

# BROWNS BEACH HOTELS PLC (PQ 202)

## CIRCULAR TO THE SHAREHOLDERS

Dear Shareholders,

### DELISTING OF THE SHARES OF BROWN BEACH HOTELS PLC FROM THE OFFICIAL LIST OF THE COLOMBO STOCK EXCHANGE

#### **1. Background**

The Board of Directors of Browns Beach Hotels PLC (the “**Company**”) has resolved on 19<sup>th</sup> January 2026 to delist the shares of the Company from the official list of the Colombo Stock Exchange (“**CSE**”) subject to obtaining the requisite shareholder and regulatory approvals therefor (“**Proposed Delisting**”).

As stated in the announcement made by the Company to the CSE dated 19<sup>th</sup> January 2026 on the Proposed Delisting, the Board of Directors of the Company (the “**Board**”) has made arrangements with Melstacorp PLC and Aitken Spence Hotel Holdings PLC the majority shareholders of the Company, for the purchase of shares from the minority shareholders of the Company who may wish to divest their shares, at an exit offer price which the Board considers as a fair and reasonable price for the shares of the Company.

The details of the Proposed Delisting are more fully described in the subsequent sections of this Circular.

#### **2. Rationale for the Proposed Delisting**

The Board made the decision on the Proposed Delisting having taken into consideration the present financial position of the Company and the assessment made by the management with regard to prospects for future profitability of the Company in view of the forecasts relating to the Tourism industry and the current debt position of the Company and its subsidiaries (the “**Business**”). The Business have been experiencing sustained losses over a period of time due to challenges faced by the industry since 2019 (Easter Sunday attacks, Covid 19 pandemic and the economic crisis) and the revenue earned by the Business in the last two years have not been adequate to offset such losses.

As you know, the shares of the Company were transferred to the Watch List on 01<sup>st</sup> August 2024 pursuant to the requirements of Rule 7.5 (d) (ii) (A) 4 of the Listing Rules of the CSE (the “**Listing Rules**”) due to an Emphasis of Matter on “Going Concern” in the Auditors’ Report for the financial year ended 31<sup>st</sup> March 2024. In terms of the Listing Rules, in the event the matters giving rise to the Emphasis of Matter on “Going Concern” is not resolved within a period of fifteen (15) months from the date of transferring the securities of the Company to the Watch List, the trading of securities of the Company were to be suspended at the expiry of such fifteen (15) month period (suspension was accordingly to take effect on 1<sup>st</sup> November 2025). As mentioned in the market announcement made by the Company dated 3<sup>rd</sup> September 2025, pursuant to an application made by the Company, the Securities and Exchange Commission of Sri Lanka (the “**SEC**”) granted a deferment of the trading suspension until 31<sup>st</sup> August 2026. If the matters giving rise to the Emphasis of Matter on “Going Concern” are not resolved on or before 31<sup>st</sup> August 2026, the Company faces a suspension of trading. In the event the trading suspension continues for a period in excess of twelve (12) months the securities of the Company will be delisted by the Board of Directors of the CSE in terms of Rule 14 of the Listing Rules.

The Board, having critically evaluated current trends and market factors with regard to the Tourism industry, is of the opinion that the projected revenue from the Business for the next few years will be inadequate to resolve the Emphasis of Matter on “Going Concern” within the prescribed time period. There is an absence of indications pointing towards any improvement in the Company’s net asset position, which is currently negative and in light of the same, the Company is also not expected to be able to declare dividends to its shareholders for a long period of time.

Further, the Company is not in compliance with the minimum public holding requirements stipulated in Rule 7.13.(i)(a) of the Listing Rules and the securities of the Company are therefore on the Second Board. Although the Board has evaluated various options to rectify the non-compliance, it is the view of the Board that the implementation of any of such rectification actions is not viable in the current economic climate.

In the above circumstances, it is the view of the Board that the Company should seek a delisting of its shares from the Official List of the CSE and the minority shareholders of the Company should be given the opportunity to exit from their investment in the Company, if they wish to do, as the Company will, pursuant to the Proposed Delisting, be no longer be listed on the CSE.

In order to facilitate the Proposed Delisting, Melstacorp PLC and Aitken Spence Hotel Holdings PLC being the majority shareholder of the Company, have indicated their willingness to acquire the shares of the minority shareholders of the Company who may wish to divest their shares at the exit offer price defined in Section 4 of this Circular through an exit offer to be made to the shareholders of the Company as morefully described in Section 4 of this Circular (“**Exit Offer**”).

### **3. Compliance with the Regulations**

The Proposed Delisting is carried out in accordance with the Rule 14 of the Listing Rules (“**Delisting Rules**”).

The CSE has suspended trading of the shares of the Company from the date of the initial announcement made in terms of Rule 14.1.3 (i) of the Delisting Rules (i.e. 19<sup>th</sup> January 2026). In terms of the Delisting Rules, the Company will, subsequent to obtaining the requisite approvals from its shareholders at an Extraordinary General Meeting submit certified extracts of (i) the special resolution of the shareholders of the Company approving the Proposed Delisting and (ii) the special resolution of the public shareholders of the Company within the meaning of the Listing Rules for the Exit Offer Price (as hereinafter defined), in terms of Rule 14.1.1 of the Delisting Rules and a confirmation by the company secretary of the Company, endorsed by all directors of the Company that the special resolutions were duly passed in accordance with the Delisting Rules.

Any shareholder aggrieved by the manner in which the special resolutions are obtained may appeal against such resolutions to the Securities and Exchange Commission of Sri Lanka within Twenty-One (21) days from the date of adoption of such special resolution.

### **4. Terms of the Exit Offer**

Subject to obtaining the requisite approvals from the shareholders of the Company for the Proposed Delisting as mentioned in Section 3 above, the Board has made arrangements with Melstacorp PLC and Aitken Spence Hotel Holdings PLC (“**Major Shareholders**”) which have indicated to the Company their willingness to purchase shares in the Company of any minority shareholder who wishes to sell the entirety or part of the shares held by such shareholder in the Company at the exit offer price of Sri Lanka Rupees Thirty (LKR 30) per share (the “**Exit Offer Price**”).

The total shares that the minority shareholders wish to sell under the exit offer will be purchased by the Major Shareholders in proportion to their respective shareholding

percentages *vis a vis* each other, so that the Major Shareholders will maintain their respective shareholding percentages in the Company vis-à-vis each other post de-listing and the Company will facilitate the purchase of shares in such proportions by organizing the transfer documents and allocations accordingly.

The Exit Offer Price will be applicable equally to all shares in respect of which the Exit Offer is made. The Exit Offer Price has been determined in accordance with Rule 14.1.1(ii) of the Delisting Rules, pursuant to an independent valuation obtained by the Company from BDO Partners, a firm of chartered accountants. The relevant experience of BDO Partners and the qualifications and experience of the relevant individuals who were involved in the valuation are set forth in the Annexure hereto. You may access the Valuation Report of the Independent Auditors and a copy of the Board Resolution by scanning the QR Code on page 05 below or by visiting [www.aitkenspencehotels.com/about-us/investor-relations](http://www.aitkenspencehotels.com/about-us/investor-relations).

The Exit Offer is not subject to any conditions. The Exit Offer will be made in terms of an Offer Document that the Company will issue to the minority shareholders within three (3) Market Days from the Record Date. The details with regard to the offer period, the procedure for acceptance (including the instructions to the shareholders who are willing to accept the Exit Offer, the procedure applicable for ledger and CDS account holding shareholders and the process to be followed in respect of ledger and CDS account holders) and the payment modalities will be set out in such Offer Document.

The minority shareholders will not be obliged to accept the Exit Offer and the minority shareholders will have the option to accept the Exit Offer in full or part in respect of the respective shares held by them in the Company. The shareholders who wish to retain their shares in the Company are entitled to do so. In case of partial acceptance by a shareholder, such shareholder will continue to hold the shares of the Company that are not transferred to the Major Shareholders under the Exit Offer, post delisting. Any shareholder who continues to hold shares post delisting, would in effect be holding shares of an entity that is not listed on the CSE and will accordingly not be able to publicly trade in the shares of the Company post delisting. They will also not have access to quarterly financial reports in the same manner as shareholders of listed companies. Such shareholders will be provided with share certificates in scrip form following the delisting of the Company's shares from the Official List of the CSE and any correspondence with such shareholders (including the circulation of the Company's annual report) will be by registered post as provided for in terms of Article 145 of the Company's articles of association.

## 5. **The Exit Offer Price**

In accordance with Rule 14.1.1(ii) of the Delisting Rules, the Exit Offer Price constitutes a premium to the value of the shares of the Company computed based on the valuation methodologies set out in Rule 14.1.1(ii) of the Listing Rules. The following table sets out the share values computed based on the valuation methodologies set out in the Delisting Rules:

| <b>Methodology</b>  | <b>Value per share (LKR)</b> |
|---|------------------------------|
| Intrinsic valuation computed based on Discounted Cash Flow  | (19.31)                      |
| Peer Valuation - Relative valuation computed based on Enterprise Value (EV) to Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) Ratio | 20.89                        |
| Volume Weighted Average Price (VWAP) of the shares over the immediately preceding one year  | 18.58                        |

Accordingly, the Exit Offer Price of Sri Lanka Rupees Thirty (LKR 30) per share is a significant premium to the value of the shares of the Company computed based on the methodologies referred to in the Delisting Rules.

The Exit Offer Price is in the view of the Board an attractive and fair price for the shares of the Company, as it represents a premium over the value of the shares of the Company computed based on the recommended valuation methodologies in terms of the Delisting Rules.

## **6. Corporate Status Post Proposed Delisting**

Upon the delisting of the shares of the Company from the Official List of the CSE, the Company is deemed to have resolved to change its status from a public listed company to a public company accordingly.

The name of the Company will change from “Browns Beach Hotels PLC” to “Browns Beach Hotels Limited” in accordance with the provisions of the Companies Act No. 07 of 2007.

The existing Articles of Association will be duly amended to reflect the change of status referred to above.

## **7. Extraordinary General Meeting**

The approval of the shareholders of the Company for the Proposed Delisting will be taken up at the Extraordinary General Meeting of the shareholders of the Company to be held on **10<sup>th</sup> April 2026** at **2.30 p.m.** as per the Notice of the Extraordinary General Meeting enclosed herewith (“EGM”).

The requisite special resolutions to approve the Proposed Delisting and the Exit Offer Price are set out in the said Notice of the Meeting.

The Record Date will be **29<sup>th</sup> April 2026** being the eleventh (11<sup>th</sup>) market day from the date of the EGM, excluding the date of the EGM for the purpose of calculation.

If you are unable to be present at the EGM, you are entitled to appoint a Proxy to attend the EGM and vote on your behalf. Please complete and return the attached Form of Proxy to the Company Secretaries via e-mail to [nelum@aitkenspence.lk](mailto:nelum@aitkenspence.lk) or facsimile on +94 11 2445406 or by post to the registered address of the Company at No. 315, Vauxhall Street, Colombo 2 not later than 48 hours prior to the time appointed for the holding of the EGM.

## **8. Proposed Steps post EGM**

If the Company obtains the requisite approval from the shareholders at the EGM in terms of Rule 14.1.1 of the Delisting Rules, the CSE will permit the trading of shares of the Company for a limited period of seven (07) Market Days from the second (02<sup>nd</sup>) Market Day from the date of the EGM. Trading in the shares of the Company will be suspended by the CSE upon the conclusion of the seven (07) Market Day period, pending the delisting of shares from the Official List of the CSE. However, if the resolutions set out in Rule 14.1.1 are defeated/not adopted by the shareholders, the trading in the shares of the Company will be permitted by the CSE from the second (02<sup>nd</sup>) Market Day following the date of the EGM.

Upon the completion of the purchase of the shares of the shareholders who wish to sell their shares, the Company will submit a declaration to the CSE in terms of Rule 14.1.3 (viii) of the Delisting Rules. Subsequently, once the CSE is satisfied that the Company has complied with the requirements set out in Rule 14.1.3 of the Delisting Rules, the CSE shall inform the SEC, and obtain its approval for the delisting of the shares of the Company.

Upon the delisting of shares of the Company being approved by the SEC, the CSE will delist the shares of the Company from the Official List of the CSE and advise the Company accordingly. The CSE will simultaneously publish a notice of such delisting on the website of the CSE.

By order of the Board

**BROWNS BEACH HOTEL PLC**



**Aitken Spence Corporate Services (Private) Limited**  
**Secretaries**

17<sup>th</sup> March 2026



## 1. Name of the firm of Auditors:

BDO Partners

## 2. Relevant Experience:

BDO Partners is an independent professional service network with global capabilities and distinctive local strengths and understanding. Operating since 1958, BDO Partners provides Accounting, Tax and Advisory services to clients with a highly qualified staff of more than 300 led by 8 Partners. BDO Partners possess the resources with the necessary skills and competencies to perform an independent evaluation of a company and make an appropriate fair value recommendation to the Board of Directors.

## 3. Qualifications and Relevant Experience of the Personnel Involved in the Valuation:

| Name                  | Designation       | Background & Experience  | Qualifications  |
|-----------------------|-------------------|--|---|
| Sujeewa Rajapakse     | Managing Partner  | He is a Past President of the Institute of Chartered Accountants of Sri Lanka and the International Liaison Partner of BDO Partners. He has held key regulatory positions, including roles with the Central Bank, SEC, and the Sri Lanka Accounting and Auditing Standards Monitoring Board. He has also gained significant international exposure through IFAC, CAPA, and SAFA in various leadership and advisory capacities. | <ul style="list-style-type: none"> <li>• FCA</li> <li>• FCMA</li> <li>• MBA (Sri J)</li> <li>• ACCA</li> </ul>                              |
| Nishan Fernando       | Managing Director | He is a highly experienced accounting professional who has held several international and national leadership positions, including Vice Chair of the Asia-Oceanian Standards Setters Group, Past President of the Institute of Chartered Accountants of Sri Lanka, and former Commission Member of the Securities & Exchange Commission of Sri Lanka.  | <ul style="list-style-type: none"> <li>• FCA</li> <li>• FCMA</li> <li>• MBA (Sri J)</li> </ul>  |
| Tharushika Muthumalki | Manager           | She has a diverse professional background spanning finance, investments, manufacturing, and leisure, with extensive experience in business valuations, restructures, and feasibility studies. At BDO, she has managed a broad client portfolio and served as engagement manager for numerous assignments across multiple sectors.  | <ul style="list-style-type: none"> <li>• ACA</li> <li>• FAAT</li> <li>• BBA (Colombo)</li> <li>• MSc (Colombo)</li> </ul>                   |
| Abdullah Firaz        | Assistant Manager | He is an ACCA Affiliate with a BSc (Hons) in Applied Accounting from Oxford Brookes University and certification in FinTech, bringing a strong blend of technical and analytical expertise to corporate finance engagements. He has delivered advisory services across diverse industries, specialising in business restructures, IFRS advisory, and feasibility studies.  | <ul style="list-style-type: none"> <li>• ACCA</li> <li>• BSc (UK)</li> <li>• Adv. Dip. (ACCA)</li> <li>• Cert. in FinTech (ACCA)</li> </ul> |
| Hasini Hewabattage    | Executive         | She has experience across banking, retail, and manufacturing sectors, contributing to business valuations, financial modelling, IFRS advisory, and transaction structuring for both listed and private entities. She holds a BSc in Applied Accounting from the School of Accounting and Business of CASL and is currently a Strategic Level finalist of the CASL programme.   | <ul style="list-style-type: none"> <li>• BSc (Hons) CASL</li> <li>• CA Strategic Level (Reading)</li> </ul>                                 |