

SriLankan Airlines Limited

*(incorporated in the Democratic Socialist Republic of Sri Lanka with limited liability under registration number PB67)*

("the Company")

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**UPDATE**

**RELATING TO THE U.S.\$175,000,000 7.00% GUARANTEED BONDS DUE 2024 UNCONDITIONALLY  
AND IRREVOCABLY GUARANTEED BY THE GOVERNEMENT OF THE DEMOCRATIC SOCIALIST  
REPUBLIC OF SRI LANKA ("the 2024 Bonds")**

**ISIN: XS2010609662**

The board of directors of the Company ("the Board") makes reference to the trust deed dated 25 June 2019 in relation to the 2024 Bonds (the "Trust Deed") and the coupon payment due on 25 June 2022 and the 30 day grace period which applies in respect of any non-payment default in accordance with the terms and conditions of the 2024 Bonds. Terms used in this notice and otherwise not defined shall have the meaning given to such terms in the Trust Deed.

Sri Lanka is currently enduring an extreme deterioration of economic conditions on account of its public debt stock becoming unsustainable and very low level of FX reserves as a result of various events, including the effect of the Covid-19 pandemic and the fallout from the hostilities in Ukraine. Given the economic crisis currently facing the country, the Government of the Democratic Socialist Republic of Sri Lanka, the 99.52% shareholder of the Company and guarantor of the 2024 Bonds, is in the process of seeking urgent financial assistance from the International Monetary Fund. This follows the earlier announcement dated 12 April 2022 by the Ministry of Finance of the Interim Policy Regarding the Servicing of Sri Lanka's External Public Debt (the "Interim Debt Policy").

The economic situation in Sri Lanka has directly impacted the ongoing operations of the Company. In light of the current circumstances, the Board considers it necessary to make use of the 30 day grace period to further determine the position of the Company, both in respect of the upcoming coupon payment and its debt obligations more generally.

In addition, the Board hereby gives notice of the following Events of Default which have occurred and are continuing:

- (a) the Interim Debt Policy constitutes a general moratorium on the payment of principal of and interest on External Indebtedness by the Guarantor, which constitutes an Event of Default pursuant to Condition 8(a)(xii) of the 2024 Bonds; and
- (b) default has occurred in the payment of interest on External Indebtedness of the Guarantor in an amount exceeding U.S.\$25 million, which constitutes an Event of Default pursuant to Condition 8(a)(iv) of the 2024 Bonds.

The Board intends to establish a transparent process for discussions and communications with all bondholders, and to pursue an active dialogue with bondholders as soon as it is in a position to do so.

The Board will continue to keep bondholders informed as matters develop.

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