24th January 2025

Uploaded via the web portal

The Colombo Stock Exchange
#4-1, West Block,
World Trade Centre,
Echelon Square,
Colombo 01.

Attn: Mr.Renuke Wijeyawardhane
Chief Regulatory Officer

TAL LANKA HOTELS PLC - ISSUE OF SHARES BY WAY OF A PRIVATE PLACEMENT

We write to make an announcement in terms of rule 5.4(e) of the Listing Rules of the Colombo Stock Exchange, with reference to the above.

TAL Lanka Hotels PLC (the "**Company**") has obtained loans from its major shareholders, TAL Hotels and Resorts Limited and IHOCO BV (hereinafter collectively referred to as the "**Major Shareholders**") totaling to an amount of United States Dollars Four Million Four Hundred and Sixty Nine Thousand Nine Hundred and Sixty Two (USD 4,469,962) which is equivalent to LKR One Billion Three Hundred and Twenty One Million Three Hundred and Sixty Nine Thousand Four Hundred and Ninety (LKR 1,321,369,490)

The outstanding capital due and payable in respect of the loans granted by each Major Shareholder is as follows: -

Particulars	Loan (USD)
TAL Hotels and Resorts Limited	3,649,962
IHOCO BV	820,000
	4,469,962

In order to strengthen the financial position of the Company, it is proposed that the Company capitalize the loans due and payable to the Major Shareholders by converting such loans amounting to an aggregate of USD 4,469,962 (equivalent to LKR 1,321,369,490) into equity by issuing ordinary voting shares in the Company to the Major Shareholders.

With a view to repaying all payables due to the Major Shareholders, the board of directors of the Company (the "**Board**") has decided to capitalize the entirety of the sum due and payable by the Company to the Major Shareholders amounting to an aggregate of Sri Lankan Rupees One Billion Three Hundred and Twenty One Million Three Hundred and Sixty Nine Thousand Four Hundred and Ninety (LKR 1,321,369,490) by issuing a total of Thirty Two Million Two Hundred and Twenty Eight Thousand Five Hundred and Twenty Four (32,228,524) ordinary voting shares of the Company by way of a private placement (the "**Private Placement Shares**") to the Major Shareholders of the Company in the following manner at a consideration of Sri Lankan Rupees Forty One (LKR 41 /-) per Private Placement Share:

Major Shareholder	Number of shares	Details of loans and outstanding dues in LKR
TAL Hotels and Resorts Limited	26,316,306	1,078,968,552
IHOCO BV	5,912,218	242,400,938
Total	**32,228,524**	**1,321,369,490**

The Board has also resolved that the aforesaid consideration of Sri Lankan Rupees Forty-One (LKR 41) at which each Private Placement Share is to be issued is fair and reasonable to the Company and all existing shareholders of the Company.

The Private Placement Shares will rank *pari passu* in all respects with the existing ordinary voting shares of the Company with a right to (i) one vote on a poll at a meeting of the Company on any resolution, (ii) an equal share in dividends paid by the Company and (iii) an equal share in the distribution of the surplus assets of the Company on liquidation.

The current stated capital of the Company at the date of this announcement is Sri Lankan Rupees One Billion Three Hundred and Ninety-Six Million Three Hundred and Seventy-Four Thousand Nine Hundred and Forty-One (LKR 1,396, 374, 941).

The public holding percentage of the Company at the date of this announcement is 17.24%.

The issue of shares by way of a Private Placement is subject to the fulfillment of certain conditions, including the Colombo Stock Exchange approving in principle the issue and listing of the Private Placement Shares and obtaining shareholders of the Company at a General Meeting.

Yours faithfully,

Chief Executive Officer
CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries
TAL LANKA HOTELS PLC