

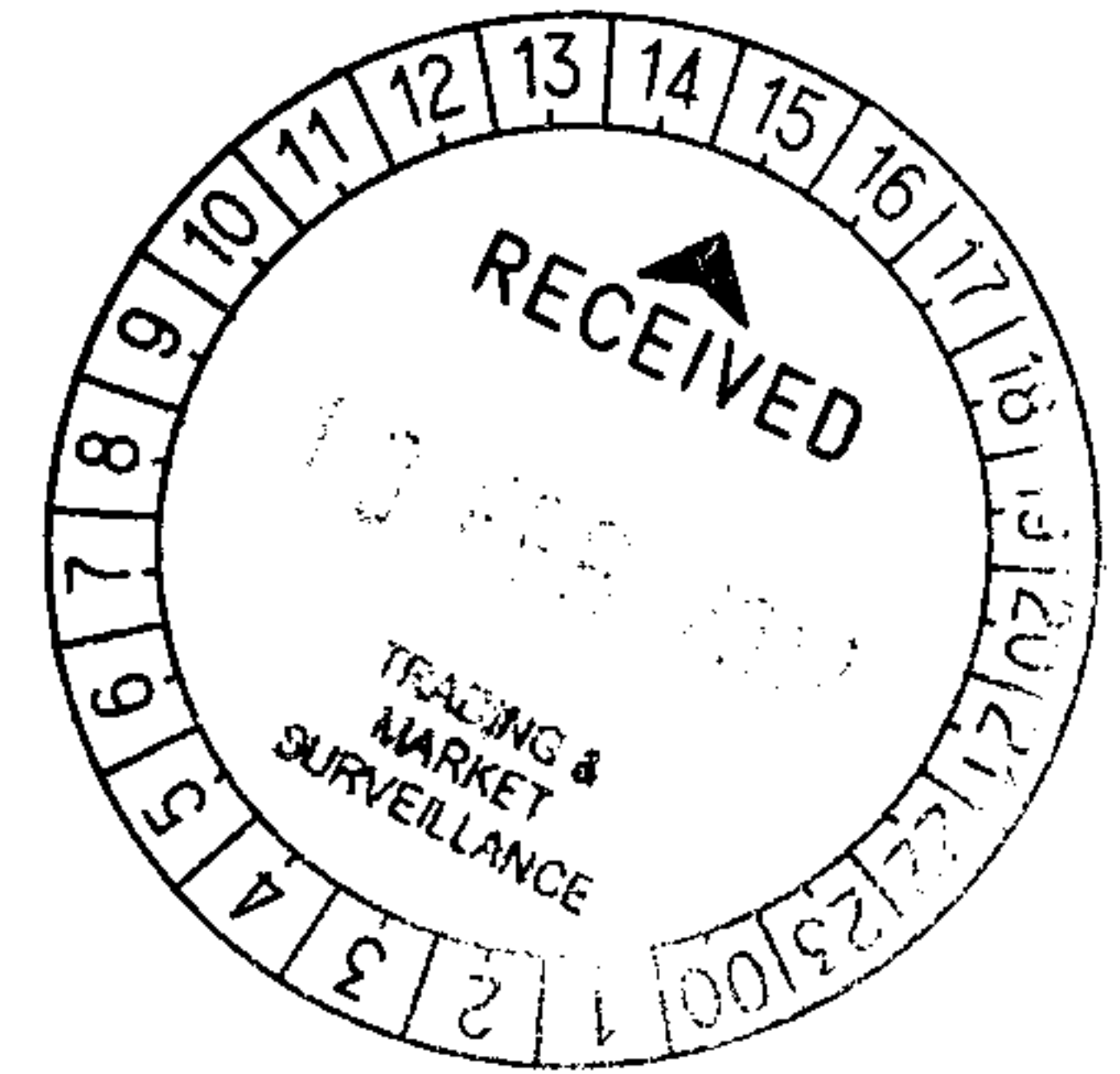


**CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED**  
**No. of Company PV 315**

13<sup>th</sup> February 2012

Ref No. PEG/CSE/2012/01

Mr. Renuke Wijayawardhane  
 Assistant General Manager-Regulatory Affairs  
 Colombo Stock Exchange  
 Level 4, 4-1, West Tower  
 World Trade Centre  
 Echelon Square  
 Colombo 1



Dear Sir,

**PEGASUS HOTELS OF CEYLON PLC**  
**RIGHTS ISSUE OF ORDINARY SHARES**

The Board of Directors of Pegasus Hotels of Ceylon PLC have resolved to recommend a Rights Issue of Ordinary Shares to the Shareholders of the company.

Subject to the approval of the members at an Extraordinary General Meeting, it is proposed to issue 3,039,153 Ordinary Shares at a proportion of One (01) new Ordinary Share for every Nine (09) Ordinary Shares held, at a consideration of Rs. 36.50 per share.


The current Stated Capital of the Company is Rs. Rs. 398,888,936/- comprising 27,352,385 ordinary shares.

The primary reason for the Rights Issue is to raise funds to settle the borrowings made to acquire 685,469 shares (99.98%) of Equity Hotels Limited.

The Rights Issue is subject to the Colombo Stock Exchange approving in principle the issue and listing of shares and obtaining shareholder approval at a General Meeting.

The formal application in the manner set out in the Listing Rules of the Colombo Stock Exchange will be submitted within the stipulated time period.

Yours faithfully,  
 For and on behalf of,  
**PEGASUS HOTELS OF CEYLON PLC**  
 Carsons Management Services (Private) Limited

  
 Director  
 Secretaries

VW/H  


*12/4/11  
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 13/2/12*