P W Corporate Secretarial (Pvt) Ltd
(Company Registration No. PV 65966)

July 21, 2025

Ms. Nilupa Perera
Chief Regulatory Officer
Colombo Stock Exchange
#04-01, West Block
World Trade Centre
Colombo 01

Dear Madam

Lanka Realty Investments PLC – Corporate Disclosure

Further to the Corporate Disclosures made on May 15, 2025 and July 21, 2025, Lanka Realty Investments PLC (the Company) wishes to make the following further disclosure on the Company's Strategic Divestment and Capital Infusion to Strengthen Balance Sheet and Drive Future Growth.

> **"LANKA REALTY INVESTMENTS PLC ADVANCES STRATEGIC DIVESTMENT AND CAPITAL INFUSION TO STRENGTHEN BALANCE SHEET AND DRIVE FUTURE GROWTH**
>
> Lanka Realty Investments PLC (LRI) has taken two major steps in its strategic repositioning and financial strengthening journey:
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> - The **divestment of Baseline Holdings (Private) Limited** for LKR 1.1 billion on July 18, 2025; and
> - A **capital infusion of approximately LKR 1.21 billion into HQ Colombo**, as formally disclosed to the Colombo Stock Exchange on May 15, 2025.
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> These transactions reflect LRI's clear focus on unlocking shareholder value, reducing debt, and positioning the Company for long-term, sustainable growth. Together, they are expected to reduce total borrowings by approximately **LKR 1.7 billion**, representing a **35% reduction in overall debt**, and enhance LRI's ability to negotiate favourable terms on accrued interest stemming from COVID-era moratoriums.
>
> **Repositioned for Post-Crisis Growth**
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> Following a period of prudent financial management during the economic downturn, LRI has emerged stable and strategically focused. With the worst of the crisis behind it, the Company is now turning toward growth—supported by a strengthened balance sheet, reduced interest costs, and a disciplined investment outlook.

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Unlocking Capital Through Targeted Asset Sales

The **divestment of Baseline Holdings** generated LKR 500 million in immediate cash proceeds and included residential units in a future development, secured at highly discounted rates of approximately **LKR 30,000 per square foot**—more than **50% below market value**. These units are expected to deliver strong upside upon sale or lease, contributing to future profitability.

Several additional **non-core divestments are expected to be completed within FY26**, releasing further capital to be redeployed into high-yielding, income-generating assets.

Unlocking Portfolio Value via Strategic Partnership

As disclosed to the market on May 15, 2025, LRI has also secured a **LKR 1.21 billion equity infusion** into its subsidiary, **Lanka Realty Developments (Pvt) Ltd**, from **Eighth Wonder**, a Mauritius-based investor. This transaction results in a 51:49 ownership split between LRI and Eighth Wonder and affirms continued investor confidence in **HQ Colombo**—a flagship Grade A commercial asset with full occupancy.

A portion of the capital raised was utilized to settle over **LKR 1 billion in outstanding debt**, significantly easing the Company's interest burden. The remaining funds will be directed toward **upgrading HQ Colombo**, further enhancing its tenant offering and supporting **future growth in rental income**.

Capitalizing on Market Tailwinds

With improving macroeconomic conditions and a resurgence in demand for high-quality office space, **Grade A buildings are commanding rising rental rates**. LRI intends to capture this momentum by optimizing returns from its core assets, particularly **HQ Colombo** and **Unity Plaza**, and by maintaining high occupancy and efficient cost structures.

These efforts are expected to result in **improved profitability in the 2H FY26**, supported by both revenue growth and reduced finance costs.

Proven Track Record of Value Creation

LRI's strategy of acquiring, upgrading, and actively managing high-potential real estate assets has already delivered strong results:

- **HQ Colombo**: Transformed from a dated government office building into a modern, premium office tower with **100% occupancy**, now valued at **LKR 3.5 billion** and earning **LKR 248 million** annually. Achieved an **IRR of 21.28%**.

- **Unity Plaza**: Repositioned as Sri Lanka's leading IT retail and commercial hub, with rental income growing from **LKR 182 million to LKR 434 million**, and a current valuation of **LKR 4.8 billion**. Delivered an **IRR of 24%**.

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Growth in Leisure and Hospitality

LRI continues to build on the strength of its **W15 brand**, with encouraging performance across its operational assets. Construction is progressing at both **W15 Yala** and **W15 Ambalangoda**, while the Company is also exploring **management contracts** as a capital-light expansion model in the leisure sector.

Outlook: Financial Flexibility to Seize Opportunities

With reduced leverage, fresh capital, and a refocused asset portfolio, LRI is well-positioned to pursue new growth avenues. These include acquiring distressed or part-complete buildings with turnaround potential, divesting remaining non-core land parcels, and investing in commercial properties that align with its income-focused strategy.

About Lanka Realty Investments PLC

Lanka Realty Investments PLC is a diversified holding company listed on the Colombo Stock Exchange, with interests in real estate, hospitality, construction materials, and land development. The Company is focused on creating long-term value through the acquisition, development, and management of premium commercial and leisure assets."

Yours faithfully
FOR AND ON BEHALF OF
LANKA REALTY INVESTMENTS PLC
P W CORPORATE SECRETARIAL (PVT) LTD

Anusha Wijesekara
Director / Secretaries

AW/tfp