.07%
19	SEYLAN BANK PLC/GOLUHEWAGE BINDU RASITHA POOJITHA GUNAWARDANA	105,000	0.06%
20	MR PRIYANK GUPTA	92,600	0.05%
	Others	7,251,909	4.22%
	Total	**171,866,018**	**100.00%**

3.8 Public Shareholding

The percentage of Ordinary Voting Shares held by public shareholders as per the latest unaudited interim financial statements of the Company for the quarter ended 30th June 2026 is 14.01% and number of shareholders representing such public holding is 9,633. The public holding percentage pursuant to the issue of shares under the Rights Issue will be dependent on the subscription to shares by public shareholders and non-public shareholders under the Rights Issue.

The issue of shares under the Rights Issue will not result in the Company failing to satisfy the minimum public holding requirement for companies listed on the Diri Savi Board of the CSE, as stipulated in Rule 7.13 of the Listing Rules, even if the entirety of the shares under the Rights Issue are subscribed by non-public shareholders. Even if none of the minority shareholders participate in the Rights Issue and the non-public shareholders, namely TAL Hotels and Resorts Ltd. and IHOCO B.V., subscribe to all the unsubscribed shares, the Company would continue to maintain an approximate public shareholding of above 10%, which is in compliance with the applicable minimum public holding requirement in terms of the Listing Rules.

4. CONTINUOUS DISCLOSURES

The Company will disclose information regarding the status of utilization of funds raised *via* Rights Issue in its Interim Financial Statements and Annual Reports from the date of raising funds through the proposed Rights Issue until the objectives are achieved and funds are fully utilized.

Further, as required in terms of the CSE Circular No. 06/2026 dated 21st August 2026, the Company will submit a duly certified extract of a resolution passed by the board of directors of the Company, explicitly authorizing the statement that the funds raised through the Rights Issue has been fully utilized in accordance with the objectives stated in this Circular, at the point of submission of the Interim Financial Statements and/or the Annual Reports. In the event the original objectives have been revised, the authorisation issued by the board of directors in terms hereof will confirm compliance with the applicable procedures stipulated in the Listing Rules in respect of the change in the use of funds.

The disclosure will be made in the format set out in the Annexure of this Circular.

In the event the proceeds of the Rights Issue are fully utilized in terms of the objectives disclosed in the Circular to Shareholders prior to the submission of the Company's next financial statements (i.e. Interim Financial Statements or Annual Report), the Company will disclose the fact that the proceeds have been utilized in its entirety as per the template in the Annexure.

The continuous disclosures will include the following additional information (if applicable) -

If unutilized funds are given to related parties

Name of the related party	Relationship	Objectives of the disbursement (Detailed)	Date of approval of the Board

Investments made using unutilized funds

Details of Investment (Instruments/ Counterparty)	Amount Invested

5. DIVIDEND HISTORY

The Company has not paid dividends for the last 3 years.

6. CONTINGENCIES AND LITIGATION

There has been no change to contingent liabilities and litigation in comparison with the latest publicly made available unaudited interim financial statements (as at 30th June 2026).

7. FINANCIAL POSITION OF THE COMPANY

Shareholder attention is drawn to the audited financial statement of the Company for the year ended 31st March 2026 which is hosted on https://cdn.cse.lk/cmt/upload_report_file/604_1787907991893.pdf

Shareholder attention is also drawn to the latest unaudited interim financial statements for the period ended 30th June 2026 which is hosted on https://cdn.cse.lk/cmt/upload_report_file/604_1786702744374.pdf.

Serious Loss of Capital

The Company is currently facing a serious loss of capital situation as disclosed in the latest unaudited interim financial statements of the Company for the period ended 30th June 2026. This situation has been persisting since 31st March 2022. Recently in 2025, the board of directors of the Company took steps in terms of section 220 of the Companies Act, No. 07 of 2007 (as amended) and tabled a report prepared by the directors on the financial position of the company at an extraordinary general meeting of the Company held on 27th June 2025.

The proposed Rights Issue is further expected to contribute towards rectifying the serious loss of capital situation and ensure the long-term stability of the Company. The proceeds which will be applied towards the identified objectives is intended to strengthen the Company's financial position, in the following manner -

- Part-repayment of loans - Reducing outstanding debt obligations will lower finance costs, improve liquidity and directly strengthen the capital base.
- Hotel refurbishment and upgrade - Investment in Taj Samudra Hotel will enhance asset value, improve revenue-generating capacity and contribute to long-term profitability.
- Payment to vendors and TAL Hotels and Resorts Limited - Settling overdue payables to suppliers and TAL Hotels and Resorts Limited will streamline operations, restore business credibility and reduce current liabilities reflected in the financial statements.

Details of the impact of the Rights Issue on the financial position of the Company is provided in the table below -

Particulars	Prior to the Rights Issue (as per the unaudited Interim Financial Statements of the Company for period ended 30th June 2026)	Effect of the Rights Issue	Post Rights Issue
Stated Capital	2,717,744,425	1,871,429,980	4,589,174,405
Shareholders' Funds	-797,007,630	1,871,429,980	1,074,422,350
Shareholders' Funds as a % of Stated Capital	-29%	-	23%

8. STATEMENTS BY AUDITORS

The Audited Financial Statements of the Company for the year ended 31st March 2026 do not contain any adverse, disclaimer, qualified audit opinion, or an emphasis of matter on going concern.

9. DIRECT DEPOSIT TO CDS

In terms of the Directive issued by the Securities and Exchange Commission of Sri Lanka made under Circular No. 08/2010 dated 22 November 2010 and Circular No. 13/2010 issued by the CDS dated 30 November 2010, all new securities arising from the proposed Rights Issue would be directly deposited to the respective Shareholders' CDS Account within ten (10) Market Days from the last date of acceptance and payment, and the relevant Shareholders will be notified of such direct deposit within two (2) Market Days of the direct deposit. **No share certificates shall be issued to any Shareholder.** Therefore, all Shareholders are requested to fill in correctly their respective CDS Account number to avoid any delay in the shares being uploaded to the CDS. In the event of the non-availability of the CDS Account Number or the account number provided is incorrect the new shares to be allotted shall only be registered in the share ledger maintained by the Company and no share certificates will be issued for such shares. Therefore, such shareholders will **not be able to trade** on the new securities, until such time these shares are deposited in the CDS. Such shareholders will have to subsequently inform Business Intelligence (Private) Limited, the Registrars to the Issue, of their CDS Account numbers in writing and request them to deposit their shares into the said accounts. Please note that such requests will be processed only on a weekly basis.

You may open a CDS Account through any Trading Participant of the CSE or through any Custodian Bank.

10. UNDERWRITING AGREEMENT

The Company has not entered into any underwriting agreements in relation to the Rights Issue. However, the major shareholders of the Company, namely, TAL Hotels and Resorts Ltd and

IHOCO B.V., who collectively hold 85.99% and individually 62.55% and 23.44% respectively, of the issued shares in the Company, have decided to subscribe to their respective Rights Shares provisionally allotted.

Any Rights Shares remaining unsubscribed after the allocation of additional Rights Shares in full satisfaction of applications therefore will be subscribed to by one or both of the major shareholders.

The Company requires full subscription of the Rights Issue in order to meet the objectives. As stipulated above, either one or both of the major shareholders will take requisite steps to ensure that the Rights Issue is fully subscribed, i.e. by subscribing to the Rights Shares remaining unsubscribed after the allocation of additional Rights Shares.

11. APPROVAL FROM OTHER REGULATORS

There is no specific requirement to obtain the approval of any regulator other than the CSE for this Rights Issue.

12. DECLARATIONS IN RESPECT OF THE RIGHTS ISSUE

The approval in principle has been obtained from the CSE via letter dated 29th September 2026 to issue and list the new Ordinary Voting Shares to be issued under the Rights Issue.

The listing of the securities by the CSE will in no way be reflective of the merits of the issue. The CSE assumes no responsibility for the correctness of any of the statements made, statement omitted, undisclosed information, opinions expressed or reports included.

Trading of the "Rights" shall commence on the Fourth (04th) Market Day from and excluding the date of dispatch of the Provisional Letters of Allotment (i.e. 13th November 2026) and trading shall continue throughout the period of Renunciation to the CDS. **The Rights can be renounced to the CDS only.**

13. APPLICATIONS FOR THE RIGHTS ISSUE

The Company will upload the templates of the Provisional Letter of Allotment (for both CDS and ledger shareholders as applicable) to the websites of the CSE, www.cse.lk for the purpose of facilitating such shareholders to apply for the Rights Issue.

Shareholders (Both CDS and ledger) who wish to subscribe for the Rights Issue or trade their rights are strictly advised to follow the procedure given in the Instructions and Guideline section in the Provisional Letter of Allotment templates.

Cheques received in respect of the rights may be banked on receipt and cheques in respect of applications for additional rights will be banked only after the last date of acceptance and payment.

Refunds in respect of rejected/partly rejected applications for shares will be dispatched to the shareholders as expeditiously as possible but not exceeding ten (10) Market Days from the last date of acceptance and payment. Applicants will be entitled to interest (as defined in the Listing

Rules of the CSE) on refunds not made within this period. If the applicant has provided accurate and complete details of his/her bank account in the application, the Company will make such refund payments to the Bank Payment System (SLIPS) and payment advise will be issued to the applicant. If the applicant has not provided details of his bank account in the application, the Company will make such refund payment to the applicant by way of a cheque.

14. COMPLIANCE WITH THE LAW

(i) Compliance with the provisions of the Listing Rules

The Company has taken all necessary steps to comply with all relevant provisions of Section 5.2 of the Listing Rules in relation to the Rights Issue, including obtaining the approval, in principle from the CSE for the issue and listing of the shares to be issued under the Rights Issue.

In terms of the Listing Rules, the issue of shares under a Rights Issue requires the approval of the shareholders of the Company by ordinary resolution.

(ii) Compliance with the Companies Act No 7 of 2007 (the "Companies Act")

In terms of section 52 of the Companies Act, the Board of Directors has decided that the consideration for which shares under the Rights Issue will be issued will be Sri Lankan Rupees Twenty Eight (LKR 28) per share and has opined that the aforesaid consideration of Sri Lankan Rupees Twenty Eight (LKR 28) is fair and reasonable to the Company and to all existing shareholders of the Company.

The issue of shares under the Rights Issue or the utilization of the proceeds of the Rights Issue for the objectives referred to in section 3 is not a major transaction of the Company within the meaning of section 185 of the Companies Act.

(iii) Compliance with Articles of Association

The Company has taken all necessary steps to comply with all relevant provisions of articles of association of the Company.

15. DECLARATION BY THE DIRECTORS

The Directors of the Company, collectively and individually accept full responsibility for the accuracy and completeness of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief that there are no other facts, the omission of which would render any statement in the Circular misleading.

16. EXTRAORDINARY GENERAL MEETING

An Extraordinary General Meeting of the shareholders of the Company will be convened in terms of the attached Notice, for the purposes of the shareholders considering and if thought fit, approving the Rights Issue by ordinary resolution.

If you are unable to be present at the Extraordinary General Meeting to be held on 29th of October 2026, you are kindly requested to complete and return the Form of Proxy to reach the

Registered Office of the Company at No. 25, Galle Face Centre Road, Colombo 03, not less than 24 hours before the time appointed for the Meeting.

Yours faithfully,
By Order of the Board



Corporate Services (Private) Limited
Secretary
TAL LANKA HOTELS PLC
Dated:07th October 2026

Annexure

Rights Issue Proceeds Utilization as at dd-mm-yyyy

Objective No. (Include sub objectives also)	Objective/s as per Circular	Amount allocated as per Circular in LKR	Proposed date of utilization as per Circular	Amount allocated upon receipt of funds LKR (A)	As a % of total proceeds	Amount utilized in the Objective in LKR (B)	% of utilized against allocation (B/A)	Clarification if not fully utilized (i.e. whether the funds are deposited in a bank account/ lent to related parties/ any other investment etc.)	Objective deviation from the Circular (Yes/No)	Objective deviation informed to the market as per Appendix 8A	Details of deviation	Board approval date for the deviation in objective/ confirmation of full utilization of funds by the board (Board resolution extract to be submitted)
1	Part-repayment or pre-payment of certain loans obtained by the Company	LKR 369,600,000	Within two (02) months from allotment of shares									
2	Partial financing the refurbishment, renovation and upgrade of Taj Samudra situated in Colombo	LKR 840,000,000	Within fourteen (14) months and six (06) days from allotment of shares									
3	To settle-payment to vendors / suppliers and overdue fees payable to operator, TAL Hotels and Resorts Limited	LKR 638,400,000	Within two (02) months from the allotment of shares									

4	General corporate purposes including operational expenses, professional fees and to meet any shortfall in the proceeds allocated for the objectives stipulated in 1 to 3 above	LKR 22, 429, 980	Within sixteen (16) months and five (05) days from the allotment of shares									