

# *Elegance* That Endures



## *2025 / 26* Annual Report

ASIAN HOTELS AND PROPERTIES PLC



# *Elegance* That Endures

At Asian Hotels and Properties PLC, we take pride in shaping experiences that are meaningful for today, and even more so for the future. In a landscape defined by shifting expectations and evolving priorities, we respond with intention, refining our approach to create hospitality services that are holistic, graceful, immersive and deeply considerate.

Our evolution is guided by both foresight and insight. We enhance what we offer through innovation, while ensuring that every experience remains intuitive, seamless and attuned to the quiet luxuries that define modern hospitality. Sustainability continues to inform how we operate, and each destination that we design, is shaped to reflect a distinct sense of place, character and opulence.

As change accelerates, we remain resolute, anticipating what lies ahead and adapting with precision to ensure that every experience we deliver is thoughtful, enriching and built to last in people's hearts and minds.

At Asian Hotels and Properties PLC, we create Elegance That Endures.

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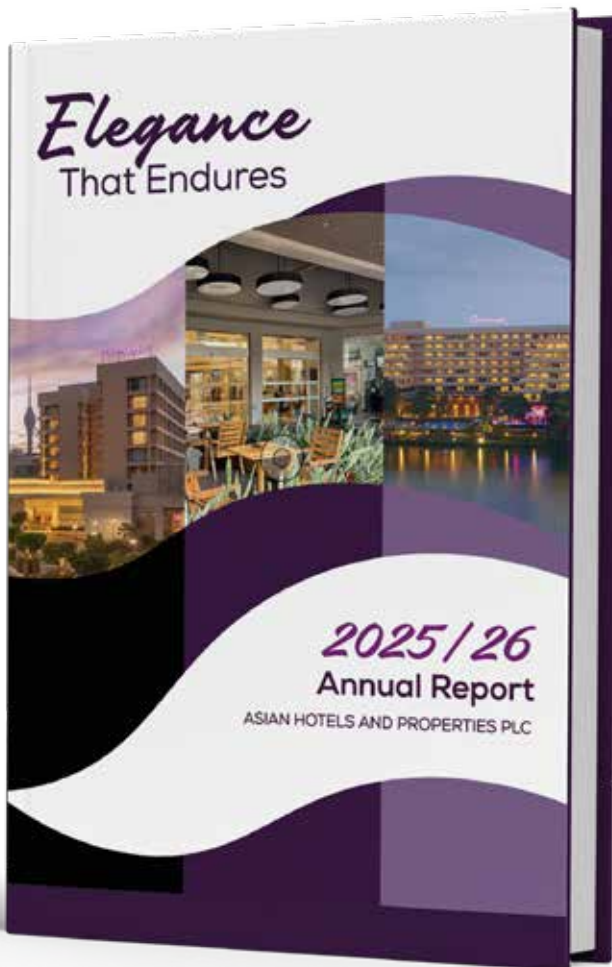
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## Our Approach to Reporting



### MARKING OUR FIFTH INTEGRATED ANNUAL REPORT, THIS REPORT REFLECTS ASIAN HOTELS AND PROPERTIES PLC'S CONTINUED FOCUS ON TRANSPARENCY, INTEGRATED THINKING AND DELIVERING SUSTAINABLE VALUE TO STAKEHOLDERS.

It is a compelling account of how we continued to refine our approach amidst shifting expectations and evolving priorities, creating hospitality experiences that are holistic, graceful, immersive, and deeply considerate, whilst continuing to create elegance that endures.

#### GENERAL DISCLOSURES

##### Entities included in the organisation's sustainability reporting/ Reporting boundary

GRI 2-1,2-2,2-4

This report covers the operations of Asian Hotels and Properties PLC (herein referred to as the Company) and its Subsidiary Trans Asia Hotels PLC (collectively referred to as the Group). There were no significant changes to the structure, supply chain or the reporting boundary during the year, compared to the previous year.

##### Reporting period, frequency and contact point

GRI 2-3

This Report covers the Group's financial year from 1 April 2025 to 31 March 2026 and follows a consistent annual reporting cycle for both financial and sustainability disclosures. It builds on the previous report for the year ended 31 March 2025, with comparative information presented where relevant to enhance clarity and continuity. Significant events occurring after the reporting period, up to the date of Board approval on 26 May 2026, have also been incorporated where applicable.

##### Feedback

As part of our commitment to the continual enhancement of our reporting quality and readability, we welcome stakeholder feedback and invite you to share your comments with Mr. Shelton Gunawardene – Finance Manager. Full contact details are available on page 5.

##### External assurance GRI 2-5

The credibility and integrity of this Report are underpinned by a comprehensive assurance framework encompassing management oversight, internal audit review and independent external assurance. Messrs. KPMG, Chartered Accountants, have audited the financial statements and performed limited assurance on the Company's Global Reporting Initiative (GRI) disclosures.

# Our Approach to Reporting



## Financial Statements and Related Disclosures

### Regulatory Frameworks

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Companies Act No. 7 of 2007 (as amended)
- Listing Rules of Colombo Stock Exchange (SEC)
- Code of Best Practices on Related Party Transactions (2013) advocated by the SEC
- Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including directives and circulars
- Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka, to the extent of business exigency and as required by the Group

### Internal Process

- Internal Audit Process verifications and assessments conducted by Deloitte Advisory Services (Pvt) Ltd
- Internal controls
- Oversight of the Audit Committee and the Board of Directors

### External Assurance

- Independent Auditors' Report by Messrs. KPMG, Chartered Accountants.



## Integrated and Sustainability Reporting

### Mandatory frameworks

SLFRS S1 General Requirements for Disclosures of Sustainability-related Financial Information and SLFRS S2 Climate-related Disclosures

### Voluntary frameworks

- Integrated Reporting Framework of the International Integrated Reporting Council
- GRI Standards (2021) of the Global Reporting Initiative
- Sustainability Accounting Standards Board (SASB) Standards - Hotels & Lodging, Restaurants and Real Estate standards
- Guide on communicating sustainability issued by the Colombo Stock Exchange
- "Guidelines for Presentation of Annual Reports" issued by the CA Sri Lanka
- Carbon footprint Benchmarks - EarthCheck Pte Ltd – Australia

### Internal Assurance

- Review of the Board of Directors

### External Assurance

- Independent Assurance on GRI Reporting by Messrs. KPMG, Chartered Accountants



## Corporate Governance

### Mandatory frameworks

- Listing Requirements of the Colombo Stock Exchange Voluntary Frameworks
- Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka – compliant to the extent of business exigency and as required by the John Keells Group

### Internal Assurance

- Internally established governance frameworks
- Review by the Nominations and Governance Committee

## REPORT NAVIGATION ICONS

The Report incorporates visual icons as navigational aids to support clarity, accessibility and ease of use. Beyond guiding readers to key information, they help demonstrate connectivity across sections and reflect the integrated relationships that shape our value creation story.

Six capitals as identified under the Integrated Reporting Framework of the International Integrated Reporting Council

CAPITALS	Financial Capital	Manufactured Capital	Human Capital
	Social and Relationship Capital	Natural Capital	Intellectual Capital
OUR STAKEHOLDER UNIVERSE	Shareholders	Employees	Customers
	Suppliers and Business Partners	Government and Regulatory Bodies	Community
STRATEGIC PRIORITIES	Service Excellence	Revenue Optimisation	Talent Management
	Operational Excellence and Cost Optimisation		ESG Considerations
OTHER ICON REFERENCES	Outlook and Way Forward		Page Reference

## FORWARD-LOOKING STATEMENTS

This Report includes forward-looking statements regarding the Company's anticipated performance and future outlook, based on assumptions and assessments considered reasonable at the time of reporting. However, such statements are inherently subject to uncertainties, risks and changing external conditions, which may cause actual results to differ materially from those expressed or implied.

In view of the dynamic and evolving operating environment, the Company assumes no obligation to update these statements subsequent to publication. These statements have not been subject to review or audit by the external auditors, and readers are therefore encouraged to exercise due caution in relying on them.

### Sections of the Report referencing forward outlook

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## BOARD RESPONSIBILITY STATEMENT

The Board of Directors of Asian Hotels and Properties PLC holds ultimate responsibility for ensuring the integrity of this Report. We affirm that this Annual Report for the financial year ending 31 March 2026 comprehensively covers all pertinent material aspects and accurately reflects the Group's performance. Furthermore, the Board confirms that the Report has been prepared in accordance with the stipulations of the International Integrated Reporting Framework.

The comprehensive Annual Report of the Board of Directors is given in page 217.

### Shelton Gunawardane

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Cinnamon Grand Colombo  
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E-mail: shelton@cinnamonhotels.com

### Refer our Report In PDF

Corporate website – <https://www.keells.com/resource/reports/group-annual-reports/Asian-Hotels-and-Properties-PLC>



### Scan QR code



**In print** - Any Shareholder who wishes to obtain a hard copy of the Annual Report may send a written request to the registered office of the Company by filling the request form attached to the Form of Proxy.



## *Our Approach to Reporting*

### *Advancing the quality of our reporting*

As part of our ongoing commitment to enhancing reporting quality and providing decision-useful information to users of the report, the following improvements were introduced during the year.

- Alignment with the mandatory requirements of SLFRS S1 and SLFRS S2 Sustainability Reporting Standards, strengthening disclosures on sustainability-related and climate-related risks and opportunities.
- Refinement of the Company's Material Matters to better reflect evolving business priorities, stakeholder expectations, and operating environment dynamics, alongside enhanced related disclosures.
- Improved connectivity across reporting content, providing clearer linkages between material matters, strategy, stakeholders, and the Company's value creation process.
- Expanded reporting around the risks and opportunities associated with the Company's six capitals within the integrated value creation framework.

### *Recognition for Reporting Excellence*

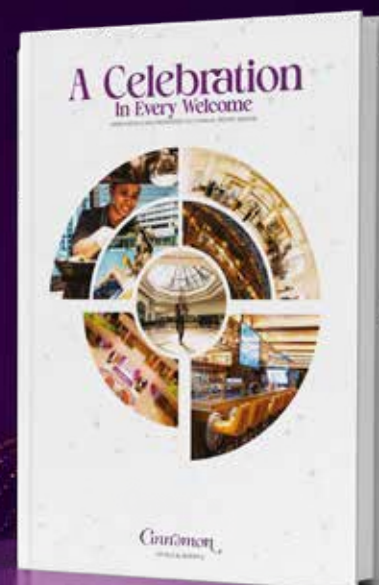
#### **Achieving Excellence in our 2024/25 Annual Report**

CA Sri Lanka TAGS Awards 2025

Bronze Award

Hotel Sector Group Assets above Rs. 10Bn

For the second consecutive year!



## Upholding the principles that shape our reporting

Guided by the principles of transparency, accountability, governance and sustainability, our approach to reporting seeks to provide stakeholders with clear, credible and connected disclosures on how value is created over time.

During the year, this commitment was further elevated through the adoption of SLFRS S1 and SLFRS S2 Sustainability Reporting Standards, strengthening the integration of sustainability-related considerations into governance, strategy, risk management and reporting. This important milestone has enhanced the depth, consistency and decision-usefulness of our disclosures.

Set out below is a concise overview of how these principles are embedded across our operations and reflected in our reporting framework.

### Transparency

#### How it is embedded in our operations

- Foster open, timely and balanced communication with stakeholders through structured engagement channels and responsive dialogue.
- Promote transparency through the clear communication of performance, strategy, risks and material developments that influence long-term value creation.
- Strengthen internal transparency through regular communication, employee engagement and feedback mechanisms that support informed participation.
- Enhance transparency through integrated thinking, enabling sustainability-related risks and opportunities to be identified, assessed and considered alongside financial and strategic decision-making.
- Through the adoption of SLFRS S1 and SLFRS S2, strengthen transparency around how sustainability and climate-related matters may reasonably be expected to affect strategy, business model, cash flows, financial position and long-term prospects.

#### How it is reflected in our reporting

- Deliver connected and decision-useful disclosures through the Integrated Reporting Framework, GRI, SASB, and SLFRS S1 and S2
- Strengthen transparency through disclosures spanning governance, strategy, risk management, metrics and targets, consistent with the architecture of SLFRS S1 and S2
- Improve visibility of sustainability-related risks and opportunities, including climate-related matters, and their connectivity with financial and strategic disclosures
- Reinforce credibility through assurance mechanisms and continual enhancement of the quality, consistency and comparability of disclosures

### Accountability

#### How it is embedded in our operations

- Uphold accountability through strong governance structures, ethical conduct and clearly defined oversight responsibilities
- The Board and management exercise accountability through oversight of strategy execution, risk management and stakeholder outcomes
- Accountability is reinforced through internal controls, assurance processes and clearly assigned management responsibilities
- Strengthen accountability for sustainability and climate-related matters through defined governance responsibilities, management oversight and processes for monitoring related risks and opportunities
- In line with SLFRS S1 and S2, reinforce accountability through clearer articulation of roles for informing, monitoring and managing sustainability-related and climate-related matters across governance structures

#### How it is reflected in our reporting

- Corporate Governance and Risk Management disclosures articulate oversight structures, delegated responsibilities and accountability mechanisms
- Reporting under SLFRS S1 and S2 strengthens accountability by disclosing how sustainability and climate-related risks and opportunities are governed, managed and monitored
- Metrics, targets and related disclosures support accountability by enabling performance monitoring and transparent communication of progress

# Our Approach to Reporting

## Governance

### How it is embedded in our operations

- Maintain a robust governance framework supporting strategic oversight, resilience and responsible decision-making
- Board and Board committee structures provide oversight over material risks, including emerging sustainability and climate-related risks
- Integrated risk management processes support the identification, assessment and management of sustainability-related risks and opportunities
- Internal processes have been further strengthened in response to SLFRS S1 and S2, supporting greater connectivity between governance, strategy, risk management and metrics across the organisation
- Governance practices continue to evolve to support scenario-aware thinking, resilience considerations and the structured oversight expected under sustainability-related financial disclosure

### How it is reflected in our reporting

- Governance disclosures provide insight into oversight arrangements, risk governance and decision-making processes.
- Enhanced disclosures aligned to SLFRS S1 and S2 strengthen reporting on governance of sustainability and climate-related matters, including how these are integrated into broader enterprise governance
- Reporting demonstrates greater connectivity between governance oversight, strategic response and performance outcomes

## Sustainability

### How it is embedded in our operations

- Integrate sustainability considerations into strategy, operations and long-term value creation
- Advance environmental and social priorities through structured policies, programmes and management practices
- The adoption of SLFRS S1 and S2 has further deepened the integration of sustainability-related and climate-related considerations into business planning, risk management, resource allocation and operational processes
- Strengthen organisational focus on identifying sustainability-related risks and opportunities not just from an impact perspective, but through the lens of enterprise resilience and financial materiality
- Continue progressing sustainability as an embedded business discipline, supported by evolving metrics, targets and management processes

### How it is reflected in our reporting

- Sustainability considerations are embedded throughout the Report through connected disclosures aligned with Integrated Reporting, GRI, SASB, SLFRS S1 and S2
- Reporting has been strengthened through more structured disclosures relating to sustainability-related risks and opportunities, climate resilience, metrics and targets
- Alignment with SLFRS S1 and S2 has enhanced the quality, consistency and decision-usefulness of sustainability-related financial disclosures
- Reporting continues to evolve in line with emerging expectations for connected, comparable and investor-relevant sustainability information

# Who We Are



## We are Asian Hotels and Properties PLC

Asian Hotels and Properties PLC, owner of the iconic Cinnamon Grand Colombo, the first hotel in the Cinnamon portfolio where it all began, occupies a distinctive place in Sri Lanka’s hospitality landscape. Rooted in Colombo’s vibrant pulse, the Company has built a legacy around timeless hospitality, urban sophistication and exceptional guest experiences. Through its flagship property and associated offerings, the Company continues to blend the energy of a city destination with the warmth of Sri Lankan hospitality, creating enduring value for guests, stakeholders and the tourism sector.

In 2025, Cinnamon Grand Colombo proudly marked the milestone of 20 years of excellence, reflecting two decades of thoughtfully curating holistic, graceful, and immersive hospitality experiences, whilst continuing to create Elegance That Endures.



### PURPOSE

We curate emotional experiences to inspire stories that connect



### VISION

To bring the best of Sri Lanka to the world with style and elegance



### VALUES



Greatness



Wellbeing



Inclusivity



Agility



Curiosity



Compassion



Trust

## GROUP STRUCTURE



# Who We Are

## CONSTITUENTS OF THE GROUP



### Cinnamon Grand Colombo

An icon of luxury and sophistication, Cinnamon Grand Colombo is a premier five-star hotel located in the heart of the city. Offering an unparalleled hospitality experience, it features world-class accommodations, award-winning dining, and state-of-the-art event spaces, making it the preferred choice for business and leisure travellers alike.



### Cinnamon Lakeside Colombo

Owned and operated by Trans Asia Hotels PLC, and nestled by the serene Beira Lake, Cinnamon Lakeside Colombo blends urban elegance with tranquillity. Renowned for its resort-like ambiance, the hotel offers luxurious rooms, fine dining, and recreational facilities, providing a perfect retreat in the bustling city.



### Crescat Boulevard Mall

Crescat Boulevard is a contemporary lifestyle mall offering a curated mix of retail, dining and leisure experiences, while serving as a vibrant extension of the broader hospitality experience offered by Cinnamon Grand Colombo. Recently renovated, it adds convenience, vibrancy and sophistication to Colombo's dynamic commercial district.






## KEY PROCESSES SHAPING OUR DELIVERY EXCELLENCE

- FSSC 22000 V6.0 Food Safety Management System
- ISO 45001:2018 Occupational Health & Safety Management System
  - ISO 14001:2015 Environmental Management System
- Travelife Gold certification for accommodation sustainability
  - Earth Check Benchmarking

## Group Performance - Financial Highlights

		2026	2025	2024	2023	2022
<b>Operational Performance</b>						
Group revenue	Rs. Mn	11,435	10,362	10,772	8,417	4,095
Results from operating activities	Rs. Mn	655	450	612	93	(407)
Profit/(Loss) before tax	Rs. Mn	698	308	212	(133)	(459)
Profit/(Loss) after tax	Rs. Mn	411	85	78	(333)	(508)
Return on equity (ROE)	%	0.43	(0.15)	(0.07)	(0.92)	(1.62)
Pre-Tax return on capital employed (ROCE)	%	2.14	1.24	1.86	0.86	(0.65)
<b>Balance Sheet Strength</b>						
Total assets	Rs. Mn	51,609	49,179	48,381	45,912	42,509
Total liabilities	Rs. Mn	16,098	14,807	14,832	13,674	7,549
Net debt	Rs. Mn	2,117	1,873	2,284	2,101	1,645
Total shareholders' funds	Rs. Mn	31,350	30,509	29,949	28,875	31,626
No. of shares in issue	Thousands	442,775	442,775	442,775	442,775	442,775
Net assets per share	Rs	70.80	68.90	67.64	65.21	71.43
Debt/ Equity	Times	0.08	0.07	0.08	0.08	0.06
Debt/ Total assets	Times	0.05	0.07	0.05	0.05	4.39
<b>Investor Highlights</b>						
Market price of share as at 31 st March	Rs	53.80	53.00	61.00	44.00	37.00
Market capitalisation	Rs. Mn	23,821	23,467	27,009	19,482	16,383
<b>Social Performance</b>						
Economic value added	Rs. Mn	6,224	5,797	6,246	2,875	1,569
Employee benefit liability as of 31st March	Rs. Mn	521	397	474	334	344

## Company – Value Creation Highlights

For the year ended 31 March		Metric	2026	2025	Y-O-Y Change
 Manufactured Capital	Room inventory - Cinnamon Grand Colombo	No.	501	501	-
	Property, plant and equipment	Rs. Mn	37,292	36,287	1,005
	Capital expenditure	Rs. Mn	360	972	(612)
 Human Capital	Total employees	No.	778	836	(58)
	Female representation	%	17	15	2
	Value added per employee	Rs. Mn	2.61	2.15	0.46
	Total training investment	Rs. Mn	27	15	12
	Total training hours	No.	36,169	39,161	(2,992)
	Training hours per employee	No.	46.4	46.8	(0.4)
	Employee retention rate	%	86	77	9
	Workplace injuries	No.	10	7	3
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	Rs. Mn.	1.8	-	1.8
 Social and Relationship Capital	Total room nights offered during the year	No.	60,428	53,803	6,625
	Average occupancy rate	%	68	61	7
	Incidents involving breaches of customer data privacy	No.	-	-	-
	Fines related to marketing, labelling, advertising and promotions	Rs. Mn	-	-	-
	Net Promoter Score	%	78	60	18
	Global Review Index	%	95	95	-
	Total suppliers	No.	900	925	(25)
	Payments to local suppliers	Rs. Mn	5,659	4,696	963
	Total investment in community projects	Rs. Mn	4.8	4.2	0.6
 Intellectual Capital	Total employee volunteer hours in community projects	No.	812	762	50
	Average service length of an employee in years	No.	10	8	2
	ISO certifications in place	No.	2	2	-
	FSSC 22000 V6.0 Certification	No	1	-	1
	Awards won	No.	2	3	(1)
 Natural Capital	TripAdvisor Score (out of five)	No.	4.9	4.7	0.2
	Carbon footprint	tCO2e	7,858	9,916	(2,058)
	Carbon footprint per EarthCheck guest night	kgCO2e	15.20	22.37	(7.17)
	Energy Consumption	GJ	61,239	61,115	(124)
	Energy Consumption per EarthCheck guest night	MJ	0.118	0.140	(0.022)
	Water withdrawn	ML	159,391	157,501	1,890
	Water withdrawn per EarthCheck guest night	ML	308	355	(47)
	Total waste	MT	502	414	88
	Waste disposed per EarthCheck guest night	kg	0.97	0.70	0.27
Total Single Use Plastic Consumption	kg	4,187	3,573	614	
Single-use plastic consumption guest night	kg	8.10	7.14	0.96	

# *Elegance* that Influences



At Asian Hotels and Properties PLC, our evolution is deeply influenced by foresight and insight, as we traverse an ever-changing landscape of expectations.

Our proficient leaders shape our way forward, strengthened by their industriousness and unique experiences, guided by their determination to succeed and moulded by their drive to transform hospitality.

*Leadership*

## Chairperson's Message

“ **AHPL recorded a Profit After Tax of Rs. 410.9 million - a year-on-year increase of 382% - reflecting the strongest financial outcome the Group has delivered in recent years.** ”

### Dear Stakeholder,

On behalf of the Board, I am pleased to share with you the highlights of the Integrated Annual Report and Financial Statements of Asian Hotels and Properties PLC for the financial year ended 31 March 2026.

This has been a year of significant achievement. Our results reflect the strength of a business model built on decades of trusted hospitality, the clarity of our strategic direction, and the dedication of our people. Underpinned by improving macro conditions and a buoyant tourism environment, Cinnamon Grand Colombo delivered its strongest financial performance in several years a testament to the enduring appeal of the property and the commitment of our team to service excellence.

Asian Hotels and Properties PLC recorded a Profit After Tax of Rs. 410.9 million - a year-on-year increase of 382% reflecting the strongest financial outcome the Group has delivered in recent years.

### OPERATING ENVIRONMENT

#### Global

Global economic growth saw a modest uptick to 3.4% in calendar year 2025, compared to 3.3% in CY2024, demonstrating resilience in the face of tariff barriers and elevated policy uncertainty. This momentum

was sustained by strong technology-related investment including in artificial intelligence and the commencement of accommodative monetary policy conditions in major economies. Global inflation moderated to 4.1% in CY2025, reflecting broadly stable demand and supply dynamics.

India and China continued to anchor growth in Asia. India remained among the fastest-growing large economies on the back of robust domestic consumption and services activity, while China's growth remained more export-led. India's continued economic expansion and rising outbound travel represent a significant and durable opportunity for both Sri Lanka and the Maldives, given geographic proximity and increasing flight connectivity.

However, the escalation of conflict in the Middle East in late February 2026 introduced fresh uncertainty into the global outlook. Disruptions to the Strait of Hormuz and key regional aviation hubs created significant energy price volatility, disruptions to maritime and air travel, and a dampening of travel sentiment. These developments have materially affected near-term tourism flows, particularly from long-haul European markets, and are expected to continue to create volatility into CY2026.

### Sri Lanka

Building on the recovery momentum achieved in CY2024, Sri Lanka sustained its growth trajectory in CY2025, recording real GDP growth of 5.0% for the second consecutive year, despite the adverse economic impacts of Cyclone Ditwah in late November 2025. The year was characterised by continued macroeconomic stabilisation and the sustained implementation of structural reforms under the IMF Extended Fund Facility programme, which reinforced policy discipline and supported improved operating predictability for businesses.

Inflation transitioned from deflationary conditions in late CY2024, turning positive in August 2025 and stabilising at around 2.2% by end-March 2026, well within the Central Bank's target range. Monetary conditions remained broadly supportive, with the Overnight Policy Rate maintained at 7.75% and the AWPLR at 9.39% as at end-March 2026 - an increase from 8.44% in the prior year, though still at levels conducive to growth. The Sri Lankan Rupee depreciated by approximately 6.4% against the US Dollar to Rs. 315/USD during 2025/26, following two consecutive years of appreciation, driven in part by elevated imports following the relaxation of vehicle import restrictions. The currency, however, witnessed pressure post of Middle East conflict on account of lower tourism flows and higher fuel related outflows due to the significantly higher oil prices. This depreciation had a broadly positive impact on our foreign currency-denominated revenues when translated into LKR terms.

Sri Lanka's external sector remained broadly stable, with the current account recording a marginal surplus of USD 1.7 billion. Gross official reserves strengthened further to USD 6.9 billion as at end-March 2026, providing a significantly improved external buffer. The increase was supported by multilateral funding, tourism and remittance inflows and net foreign exchange purchases by the Central Bank, together with continued adherence to the parameters under the IMF programme. The sustained implementation of governance and

accountability reforms, noted by Freedom House as one of the largest improvements globally in political rights and civil liberties during 2025, contributed to a more stable and predictable operating environment.

Cyclone Ditwah, which impacted Sri Lanka in late November 2025, caused considerable loss of life and damage to infrastructure, particularly in the central and eastern provinces. While the full economic cost remains under assessment, the tourism sector demonstrated its resilience, with December recording the highest monthly tourist arrivals for the year.

### Tourism Sri Lanka

Sri Lanka's tourism sector continued on an impressive trajectory during the year under review. Tourist arrivals for CY2025 rose by 15% to 2.36 million, surpassing the pre-COVID peak and marking the highest level of arrivals in the country's history. Arrivals for the financial year 2025/26 stood at 2,380,879, representing an 11% increase over the prior year. Tourism earnings in CY2025 increased to USD 3.22 billion the highest since CY2019 while the average duration of stay increased to 8.3 nights. Tourist arrivals continued its momentum in the first two months of 2026, although arrivals moderated materially from March 2026 onwards with the onset of the Middle East conflict.

## Sri Lanka's tourist arrivals surpassed the pre-COVID peak in CY2025, reaching 2.36 million the highest level in the country's history and a testament to the destination's growing global appeal.

India remained the dominant source market with 531,511 arrivals in CY2025, a 27% increase over 2024, reflecting the critical role of geographic proximity, improving air connectivity, cultural affinity, and targeted marketing. The United Kingdom ranked as the second largest

source market in CY2025 with 212,277 arrivals (+19%), overtaking Russia which recorded a 8% decline. Other notable growth markets included Australia (+22%), France (+23%), Netherlands (+28%), and Bangladesh (+51%). Occupancy for star class properties in Sri Lanka increased to 63% in CY2025 from 59% in CY2024, while tourism earnings reached their highest level since 2019.

Sri Lanka received strong international recognition in CY2025, with the country ranked 9th among the best places to travel by BBC Travel, featured in TIME Magazine's 'World's Greatest Places 2025', and with Sigiriya named the most welcoming city in the world by Booking.com. Jaffna was listed among Lonely Planet's top cities to visit in 2026, and Sri Lanka was featured in Travel + Leisure's '50 Best Places to Travel in 2026'. These endorsements underscore the growing global appeal of Sri Lanka as a diverse and compelling destination.

However, tourist arrivals in March 2026 declined 19.7% year-on-year, reflecting both seasonality and uncertainties arising from the conflict in the Middle East and consequent disruptions to air connectivity. Notwithstanding this near-term volatility, underlying demand fundamentals should remain intact in the context of strong tourism potential in the region where Sri Lanka remains well-positioned to benefit from continued growth in short-to medium-haul travel which remains a strategic priority for us.

### A Strong Outcome

I am very pleased to report that Asian Hotels and Properties PLC delivered its strongest financial performance in recent years during the year under review. The Group recorded a Profit After Tax (PAT) of Rs. 410.9 million, representing a significant year-on-year increase of 382%. Profit Before Tax (PBT) stood at Rs. 698.1 million, reflecting a year-on-year growth of 127%. This notable improvement in profitability was primarily driven by a revenue increase of Rs. 1.07 billion, representing a 10% growth over the prior year.

This strong outcome was the result of both favourable external conditions including the continued recovery in tourism demand and the improving macroeconomic environment and deliberate internal initiatives. Strategic actions implemented across the property focused on enhancing operational efficiency and strengthening our product offerings contributed materially to the improvement in margins, alongside the benefit of upward revisions in room rates and sustained occupancy growth.

Cinnamon Grand Colombo, our flagship five-star city hotel, achieved full-year occupancy of 68%, compared to 61% in the prior year a historically strong level, particularly noteworthy given the significant new room inventory that entered the Colombo market during the period. It is important to note that the hotel operated with only 242 of its 501 rooms through the major part of both comparative years, and these metrics are on the basis of operational rooms. Average Room Rates (ARR) for the year were USD 91 compared to USD 103 in the prior year, reflecting some pricing pressure from the expansion of city-wide room supply, though pricing stabilised progressively over the course of the year.

Total revenue recorded steady growth, driven by both resident and non-resident demand. Cost discipline initiatives, including right-sizing measures implemented in the prior year, continued to deliver efficiency benefits and helped mitigate margin pressures arising from rate moderation. The combined effect of volume growth, improving margins, and disciplined cost management has produced a favourable financial performance.

### Fostering Human Potential Through a Culture of Empowerment

Our people remain the cornerstone of our success, and the year under review saw continued and meaningful investment in talent development, succession planning, and building an empowering and inclusive workplace culture. The development of 'CARE' our enhanced colleague value proposition and focused

# Chairperson's Message

strategies to develop the managerial capabilities of our team represented important steps in strengthening our talent pipeline.

Championing diversity remained central to our purpose. The EmpowHer campaign continued to drive meaningful dialogue and action towards greater female participation across leadership and operational roles. Recent legislative changes permitting women to work night shifts have created new opportunities to broaden our talent pool, and we are committed to leveraging these responsibly and with care.

The Living Our Values initiative continued to embed our values throughout the employee journey across all Cinnamon properties, with the Hall of Greatness celebrating colleagues who exemplify our culture. The Colleague Assistance Program, in partnership with Sri Lanka Sumithrayo, continued to provide meaningful wellbeing support, ensuring that our people feel supported both at work and beyond.

## Driving Operational Excellence

The Group continued to harness technology and data-driven insights to build a more agile, efficient, and high-performing business model. The OCTAVE use cases focused on energy efficiency, targeted online marketing, and waste reduction in Food & Beverage operations were rolled out during 2025/26 following successful pilots in 2024/25. A unified Data Lake House continued to provide real-time access to multi-dimensional dashboards and reporting views for our Commercial teams, enabling more agile and data-informed decision-making.

Marketing strategies were strengthened through targeted digital initiatives, with a structured first-party data strategy and deeper customer relationship management integration enhancing audience targeting, personalisation, and media efficiency. A price-match feature was embedded within the booking journey, and web personalisation tools were deployed to enhance on-site guest engagement. Automation was expanded through real-time performance

dashboards and lifecycle-based marketing workflows spanning pre-arrival, in-stay, and post-stay engagement.

Our channel strategy continued to evolve, with a diversified approach across travel agents, online travel agencies, metasearch engines, and Brand.com ensuring optimised margin management and reduced over-reliance on any single channel. Cinnamon DISCOVERY further strengthened our direct booking capability and guest loyalty infrastructure.

## Cultivating a Greener Tomorrow

Environmental stewardship remains deeply embedded across all aspects of our operations, and the year under review saw continued progress against our sustainability commitments.

The Cinnamon Rainforest Restoration Project continued to make progress in reforesting 59 acres in the wet zone, creating a safe haven for endemic and endangered species through assisted natural regeneration. Regulatory measures on reducing plastic waste came into effect during the year, and the Group continued to implement initiatives to encourage reusable alternatives.

Looking ahead, the mandatory adoption of SLFRS S1 and SLFRS S2 relating to sustainability and climate-related financial disclosures will apply to Asian Hotels and Properties PLC from the financial year commencing 1 April 2026. In preparation for full adoption, we have strengthened our data governance frameworks, measurement capabilities, and climate-related risk identification across the Group.

## Creating Spaces of Belonging

We continued to prioritise employee well-being, community engagement, and inclusive development as core pillars of our social strategy.

When Cyclone Ditwah impacted Sri Lanka in late November 2025, resulting in significant physical damage and disruption to livelihoods and essential services, we as part of the John Keells Group extended meaningful support to affected communities. JKH Group

companies collectively contributed Rs. 500 million to the Government's Rebuild Sri Lanka initiative, while direct assistance was also extended to employees in addressing their immediate needs. This response reflects the values of care, responsibility, and community solidarity that we uphold across everything we do.

We continue to maintain a strong focus on supplier development, local community engagement, and inclusive economic opportunity, directing our efforts towards fostering a more equitable and empowered workforce and supporting marginalised groups through education, employment, and livelihood development..

## Corporate Governance

Sound governance and ethical leadership remain cornerstones of our corporate philosophy. The Group adheres to its Code of Business Conduct and Ethics, aligned with the principles of the Code of Best Practice on Corporate Governance 2023. I am pleased to report that there have been no material violations of the Code during the year under review, and we remain firmly committed to upholding the Group's zero-tolerance stance on corruption, bribery, and any form of harassment or discrimination.

The Board sub-committees established in 2024/25 to enhance Subsidiary-level oversight continued to function effectively, while the Parent Company's Board Committees retained their overarching oversight role to ensure consistency with the Group's principles of transparency, accountability, and sound governance. The Group continued to align with the JKH Group's data governance framework in compliance with the Personal Data Protection Act No. 09 of 2022, and financial governance was further strengthened through the forensic data analytics platform for automated outlier detection.

The transition to SLFRS S1 and S2 sustainability reporting standards also brought new governance responsibilities, and we have responded by reinforcing senior management oversight and establishing structured accountability

frameworks for sustainability and climate-related disclosures. We view this evolving regulatory landscape as an opportunity to strengthen the quality and decision-relevance of our reporting to all stakeholders.

### Integrated Reporting

This Report has been prepared in conformance with the Integrated Reporting Framework of the IFRS Foundation. The Board of Directors is responsible for ensuring the accuracy and integrity of this Annual Report. We confirm, to the best of our knowledge, the credibility, reliability, and integrity of the information presented, and external assurance has been sought from independent auditors, as applicable. In preparation for the mandatory adoption of SLFRS S1 and SLFRS S2 from the financial year commencing 1 April 2026, we have proactively begun disclosing selected climate and sustainability-related information in alignment with the requirements of these standards.

### FUTURE FOCUS

#### Global Tourism

Over the medium to long term, the structural outlook for global tourism remains favourable, underpinned by growth in outbound travel from emerging economies particularly India and other Asian markets expanding air connectivity, and continued investments in tourism infrastructure. Industry trends are increasingly shaped by evolving traveller preferences towards experiential travel, sustainability-focused tourism, and wellness-oriented experiences. The integration of digital technologies and data-driven personalisation is also expected to play an increasingly important role in shaping the global travel ecosystem.

In the near term, however, the conflict in the Middle East has introduced uncertainty, with its impact on aviation networks and travel sentiment creating headwinds for long-haul tourism markets. Potential additional headwinds include elevated transport and accommodation costs, and the continued emphasis on climate resilience and responsible travel across the industry.

### Sri Lanka Economy and Tourism

Sri Lanka's medium-term economic outlook remains cautiously optimistic. Continued implementation of IMF-backed reforms, strengthening external buffers, and improving macroeconomic fundamentals provide a credible platform for sustained growth. CBSL expects inflation to return to its 5% target by the second quarter of 2026, and monetary conditions are expected to remain broadly supportive of growth.

We have already implemented strategic interventions to build brand presence in previously untapped markets, strengthen our presence in India given its proximity and potential, and drive domestic demand to build resilience against long-haul market volatility. The construction of Terminal 2 at Bandaranaike International Airport (BIA) is expected to recommence in CY2026 following JICA-supported bid evaluations. Once completed, Terminal 2 will expand BIA's annual passenger handling capacity to over 15 million, a critical infrastructure development for sustaining the long-term growth of Sri Lanka's tourism sector. Under a five-year plan to 2030, the Government aims to attract more than 5 million visitors and generate approximately USD 8 billion in annual tourism revenue.

Despite these near-term headwinds, we remain confident in the trajectory of Cinnamon Grand Colombo and the continued recovery of Sri Lanka's tourism sector. The fundamental attractiveness of Sri Lanka as a destination, its diverse cultural, natural, and wellness offerings, improving infrastructure, and growing international recognition, provides a strong foundation for sustained growth. We look ahead to the coming year with optimism and purpose.

### DIVIDENDS

The Board of Directors has declared a final dividend of Rs. 0.50 per share for the financial year ended 31 March 2026. This will be paid on or before 25 June 2026. This reflects the Board's confidence in the Group's financial position and its commitment to providing shareholders with a fair and sustainable return on their investment.

### CHANGES TO THE BOARD

Mr. M. R. Svensson, Non Independent Non Executive Director, resigned with effect from 31 August 2025, and Mr. S. Rajendra, Non Independent Non Executive Director, resigned with effect from 31 December 2025 consequent to his retirement from the John Keells Group. The Board wishes to place on record its deep appreciation for the invaluable contributions made by each of them during their tenures. Mr.N.N Mawilmada and Mr.M.H Singhawansa were appointed as a Non Independent Non-Executive Directors with effect from 8 September 2025 and 6 January 2026 respectively and we welcome their guidance and expertise to the Board.

### Acknowledgements

I take this opportunity to thank my colleagues on the Board for their invaluable guidance and constant support throughout the year. I also wish to convey my deep appreciation to our management team and all our staff for their untiring effort, commitment, and drive. The results we celebrate this year are fundamentally a reflection of their dedication and professionalism.

Finally, I wish to convey my sincere appreciation to all our stakeholders our valued guests, tour partners, shareholders, business partners, and the communities within which we operate for their continued trust and support. We remain committed to creating enduring value for all those who are part of our journey.



**K N J Balendra**  
Chairperson

26 May 2026

# Board of Directors

## KRISHAN BALENDRA

Chairperson

Krishan Balendra is the Chairperson/ CEO of John Keells Holdings PLC (JKH). He is also the Chairperson of the Ceylon Chamber of Commerce. He is a former Chair of the Employers Federation of Ceylon, Nations Trust Bank PLC and the Colombo Stock Exchange. Krishan started his career at UBS Warburg, Hong Kong, in investment banking, focusing primarily on equity capital markets. He joined JKH in 2002. Krishan holds a law degree (LLB) from the University of London and an MBA from INSEAD.

## GIHAN COORAY

Director

Gihan Cooray is the Deputy Chairperson/ Group Finance Director of John Keells Holdings PLC and has overall responsibility of the Group's finance and accounting, taxation, corporate finance and strategy, treasury, information technology and corporate communications functions. He is the former Chair of Nations Trust Bank PLC. Gihan holds an MBA from the Jesse H. Jones Graduate School of Management at Rice University, Houston, Texas. He is a Fellow Member of the Chartered Institute of Management Accountants, UK, a Certified Management Accountant of the Institute of Certified Management Accountants, Australia and has a Diploma in Marketing from the Chartered Institute of Marketing, UK. He serves as a committee member of the Ceylon Chamber of Commerce and a council member of the Sri Lanka Institute of Directors.

## NAYANA MAWILMADA

Director

Nayana Mawilmada is the President of the Property and Leisure industry groups at JKH. With extensive international experience in planning, facilitating, and managing large scale urban development and infrastructure projects across 15 countries, and working within both the private and public domains. Nayana brings a unique perspective to Property and Leisure sector endeavours.

Among his previous roles, Nayana has served as the Director General of the Urban Development Authority of Sri Lanka, Managing Director of York Street Partners (Pvt) Limited, a boutique investment bank in Colombo and as an Urban Development Specialist for the Asian Development Bank based in Manila, Philippines. His academic training includes an MBA from Harvard Business School, a Master of City Planning from Massachusetts Institute of Technology (MIT), and a Bachelor of Architecture from Hampton University in the USA.

## CHANGA GUNAWARDANE

Director

Changa Gunawardane oversees the financial health of the Leisure industry group as the Chief Financial Officer and has been with JKH for over 20 years. Changa currently serves as a Non-Executive Director on the Board of Trans Asia Hotels PLC and also in many of the unlisted companies of the JKH.

Changa brings extensive financial leadership experience from his current role and his previous role within JKH as the Chief Financial Officer for the Information Technology sector as well as the Sector Financial Controller for the Airlines and Logistics business unit, within the Transportation industry group. He also has over 30 years of financial experience across diverse industries spanning Pharmaceutical, Manufacturing, Management Services, Electrical Engineering and Construction.

A Fellow Member of the Chartered Institute of Management Accountants in the UK, he holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka.

## HISHAN SINGHAWANSA

Director

Hishan Singhawansa is the Chief Executive Officer of Cinnamon Hotels & Resorts, overseeing its entire portfolio in Sri Lanka and the Maldives, including the iconic City of Dreams Sri Lanka. He is a Board Member of John Keells Hotels PLC and Trans Asia Hotels PLC.

He joined the Group in 2008 as a JKH Management Trainee and subsequently moved to the Retail industry group, where he held roles in category management and later served as Head of Supply Chain. In 2017, he transitioned to the Leisure industry group and currently leads Cinnamon Hotels & Resorts.

He is also on the Board of Directors of the Sri Lanka Convention Bureau and is a committee member of The Hotels Association of Sri Lanka (THASL). He holds a BSc in Engineering (Hons) from the University of Moratuwa and an MBA from the University of Wales.

## JEGATHEESAN DURAIRATNAM

Director\*

Jegatheesan Durairatnam joined the Commercial Bank of Ceylon PLC in 1982 and he is the retired Managing Director/ Chief Executive Officer. His banking experience covers all aspects of International Trade, Offshore Banking, Credit, Operations, and IT. He has been in the Bank's Corporate Management Team for 15 years. He holds a bachelor's degree from the University of Peradeniya. He has held positions in Senior Management, including the position of Chief Operating Officer, Deputy General Manager International Division, Assistant General Manager - International Division and Head of Imports. He also serves on the Boards of Commercial Development Company PLC, Lanka Financial Services Bureau Limited, Sri Lanka Banks' Association (Guarantee) Limited and The Financial Ombudsman Sri Lanka (Guarantee) Limited. He currently serves as an Independent Non-Executive Director on the Boards of Asset line Finance PLC, Ceylinco Life Ltd, Enviro Solutions (Pvt) Ltd and as the Non-Executive Chairman of DFCC Bank PLC. Furthermore, Mr. Durairatnam is an independent Non-Executive Director of Tokyo Cement PLC.

## ASHAN DE ZOYSA

Director\*

Ashan De Zoysa counts 25 plus years of experience in the field of Information & Communication Technology including several years of overseas exposure in IT and derivative/commodity trading in Australia. Ashan holds a Bachelor of Commerce Degree from the University of New South Wales. He is the Managing Director of A.E.C. Properties Private Ltd and serves on the Board of Associated Electrical Corporation Ltd. He has previously served on the Boards of AMW Group as a working Director and as an Independent Non-Executive Director of Union Assurance PLC.

## AROSHI NANAYAKKARA

Director \*

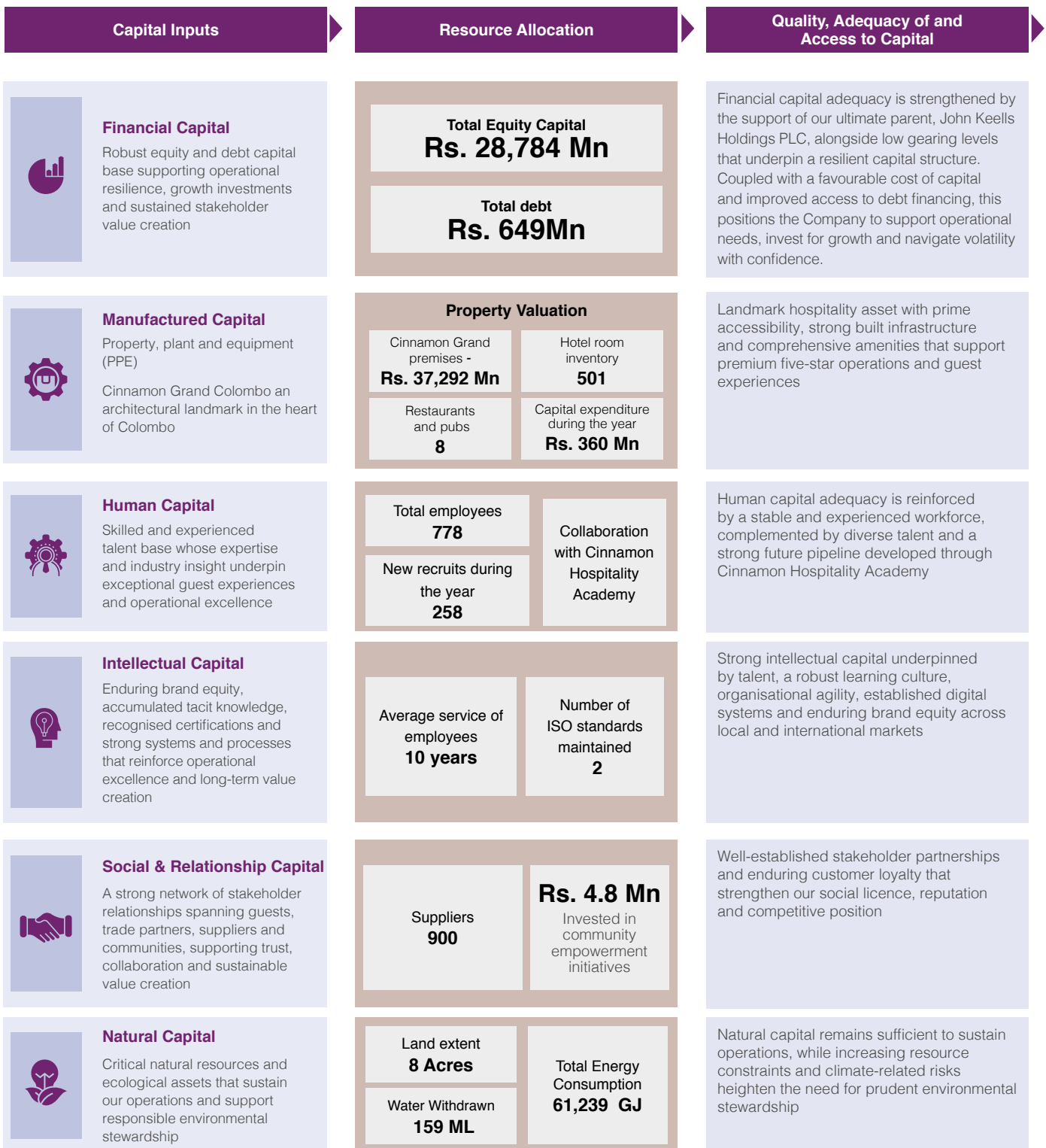
Aroshi is the CEO of the Global Consulting Company and a dynamic leader in the fields of Strategic Planning, HR and Risk Management. She serves on the Boards of Sampath Bank PLC, Royal Palms Beach Hotels PLC, Tangerine Beach Hotels PLC and Keells Food Products PLC as an Independent Non-Executive Director. She is the immediate Past Chairperson of the Sri Lanka Institute of Directors (SLID) and a member of the Strategy Committee of the Global Network of Director Institutes (GNDI).

She holds a B.Sc. from the prestigious Massachusetts Institute of Technology (MIT), USA in addition to a M.Sc. from the London School of Economics (LSE), UK. She also holds the professional qualifications of ACMA and CGMA from the Chartered Institute of Management Accountants (CIMA), UK. She has been recognised with many awards including the Global CEO Top Businesswomen Award 2025 and recognition by APAC Insider Magazine as the Most Comprehensive Corporate Strategy & Risk Management Consultancy CEO (Sri Lanka) for 2023 and 2024.

\* Independent Non-Executive Director

# Value creation model

Our value creation model illustrated below reflects how we transform a broad range of capitals into exceptional experiences and sustainable outcomes. Guided by the principles of the Integrated Reporting Framework, we leverage our financial strength, premium infrastructure, dedicated talent, strong stakeholder relationships, brand equity, and responsible use of natural resources to deliver lasting value to our guests, employees, investors, and the wider community. Through continuous innovation and operational excellence, we remain committed to creating memorable hospitality experiences while supporting economic progress, environmental stewardship, and social wellbeing.



**Value Transformation**



**Vision**

To bring the best of Sri Lanka to the world with style and elegance



**Purpose**

We curate emotional experiences to inspire stories that connect



**Values**

- Inclusivity • Greatness
- Trust • Compassion
- Agility • Curiosity • Wellbeing

**Key strategic priorities**

- Revenue Optimisation
- Operational Excellence
- Talent Management
- Service Excellence
- ESG Considerations

**Our Material themes**

- Environmental preservation
- Employee relations and well-being
- Good governance and ethics
- Guests, suppliers and community relation

**Core processes**

- Front Office Services
- Reservations
- Exciting and Innovative Food and Beverage Concepts
- House Keeping

**Support Operations**

- Human Operations
- Procurement
- Branding, Marketing and Sales
- Administration and Maintenance
- Advanced Data Analytics and Business Intelligence

**Key risks**

Page 37

**Key opportunities**

Page 37

**Shaped by**



**Operating Environment**  
(Page 32)



**Stakeholder Interactions**  
(Page 24)



**Corporate Governance**  
(Page 118)



**Risk Management**  
(Page 179)



**ESG Priorities**  
(Page 38)

**Key outputs**

Offering what defines a truly great hotel experience: personalised service, thoughtful detail, and an intuitive understanding of each guest's unique preferences

**68 %**  
Occupancy rate

**60,428**  
Room nights

**92 MICE event**  
Hosted

**Waste and emissions generated in the process**

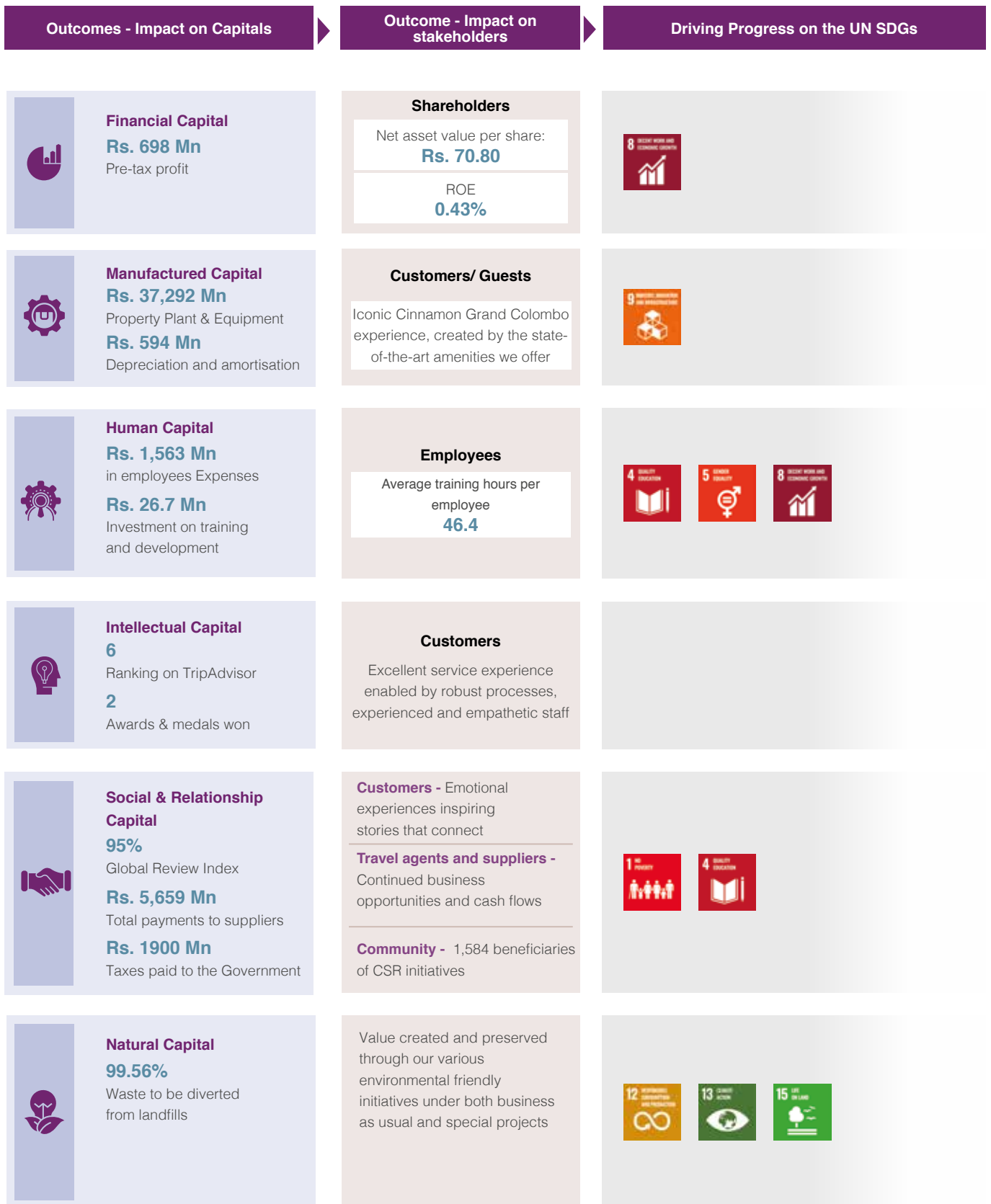
<b>7,858 tCo<sub>2</sub>e</b>	Total GHG emissions
<b>501,698 Kg</b>	Total waste generated
<b>103.17 ML</b>	Effluents discharged



Please turn over to the next page, for the continued depiction of our Value creation model.



# Value creation model



# *Intelligence* that Endures



Our strategy at Asian Hotels and Properties PLC involves reading the environment, predicting and understanding guest expectations and acting with precision in the face of shifting market conditions and shifting priorities. Our operation thrives on opportunity, and endures through time and evolving spaces to remain competitive and future-ready.

*Operating Context  
and Strategy*

# Stakeholder Engagements

A structured stakeholder engagement approach is followed at Asian Hotels and Properties PLC, recognising stakeholder perspectives as a key input in identifying material matters and shaping strategy and courses of action. Through continuous engagement at both strategic and operational levels, we seek to build trusted, mutually rewarding relationships, strengthen business insight and incorporate stakeholder expectations into decision-making. As essential partners in delivering the brand promise of Cinnamon Grand Colombo, stakeholder engagement also informs how we create, preserve and deliver long-term value.

## Our stakeholder engagement process

Our stakeholder engagement process follows a structured and ongoing approach, supported by established procedures and engagement principles that promote consistency in how stakeholders are identified, consulted, engaged and kept informed. Designed to support meaningful dialogue rather than one-way communication, this process helps strengthen responsiveness to stakeholder expectations while reinforcing transparency, accountability and mutual value creation.



Stakeholder engagement is embedded within our governance and management processes, enabling stakeholder perspectives to inform decision-making, materiality considerations, strategy development and the management of risks and opportunities.

Stakeholders are identified and prioritised based on their level of influence, interest and impact on the Company's operations, strategy and sustainability priorities. This assessment is informed through:

- Internal consultations across business and functional teams
- Structured stakeholder mapping and prioritisation exercises
- Value chain reviews to understand dependencies and relationships
- Consideration of the evolving regulatory, social and operating environment
- Ongoing review of emerging stakeholder expectations and material matters

This structured approach supports the regular reassessment of stakeholder relevance and engagement priorities, helping ensure that engagement remains dynamic, purposeful and aligned with the Company's value creation objectives and evolving market conditions.

## Stakeholder Prioritisation Approach





## Shareholder engagements

### Our shareholder profile

- 3,818 shareholders
- 98.30% local shareholders
- 95.92% institutional shareholders
- John Keells Holdings PLC as our Parent entity

### How we continually engage our shareholders

**Regulatory and market disclosures** – Periodic quarterly and annual financial results announcements, together with other material disclosures made through the Colombo Stock Exchange

**Shareholder forums** – Engagement through Annual General Meetings and Extraordinary General Meetings

**Direct Investor engagement** – Ongoing one-on-one meetings and dialogue with existing and prospective shareholders

**Corporate communications** – Information disseminated through the corporate website, social media platforms and press releases to support timely and transparent communication

**Market updates and announcements** – Continuous communication on strategic, operational and other relevant developments through structured public announcements.

Key concerns raised	Our response actions	Corresponding material topics
<ul style="list-style-type: none"> <li>• Sustaining profitability, margins and earnings momentum amid cost pressures, while supporting growth in occupancy, RevPAR and average room rates</li> <li>• Demand resilience across business travel and MICE segments, including diversification of source markets amid geopolitical uncertainty and evolving travel patterns</li> <li>• Capital allocation priorities, including refurbishment, asset optimisation and returns on invested capital to sustain competitiveness</li> <li>• Business continuity and operational resilience in response to geopolitical disruptions, acute climate events and other emerging risks</li> <li>• Growth in MICE and business tourism opportunities, alongside maintaining the property's competitive positioning in Colombo's premium hospitality market</li> <li>• Governance effectiveness, shareholder returns and progress on sustainability and climate resilience as drivers of long-term value creation</li> </ul>	<p>Our response centred on optimising asset utilisation, revitalising core offerings and enhancing guest experiences to support occupancy growth, yield and competitive positioning, particularly across business travel and MICE segments. Disciplined capital allocation and prudent cost management remained a focus in supporting margin resilience, while balancing reinvestment priorities with shareholder returns. At the same time, continued emphasis was placed on strengthening business continuity, proactive risk management and governance oversight in response to external uncertainties and emerging risks. These efforts were complemented by ongoing ESG-led initiatives and climate resilience actions, supporting sustainable value creation over the long term.</p>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Transparency in disclosures</li> <li>• Risk management</li> <li>• Stakeholder relationship management</li> <li>• Tax strategy</li> </ul>

Connectivity to material matters	How the stakeholder concerns are linked to our strategy	Dedicated point of contact	Value delivered during the year
<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Transparency in disclosures</li> <li>• Tax strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue optimisation</li> </ul>	<ul style="list-style-type: none"> <li>• Company Secretary</li> <li>• Head of Finance</li> </ul>	<ul style="list-style-type: none"> <li>• Rs. 698 Mn – Group Pre-tax profits</li> <li>• 0.43% - ROE</li> <li>• Rs. 35,510 Mn - Total equity</li> </ul>

## WAY FORWARD

We will continue to strengthen shareholder engagement through more proactive and value-focused communication on strategy, performance and growth priorities, while maintaining focus on sustaining earnings quality and improving asset productivity through disciplined investment and commercial agility. Emphasis will also remain on broadening demand sources, capturing opportunities across business travel and MICE segments, and enhancing transparency around risk oversight, resilience and sustainability priorities. This will be further supported by continued advancement in disclosures on long-term strategic positioning, capital deployment and value creation, particularly in the context of mandatory reporting under SLFRS S1 and S2.

## MORE INFORMATION

Financial capital – page 56

Information to Shareholders & Investors – page 284

# Stakeholder engagements



## Customer engagements

### Our Customer profile

- 60,428 room nights
- 92 Meetings, Incentives, Conferences, and Exhibitions (MICE) events hosted for our customers
- 95% Global Review Index

### How we continually engage our customers

**Frontline guest interactions** – Ongoing engagement through all customer-facing associates across service touchpoints.

**Sales and distribution networks** – Continuous engagement through local and overseas channel partners, global sales teams and relationship managers.

**Guest feedback mechanisms** – In-stay and post-stay surveys that help capture guest insights and inform service improvements.

**Digital review platforms** – Engagement through online review channels, including Booking.com and other digital platforms.

**Digital and social media channels** – Interaction through social media platforms, the corporate website and other digital customer touchpoints.

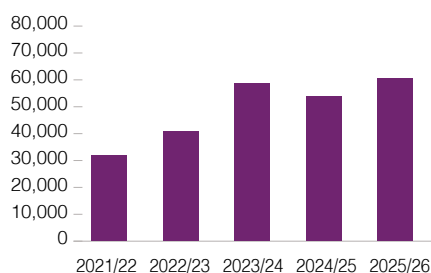
Key concerns raised	Our response actions	Corresponding material topics
<ul style="list-style-type: none"> <li>• Consistency and quality of guest experience across accommodation, dining, events and ancillary services</li> <li>• Value proposition relative to pricing, particularly in an inflationary environment</li> <li>• Service responsiveness, personalisation and seamless digital and physical guest experiences</li> <li>• Safety, security and business continuity, particularly amid geopolitical uncertainty and climate-related disruptions</li> <li>• Quality, reliability and innovation in MICE facilities, conferencing infrastructure and event execution</li> <li>• Sustainability-conscious hospitality offerings, including responsible sourcing and environmental practices</li> <li>• Accessibility, convenience and integrated experiences linked to location within Colombo and beyond Colombo, connectivity and complementary offerings</li> </ul>	<ul style="list-style-type: none"> <li>• Continued elevating service standards and personalised experiences to enhance guest satisfaction across touchpoints</li> <li>• Refined hospitality offerings, including culinary, wellness and experiential propositions, in response to evolving guest preferences</li> <li>• Strengthened value delivery through enhancements to amenities, service propositions and overall guest experience</li> <li>• Reinforced guest safety, service continuity and preparedness measures amid geopolitical and climate-related uncertainties</li> <li>• Progressed responsible tourism and sustainability initiatives in response to rising customer expectations</li> <li>• Enhanced digital enablement and guest journey solutions to improve convenience, responsiveness and engagement</li> <li>• Leveraged guest insights and feedback to support continuous improvement and innovation in service delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Privacy and data security</li> <li>• Guest health and safety</li> <li>• Sustainable tourism</li> <li>• Product safety and quality</li> <li>• Stakeholder relationship management</li> </ul>

Connectivity to material matters	How the stakeholder concerns are linked to our strategy	Dedicated point of contact	Value delivered during the year
<ul style="list-style-type: none"> <li>• Privacy and data security</li> <li>• Product safety and quality</li> </ul>	<ul style="list-style-type: none"> <li>• Service excellence</li> <li>• ESG considerations</li> </ul>	<ul style="list-style-type: none"> <li>• Customer care hotline 011 2491000</li> <li>• Front desk/ Reception</li> <li>• Channel partners</li> <li>• Global Sales Officers</li> </ul>	<ul style="list-style-type: none"> <li>• 78% Net Promoter Score</li> <li>• 12% increase in room nights served</li> </ul>

### Value delivered over the long-term

#### Guest Night Served

(Guest Night)



### WAY FORWARD

We will continue to elevate our guest proposition to remain a preferred choice in Colombo's increasingly competitive hospitality landscape, building on our differentiated service, location advantages and integrated offerings. Particular focus will be placed on further strengthening our unique and unmatched capabilities in MICE, while enhancing personalisation, innovation and seamless experiences across guest touchpoints. Through these efforts, alongside continued emphasis on responsible hospitality and service excellence, we aim to sustain customer loyalty and reinforce our position as the first preference for our customers, amidst the many choices they have within Colombo city limits.

### MORE INFORMATION

Social and relationship capital – page 92



## Employee engagements

### Our employees profile

- 778 employees
- 17% female representation
- 10 years of average length of service
- 86 % employee retention

### How we continually engage

**Structured employee dialogue** – Ongoing engagement through periodic meetings, skip-level interactions, feedback forums and open communication channels across levels.

**Performance and development platforms** – Engagement through performance reviews, structured learning programmes, induction processes and leadership development initiatives.

**Employee listening mechanisms** – Insights gathered through engagement surveys, pulse checks and digital listening platforms to understand employee sentiment and priorities.

**Recognition and wellbeing initiatives** – Interaction fostered through recognition programmes, team engagement activities and employee wellbeing initiatives.

**Internal communication channels** – Regular leadership updates and internal communication platforms that support transparency, alignment and employee involvement.

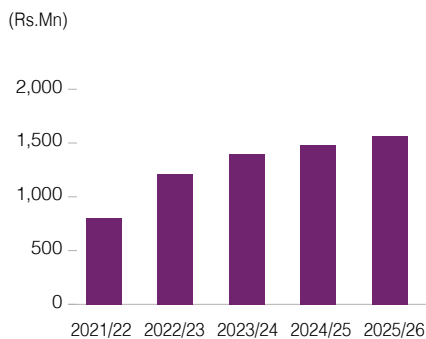
Key concerns raised	Our response actions	Corresponding material topics
<ul style="list-style-type: none"> <li>• Fair remuneration, rewards and employee wellbeing amid cost-of-living pressures and other challenges such as spill-over effects of global geo-political tensions and climate induced impacts</li> <li>• Career progression, capability development and access to training opportunities</li> <li>• Talent retention, succession and opportunities for growth within the Company or the John Keells Group</li> <li>• Safe and supportive working conditions, including preparedness during disruptions or emergencies</li> <li>• Employee engagement, recognition and maintaining morale in a demand operating environment</li> <li>• Diversity, inclusion and fostering an empowering workplace culture.</li> <li>• Clarity of communication and employee involvement in organisational priorities and change initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance career pathways, learning opportunities and succession development to support capability building, retention and long-term growth</li> <li>• Reinforce a safe, supportive and resilient workplace through strong health, safety and preparedness measure</li> <li>• Continue strengthening rewards, wellbeing support and people-focused initiatives to respond to employee needs in a dynamic operating environment</li> <li>• Foster an engaging and inclusive work environment through recognition, open communication and ongoing employee dialogue</li> <li>• Strengthen the hospitality career proposition by promoting meaningful growth opportunities, empowerment and a culture where people can thrive</li> </ul>	<ul style="list-style-type: none"> <li>• Human rights</li> <li>• Health and safety</li> <li>• Diversity and equal opportunity</li> <li>• Talent attraction and retention</li> </ul>

# Stakeholder engagements

Connectivity to material matters	How the stakeholder concerns are linked to our strategy	Dedicated point of contact	Value delivered during the year
<ul style="list-style-type: none"> <li>Human rights</li> <li>Health and safety</li> <li>Diversity and equal opportunity</li> <li>Talent attraction and retention</li> </ul>	<ul style="list-style-type: none"> <li>Revenue optimisation</li> </ul>	<ul style="list-style-type: none"> <li>Head of HR</li> <li>Ombudsperson</li> <li>Immediate supervisors</li> <li>Pillar heads</li> </ul>	<ul style="list-style-type: none"> <li>Rs. 1,563 Mn payments to employees</li> <li>46.4 average training hours per person</li> <li>Rs. 27 Mn investment in learning and development</li> </ul>

## Value delivered over the long-term

### Payments to employees



### WAY FORWARD

Our employees will continue to remain our strongest and most valued asset. Guided by structured, policy-led human resource practices, we will continue to focus on attracting and retaining talent through competitive rewards, employee wellbeing and a supportive work environment. Anchored by the culture and service ethos of Cinnamantra, we will seek to foster a workplace that enables both professional growth and personal development, while strengthening the capabilities and engagement of our people for the future.

### MORE INFORMATION

Human capital –page 69



### Suppliers and business partner engagements

### Our shareholder profile

- 02 Global offices
- 20 Channel partners
- 900 Suppliers
- 92 MICE events hosted

## How we continually engage

### Channel partners

- One-to-one engagements through virtual and in-person meetings locally and overseas
- Roadshows, trade fairs, and joint promotional initiatives
- Regular performance reviews and business planning discussions
- Ongoing collaboration on market intelligence, demand trends, and campaign opportunities
- Partner feedback forums and relationship management touchpoints

### Suppliers

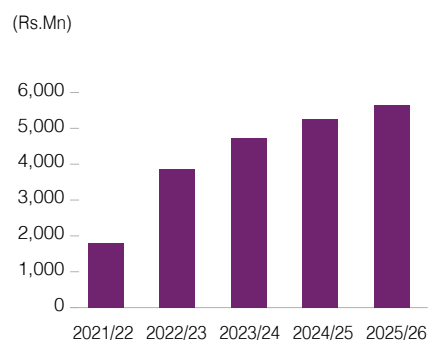
- Periodic supplier reviews, audits, and performance assessments
- Long-term partnerships supported by clear service and quality KPIs
- Joint planning, forecasting, and coordination sessions
- Ethical sourcing requirements, compliance reviews, and due diligence processes
- Supplier forums, feedback channels, and ongoing engagement dialogues

Key concerns raised	Our response actions	Corresponding material topics
<p><b>Channel Partners</b></p> <ul style="list-style-type: none"> <li>Stability of demand and guest flows amid geopolitical uncertainty and shifting market conditions</li> <li>Commercial competitiveness, pricing support and opportunities for shared growth</li> <li>Timely communication, market responsiveness and transparency in partnership management</li> <li>Brand strength, service consistency and support for collaborative growth initiatives</li> </ul> <p><b>Suppliers</b></p> <ul style="list-style-type: none"> <li>Reliability of payments and strength of commercial counterpart relationships</li> <li>Fair commercial practices, adherence to agreed terms and management of pricing pressures</li> <li>Continuity of supply, logistical efficiency and resilience amid external disruptions</li> <li>Responsible sourcing expectations, ethical conduct and the sustainability of long-term partnerships</li> </ul>	<p><b>Channel Partners</b></p> <ul style="list-style-type: none"> <li>Strengthened collaboration through proactive communication, responsiveness and closer partnership engagement.</li> <li>Supported shared growth through coordinated sales, marketing and demand generation initiatives.</li> <li>Enhanced collaboration to support occupancy growth, commercial performance and mutual value creation.</li> <li>Maintained agility and transparency in responding to market disruptions and changing travel dynamics.</li> </ul> <p><b>Suppliers</b></p> <ul style="list-style-type: none"> <li>Continued fair procurement practices, timely settlements and transparent commercial engagement.</li> <li>Strengthened supply relationships through closer collaboration and continuity-focused planning.</li> <li>Reinforced responsible sourcing expectations and alignment with sustainability-related standards.</li> <li>Fostered long-term partnerships through ongoing dialogue and a focus on shared value creation.</li> </ul>	<ul style="list-style-type: none"> <li>Business conduct and ethics</li> <li>Supply chain management</li> <li>Supplier assessment</li> <li>Stakeholder relationship management</li> </ul>

Connectivity to material matters	How the stakeholder concerns are linked to our strategy	Dedicated point of contact	Value delivered during the year
<ul style="list-style-type: none"> <li>Business conduct and ethics</li> <li>Supply chain management</li> <li>Supplier assessment</li> </ul>	<ul style="list-style-type: none"> <li>Revenue optimisation</li> <li>Operational excellence and cost optimisation</li> </ul>	<ul style="list-style-type: none"> <li>Director Sales and Marketing</li> <li>Purchasing Manager</li> </ul>	<ul style="list-style-type: none"> <li>60,428 Room nights</li> <li>Rs. 5,659 Mn Payments to suppliers</li> </ul>

## VALUE DELIVERED OVER THE LONG-TERM

### Payments to suppliers



### WAY FORWARD

The strategic importance of our channel partners and suppliers will continue to grow, particularly as geopolitical uncertainties place greater emphasis on resilient and collaborative value chain relationships, as supply chains come under pressure. As we move forward, we will continue to strengthen these partnerships, uphold our commitments/ contractual agreements and deepen collaboration to support mutual value creation, while aligning these relationships with Asian Hotels and Properties PLC broader growth and sustainability priorities.

### MORE INFORMATION

Social and relationship capital –page 92

# Stakeholder engagements



## Community engagements

### Community profile

- The wider community within which we operate

### How we continually engage

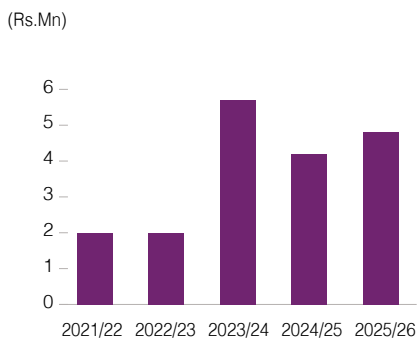
- Support community wellbeing through outreach programmes, social investment initiatives and targeted welfare assistance
- Foster partnerships with schools, educational institutions and community stakeholders to support development and opportunity creation
- Engage with communities through cultural participation, volunteerism and collaborative initiatives that strengthen social connections
- Advance environmental and community-based initiatives in partnership with local authorities and stakeholders to support sustainable development

Key concerns raised	Our response actions	Corresponding material topics
<ul style="list-style-type: none"> <li>• Employment generation, livelihood support and opportunities for shared economic value creation</li> <li>• Responsible management of environmental impacts and the Company's broader contribution to ecological stewardship</li> <li>• Support for local businesses, community development and the effectiveness of social investment initiatives</li> <li>• Respect for local culture, heritage and maintaining positive relationships with surrounding communities</li> </ul>	<ul style="list-style-type: none"> <li>• Expand local employment, livelihood opportunities and support for community-based enterprises to strengthen shared value creation</li> <li>• Continue investing in community development and social upliftment initiatives that support wellbeing and inclusion</li> <li>• Reinforce environmental stewardship and responsible operating practices to minimise impacts on surrounding communities</li> <li>• Support community resilience and recovery, including responsiveness to climate-related disruptions such as Cyclone Ditwah</li> </ul>	<ul style="list-style-type: none"> <li>• GHG emissions and energy management</li> <li>• Water management</li> <li>• Waste management</li> <li>• Community relations and empowerment</li> <li>• Biodiversity</li> </ul>

How the stakeholder concerns are linked to our strategy	Dedicated point of contact	Value delivered during the year
<ul style="list-style-type: none"> <li>• ESG considerations</li> </ul>	<ul style="list-style-type: none"> <li>• Manager, Health, Hygiene &amp; Sustainability</li> <li>• Purchasing Manager</li> </ul>	<ul style="list-style-type: none"> <li>• Rs. 4.8Mn invested in community empowerment and environmental preservation initiatives</li> <li>• 1,584 beneficiaries of community empowerment projects</li> <li>• 812 staff volunteer hours spent on community empowerment initiatives</li> <li>• 170 staff members recruited within the Western province</li> </ul>

## VALUE DELIVERED OVER THE LONG-TERM

### Investments in community empowerment projects



### WAY FORWARD

As a long-standing establishment in Colombo that has grown alongside the city for over 22 years, we recognise community progress as closely linked to our own development. Going forward, we will continue to deepen our contribution to the communities in which we operate by strengthening sustainability efforts, fostering shared value through local enterprise linkages and supporting community resilience. Greater emphasis will be placed on expanding collaboration with community leaders and selected schools in close proximity to the hotel, while identifying opportunities to create broader social impact.

### MORE INFORMATION

Social and relationship capital –page 92



**The Government and related entities**

A number of regulatory bodies and state entities, some of which are listed below;

- Sri Lanka Tourism Development Authority (SLTDA)
- Colombo Stock Exchange (CSE)

**How we continually engage**

- Periodic regulatory filings and disclosures
- Statutory reporting and compliance submissions
- On-site inspections and audits

**Community profile**

- The wider community within which we operate

- Securities and Exchange Commission of Sri Lanka (SEC)
- Sri Lanka Standards Institution (SLSI)
- Consumer Affairs Authority (CAA)
- Central Environmental Authority (CEA)
- Department of Inland Revenue (IRD)
- Urban Development Authority (UDA)
- Department of Labour
- Excise Department of Sri Lanka
- Central Bank of Sri Lanka (CBSL)

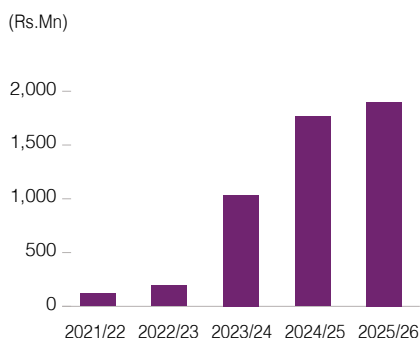
- Participation in industry consultations and forums
- Licensing and permit applications
- Public hearings and stakeholder meetings
- Formal correspondence and notifications
- Digital reporting platforms and online submissions
- Regulatory training and awareness sessions

Key concerns raised	Our response actions	Corresponding material topics
<ul style="list-style-type: none"> <li>• Compliance with tourism, licensing, labour, safety and other applicable regulatory requirements</li> <li>• Timely, transparent financial and governance disclosures, including fiscal compliance and tax contributions</li> <li>• Responsible management of environmental impacts, resource use and adherence to sustainability-related regulations</li> <li>• Business resilience, security preparedness and prudent management of macroeconomic, geopolitical and climate-related risks</li> <li>• Contribution to national economic development, tourism priorities and broader responsible corporate conduct</li> <li>• Compliance with product, service and operational standards, including quality, consumer protection and regulated activities</li> </ul>	<ul style="list-style-type: none"> <li>• Continue upholding strong compliance with applicable legal, regulatory and licensing requirements through robust controls and oversight mechanisms</li> <li>• Maintain timely statutory and regulatory submissions while reinforcing transparency and sound governance practices</li> <li>• Strengthen risk management, business continuity and preparedness in response to evolving external and regulatory developments</li> <li>• Sustain active collaboration with tourism, industry and regulatory authorities in support of sector priorities and national development goals</li> <li>• Advance responsible environmental, labour and business practices in line with evolving sustainability and regulatory expectations</li> </ul>	<ul style="list-style-type: none"> <li>• GHG emissions and energy management</li> <li>• Transparency in disclosures</li> <li>• Tax strategy</li> </ul>

How the stakeholder concerns are linked to our strategy	Dedicated point of contact	Value delivered during the year
<ul style="list-style-type: none"> <li>• ESG considerations</li> </ul>	<ul style="list-style-type: none"> <li>• Director - Finance</li> <li>• Director - Human Resources</li> <li>• Manager - Health, Hygiene &amp; Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Rs.1,900Mn Total taxes paid to the Government</li> <li>• 24% revenue generated in foreign currency</li> <li>• Timely renewal of environmental certificates/ permits</li> </ul>

**VALUE DELIVERED OVER THE LONG-TERM**

**Total taxes paid to the Government of Sri Lanka**



**WAY FORWARD**

Aligned with the Government's growth agenda and the important role assigned to tourism as an engine of economic progress, we will continue to support national development priorities through responsible operations, constructive engagement and strong regulatory alignment. We remain committed to working collaboratively with government and related authorities, maintaining robust compliance practices while contributing to industry initiatives that strengthen resilience, sustainability and the continued growth of the tourism sector and its contribution to the country's economy.

**MORE INFORMATION**

Financial capital – page 56  
 Corporate governance – page 118

# Operating environment

The global tourism sector continued its strong recovery momentum during 2025, with international tourist arrivals returning to long-term pre-pandemic growth trajectories. Growth was supported by resilient consumer demand, robust outbound travel from major source markets, the continued recovery of destinations within Asia and the Pacific, enhanced air connectivity, and easing travel and visa-related restrictions across many regions.

Importantly, the sector recorded growth in visitor volumes, whilst demonstrating strong value generation, with global international tourism receipts estimated at approximately USD 1.9 trillion during the year, while total tourism export revenues, including passenger transport, reached a record USD 2.2 trillion. Several leading destinations reported tourism revenue growth that exceeded arrival growth, reflecting stronger visitor spending patterns and sustained demand for travel experiences despite elevated global travel costs.

While geopolitical tensions, inflationary pressures, and climate-related disruptions continued to present risks to the sector, global tourism remained resilient, supported by evolving traveller preferences, increasing demand for experiential travel, and continued expansion in international mobility and connectivity.

## Global tourism arrivals across regions - 2025

Region	International Tourist Arrivals - 2025	Growth vs. 2024
Europe	793 Mn	+4%
Americas	218 Mn	+1%
Africa	81 Mn	+8%
Middle East	100 Mn	+3%
Asia & Pacific	331 Mn	+6%

### Global tourism – Way forward

Global tourism is expected to continue its recovery trajectory in 2026, with international tourist arrivals projected to grow by approximately 3% to 4% over 2025 levels, supported by improving air connectivity, resilient consumer demand, and growing outbound travel from emerging markets. Major global events such as the Milano Cortina 2026 Winter Olympics and the FIFA World Cup 2026 are also expected to support international travel activity.

However, the outlook remains subject to heightened uncertainty arising from geopolitical tensions, global conflicts, trade-related pressures, and extreme weather conditions, all of which may weigh on traveller confidence. While global inflation moderated during 2025, tourism-related costs remain elevated, resulting in travellers increasingly seeking value-for-money destinations. Against this backdrop, destinations offering competitive pricing, strong connectivity, and diverse tourism experiences are expected to remain well-positioned within the global tourism landscape.

### Sri Lankan Economic Performance

The year under review marked a notably more positive operating environment for Sri Lanka and for the tourism sector, following several years overshadowed by a succession of unprecedented challenges. Since 2019, the industry had endured the far-reaching impacts of the Easter Sunday attacks, the COVID-19 pandemic, and the Sri Lankan economic crisis, each of which significantly disrupted tourism activity and economic stability. While the devastating impact of Cyclone Ditwah during the year served as a stark reminder of the growing realities of climate-related vulnerabilities, Sri Lanka once again demonstrated its characteristic resilience and ability to recover amidst adversity.

Supported by improving macroeconomic stability, sound economic growth, stronger tourism demand, and renewed investor and traveller confidence, the operating environment during the year augured positively for the hospitality sector. Against this backdrop, Asian Hotels and Properties PLC (the Group) continued to leverage its longstanding

**HIGHLIGHTS**  
International tourist arrivals  
(overnight visitors)

**1.52 billion**  
(Estimated)

**4% growth over 2024**

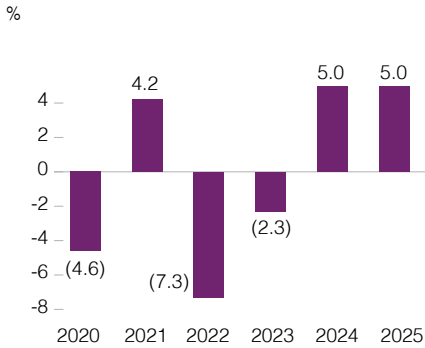
expertise, operational experience, and strong market positioning within Sri Lanka's hotel industry to deliver value to stakeholders, while also contributing towards the broader recovery and progress of the national economy.

### GDP growth

The Sri Lankan economy demonstrated strong resilience and recovery momentum during 2025, recording robust real Gross Domestic Product (GDP) growth of 5.0%, despite the disruptions caused by Cyclone Ditwah during the year. Economic expansion was broad-based, with all four quarters contributing positively to growth, reflecting improving macroeconomic stability, strengthening business confidence, and a gradual revival in economic activity across key sectors of the economy.

Growth was predominantly driven by the industry sector, supported by notable improvements in manufacturing and construction activities, while the Services sector continued to make a significant contribution through the expansion of financial services, transportation, trade, and tourism-related activities.

### Annual GDP Growth



Source: Central Bank of Sri Lanka



### How the tourism sector and the Group progressed in response

The Sector: The improving economic landscape, coupled with recovering consumer confidence, enhanced air connectivity, and continued growth in tourist arrivals, created a favourable operating environment for Sri Lanka's hospitality sector. Colombo, in particular, benefitted from increased corporate travel, conferences, events, and leisure tourism activity, strengthening demand for city hotels.

Cinnamon Grand Colombo: Against this backdrop, Cinnamon Grand Colombo leveraged its strategic location, brand strength, and longstanding reputation within Sri Lanka's hospitality industry to capitalise on the resurgence in tourism and business travel, delivering improved operational performance and contributing towards the broader revival of the tourism sector and national economy.

**Average occupancy rate of the hotel improved to 68% in 2025/26 from 61% in 2024/25**

**Revenue improved to Rs. 6,523 Mn for the year – a 11% growth over 2024/25**

Crescat Boulevard: The improved operating environment and resurgence in tourism activity during the year also augured positively for Crescat Boulevard, the lifestyle-focused retail mall adjoining Cinnamon Grand Colombo. With the recovery in international tourist arrivals and increased patronage at the hotel, the mall benefitted from heightened foreign visitor footfall, particularly from leisure travellers seeking retail, dining, and lifestyle experiences within Colombo city.

At the same time, improving domestic economic conditions, stronger consumer confidence, and increased mobility also contributed towards a gradual rise in local patronage and spending activity at the mall. Crescat Boulevard's strategic location, curated tenant mix, and positioning as a lifestyle-oriented retail destination enabled it to capitalise on both tourist-driven and local consumer demand, supporting improved commercial activity and tenant engagement during the year.

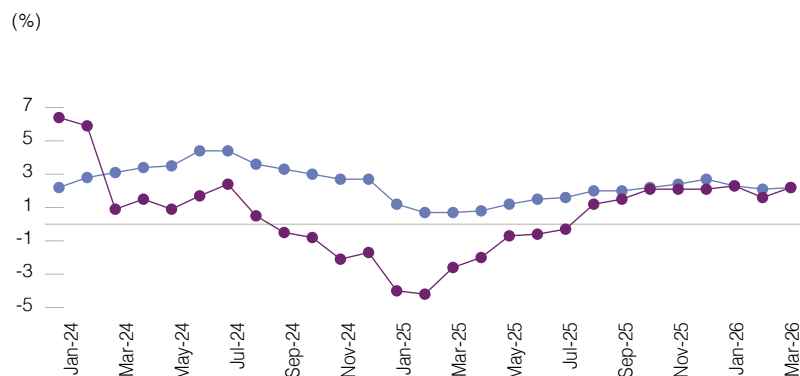
**The shoppers' footfall at the Mall expanded by 21% in 2025/26 over 2024/25**

### Inflation

Inflationary pressures remained largely subdued during the year, supported by favourable statistical base effects, easing global commodity prices, and the timely implementation of monetary and fiscal policy measures. Headline inflation, measured by the Colombo Consumer Price Index (CCPI), remained in negative territory during the early part of 2025, primarily reflecting the impact of VAT-related base effects and downward revisions in electricity tariffs.

However, from March 2025 onwards, inflation gradually trended upwards as food prices strengthened and utility tariff adjustments began exerting upward pressure on consumer prices. Despite this normalisation, inflation remained within broadly manageable and desired levels, returning to positive territory by August 2025 and maintaining relative stability thereafter, with the trend continuing into the first quarter of 2026.

### Inflation : CCPI YoY Percentage Change



Source: Central Bank of Sri Lanka

# Operating environment

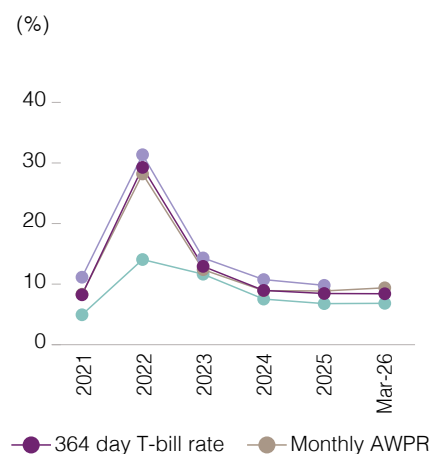
## Key market interest rates

Market interest rates generally followed a downward trajectory during 2025, supported by an accommodative monetary policy environment, subdued inflationary conditions, well-anchored inflation expectations, and improving sovereign credit fundamentals. During the year 2025, the Central Bank of Sri Lanka further eased monetary policy through a reduction in the Overnight Policy Rate (OPR), extending the significant policy easing measures implemented since mid-2023.

Consequently, money market rates declined broadly and remained largely aligned with policy rates for the greater part of the year, contributing towards improved liquidity conditions and lower financing costs across the economy. Nevertheless, during the latter part of 2025, short-term interest rates and government securities yields experienced temporary upward pressure.

These pressures gradually normalised in early 2026 as liquidity conditions improved and market stability strengthened. Overall, both lending and deposit rates recorded a downward movement during the year, notwithstanding the short-term volatility observed towards the year end.

## Key Market Rates



Source: Central Bank of Sri Lanka

## How the tourism sector and the Group were impacted

The relatively stable inflationary environment during the year, coupled with easing interest rates and improving macroeconomic confidence, created favourable conditions for Sri Lanka's tourism and hospitality sector. Improved price stability supported consumer and investor confidence globally and locally, while lower financing costs gradually stimulated economic activity, travel demand, and business expansion, benefitting the broader operating landscape within which Cinnamon Grand Colombo and Crescat Boulevard function.

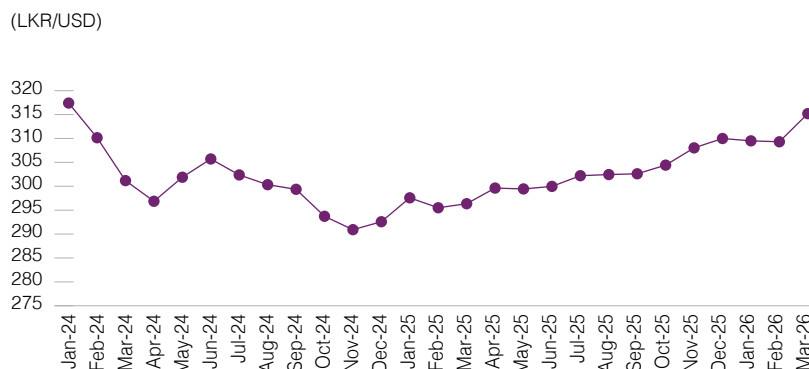
## External sector performance

Sri Lanka's external sector remained resilient during 2025, recording a current account surplus for the third consecutive

year, supported by strong tourism earnings, improved workers' remittances, and continued growth in export earnings. Although the merchandise trade deficit widened due to higher import expenditure, particularly following the relaxation of vehicle import restrictions, the country's overall external position remained stable amidst improving economic conditions.

The Sri Lankan Rupee depreciated moderately against the US Dollar during the year, mainly due to increased import demand. However, sustained inflows from tourism, remittances, exports, and financial account movements supported foreign exchange liquidity and enabled the Central Bank to further strengthen official reserves during the year.

## Exchange rate movement - LKR/USD



Source: Central Bank of Sri Lanka

## How the tourism sector and the Group were impacted

Strong tourism earnings and improved foreign exchange liquidity supported higher tourist arrivals and travel confidence, positively benefitting Sri Lanka's hospitality sector.

The moderate depreciation of the Rupee enhanced Sri Lanka's attractiveness as a comparatively affordable travel destination, supporting occupancy and revenue growth at Cinnamon Grand Colombo.

Meanwhile, increased hotel patronage and stronger tourist footfall also positively impacted Crescat Boulevard, driving higher retail, dining, and lifestyle-related activity within the mall.

## Impact of Cyclone Ditwah on the Tourism Sector

- Cyclone Ditwah was one of the most severe climate-related events experienced by Sri Lanka during the year in late November 2025, resulting in significant human and economic loss across several parts of the country. The disaster reportedly claimed over 600 lives, displaced thousands of families, and caused widespread damage to infrastructure, livelihoods, transport networks, and businesses.
- The adverse weather conditions disrupted tourism-related activities, domestic mobility, airport and transport connectivity, and hotel operations in certain affected regions, particularly impacting travel patterns and visitor movement during the period.

## Sri Lankan Tourism Sector Performance

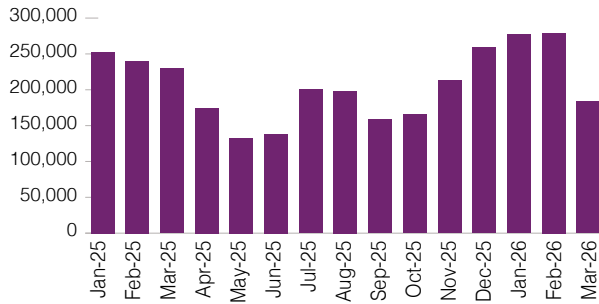
Source: Sri Lanka Tourism Development Authority/ Other

### Key favourable developments for Sri Lanka tourism

- Record arrivals in 2025 – Sri Lanka recorded 2.36 million tourist arrivals in 2025, surpassing the 2018 benchmark and reinforcing tourism's role as a key foreign exchange earner, employment generator and regional economic driver.
- Strong start to 2026 – January 2026 recorded 277,327 arrivals, up 9.7% YoY, while February 2026 reached 279,328 arrivals, up 16.2% YoY. The first two months alone accounted for 556,655 arrivals, signalling strong momentum entering the year.
- India continued to anchor demand – India remained Sri Lanka's largest source market, supported by proximity and air connectivity. In January 2026 alone, India contributed 52,061 arrivals, while the UK, Russia, Germany and China also remained key contributors.
- Strong global destination endorsements – Sri Lanka gained several global endorsements, including being named among Travel + Leisure's 50 Best Places to Travel in 2026, BBC Travel's 25 Best Places to Travel in 2025, and Condé Nast Traveler's 2025 food destination rankings, strengthening destination visibility.

# Operating environment

## Tourist arrivals through 2025 - 1Q 2026



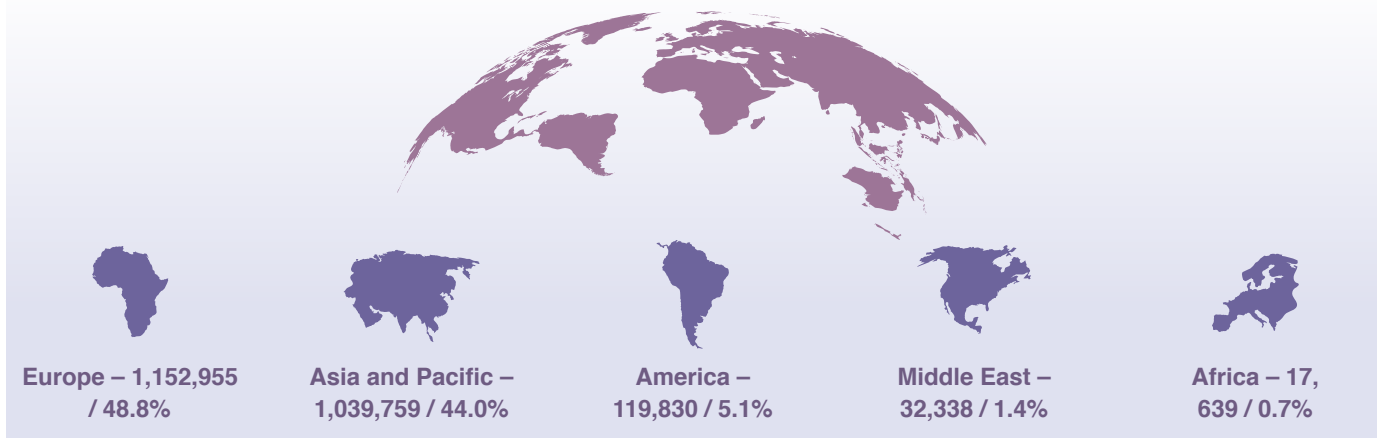
### KEY PERFORMANCE INDICATORS

- Total tourist arrivals **2.36 Mn (YoY Growth - 15.1%)**
- Total earnings from tourism for the Financial Year 2025 – **USD 3.2 Bn**
- Average duration of stay **8.29 nights**

## Tourist arrivals by key source markets

Country	2025	Percentage growth over 2024
India	531,511	27.47
United Kingdom	212,277	19.03
Russian Federation	186,580	(7.60)
Germany	147,966	8.73
China	132,035	0.27
Australia	109,487	22.23
France	109,041	22.83
United States	65,973	10.82
Netherlands	64,164	28.03
Bangladesh	59,563	50.58

## GEOGRAPHIC DISPERSION OF TOURIST ARRIVALS



### The Way Forward for Sri Lanka Tourism Sector

**Positive 2026 growth outlook** – Sri Lanka Tourist Development Authority's (SLTDA) 2026 growth scenarios project tourist arrivals between approximately 2.55 million and 3.0 million, supported by airline seat capacity growth, continued investment in tourism infrastructure, digital transformation, product diversification and stronger market penetration.

**Government target of 3 million tourists in 2026** – Sri Lanka is targeting 3 million tourists in 2026, with tourism positioned as a key contributor to foreign exchange generation and economic recovery.

**Investment pipeline and high-end tourism push** – Sri Lanka is targeting large tourism investments in 2026, following the considerable investments made in the previous year. The opening of the USD 1.2 billion City of Dreams, Sri Lanka, integrated resort also supports the country's move towards higher-value tourism.

**Strong global destination endorsements** – Sri Lanka gained several global endorsements, and these are set to strengthening destination visibility

**Product diversification opportunities** – SLTDA highlights wellness, nature-based, cultural and MICE tourism as areas supporting future growth, which aligns well with evolving global traveller preferences for experiential, sustainable and purpose-led travel.

## Key Opportunities

- Recovery in global travel demand – The continued rebound in international leisure and business travel presents significant opportunities for Sri Lanka to strengthen tourist arrivals, foreign exchange earnings, and sector-wide revenue generation.
- Positioning as a value-for-money destination – The relative affordability of Sri Lanka compared to competing destinations enhances its attractiveness amongst international travellers seeking premium experiences at competitive pricing.
- Growth in experiential and sustainable tourism – Increasing global preference for wellness, eco-tourism, cultural immersion, and nature-based travel aligns strongly with Sri Lanka's diverse tourism offering.
- Expansion in regional tourism markets – Improved air connectivity and proximity to high-growth markets such as India, China, and the Middle East create opportunities for sustained visitor growth and diversified source markets.
- Government support and tourism promotion – Visa facilitation initiatives, destination marketing campaigns, and tourism infrastructure investments continue to strengthen the sector's long-term growth potential.
- Digital transformation and tourism accessibility – Digital booking platforms, travel technology, and social media-driven destination visibility enhance Sri Lanka's global tourism reach and market accessibility.
- Growth in MICE and luxury tourism – Rising demand for Meetings, Incentives, Conferences, and Exhibitions (MICE), destination weddings, and luxury travel creates opportunities for higher-yield tourism segments.

## Key Risks

- Geopolitical instability and global conflicts – Wars, geopolitical tensions, and global economic uncertainty may weaken travel demand, disrupt airline connectivity, and reduce discretionary spending on tourism.
- Climate change and natural disasters – Extreme weather events, floods, cyclones, coastal erosion, and rising climate vulnerabilities pose operational, infrastructure, and business continuity risks to the tourism sector.
- Macroeconomic volatility – Inflationary pressures, currency fluctuations, interest rate volatility, and economic slowdowns in key source markets may adversely impact tourist arrivals and profitability.
- Health and pandemic-related risks – The tourism sector remains highly vulnerable to global health crises, pandemics, and evolving public health concerns that could disrupt international mobility.
- Intensifying regional competition – Competing Asian and Indian Ocean destinations continue to invest aggressively in tourism infrastructure, destination branding, and air connectivity.
- Dependence on external source markets – Overreliance on a limited number of key tourism source markets exposes the industry to concentration risks and external economic shocks.
- Infrastructure and utility constraints – Power disruptions, water shortages, transport bottlenecks, and urban infrastructure limitations may negatively affect visitor experience and sector efficiency.
- Cybersecurity and digital risks – Increased reliance on digital platforms and online transactions heightens exposure to cybersecurity threats, data breaches, and reputational risks.
- Labour shortages and talent migration – The hospitality industry continues to face challenges relating to skilled labour retention, migration of experienced employees, and rising workforce costs.

**Positioned to capture tourism and lifestyle growth****Cinnamon Grand Colombo and Crescat Boulevard's readiness**

Cinnamon Grand Colombo remains well-positioned to navigate the evolving tourism landscape through its strong brand presence, strategic location, diversified customer base, and disciplined operational and financial management practices. The Hotel continues to capitalise on the recovery in tourism, corporate travel, and events activity, while strengthening resilience through prudent cost management, business continuity preparedness, and growing focus on sustainability and climate resilience.

Crescat Boulevard similarly continues to benefit from increased tourist and local consumer footfall, supported by its positioning as a lifestyle-oriented retail and leisure destination adjoining Cinnamon Grand Colombo. Through a curated tenant mix, customer-focused experiences, and operational agility, the mall remains well-gearred to adapt to changing consumer trends and evolving economic conditions.

# ESG Performance

## ESG performance

Environmental, Social and Governance (ESG) considerations are central to the way of Asian Hotels and Properties PLC, including the operations of Crescat Boulevard (AHP/ the Group), and how the Group conducts its business, manages risk, and creates long-term value.

During the year, the Group further strengthened its ESG efforts through continued focus on resource efficiency, responsible operational practices, employee well-being, community engagement, and governance oversight, whilst progressively enhancing its alignment with evolving sustainability and climate-related reporting expectations and stakeholder priorities.

## Our commitment to ESG

The Group's commitment to ESG is embodied through a focused three-pronged approach.

 <p><b>Wellbeing of the Planet</b></p> <p>Asian Hotels and Properties PLC actively seeks to reduce its environmental footprint by implementing energy-efficient technologies, minimising waste, and conserving natural resources. The Group focuses on sustainable practices that protect ecosystems and promote biodiversity.</p>	 <p><b>Wellbeing of its People</b></p> <p>The Group values its employees and strives to create a safe, healthy, and inclusive work environment. It invests in employee development and wellbeing through training programmes, health initiatives, and support for work-life balance.</p>	 <p><b>Empowering All for Sustainable Development</b></p> <p>The Group aims to uplift local communities and stakeholders by fostering economic opportunities and inclusive growth. This involves supporting local suppliers, promoting fair trade, and engaging in philanthropic initiatives that contribute to the broader communities</p>
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## OUR ESG STRATEGY AND FRAMEWORK

### Cinnamon Hotels & Resorts sustainability policy

Cinnamon Hotels & Resorts, of which Asian Hotels and Properties PLC is a part - recognises that balancing the three pillars of sustainability i.e. planet, people, and community, remains integral to its operations. John Keells Holdings PLC and Cinnamon Hotels & Resorts remain committed to delivering high standards of hospitality in a responsible manner by fostering a safe and healthy workplace, minimising environmental impacts, and maintaining positive community relationships, whilst complying with all applicable laws and regulations. Asian Hotels and Properties PLC aligns its sustainability approach closely with the broader John Keells Group sustainability agenda and policies.

 <p>Well-established global and local ESG Frameworks</p>	 <p>Enterprise-wide ESG commitment and support</p>	 <p>Strong governance and accountability structures</p>
 <p>Comprehensive ESG Policies and Protocols</p>	 <p>Purpose-led and impact-focused initiatives</p>	 <p>Robust reporting and progress tracking mechanisms</p>

### Well-established global and local ESG Frameworks

The Group recognises globally and nationally recognised ESG frameworks and principles as important reference points in shaping its ESG priorities, performance, and long-term value creation approach, thereby driving greater impact through its own initiatives. Accordingly, the Group aligns its ESG efforts with internationally accepted frameworks whilst also remaining cognisant of national priorities as listed below.

These frameworks provide strategic direction to the Group's ESG initiatives, supporting responsible business practices, enhanced accountability, and alignment with evolving stakeholder expectations and sustainability-related priorities.

- United Nations Global Compact (UNGC) Principles
- United Nations Sustainable Development Goals (UNSDGs)
- National priorities such as Nationally Determined Contributions (NDC 3.0) of Sri Lanka

### Enterprise-wide ESG commitment and support

Strong enterprise-wide ESG commitment and support is fostered through the close alignment of Asian Hotels and Properties PLC's ESG approach with the broader sustainability agenda of John Keells Holdings PLC and the sector-level ESG priorities of Cinnamon Hotels & Resorts, enabling the Group to drive its ESG efforts in a structured, consistent, and strategically aligned manner.

### Strong governance and accountability structures

The Group's ESG governance and accountability structures are anchored on the strong governance framework established at the parent entity level by the Board of Directors of John Keells Holdings PLC, whose oversight, strategic direction, and sector-level guidance drive and influence ESG priorities and initiatives across Cinnamon Hotels & Resorts and down to the Asian Hotels and Properties level.

Refer to the Corporate Governance section of this Annual Report for the Detailed ESG Governance Structure (page 155)



# ESG Performance

## Comprehensive ESG Policies

The Group, under the guidance of the Parent entity - John Keells Holdings PLC - maintains a comprehensive suite of ESG-related policies that provide clear guidance and direction on critical ESG and operational matters across the business. These policies are reviewed periodically, predominantly on an annual basis, to ensure they remain relevant, updated, and responsive to evolving business, environmental, social, and regulatory contexts.

Further strengthening the Group's ESG policy framework during the year, John Keells Holdings PLC (JKH) introduced dedicated Biodiversity and Wildlife Policies at the parent entity level.

Policy	Additional information
Sustainability Policy	Derived based on the ESG framework of Cinnamon Hotels & Resorts (CH&R). New inclusions – Transparency and stakeholder engagement, employee wellbeing and community relations
Food Safety Policy	Derived based on FSSC 22000 requirements.
Environment Policy	Derived based on ISO 14001:2015 requirements
Elimination of Single-use Plastic Policy	Includes banned plastic items, supplier management, plastic based awareness targeting both employees and the community
Equal Opportunity Policy	Derived based on JKH policies (One JKH) and the CH&R frameworks New inclusions – Fair and objective recruitment, respect for stakeholders, responsibility for execution
Human Rights Policy	Derived based on JKH policies (One JKH) and the CH&R frameworks New inclusions – Respect for stakeholders
Policy Against Sexual Harassments	Derived based on JKH policies (One JKH) and the CH&R frameworks New inclusion – Types of sexual harassments, legal consequences and training requirements
Community Engagement Policy	Derived based on JKH policies (One JKH) and the CH&R frameworks New inclusions – Women empowerment, local artisans' development programme and local supplier development
Child Protection Policy	Derived based on JKH policies (One JKH) and the CH&R frameworks
Data Protection Policy	Introduced in November 2023 and content includes obligations of Cinnamon, confidentiality and integrity of data, transferring of data, storing of data, data breach and reporting, asset classification etc.
Risk Management Policy	JKH policy framework
Purchasing Policy	Derived based on JKH group policy
Anti- Fraud Policy	Derived based on JKH group policy
Brand Quality Assurance Policy	Internal processes and procedures
Organisation Health & Safety Policy	Derived based on ISO 45001:2018 requirements
Biodiversity Policy	We are committed to conserving, restoring and enhancing biodiversity across all properties and their surroundings. our efforts are implemented through site specific action plans, restoration initiatives outside our immediate boundary, responsible operations, sustainable supply chains, and strong community partnerships.
Wildlife Interaction Policy	Wildlife interaction policy strictly prohibits any form of direct or indirect interaction with wild animals and it applies to staff, guests, vendors, and third-party operators and is guided by international standards and best practices. our aim is to protect wildlife welfare, preserve natural behaviours and habitats, and ensure all experiences we offer are respectful, responsible, and sustainable.

### Purpose-led and impact-focused initiatives

Given below is a snapshot of impact delivered by some of our ESG related initiatives.

#### Environment

Scope	Measurement	Performance 2025/26
GHG emissions	Total GHG emissions for the year (Scope 1,2 & 3)	7,858 tCO <sub>2</sub> e 18% reduction over the prior year
Energy management	Energy usage	YoY increase in energy usage contained at 0.2%, compared to a revenue growth of 10%
Water stewardship	Reduction in water usage	0.07% reduction in freshwater consumption
Waste management	Waste diverted from landfills	99.56% diversion of waste
Biodiversity preservation	Projects conducted	Sinharaja tree planting initiative Mangroves planting initiatives Coastal & Community cleanups

For more information please refer Natural Capital section from page 106 onwards

#### Social

Scope	Measurement	Performance 2025/26
Community empowerment projects	Impact areas covered	Community clean-ups, donations to the medical sector, child nutrition upliftment, technical training on hotel operations to connected stakeholders
	Cumulative beneficiaries	1,584
	Cumulative investments made	Rs. 4.8Mn
	Cumulative employee volunteer hours invested	812
Health, Safety and Environment impact assessments to be conducted for suppliers	Number of suppliers assessed	41

For more information please refer Social and Relationship Capital section from page 92 onwards

#### Governance

Scope	Measurement	Performance 2025/26
Inclusive, equitable, and diverse work environment	Female representation within the workforce	17%
	Female representation in leadership positions	18%
Adherence to applicable laws and regulations	Instances of breaches/ penalties paid	Nil

# ESG Performance

## **Robust reporting and progress tracking mechanisms**

The Group continues to progressively enhance its ESG reporting and disclosure practices each year, recognising transparent reporting as an important mechanism for accountability, stakeholder engagement, informed decision-making, and the effective management of ESG-related risks and opportunities. Robust reporting processes and progress tracking mechanisms are in place to monitor, assess, and measure the impact created across the Group's identified ESG focus areas, enabling continuous improvement and more informed strategic action.

Importantly, the year under review also marked the Group's first year of reporting under SLFRS S1 and SLFRS S2, further strengthening the Group's approach towards sustainability-related and climate-related disclosures, governance, risk management, and performance measurement in line with evolving mandatory reporting requirements and global best practices.

## **WAY FORWARD**

As climate-related emergencies and environmental challenges continue to intensify globally, with Sri Lanka remaining particularly vulnerable to external and climate-related shocks, the Group recognises the need to continuously evolve and strengthen its ESG priorities and response mechanisms. While the operating landscape may require the recalibration of certain focus areas over time, the Group remains firmly committed to responsible business practices, resilient operations, and the continued advancement of its ESG agenda in support of long-term stakeholder and shareholder value creation.

## Material Matters

Understanding the matters that most significantly influence long-term value creation is central to the way Asian Hotels & Properties PLC manages its business and engages with stakeholders. Accordingly, the Group adopts a structured and stakeholder-driven approach to identifying and assessing material matters, ensuring that its disclosures present a balanced, transparent, and comprehensive view of the issues most relevant to the organisation and its stakeholders. The materiality assessment is conducted through a systematic multi-step process that evaluates and prioritises topics based on their significance to stakeholders and their potential impact on the Group's strategy, operational performance, and future outlook. This disciplined approach helps ensure that strategic focus remains aligned with the most significant risks, opportunities, and matters influencing sustainable value creation.

### How inputs are derived in assessing material matters

The determination of material matters is informed by a range of internal and external inputs, including:

- Analysis of the external operating environment, including emerging risks and opportunities
- Review of the Group's business model and strategic priorities
- Ongoing engagement with key stakeholder groups
- Value chain sustainability assessments and supplier reviews
- Developments and emerging trends within the hospitality sector
- Consideration of global sustainability reporting standards and disclosure requirements

The Group used the double materiality lens to assess potential material topics considering both the impact on the Group and impact on external stakeholders and the environment we operate in.

### Dual materiality focus adopted

Financial Materiality

Impact Materiality

As the ultimate parent entity, the Board of Directors of John Keells Holdings PLC provides oversight and strategic guidance over the materiality assessment process carried out by Asian Hotels & Properties PLC. In this regard, the Board reviews and endorses the material matters identified, ensuring that they remain aligned with the broader strategic priorities of the Group and the evolving expectations of key stakeholders.

### Structured approach – Material matters identification



#### Step 1: Identify and Shortlist

##### Shortlisted Internal Stakeholders

- Board & Senior Management
- Employees

##### Shortlisted External Stakeholders

- Investors
- Customers
- Community Partners
- Suppliers

##### Shortlisted Material Topics

- 20 Material topics identified - Standards and frameworks such as Dow Jones Sustainability Index (DJSI), MSCI ESG Ratings (MSCI) and Sustainability Accounting Standards Board (SASB) were considered
- Industry insights were taken from peer matrices



#### STEP 2: Prioritise

- Curated customised questionnaires for all stakeholder groups
- Conducted online surveys to understand stakeholder preferences



#### STEP 3: Validate and Review

- Assigned weights to each topic as per global frameworks and peers
- Incorporated individual stakeholder insights
- Applied scaling factor to each material topic based on the weighted average of stakeholders' responses
- Ranked material topics based on the average of both internal and external stakeholders
- Developed Materiality Matrix

# Material Matters

## Material matter and themes

During the year under review, the material matters identified by the Group were reassessed and refined through the process outlined above to enhance their relevance to the Group's business operations and ensure alignment with the Parent entity, John Keells Holdings PLC's material matters. Furthermore, the evaluation of the Group's sustainability-related risks and opportunities (SRROs) and climate-related risks and opportunities (CRROs) is based on these material matters.

**Our material matters are presented under the following broader themes.**

1. Environmental preservation
2. Employee relations and well-being
3. Good governance and ethics
4. Guests, suppliers and community relations

### 1.0 Environmental preservation

- 1.1 GHG emissions and energy management
- 1.2 Water management
- 1.3 Waste management
- 1.4 Biodiversity

### 3.0 Good governance and ethics

- 3.1 Business conduct and ethics
- 3.2 Corporate governance
- 3.3 Tax strategy
- 3.4 Transparency in disclosures
- 3.5 Privacy and data security

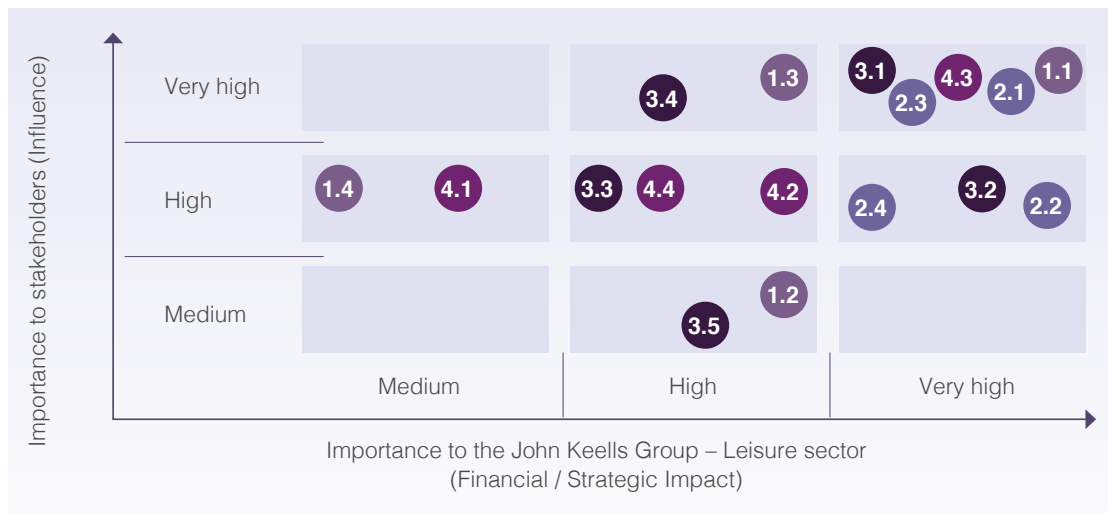
### 2.0 Employee relations and well-being

- 2.1 Human rights
- 2.2 Health & Safety
- 2.3 Diversity & Equal opportunity
- 2.4 Talent attraction and retention

### 4.0 Guests, suppliers and community relation

- 4.1 Community relations and empowerment
- 4.2 Supply chain management
- 4.3 Product safety & quality
- 4.4 Supplier assessment

## MATERIALITY MATRIX



No	Material topic	What it constitutes	Impact level	Key stakeholders impacted	GRI /SASB Disclosure	Value delivered through	Management of material topic
<b>Material theme: Environmental preservation</b>							
1.1	GHG emissions and energy management	"Taking steps to reduce air pollution and using lesser electricity and maximising the renewable energy usage"	Very High	Universal*	GRI 302: Energy, GRI 305: Emissions, SV-HL-130a.1, SV-HL-160a.2, FB-RN130a.1	Natural capital	Page 110
1.2	Water management	Utilising less water and reusing wastewater for other purposes like gardening	High	Universal*	GRI 303: Water and Effluents, SV-HL-140a.1, SV HL-160a.2, ,FB-RN140a.1	Natural capital	Page 111
1.3	Waste management	Preventing waste by reducing, reusing and recycling	High	Universal*	GRI 306: Waste, FB-RN150a.1, FB-RN150a.2	Natural capital	Page 112
1.4	Biodiversity	Conservation and preservation of our natural environment		Universal*	SV-HL-160a.1, SV-HL-160a.2	Natural capital	Page 113
<b>Material theme: Employee relations and well-being</b>							
2.1	Human rights	Ensuring that humans are treated with dignity (E.g.: no discrimination, no child labour or forced labour, freedom of association and collective bargaining)	Very High	Employees	GRI 406: Non Discrimination, SV-HL-310a.4, , FB-RN310a.3	Human capital	Page 81
2.2	Health & Safety	"Ensuring a safe and healthy workplace for employees (e.g.: zero accidents, safety trainings)"	Very High	Employees	GRI 403: Occupational Health and Safety	Human capital	Page 78

## Material Matters

No	Material topic	What it constitutes	Impact level	Key stakeholders impacted	GRI /SASB Disclosure	Value delivered through	Management of material topic
2.3	Diversity & Equal opportunity	Being inclusive, diverse and providing equal opportunities at the workforce irrespective of gender, age or religion	Very High	Employees	GRI 405: Diversity and Equal Opportunity	Human capital	Page 77
2.4	Talent attraction and retention	Making the workplace an attractive environment and Upskilling and reskilling employees in order to achieve career and personal growth	Very High	Employees	GRI 401: Employment, GRI 402: Labour/ Management Relations, GRI 404: Training and education, SV HL-310a.1, FB-RN310a.1, FB-RN310a.2, FB-RN-000.B	Human capital	Page 72
<b>Material theme: Good governance and ethics</b>							
3.1	Business conduct and ethics	Ensuring all stakeholders internal or external are compliant with company policies and procedures	Very High	Universal*	GRI 205: Anti Corruption GRI 408 - Child labour GRI 417 - Marketing and labelling, SV-HL 310a.3	Intellectual capital	Page 161
3.2	Corporate governance	Ensuring a diverse, effective and ethical board of directors committed to preserving shareholder value	Very High	Universal*	GRI 418: Customer Privacy GR1 201 – Direct economic impacts	Intellectual capital	Page 118
3.3	Tax strategy	Approach or plan adopted by an organisation to manage its tax obligations in a way that is considered significant or material to its overall financial performance and sustainability	Medium	Shareholders	GRI 207: Tax	Financial capital	Page 150

No	Material topic	What it constitutes	Impact level	Key stakeholders impacted	GRI /SASB Disclosure	Value delivered through	Management of material topic
3.4	Transparency in disclosures	Provide clear, accurate, and relevant information that enables stakeholders to understand the organisation's performance, risks, and opportunities	Very High	Universal*	-	Intellectual capital	Page 56, 179
3.5	Privacy and data security	Ensuring zero leakage of customer, employee or supplier data	Very High	Customers and Suppliers and Business Partners	GRI 418: Customer Privacy	Social and relationship capital	Page 99
<b>Material theme: Guests, suppliers and community relation</b>							
4.1	Community relations and empowerment	Building strong relationships with the local community in which the company operates	Medium	Community	GRI 413: Local Communities	Social and relationship capital	Page 101
4.2	Supply chain management	Coordination and integration of various functions within and across companies to ensure the smooth flow of materials and information throughout the supply chain	Medium	Suppliers and Business Partners	GRI 204: Procurement Practices	Social and relationship capital	Page 100
4.3	Product safety & quality	"Material used in food production meets specified standards and regulations to ensure that the final food products are safe for guests to use and of high quality."	Medium	Customers	GRI 416: Customer Health and Safety ,FB-RN250a.1, FB-RN250a.2, FB-RN250a.3	Social and relationship capital	Page 98
4.4	Supplier assessment	Review various aspects such as quality, reliability, sustainability, cost-effectiveness, and compliance with regulations	Medium	Suppliers and Business Partners	GRI 308: Supplier Environmental Assessment, FB-RN430a.1, FB-RN430a.2, FB-RN430a.3	Social and relationship capital	Page 100

# Business Strategy

Sustainable growth at Asian Hotels and Properties PLC is guided by a focused strategic agenda designed to strengthen market positioning, enhance resilience and support long-term value creation. Anchored in a five-year horizon, our strategy sets measurable priorities across short-, medium- and long-term timeframes, responding to both emerging opportunities and a dynamic operating landscape.

The commitment, passion and expertise of our people remain central to strategic success. Supported by a strong service culture and disciplined execution, our teams help translate strategy into differentiated guest experiences and operational performance. This is reinforced through focused implementation, continuous monitoring and a strong emphasis on execution precision.



Our strategy is supported by an agile and adaptive business model that enables the Company to respond proactively to changing market dynamics, evolving guest expectations and external disruptions. This agility supports resilience, allows timely recalibration of priorities and positions the business to capture opportunities while navigating uncertainty.

Robust governance, proactive risk management and disciplined management oversight provide the foundation for effective strategy delivery. Strong monitoring mechanisms, informed decision-making and a focus on accountability support responsive execution, while ensuring resilience and long-term value creation remain embedded in how strategy is pursued.

## KEY STRATEGIC PILLARS





### Strategic pillar: Service excellence

What it means: Delivering personalised, exceptional guest experiences that consistently exceed expectations and uphold our reputation for outstanding hospitality

Resource allocation	Key actions taken during the year
<ul style="list-style-type: none"> <li>Investing Rs. 26.7 Mn in people development to strengthen service excellence and guest-centric capabilities</li> <li>Investing Rs. 360 Mn in property, plant and equipment enhancements to elevate facilities and enrich the guest experience</li> </ul>	<ul style="list-style-type: none"> <li>Invested in continuous capability building through Cinnamon Hospitality Academy to strengthen service delivery aligned with our hospitality ethos</li> <li>Enhanced operational effectiveness through advanced property and guest service technologies that support seamless service execution</li> <li>Improved convenience and responsiveness through digital solutions designed to enrich the guest experience</li> <li>Continued to refine and elevate distinctive experiences and service propositions across guest touchpoints</li> <li>Utilised guest feedback and insights to support greater personalisation and service innovation</li> <li>Reinforced service disciplines and quality standards to ensure consistency in the guest experience</li> </ul>

### Measuring performance

<b>95%</b> Guest satisfaction rate	<b>68%</b> Occupancy rate	<b>78%</b> Net promoter score
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Stakeholders impacted	Capital trade-offs	Contribution to Sustainable Development Goals (SDG)
<ul style="list-style-type: none"> <li>Customer</li> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>+ Social and relationship capital</li> <li>+ Human capital</li> <li>+Manufactured capital</li> </ul>	<ul style="list-style-type: none"> <li>8 , 9</li> </ul>

### Read more information

Social and relationship capital – page 92

### WAY FORWARD

#### Immediate priorities for the financial year 2026/27

In the year ahead, we will continue to deepen service excellence through focused talent development, elevated service standards and greater use of digital innovation and data-led personalisation to strengthen guest engagement. This will be complemented by targeted refurbishments and enhancements to facilities and offerings, enabling us to respond to evolving guest expectations while expanding differentiated experiences and ancillary opportunities. At the same time, we will remain agile in monitoring geopolitical and market developments, adapting demand, pricing and service strategies to sustain resilience while continuing to deliver exceptional guest experiences.

# Business Strategy



## STRATEGIC PILLAR: REVENUE OPTIMISATION

What it means: Optimising yield and profitability through agile pricing, effective distribution and data-driven decisions that support sustainable growth.

Resource allocation	Key actions taken during the year
<ul style="list-style-type: none"> <li>Leveraging our Global Sales Officer network across key source markets including India, the UK, Australia and Japan to drive business volumes and demand generation</li> <li>Expanded global sales presence with 07 new sales offices to strengthen market reach and support growth opportunities</li> <li>Rs. 26.8 Mn invested in marketing and promotional initiatives to strengthen the Cinnamon Grand brand and drive demand</li> </ul>	<ul style="list-style-type: none"> <li>Advanced targeted sales and marketing initiatives across priority source markets to stimulate demand and broaden revenue opportunities</li> <li>Applied agile pricing, channel optimisation and tailored packages to strengthen occupancy, yield and revenue performance</li> <li>Enhanced food, beverage and events propositions to reinforce market positioning and grow ancillary revenue streams</li> <li>Strengthened brand visibility and demand generation through focused digital marketing and commercial outreach initiatives</li> <li>Continued investing in technology and booking platforms to improve conversion, channel effectiveness and revenue optimisation</li> </ul>

## Measuring performance

<b>11%</b> YoY growth in gross revenue	<b>1%</b> YoY growth in RevPAR
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Stakeholders impacted	Capital trade-offs	Contribution to Sustainable Development Goals (SDG)
<ul style="list-style-type: none"> <li>Customers</li> <li>Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>+ Financial capital</li> <li>+ Social and relationship capital</li> </ul>	<ul style="list-style-type: none"> <li>8, 9</li> </ul>

## Read more information

Financial capital – page 56

Social and relationship capital – page 92

## WAY FORWARD

### Immediate priorities for the financial year 2026/27

In the year ahead, immediate priorities will centre on strengthening demand resilience through deeper commercial partnerships and expanded market outreach, while continuing to build customer-centric capabilities that support conversion, retention and service-led growth. Focus will also remain on enhancing product and service offerings, including our dynamic food and beverage propositions, to unlock greater value across revenue streams. Alongside this, we will continue advancing digital and data-led capabilities to sharpen forecasting, improve booking conversion and support agile commercial decision-making, while remaining responsive to geopolitical and market developments to sustain growth momentum.



## STRATEGIC PILLAR: OPERATIONAL EXCELLENCE AND COST OPTIMISATION

What it means: Enhancing efficiency and resilience through disciplined cost management, streamlined processes and technology-enabled productivity.

Resource allocation	Key actions taken during the year
<ul style="list-style-type: none"> <li>Rs. 5Mn invested in IT systems and automation to streamline processes, reduce manual intervention and improve operational efficiency.</li> <li>Rs. 20Mn invested in global standards, certifications and process enhancements to strengthen operational excellence and continuous improvement.</li> </ul>	<ul style="list-style-type: none"> <li>Reinforced operational discipline through adherence to standards, structured controls and continuous process improvement across functions</li> <li>Strengthened capability and execution consistency through targeted training, onboarding and process-focused performance disciplines</li> <li>Enhanced productivity and efficiency through upgrades to core systems, digital workflows and broader automation initiatives</li> <li>Progressed digitisation and process optimisation initiatives to streamline operations, improve controls and reduce resource intensity</li> <li>Maintained focus on prudent cost management and resource optimisation to support efficiency and operational resilience</li> <li>Advanced continuous improvement initiatives to strengthen productivity, service consistency and the agility of the operating model</li> </ul>

### Measuring performance

**95%**  
Cost to income ratio

**110%**  
Increase in profit from  
operating activities

Stakeholders impacted	Capital trade-offs	Contribution to Sustainable Development Goals (SDG)
Employees	<ul style="list-style-type: none"> <li>+ Intellectual capital</li> <li>+ Natural capital</li> <li>-Financial capital (immediate term)</li> <li>+ Financial capital (long-term)</li> </ul>	<ul style="list-style-type: none"> <li>12</li> </ul>

### Read more information

Financial capital – page 56

Intellectual capital – page 83

## WAY FORWARD

### Immediate priorities for the financial year 2026/27

In the year ahead, priorities will centre on further strengthening operational discipline through continuous capability building, process rigour and consistent adherence to standards, while advancing efficiency and cost optimisation across the business. Focus will also remain on selective investments in technology and digital tools to simplify processes, support smarter decision-making and enhance productivity. Alongside this, emphasis will be placed on strengthening preventive maintenance, asset reliability and resource-efficiency initiatives to reinforce operational resilience and sustain a high-performing, future-ready operating model.



## STRATEGIC PILLAR: TALENT MANAGEMENT

What it means: Developing and retaining an engaged, high-performing workforce that strengthens organisational capability, service excellence and long-term success.

Resource allocation	Key actions taken during the year
<ul style="list-style-type: none"> <li>Rs. 26.7 Mn invested in training and development to strengthen workforce skills, capabilities and future readiness</li> <li>Rs. 1,563 Mn invested in employee remuneration and benefits to reward our people and support engagement, wellbeing and retention</li> </ul>	<ul style="list-style-type: none"> <li>Continued investing in learning and capability building, including through Cinnamon Hospitality Academy, to strengthen skills, service excellence and future readiness</li> <li>Conducted bi-annual employee engagement surveys and pulse assessments to better understand employee sentiment and inform people initiatives</li> <li>Advanced meaningful employee engagement and recognition initiatives to strengthen culture, morale and workforce commitment</li> <li>Maintained competitive reward practices, including annual salary revisions aligned with market benchmarks and performance</li> </ul>

### Measuring performance

<b>86%</b> Retention rate	<b>46.4%</b> Average training hours per employee	<b>LKR 2.61 Mn</b> Revenue per employee
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Stakeholders impacted	Capital trade-offs	Contribution to Sustainable Development Goals (SDG)
Employees	<ul style="list-style-type: none"> <li>+ Human capital</li> <li>-Financial capital</li> </ul>	<ul style="list-style-type: none"> <li>5, 8</li> </ul>

### Read more information

Human capital – page 69

## WAY FORWARD

### Immediate priorities for the financial year 2026/27

Priorities will centre on further strengthening employee engagement, retention and workforce stability, supported by focused capability building aligned with service excellence and evolving guest expectations. Continued emphasis will be placed on leveraging Cinnamon Hospitality Academy to deepen skills development and strengthen future talent pipelines, while enhancing career pathways and internal mobility opportunities across the broader Cinnamon Hotels & Resorts cluster. These efforts will be complemented by ongoing focus on wellbeing, recognition and people practices that foster a motivated, resilient and future-ready workforce.



## STRATEGIC PILLAR: ESG CONSIDERATIONS

What it means: Integrating environmental, social and governance considerations into how we operate, manage risks and create sustainable long-term value.

### Resource allocation

- LKR 4.5Mn invested in environmental preservation initiatives to support stewardship of natural resources for future generations.
- LKR 0.36Mn invested in community empowerment initiatives to support social upliftment and shared progress.
- 812 employee volunteer hours contributed towards environmental and social initiatives, extending our impact beyond financial contributions.

### Key actions taken during the year

#### Environment

- Continued the transition from conventional lighting systems to energy-efficient LED solutions, with approximately 95% of total lighting across its premises now converted to LED
- Timely preventive maintenance and performance optimisation of machinery, equipment, etc., to improve energy efficiency and reduce emissions
- Water preservation initiatives continued through means such as effective monitoring, ensuring water related infrastructure efficiencies, sustainable operational practices and employee and guest awareness
- Strengthened waste reduction initiatives across all waste categories, including food waste
- Environment preservation projects implemented together with the volunteerism of our staff members such as tree planting initiative in Sinharaja Rain Forest, Mangroves restoration and beach-clean ups

#### Social

- Affording a rewarding work place to our employees
- Elevated guest experiences through our signature property, new food and beverage fusions introduced through the year, and our renowned restaurants, specifically, the relaunch of Nuga Gama – village-style restaurant offering traditional Sri Lankan cuisine
- Mutually rewarding relationships maintained with our suppliers, honouring contract terms and affording them fair opportunities
- Community empowerment initiatives of community clean-ups conducted with employee volunteerism

#### Governance

- Strengthened corporate governance practices and transparent oversight mechanisms to support responsible decision-making
- Upheld high standards of ethics, integrity and accountability across business operations and stakeholder interactions
- Maintained compliance with applicable laws, regulations and evolving industry best practices
- Reinforced governance and risk management processes, including oversight of emerging sustainability-related priorities

### Measuring performance

#### Environment

**7,858 tCo2e**  
GHG emissions

**99.52 kg**  
Waste diverted from landfills

**LKR 2.61 Mn**  
Revenue per employee

#### Social

**183.75 Hrs**  
Volunteer hours focused on women  
and children

**17%**  
Female participation in the work force  
(2018: 10%)

**18%**  
Women in leadership  
(2018: 15%)

## Social

<b>41</b> Suppliers assessed under the Supplier Impact Assessments carried out for all contracted suppliers in top 10 purchase categories	<b>Zero</b> Non-compliances with applicable laws and regulations
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Stakeholders impacted	Capital trade-offs	Contribution to SDG
Community Employees	<ul style="list-style-type: none"> <li>• + Social and relationship capital</li> <li>• + Natural capital</li> <li>• - Financial capital</li> </ul>	<ul style="list-style-type: none"> <li>• 1, 2, 3, 4, 5, 10, 11, 12, 13, 14, 15</li> </ul>

### Read more information

Human capital – page 69

Social and relationship capital – page 92

Natural capital – page 106

Corporate governance – page 118

## WAY FORWARD

### Immediate priorities for the financial year 2026/27

Priorities during the financial year 2026/27 will centre on further strengthening the Group's ESG integration journey through enhanced operational sustainability, stakeholder engagement, responsible governance, and long-term resilience building. Continued focus will be placed on improving resource efficiency, reducing environmental impacts, strengthening waste management and conservation efforts, and embedding more sustainable practices across operations.

The Group will also continue to deepen its community and employee engagement initiatives while maintaining strong governance, ethical business practices, and transparent stakeholder communication. In light of increasing climate-related disruptions and evolving sustainability expectations, greater emphasis will also be placed on strengthening operational resilience, climate preparedness, and adaptive capabilities to support sustainable long-term value creation.

# *Elegance* that Inspires



At Asian Hotels and Properties PLC, performance is understood through the way our operations come together. This section reflects how our business responded during the year, how our properties delivered value, and how our teams continued to strengthen the guest experience through service, efficiency and seamless execution.

*Management Discussion  
and Analysis*

# Financial Capital



## FINANCIAL STRENGTH, SUSTAINED VALUE CREATION

Our Financial Capital represents the funding, financial resilience, and disciplined capital management that enable Asian Hotels and Properties PLC to sustain operations, invest in strategic priorities, and create long-term shareholder value. Supported primarily through a strong equity base and prudent financial stewardship, this capital enables the Group to maintain and enhance its hospitality assets, strengthen operational resilience, navigate evolving market conditions, and pursue growth opportunities.

### FINANCIAL CAPITAL PROFILE

#### Equity Capital

A strong capital foundation built through accumulated retained earnings, asset value appreciation, and a stable stated capital base developed over the long term

#### Borrowed Funds

Prudently managed borrowings, deployed prudently, strategically and with discipline to support strategic investments, operational requirements, and long-term growth while maintaining financial stability

### FINANCIAL CAPITAL FACT SHEET

**Rs. 51.6 Bn** in total assets

**Rs. 11.4 Bn** in total revenue

**0.43%** Return on equity (ROE)

**Rs. 35.5 Bn** in equity capital

**Rs. 410.9 Mn** in post-tax profits

**Rs. 0.30** Earnings per Share

**CLOSELY CONNECTED STAKEHOLDERS**

**SHAREHOLDERS**

Intrinsically connected to shareholders through sustainable profitability, prudent capital allocation, and long-term value creation, enabling the Group to generate stable returns while supporting future growth and resilience

**EMPLOYEES**

Employees contribute to the preservation and growth of Financial Capital through operational efficiency, productivity, service excellence, and disciplined resource utilisation that collectively strengthen financial performance

**GOVERNMENT AND REGULATORY BODIES**

Financial Capital contributes towards national economic development through tax contributions, regulatory compliance, employment generation, and the Company's broader contribution to tourism and foreign exchange earnings.

**SUPPLIERS AND BUSINESS PARTNERS**

Strong supplier and business partner relationships support Financial Capital by enabling operational continuity, cost optimisation, reliable procurement, and sustainable commercial partnerships across the value chain.



**Link to Our Material Matters**

Tax strategy

Business conduct and ethics

Corporate governance

Transparency in disclosures

**HOW FINANCIAL CAPITAL SUPPORTS OUR STRATEGIC PILLARS**

**Service excellence** – The repository of our financial capital supports continuous investments in property enhancements, service standards, and guest experience initiatives that strengthen brand equity and customer satisfaction

**Talent Management** – Financial capital supports employee remuneration, training, wellbeing, succession planning, and capability development initiatives essential for sustaining a high-performing workforce

**ESG Considerations** – Enables investments in sustainability initiatives, resource efficiency projects, responsible business practices, and long-term ESG priorities that support resilient and sustainable growth

**Revenue Optimisation** – Financial capital enables investments in market expansion, revenue management capabilities, diversified offerings, and customer engagement initiatives that drive sustainable topline growth

**Operational Excellence and Cost Optimisation** – Investments made by deploying our financial capital facilitates process improvements, infrastructure upgrades, technology integration, and cost management initiatives that enhance operational efficiency and profitability



# Financial Capital

## CONNECTIVITY TO OTHER CAPITALS



**Manufactured Capital:** Enables the maintenance, refurbishment, enhancement, and expansion of hospitality assets, infrastructure, and operational facilities critical to service delivery and guest experience



**Human Capital:** Supports investments in employee wellbeing, capability development, remuneration, and talent retention, strengthening workforce performance and long-term organisational resilience



**Social and Relationship Capital:** Enables the Group to strengthen stakeholder relationships through consistent service delivery to guests, supplier partnerships, community investments, and sustained customer engagement



**Intellectual Capital:** Supports investments in innovation, digital capabilities, systems, process improvements, and knowledge development that enhance operational effectiveness and competitive positioning

## Financial performance Review

Asian Hotels and Properties PLC (the Group) posted exceptional financial results for the financial year ended 31 March 2026 (period under review), recording strong profitability supported by focused strategic execution and the favourable operating environment experienced by Sri Lanka's tourism sector during much of the year.

The latter part of the year, however, presented several challenges, including the impact of Cyclone Ditwah and escalating geopolitical tensions in the Middle East, which created disruptions across travel, tourism, and broader economic activity. Despite these headwinds, the Group demonstrated resilience, agility, and operational strength, reflecting its ability to adapt effectively to evolving market conditions while continuing to deliver sustained value to stakeholders.

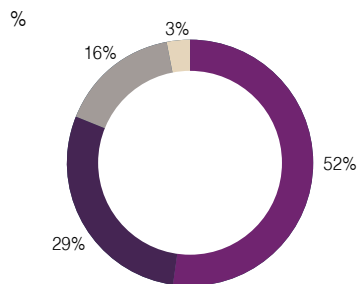
## Revenue, Expenses, and Profitability

In Rs.'000s For the year ended 31st March	GROUP		YoY growth
	2026	2025	
Continuing operations			
Revenue from contracts with customers	11,434,851	10,362,110	10%
Cost of sales	(6,466,708)	(5,800,005)	11%
Gross Profit	4,968,143	4,562,105	9%
Other operating income	132,197	77,005	72%
Selling and Distribution expenses	(558,303)	(427,799)	31%
Administrative expenses	(3,194,667)	(2,992,547)	7%
Other operating expenses	(691,959)	(768,305)	-10%
Results from operating activities	655,411	450,459	45%
Finance cost	(207,079)	(196,569)	5%
Finance income	11,243	19,845	-43%
Net Finance Cost	(195,836)	(176,724)	11%
Change in fair value of investment property	238,472	34,026	601%
Profit before tax	698,047	307,761	127%
Income tax expense	(287,152)	(222,438)	29%
Profit for the year	410,895	85,323	382%
Attributable to:			
Equity holders of the parent	132,540	(44,803)	396%
Non-controlling interest	278,355	130,126	114%
	410,895	85,323	382%

## REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's top line - Revenue from contracts with customers, for the year under review was Rs. 11.4 Bn, a healthy growth of 10.4% over the comparative year ended 31 March 2025 (YoY). In analysing such revenue, food and beverage continued to lead as the highest contributor to revenue as has been the case over the years, followed by revenue from rooms and revenue from other operations. Cinnamon Grand Colombo's renowned cuisine, delivered through our flagship restaurants, together with the high occupancy rates recorded during the year, supported overall revenue growth.

### Composition of Total Revenue



- Food & Beverage
- Rooms
- Other Revenue
- Rental Income from Investment Property

### COST OF SALES

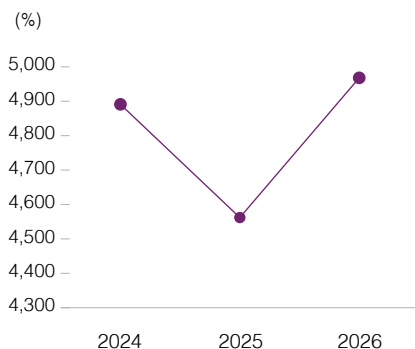
Cost of sales for the year amounted to Rs. 6.5 Bn, a YoY increase of 11.5%. Our concerted cost management efforts such as sustained procurement efficiencies and menu engineering initiatives focused on high-margin offerings, enabled managing the increase of cost of sales at these levels.

Accordingly, the Group reported a Gross Profit Margin of 43%.

### GROSS PROFIT

Gross profit for the year was Rs. 5Bn, an 8.9% increase over the prior year due to revenue increase and sound cost management.

#### Gross profit



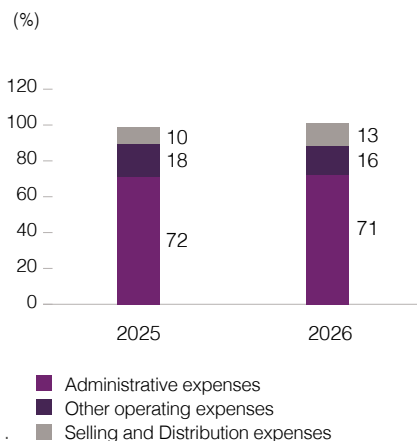
### OPERATING EXPENSES

Total operating expenses, comprising selling and distribution expenses, administrative expenses, and other operating expenses, exhibited mixed trends during the year. Selling and distribution expenses increased by 30.5% to Rs. 558.3 Mn, while administrative expenses rose by 6.8% to Rs. 3.2 Bn compared to the prior year. These increases were primarily driven by higher business volumes and the implementation of targeted marketing campaigns aimed at enhancing guest patronage and revenue generation.

In contrast, other operating expenses mainly consisting of heat, light and power costs declined by 9.9% to Rs. 692.0 Mn during the year.

The dispersion of expenses across Administration, Sales and Other categories, largely remained static over the year

#### Composition of operating expenses



### RESULTS FROM OPERATING ACTIVITIES

Post aforementioned operating expenses, the Group posted Results from operating activities of Rs. 655 Mn, an impressive 45.5% increase over the year, laying a strong basis for sound profitability for the full year.

### NET FINANCE COST

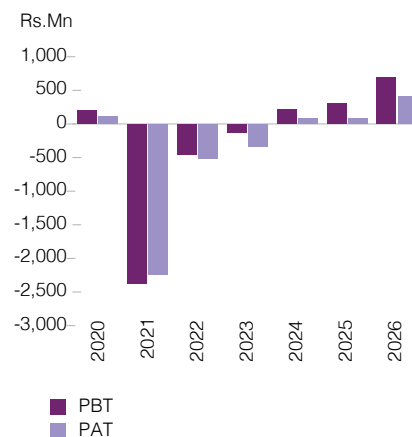
Net finance costs for the year amounted to Rs. 195.8 Mn, representing an increase of 10.8% year-on-year. As detailed in Note 8 to the Financial Statements on finance income and finance costs, this increase was primarily driven by a decline in total finance income, together with a rise in total finance costs. The Group recorded a significant decline of 66.0% in interest expense on long-term borrowings. Interest expenses on bank overdrafts also decreased, driven by the combined effect of lower prevailing interest rates and a reduction in average overdraft balances.

### TAXATION AND PROFITABILITY

The Group posted a pre-tax profit of Rs. 698 Mn for the period under review an impressive 126.8% increase over the prior year. Group income tax expenses for the year was Rs. 287.2 Mn, leading to an effective tax rate of 41.1%, compared to 72.3% recorded in the comparative year.

The resultant post-tax profit of the Group for the year was Rs. 410.9 Mn, an 381.6% increase over the prior year. This is the highest ever profit the Group reported post-pandemic, affirming the true potential and capability that lies within the Group in delivering solid results to its shareholders.

#### Net profits trajectory since the COVID-19 pandemic



# Financial Capital

## EBITDA

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) for the year reached Rs. 1,570 Mn, compared to Rs. 1,193 Mn in the prior year, a YoY increase of 47%. The growth is on account of the Group's strong operating leverage achieved through enhanced revenue, resultant better gross margins, and disciplined cost management.

EBITDA margin improved to 16% from 12%, demonstrating the enhanced operational efficiency of the business.

## BALANCE SHEET PERFORMANCE

### Total Assets

In Rs. Mn As at 31st March	GROUP		YoY growth
	2026	2025	
<b>Non current assets</b>			
Property, plant and equipment	42,663	41,293	3.3%
Right-of-use asset	1,152	682	68.9%
Investment property	5,997	5,757	4.2%
Other non-current assets	59	68	-13.6%
<b>Total non current assets</b>	<b>49,871</b>	<b>47,801</b>	<b>4.3%</b>
<b>Current assets</b>			
Inventories	289	256	12.8%
Trade and other receivables	619	568	8.9%
Amounts due from related parties	128	65	96.4%
Other current assets	319	220	44.8%
Cash in hand and at bank	383	269	42.6%
<b>Total current assets</b>	<b>1,738</b>	<b>1,378</b>	<b>26.0%</b>
<b>Total assets</b>	<b>51,609</b>	<b>49,179</b>	<b>5%</b>

The total assets base of the Group reached Rs. 51.6 Bn by the end of the financial year, a healthy growth of 5% over the prior year. Property, plant and equipment, the largest contributor to total assets closed in at Rs. 42.7 Bn. This was a 3.3% growth over the

### Balance Sheet Funding

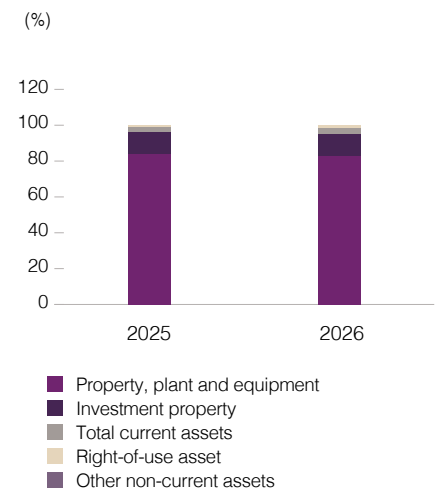
In Rs. Mn As at 31st March	GROUP		YoY growth
	2026	2025	
Stated capital	3,345	3,345	0%
Revenue reserves	4,765	4,870	-2%
Other components of equity	23,240	22,294	4%
Equity attributable to owners of the company	31,350	30,509	3%
Non-controlling interest	4,160	3,863	8%
<b>Total equity</b>	<b>35,510</b>	<b>34,372</b>	<b>3%</b>
Total non current liabilities	11,456	10,384	10%
Total current liabilities	4,643	4,423	5%
<b>Total liabilities</b>	<b>16,099</b>	<b>14,807</b>	<b>9%</b>
<b>Total equity and liabilities</b>	<b>51,609</b>	<b>49,179</b>	<b>5%</b>

prior year. Investment property, which includes Crescat Boulevard, reported a 4.2% increase in the value to Rs. 6.0 Bn, following an independent fair value assessment.

Current assets netted Rs. 1.7 Bn by the end of the year, and posted a YoY growth of 26.0% with trade and other receivables and Cash in hand and at bank being the largest components within.

The asset composition of the Company also remained relatively unchanged over the year.

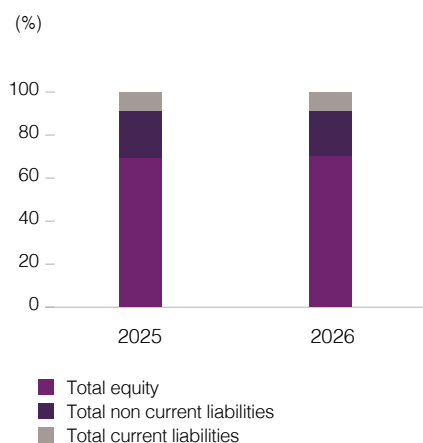
### Composition of total assets



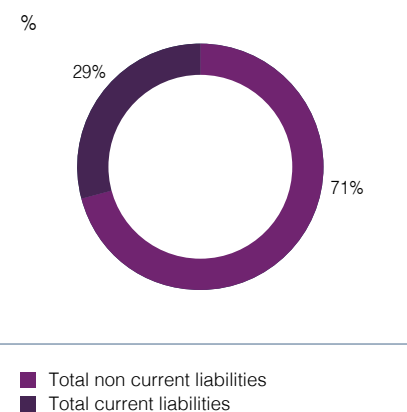
Continuing the strong balance sheet funding structure, the Group total assets was funded 68.8% by equity (2025: 69.9%). Total equity was Rs. 35.5 Bn, with a YoY growth of 3.3%. Within equity, Other components of equity (inclusive of Revaluation reserve and Share based payments/Reversal) remained the largest component at Rs. 23.2 Bn as at the end of the year, and posted a 4.2% YoY growth.

Total non-current liabilities amounted to Rs11.5Bn, an increase of 10.3% over the prior year.

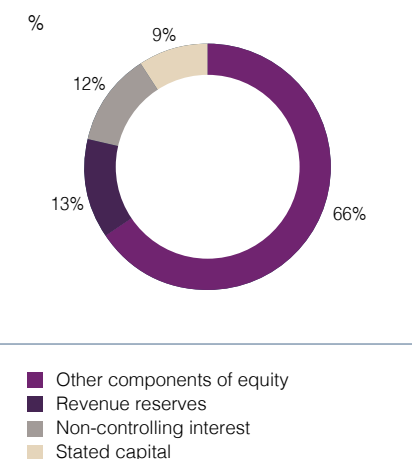
### Balance sheet funding



### Total liability mix



### Equity composition



## INVESTOR RETURNS AND RATIOS

### Dividends

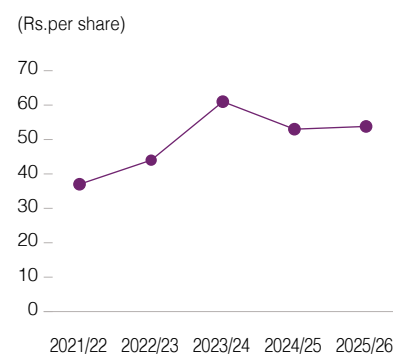
The Company declared a final dividend of Rs. 0.50 per share for the year ended 31 March 2026, representing a total cash payout of Rs. 221Mn. reflecting the Board's confidence in the Company's earnings trajectory and its commitment to delivering progressive returns to shareholders.

### Key Investor Ratios

Key investor indicators demonstrated continued improvement during the year, supported by the Group's strong earnings performance, sound financial position, and healthy balance sheet fundamentals. Reflecting improved investor confidence, the Company's (AHPL.N0000) share price closed at Rs. 53.80 as at 31 March 2026, representing an increase of 2% over the previous year. This performance was supported by both the improved operating performance of the Group and the positive momentum witnessed in the Colombo Stock Exchange during the year.

As at 31st March	2026	2025	Change
ROE (%)	0.43%	(0.15%)	0.58%
Earnings per share (Rs.)	0.30	(0.10)	0.40
Net assets value per share (Rs.)	70.80	68.90	1.90
Share price (Rs.)	53.80	53.00	0.80
Dividend per share (Rs.)	0.50	0.50	-

### Share price movement



# Financial Capital

Risks	Opportunities
<ul style="list-style-type: none"> <li>• Exposure to fluctuations in tourism demand arising from geopolitical developments, economic slowdowns, climate-related events, and global travel disruptions</li> <li>• Rising operating costs, including utilities, labour, imported inputs, and maintenance expenditure, placing pressure on margins and profitability</li> <li>• Volatility in foreign exchange and interest rates impacting financing costs, imported expenditure, and overall financial performance</li> <li>• High capital expenditure requirements associated with maintaining and upgrading premium hospitality assets to remain competitive</li> <li>• Revenue concentration risks linked to occupancy levels, events, and discretionary consumer spending patterns within the hospitality sector</li> <li>• Potential liquidity pressures during periods of weakened tourism activity or external shocks impacting cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Backing from a leading Sri Lankan conglomerate as the Parent entity strengthens financial stability, investor confidence, governance, and access to strategic and financial support</li> <li>• Sri Lanka's growing tourism potential and increasing demand for premium hospitality experiences present opportunities for revenue growth and market expansion</li> <li>• A relatively favourable interest rate environment may create opportunities to optimise the capital structure through cost-effective financing for refurbishment and growth initiatives</li> <li>• Growth in high-yield segments such as events, weddings, conferencing, dining, and lifestyle experiences can support revenue diversification and margin enhancement</li> <li>• Investments in technology, energy efficiency, and operational optimisation initiatives can improve profitability and long-term cost efficiency</li> <li>• Strong brand positioning and location advantage support pricing power, customer loyalty, and sustained occupancy performance</li> </ul>

## WAY FORWARD

Moving forward, the Group will continue to focus on strengthening financial resilience, enhancing profitability, and maintaining disciplined capital management while pursuing sustainable long-term growth. Strategic emphasis will remain on optimising revenue streams, improving operational efficiencies, and enhancing asset quality to reinforce the property's competitive positioning within Sri Lanka's hospitality sector.

The Group will also continue to leverage the strategic strength, governance framework, and financial stability associated with being part of a leading Sri Lankan conglomerate, enabling prudent investment decisions and long-term value creation. Simultaneously, greater focus will be placed on revenue diversification, cost optimisation, sustainability-linked investments, and selective capital investments that enhance guest experiences and operational resilience.

## Manufactured Capital



### ICONIC ASSETS ENABLING EXCEPTIONAL HOSPITALITY

Manufactured Capital at Asian Hotels and Properties PLC is anchored by Cinnamon Grand Colombo, the Company's flagship city property, complemented by Crescat Boulevard as an integrated lifestyle and commercial asset. Together, these assets provide a strong physical foundation for value creation, supported by premium amenities, versatile infrastructure and facilities capable of hosting MICE events of every scale and stature.

As a long-established and renowned hospitality landmark, the property has evolved in tandem with the country's economic and tourism landscape, continually renewing its relevance while retaining its timeless elegance. Supported by infrastructure suited to business, leisure and lifestyle experiences, these assets remain central to delivering the quality, scale and versatility expected of a leading five-star city hotel.

### MANUFACTURED CAPITAL PROFILE

The Cinnamon  
Grand Colombo  
hotel building

Crescat  
Boulevard

Other property,  
plant and  
equipment

**501** rooms  
(Including **02**  
Presidential  
Suites)

IT and digital  
infrastructure

### MANUFACTURED CAPITAL FACT SHEET

**Rs. 37,292 Mn** -  
Total PPE value

**68%** Occupancy

**78%** Net  
Promoter Score

**Rs. 360 Mn** -  
Capital expenditure

**Rs. 18,989**  
Revenue per  
available room

**95%** Global  
Review Index  
(GRI)

# Manufactured Capital

## CLOSELY CONNECTED SHAREHOLDERS

### CUSTOMERS

Connected through the quality, functionality and appeal of our physical assets, which shape guest comfort, service experiences and the differentiated hospitality proposition we offer

### SHAREHOLDERS

Connected through the role Manufactured Capital plays in supporting asset value, competitiveness, returns and long-term value creation

### EMPLOYEES

Rely on well-maintained infrastructure, facilities and operating environments to deliver service excellence, making Manufactured Capital an important enabler of productivity, safety and performance

### SUPPLIERS AND BUSINESS PARTNERS

Support the upkeep, enhancement and effective utilisation of Manufactured Capital through trusted partnerships that contribute to asset quality, continuity and operational resilience



## Link to Our Material Matters

Guest health and safety

## HOW MANUFACTURED CAPITAL SUPPORTS OUR STRATEGIC PILLARS

**Service excellence** – Premium infrastructure and amenities enable exceptional guest experiences and consistent service delivery

**Revenue Optimisation** – Well-positioned assets support occupancy, yield growth and diversified revenue opportunities, particularly across MICE and ancillary offerings

**Talent Management** – Quality facilities and work environments support employee effectiveness, engagement and service performance

**ESG Considerations** – Sustainable asset management and efficient infrastructure support, environmental stewardship and responsible operations

**Operational Excellence and Cost Optimisation** – Efficient infrastructure and asset reliability support productivity, process efficiency and cost discipline



**CONNECTIVITY TO OTHER CAPITALS**



**Financial capital:** Manufactured Capital is closely linked to Financial Capital through the performance, upkeep and optimisation of physical assets that support earnings generation and long-term asset value



**Human Capital:** Connected through the role quality infrastructure and operating environments play in enabling employee productivity, safety and service delivery



**Social and Relationship Capital:** Reinforced through the way physical assets support guest experiences, stakeholder trust and relationships built through the Company's hospitality proposition.

**WHAT WE OFFER**

- 501 guest rooms, including 02 Presidential Suites, designed for premium city hospitality
- Versatile MICE and event infrastructure, including the Oak Room, Main Banquet Hall, five corporate meeting rooms and the distinctive Atrium Lobby
- Diverse culinary experiences, anchored by Plates, the iconic Nuga Gama, and six additional themed dining venues
- Executive Lounge privileges for Executive Room and Suite guests
- Wellness and leisure amenities, including a fully equipped gymnasium, wellness centre and swimming pool
- Guest convenience services, including laundry facilities and travel desk support
- Curated eco-tourism experiences through Cinnamon Nature Trails, extending the guest experience beyond the hotel



**SASB - Sustainability disclosure topics & metrics - Hotels & Lodging**

**Activity Metrics**

Activity metric	Code	Value
Number of available rooms	SV-HL-000.A	88,330
Average occupancy rate	SV-HL-000.B	68%
Total area of lodging facilities	SV-HL-000.C	74,932m <sup>2</sup>

**Climate resilience of our property - SASB - SV-HL-450a.1**

Climate Change Adaptation - Number of lodging facilities located in 100-year flood zones -

Asian Hotels and Properties PLC is not located in a 100-year flood zone

# Manufactured Capital

## Safety and security of our premises

Measures deployed to ensure a safe and secure environment within our premises are as follows;

- Fire safety and basic firefighting training for staff
- Emergency evacuation drills
- Lifeguard training for Pool Attendants
- Safe chemical handling practices
- Food Safety Management System
- Occupational health and safety management system

## CRESCAT BOULEVARD



### Highlights

In operations since **2009**

**Rs. 2,476 Mn** property valuation

**115,111 Sq Ft** in floor area

**66 outlets** with **79%** occupancy

**Rs. 3Mn** invested in upkeep and refurbishments during the year

**8%** increase in revenue contribution to Asian Hotels and Properties PLC

As a fully owned asset of Asian Hotels and Properties PLC, Crescat Boulevard (Crescat) complements the hospitality proposition of Cinnamon Grand Colombo while contributing to the strength and versatility of the Company's Manufactured Capital. Positioned as a curated lifestyle destination integrated with the hotel, Crescat enhances the broader value proposition through retail, dining and experiential offerings that serve both hotel guests and the wider urban market.

## FOOTFALL GROWTH AND VISITOR ENGAGEMENT



YoY increase in footfall

**17%**

Crescat recorded a 17% increase in footfall during the year, reflecting strong visitor engagement and the continued relevance of its lifestyle-led proposition. Performance was supported by a focus on food and beverage, tourism-oriented offerings and experiential activations, while direct connectivity with the hotel continued to contribute to visitor traffic and customer convenience.

### Curated tenant mix and lifestyle positioning

The tenant mix continued to evolve in support of Crescat's positioning as a lifestyle-oriented destination, with notable additions during the year further strengthening its dining and specialty retail proposition. The introduction of Flavour Gallery, bringing together multiple dining concepts within a shared environment, added vibrancy to the mall while supporting visitor engagement and attracting interest from complementary tenants.



### Strategic role going forward

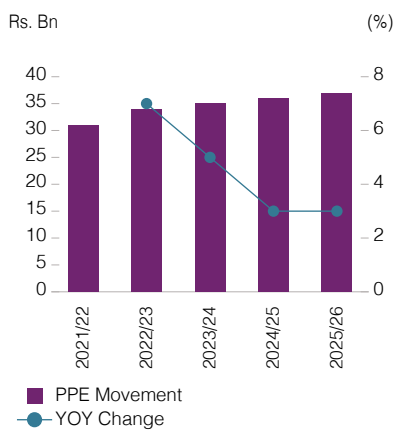
Looking ahead, Crescat will continue to strengthen its role as an integrated lifestyle asset within the Company's portfolio, enhancing convenience, experience and footfall generation while preserving its long-standing place as a distinctive urban destination. Through this, it remains an important contributor to the value, versatility and relevance of the Company's Manufactured Capital.

### Enhancing guest experience

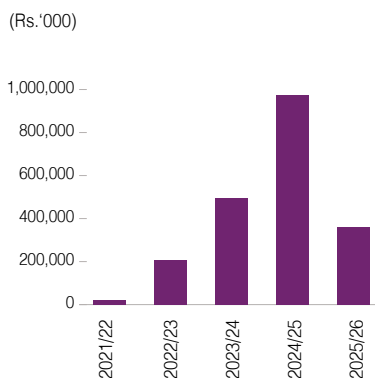
Direct integration with Cinnamon Grand Colombo enables Crescat to act as a natural extension of the guest experience, offering convenient access to curated retail, dining, wellness and tourism-related offerings. This connected ecosystem enriches the hotel proposition while strengthening the appeal of the overall property.

Recognising evolving consumer preferences, Crescat has continued to sharpen its focus on lifestyle, dining and experiential offerings suited to its scale and visitor profile. This differentiated positioning has supported a more personalised and elevated experience for both local visitors and international guests.

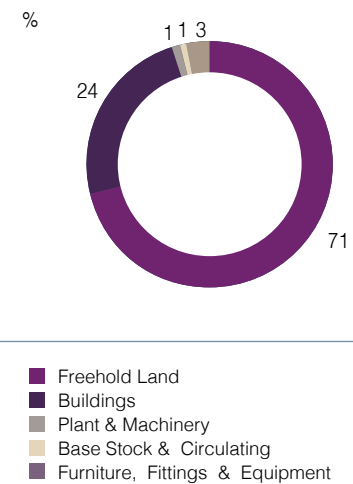
### PPE Movement



### Additions to PPE



### Composition of PPE



# Manufactured Capital

## RISKS AND OPPORTUNITIES

Risks	Opportunities
<ul style="list-style-type: none"><li>• Asset obsolescence risk: Ageing infrastructure may require continuous refurbishment and investment to sustain competitiveness and guest expectations</li><li>• Climate risk: Extreme weather events and broader climate pressures may disrupt operations and affect asset resilience, as was seen during Cyclone Ditwah</li><li>• Demand and utilisation risk: External shocks, geopolitical uncertainty or weaker market demand could affect occupancy, MICE volumes and asset productivity</li><li>• Maintenance risk: Rising utility, maintenance and refurbishment costs may place pressure on operating efficiency and returns from assets</li><li>• Technology risk: Delays in upgrading systems and smart infrastructure could affect service delivery, efficiency and competitiveness</li></ul>	<ul style="list-style-type: none"><li>• Asset optimisation opportunities: Leveraging the full potential of the property, MICE infrastructure and Crescat Boulevard to drive higher utilisation and diversified revenue streams</li><li>• Experience-led differentiation: Enhancing physical spaces and amenities to strengthen premium positioning and guest experiences</li><li>• Sustainable infrastructure opportunities: Advancing resource-efficient upgrades and green investments to strengthen resilience and long-term value</li><li>• Lifestyle and mixed-use synergies: Deepening synergies between the hotel and Crescat Boulevard to enhance footfall, customer engagement and commercial value</li><li>• Technology-enabled asset enhancement: Using smart technologies and digital infrastructure to improve efficiency, asset performance and guest convenience</li></ul>

## WAY FORWARD

Focus will remain on continually enhancing the quality, resilience and productivity of our asset base through targeted refurbishments, prudent capital investments and greater optimisation of our hospitality and lifestyle infrastructure. Emphasis will also be placed on strengthening the synergies between the hotel and Crescat Boulevard, advancing sustainable and technology-enabled upgrades, and ensuring our manufactured assets continue to evolve in line with guest expectations, market opportunities and long-term value creation priorities.

## Human Capital



### PURPOSE-DRIVEN PEOPLE, EXCEPTIONAL EXPERIENCES

Our human capital represents the collective talent, values and dedication of our people, who are central to delivering distinctive and memorable hospitality experiences. It encompasses the skills, commitment and service mindset of our teams across the Group, nurtured through continuous learning, leadership development and a strong culture of care and inclusion. Anchored in our brand promise and guided by shared values, this capital enables service consistency, operational excellence and authentic guest engagement, while fostering a resilient, motivated workforce that supports long-term organisational success.

#### HUMAN CAPITAL PROFILE

A team of **778<sup>LA</sup>**  
committed  
talented  
employees

**17% female<sup>LA</sup>**  
representation

**36% employees**  
with over **10<sup>LA</sup>**  
years of service

#### HUMAN CAPITAL FACT SHEET

**Rs. 1,563 Mn**  
spent as benefits  
to employees

**Rs. 27 Mn**  
invested in  
training and  
investments

**36,169** total  
training hours

# Human Capital

## CLOSELY CONNECTED SHAREHOLDERS

### EMPLOYEES

- Capability development strengthening service quality and operational excellence
- Engagement and empowerment fostering accountability and ownership in guest interactions
- Values-driven culture reinforcing consistency in service delivery and brand experience
- Knowledge sharing and teamwork enabling seamless service across touchpoints
- Performance management and feedback supporting continuous improvement

### CUSTOMERS

- Employees delivering personalised, high-touch experiences that enhance satisfaction
- Service consistency building trust, loyalty and repeat patronage
- Direct interactions enabling real-time understanding of guest expectations
- Customer feedback shaping service standards and people development initiatives
- Positive guest experiences reinforcing brand reputation and advocacy



### Link to Our Material Matters

Human rights

Health & Safety

Diversity & Equal opportunity

Talent attraction and retention

## HOW HUMAN CAPITAL SUPPORTS OUR STRATEGIC PILLARS

**Service excellence** – Drives service excellence by equipping employees with the skills, mindset and empowerment needed to deliver consistent, personalised and memorable guest experiences.

**Revenue optimisation** – Skilled and guest centric employees enhance revenue optimisation through effective upselling, cross selling and relationship building that increases customer lifetime value.



**Operational excellence and cost optimisation** – A capable and engaged workforce improves operational efficiency by reducing errors, enhancing productivity and embedding cost conscious practices across operations.

**Talent management** – Underpins sustainable performance through structured talent attraction, development and retention that ensures leadership continuity and critical capability depth.

**ESG considerations** – Employees enable ESG outcomes by embedding ethical conduct, responsible practices, diversity and community engagement into daily decision making and service delivery.

**CONNECTIVITY TO OTHER CAPITALS**



**Intellectual Capital:** Human capital nourishes our intellectual capital, as employee knowledge, experience, and creativity generate systems, processes, innovation, and organisational know how.



**Financial Capital:** Human capital drives financial capital by translating employee capability, productivity, and decision making into sustained profitability, cost efficiency, and long term value creation.



**Social and Relationship Capital:** Our human capital underpins social and relationship capital through the skills, values, and behaviours of employees that enable trust based relationships with customers, suppliers, communities, and other stakeholders, whilst upholding the promise of Cinnamon Grand Colombo.

**MANAGEMENT APPROACH**

Asian Hotels and Properties PLC recognises human capital as a key driver of service excellence, operational resilience, and long term value creation in the hospitality sector. Our approach to managing human capital focuses on attracting, developing, and retaining a skilled and motivated workforce, while ensuring employee wellbeing, diversity, and compliance with labour and human rights standards.

**HR GOVERNANCE STRUCTURE**



**Eco system that drives sound HR practices**



**List of HR policies and guidelines Core governance, ethics and risk** <sup>LA</sup>

- Code of Conduct
- Whistleblower Policy (Speak Up Policy)
- Anti fraud Policy
- Policy on Equal Opportunity and Non Discrimination
- Policy Against Sexual Harassment
- Grievance Handling Policy
- Disciplinary Procedure
- Data Protection Policy

**Inclusion, fairness and employee protection** <sup>LA</sup>

- Diversity, Equity and Inclusion (DEI)-related Policies
- Gender Policy
- Policy on Ombudsperson
- HIV/AIDS Workplace Policy

**Talent management and performance**

- Recruitment and Selection Policy
- Performance Management Policy
- Reward and Recognition Policy

**Compensation, benefits and working arrangements** <sup>LA</sup>

- Compensation and Benefits Policy
- Leave Policy
- Flexi hours Policy
- Teleworking Policy

**Support and wellbeing structures**

- Policy on Support Network

# Human Capital

## Employees by contract and gender <sup>LA</sup>

	Male	Female
Permanent	365	44
Contract	191	52
Trainee	90	36
Total	646	132

## Employees by Age & Gender <sup>LA</sup>

	Male	Female
18-30 years	234	86
31-54 years	383	42
55 years above	29	4
Total	646	132

## Employees by Staff Category & Gender <sup>LA</sup>

	Male		Female	
	No	%	No	%
Senior Management & above	31	5%	7	5
Executive	90	14%	20	15
Non-executive	525	81%	105	80
Total	646	100%	132	100

## Employees by Region/ Contract - 2025/26 <sup>LA</sup>

	Permanent	Contract	Trainee	Total
Western	284	153	78	515
Southern	21	17	9	47
North Western	23	25	11	59
Central	33	14	13	60
Sabaragamuwa	39	12	7	58
Northern	1	0	0	1
Eastern	0	3	1	4
North Central	2	8	5	15
Uva	6	5	2	13
Expats	0	6	0	6
Total	409	243	126	778

The data presented in the above table is based on the headcount as of the end of the reporting period. <sup>LA</sup>

## STAFF RECRUITMENTS, RETENTION AND TURNOVER

As a preferred employer within Sri Lanka's hospitality industry, Asian Hotels and Properties PLC continued to benefit from a relatively stable workforce during the year under review. The Group was able to attract and recruit a steady flow of suitably qualified and experienced talent to fill vacancies arising mainly from normal staff turnover due to resignations and retirements. Our strong employer brand, supported by a reputation for professionalism and ethical employment practices, continues to position the Group favourably in a highly competitive labour market.

The hotels and leisure sector is, by nature, characterised by relatively high employee attrition, driven largely by opportunities for overseas employment, inter-hotel mobility, and seasonal demand fluctuations within the industry. This trend was significantly accentuated during the peak of Sri Lanka's economic and financial crisis in 2022–2023, when heightened out-migration and economic uncertainty led to elevated staff turnover across the sector. While attrition levels have since moderated with improving macroeconomic conditions, a degree of inherent industry-specific turnover remains a structural challenge.

Against this backdrop, the Group has continued to manage employee turnover effectively through strong organisational culture, competitive and attractive employee benefits, and a clear emphasis on employee engagement and well-being. The value proposition of being associated with Asian Hotels and Properties PLC/ Cinnamon Grand as a prestigious and reputable employer has been instrumental in sustaining employee loyalty and limiting attrition to manageable levels.

In line with the Group's commitment to fair employment practices and internal talent development, all vacancies are initially advertised internally, with priority given to suitable candidates from within the organisation. This approach supports structured career progression, enhances employee engagement, and strengthens retention by providing clear growth and advancement opportunities. Where internal capabilities are not available, external recruitment is undertaken to ensure the continual infusion of fresh talent and new perspectives into the organisation.

Overall, the Group's people management approach remains focused on balancing operational continuity with long-term talent development, ensuring that Asian Hotels and Properties PLC remains well-positioned to attract, develop, and retain the human capital required to support sustainable business growth.

## Key staff movements during the year <sup>LA</sup>

Staff movement	Male	Female
Promotions and job upgrades	94	15
Recruitments	175	83
Retirements	2	0
Resignations	237	72

## Governance body by age & gender

	Male	Female
31-49 years	2	-
50 years above	5	1
Total	7	1

**Region based movement – 2025/26** <sup>LA</sup>

Province	Recruitment		Turnover	
	Number	Percentage	Number	Percentage
Western	170	66.00	201	65.00
Southern	17	6.60	29	9.40
North Western	26	10.00	30	9.80
Central	17	6.60	21	6.80
Sabaragamuwa	11	4.30	16	5.20
Eastern	3	1.10	3	0.95
North Central	9	3.50	3	0.95
Uva	2	0.80	6	1.90
Expats	3	1.10	-	-
Total	258	100	309	100

**Recruitment by age** <sup>LA</sup>

	Number	Percentage
Under 30 Years	221	85.70
Between 30 - 55 Years	36	13.90
Over 55	1	0.40
Total	258	100

**Turnover by age** <sup>LA</sup>

	Number	Percentage
Under 30 Years	244	78.9
Between 30 - 55 Years	63	20.4
Over 55	2	0.7
Total	309	100

**Turnover by age**

Hotels & lodging Industry voluntary and Involuntary turnover rates (SASB - SV-HL-310a.1)	2025/26
Voluntary turnover rate for lodging facility employees	91
Involuntary turnover rate for lodging facility employees	9

**PERFORMANCE MANAGEMENT**

The Group's performance management framework is designed to drive organisational excellence while supporting individual capability building and long-term career development. It provides a structured, transparent, and consistent mechanism through which strategic priorities are translated into individual accountabilities, performance is

continuously monitored, and outcomes are recognised in a fair and objective manner. The framework operates as a continuous cycle, reinforcing accountability, learning, and performance differentiation across all levels of the organisation.

The performance management cycle encompasses goal setting and alignment, a structured mid-year review, a comprehensive year-end appraisal,

independent evaluation and calibration by the Career Committee, and linkage to reward and recognition outcomes. Together, these stages ensure that employee performance is assessed holistically, with equal emphasis on results delivered, competencies demonstrated, and future potential.



# Human Capital

## Goal Setting and Strategic Alignment

The cycle commences at the beginning of each financial year with a structured goal-setting process. The Group's strategic objectives and business priorities are systematically cascaded to business units, departments, and individual roles, ensuring coherence between organisational strategy and individual performance expectations.

For employees at executive level and above, key performance indicators (KPIs) are directly aligned with enterprise-wide strategic goals, reinforcing shared accountability for organisational outcomes. This ensures that leadership effort is consistently focused on value creation, operational excellence, and long-term sustainability. Employees in the non-executive cadre are assessed based on a structured competency framework comprising nine core competencies, enabling the evaluation of functional capability, behavioural effectiveness, and service excellence critical to the hospitality sector.

This alignment of individual objectives with corporate goals forms the basis of a performance-driven culture and promotes clarity of expectations across the workforce.

## Mid-Year Performance Review

The mid-year review represents a critical governance checkpoint within the performance management cycle. Conducted midway through the year, this review facilitates a structured dialogue between employees and managers to assess progress against agreed targets, identify emerging challenges, and recalibrate priorities where necessary.

This stage emphasises early intervention and proactive support. It enables the identification of skill gaps, development needs, and operational constraints, allowing corrective actions to be implemented well before year-end. By focusing on continuous feedback rather than retrospective evaluation alone, the mid-year review strengthens accountability while reinforcing a culture of open communication and performance coaching.

## Year-End Appraisal

At the conclusion of the performance cycle, a formal year-end appraisal is undertaken to assess overall performance outcomes. This process incorporates both employee self-assessment and managerial evaluation, ensuring a balanced and reflective assessment of performance.

Employees are encouraged to critically review their own achievements, challenges, and development areas, fostering ownership of performance and personal growth. Managers, in turn, evaluate performance against pre-defined KPIs and competency expectations, providing structured and evidence-based feedback. The appraisal process is administered through an integrated human resource management system, enhancing consistency, transparency, and auditability across the organisation.

## Career Committee Evaluation and Calibration

Following completion of individual appraisals, performance outcomes are subjected to independent review and calibration by the Career Committee. This governance layer strengthens fairness and objectivity by mitigating bias, ensuring consistency of performance ratings across functions and grades, and aligning talent decisions with organisational priorities.

The Career Committee plays a pivotal role in identifying high-potential talent, determining readiness for progression, and shaping targeted development and training interventions. Its deliberations support structured succession planning, ensure equitable reward outcomes, and reinforce merit-based career advancement aligned with the Group's long-term strategic direction.

## Linkage to Reward and Recognition

Performance outcomes, as validated through the evaluation and calibration process, directly inform reward and recognition decisions. This linkage reinforces performance differentiation, motivates sustained high performance, and recognises both individual contribution and collective achievement.

By aligning rewards with clearly defined and consistently assessed performance outcomes, the Group strengthens trust in the performance management process and reinforces a culture of accountability and excellence.

Percentage of Staff receiving performance appraisals <sup>LA</sup>	Male	Female
Senior Management	95	80
Management	82	50
Executive	82	65
Non-executive	93	86

## Employee Rewards

The Group's rewards are linked to the belief that long-term organisational success is driven by a motivated, fairly rewarded, and engaged workforce. Accordingly, our employee reward framework is designed to recognise contribution, encourage high performance, and support employee wellbeing, while remaining aligned with market realities and the Group's strategic priorities. Transparency, equity, and competitiveness are central to our approach, ensuring that employees clearly understand how rewards are determined and how performance translates into outcomes.

Permanent employees are offered a balanced remuneration structure comprising a fixed base salary complemented by a performance-linked variable component. This structure drives accountability by directly linking rewards to individual contribution, achievement of defined objectives, and overall organisational performance. By combining income stability with performance-based differentiation, the Group creates a results-oriented culture while maintaining financial security for employees.

Beyond monetary compensation, the Group provides a comprehensive suite of benefits designed to support employees across different life stages. These include medical insurance coverage,<sup>LA</sup> paid leave entitlements, parental leave, and access to structured learning and development opportunities. Investment in training

programmes, leadership development initiatives, and defined career pathways reflects the Group's commitment to building internal capability and supporting long-term professional growth.

### Employee wellbeing and support<sup>LA</sup>

- Accommodation for employees working night shifts
- Transport for female employees working night shifts
- Meals and uniforms
- Locker room / Dormitory
- Doctor and Clinic facility
- Welfare facility

### Health and fitness benefits<sup>LA</sup>

- Gym facility
- Annual medical checkups

### Work-life balance and perks

- Food, beverage, and restaurant discounts
- A complimentary birthday stay is extended to permanent employees who have completed a minimum of five years of service with the Group
- 100 days parental leave

### Competitive and attractive pay

Maintaining market relevance and internal equity is a critical component of the Group's reward governance framework. To this end, the Group regularly undertakes remuneration benchmarking through independent salary surveys, either conducted internally or through participation in reputable third-party industry studies. These exercises provide objective insights into prevailing market compensation trends and enable the Group to assess the competitiveness of its remuneration structures across job families and career levels.

Insights derived from these benchmarking exercises are systematically incorporated into the annual salary review process. Adjustments are made with due consideration to market movements, affordability, internal relativities, and

individual performance outcomes. This disciplined approach ensures that reward decisions remain evidence-based, equitable, and aligned with both external labour market conditions and internal performance differentiation.

### Hotels & Lodging industry labour practices (SASB -SV-HL-310A.3)

The average hourly wage of employee of Asian Hotels and Properties PLC – 2025/26 – Rs. 217.38 (2024/25: Rs. 186.17)

Furthermore 100% lodging facility employees earning minimum wage, with our operations being located in Colombo 03 (2024/25: 100%)

### Training and development

#### Highlights from the year

Total investment in training:  
**Rs.27 Mn**

Total training hours: **36,169<sup>LA</sup>**

Average training hours  
per employee: **46.4<sup>LA</sup>**

Percentage of employees trained: **97%<sup>LA</sup>**

The Group's human resource strategy is centered on building a future-ready workforce through continuous learning, capability development, and structured talent progression. At its core is a competency-based approach that enables the organisation to systematically strengthen skills that are critical to operational excellence, service quality, and long-term competitiveness in the hospitality industry.

By mapping role-specific competencies across key functions, the Group proactively identifies current and emerging skill gaps and translates these insights into targeted learning interventions. This structured approach ensures that training investments are purposeful, aligned with business priorities, and directly linked to both individual career development and organisational objectives. Learning and

development is therefore viewed not as a standalone activity, but as an integral enabler of performance, leadership readiness, and sustainable growth.

During the year, employees continued to have access to a broad spectrum of learning opportunities encompassing formal training programmes, experiential learning, workshops, seminars, and digital learning platforms. These initiatives were designed to strengthen functional expertise, enhance communication and service excellence, and develop behavioural skills essential to delivering exceptional guest experiences. Through this continuous investment in people, the Group seeks to empower employees to progress in their careers while contributing meaningfully to organisational success.

### Key training and development initiatives

#### ElevateXperience

A specialised programme focused on strengthening complaint management capabilities within a hospitality context, enabling employees to transform service recovery situations into positive guest experiences. During the year, 36 Executives and Supervisors successfully completed the programme, achieving positive participant feedback.

### Diversity, Equity, and Inclusion (DE&I)

As part of our ongoing commitment to Diversity, Equity, and Inclusion (DE&I), we launched a structured sensitisation program for Level 2 and above colleagues, following a successful pilot across our Colombo hotels.

The initiative, which serves as a key program for the financial year, focuses on enhancing gender awareness, with particular emphasis on supporting women in the workplace. Delivered through separate sessions for male and female participants covering 78% target audience to encourage open dialogue, the programme addresses critical topics such as gender-based issues, workplace dynamics, and the impact of power, privilege, and masculinity fostering a more inclusive and respectful

# Human Capital

organisational culture.

## English Language Proficiency Development Drive

- **Cinnamon English Proficiency Development Programme (CEPDP):**

Designed to enhance fluency and grammatical accuracy across speaking, listening, reading, and writing, targeting Supervisors, Executives, and STEP, TAP, and MAP participants at Cinnamon Colombo hotels. A total of 26 Executives/ Supervisors and 18 Associates completed the programme.

- **Arishte (English Dose):**

A foundational programme aimed at building confidence in everyday English communication through interactive and role-based learning. The programme benefited 141 trainees during the year.

- **Guest Talk Pro: (Kadda Polish)**

Tailored for front-of-house Associates, this programme focused on courteous verbal communication, professional body language, and confident day-to-day guest interaction. A total of 35 Associates participated.

- **Speech Craft Programme – Grand Orators Club**

An initiative designed to strengthen presentation and public speaking skills, providing employees with a platform to practise effective communication and audience engagement. The programme was attended by 21 Associates, Supervisors, and Executives.

The Group's sustained focus on learning and capability enhancement continues to deliver measurable value at both individual and organisational levels. By strengthening employee skills and confidence, the Group improves productivity, service quality, and innovation, while reinforcing its competitive positioning in the hospitality sector. Continuous development remains a key driver of employee engagement, leadership readiness, and long-term organisational resilience.

## Training types offered to our employees

Type of training	Number of training hours	% of training hours
Technical Trainings	11,931.5	32.9%
Leadership Trainings	104.2	0.3%
Soft Skills Trainings	1,483.2	4.1%
Health & Safety Trainings	4,651.4	12.9%
Other Trainings (Need base)	17,998.7	49.8%

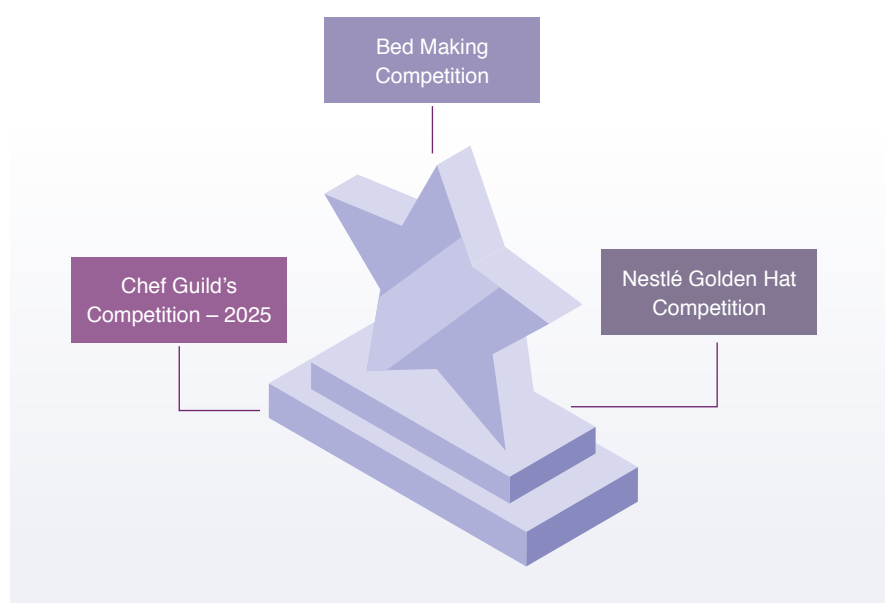
## Cinnamon Hospitality Academy

As part of the Group's long term commitment to strengthening talent pipelines and building industry capability, the Cinnamon Hospitality Academy was established to deliver world class hospitality education and practical training. Now in its second year of operation, the Academy was launched in partnership with the Swiss Hotel Management Academy (SHMA), Sri Lanka's licensed partner of the globally renowned École Hôtelière de Lausanne (EHL), and offers the internationally recognised VET by EHL qualification.

The programme is designed to bridge theory and practice through a carefully structured curriculum covering customer service excellence, culinary arts, operations management, and hospitality leadership. While SHMA is responsible for academic oversight and certification, Cinnamon supports the Academy through dedicated infrastructure, operational exposure, and immersive on the job training across its properties.

The Cinnamon Hospitality Academy plays a dual role: it serves as a sustainable talent pipeline for the Group's resorts, while also contributing to the development of a skilled, globally competitive hospitality workforce in Sri Lanka. By creating access to quality training and employment opportunities, the initiative delivers meaningful socio economic impact, particularly by empowering youth to build long term careers within the hospitality and tourism sector.

## AWARDS WON BY OUR STAFF MEMBERS



## ADVANCING DIVERSITY, EQUITY AND INCLUSION

Diversity, equity and inclusion are integral to the identity and values of the Group, extending well beyond a time bound objective. We are committed to fostering a workplace where individuals from diverse backgrounds, experiences, and perspectives are welcomed, respected, and given equal opportunity to thrive. At the heart of our organisation is a culture grounded in inclusivity, empathy, and mutual respect, where every employee feels a genuine sense of belonging. By embracing diversity in all its forms, we strengthen collaboration, enrich decision making, and cultivate a work environment that reflects fairness, compassion, and shared purpose. This is driven by four focus areas.

### Eliminating discrimination<sup>LA</sup>

The Group maintains a zero tolerance approach to discrimination of any kind, including on the basis of ethnicity, gender identity, sexual orientation, age, or ability. Robust policies and fair employment practices promote equal opportunity, dignity, and mutual respect across the organisation.

### Advancing gender equality

Promoting gender equality remains a key priority, with particular focus on addressing gender based barriers affecting women. The Group supports this through equitable recruitment practices, leadership and development initiatives, mentorship opportunities, and measures that enable a healthy work-life balance.

### Empowering women in the workforce

Active efforts are made to attract, retain, and advance women across all levels of the organisation. Flexible work arrangements, career development opportunities, and an inclusive workplace culture support women's sustained participation and progression in the workforce.

## Supporting persons with disabilities

The Group is committed to creating an inclusive and accessible work environment for persons with disabilities. This includes providing appropriate facilities, inclusive job design, and reasonable accommodations to enable employees to perform effectively and with dignity.

There were no incidents of discrimination reported during the year.

## GENDER DIVERSITY

The Group is committed to advancing gender parity as a core element of its people and performance agenda. Our approach is guided by clear objectives that promote diversity and inclusion, strengthen organisational performance, and ensure equal opportunity at every level. By fostering a balanced and inclusive workplace, we aim to attract and retain talent, enhance employee engagement and morale, and support sustainable business outcomes. This structured and deliberate commitment to gender parity is fully aligned with the Group's broader strategic and cultural priorities

### Key enablers of gender diversity in Asian Hotels and Properties PLC



### Gender diversity in statistics

Representation by Grade	Senior Management & above	Executive	Non-Executive
Male	31	90	525
Female	7	20	105
Total	38	110	630
Male - Percentage	82	82	83
Female - Percentage	18	18	17

### Average training hours per gender

	Training hours
Male	28,853
Female	7,317

# Human Capital

## Parental leave <sup>LA</sup>

	Male	Female
Employees entitled to parental leave	556	96
Employees that took parental leave	22	1
Number of employees that returned to work in the reporting period after parental leave ended	11	0
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	0	0

### Our flagship initiative - EmpowHer

Cinnamon Hotels and Resorts, together with its parent company John Keells Holdings PLC, continues to advance gender equality through targeted and meaningful initiatives within the hospitality sector. Acknowledging the unique challenges, perceptions, and structural barriers faced by women in tourism, the Group established the EmpowHer Network as a dedicated platform to support, connect, and empower female employees.

EmpowHer creates a safe and inclusive space for women to engage, share experiences, collaborate, and address workplace biases, while fostering confidence and leadership capability. Through structured programmes, awareness initiatives, and peer engagement activities, the network supports women's professional development and personal wellbeing. This initiative reflects the Group's commitment to building a respectful, inclusive, and empowering workplace, positioning Cinnamon as a progressive employer and a benchmark for women's participation and advancement in the hospitality industry.

### EMPLOYEE HEALTH AND SAFETY

Operating within Sri Lanka's leisure and hospitality sector presents distinct workforce challenges, including extended working hours, physically demanding roles, and high levels of guest interaction. In response, the Group adopts a holistic and inclusive approach to employee

wellbeing, addressing financial, mental, and physical health needs of both male and female employees across operational and leadership roles.

The management system covers employees across all hotel operations and relevant contractors working within the hotel premises. Regular audits, training programmes, and safety monitoring activities are conducted to ensure compliance and continuous improvement in workplace health and safety practices.

The organisation has not identified any instances of non-compliance with applicable regulations and/or voluntary codes during the reporting period.

### Financial wellbeing

The Group promotes financial security through a comprehensive remuneration framework that extends beyond base pay and performance incentives. Gender pay equity is maintained across all levels, reinforcing fairness, inclusion, and long-term financial stability for employees. <sup>LA</sup>

### Mental wellbeing

Recognising the emotional demands of hospitality roles, the Group actively supports mental health through its organisation-wide "It's Okay Not to Be Okay" initiative, fostering open dialogue and reducing stigma. In partnership with Sri Lanka Sumithrayoo, employees have access to professional mental wellness sessions and a confidential counselling helpline.

### Medical care <sup>LA</sup>

Employees are supported through comprehensive medical insurance coverage for permanent and contract staff, complemented by annual medical check-ups to promote preventive healthcare and overall wellbeing.

### OCCUPATIONAL HEALTH AND SAFETY <sup>LA</sup>

GRI 403

The Hotel maintains a comprehensive Occupational Health and Safety Management System (OHSMS) certified in accordance with ISO 45001:2018.

Key elements of the system include:

- Clearly defined health and safety policies and operational procedures across all departments
- Risk assessment and control measures for hotel operational activities
- Regular internal audits, and continuous monitoring processes
- Compliance with applicable occupational health and safety laws and regulatory requirements
- Employee awareness, consultation, and training programs to promote a strong safety culture
- Daily & Monthly workplace inspections and Health & Safety audits to monitor compliance and operational safety performance

- Independent mystery audits appointed by the hotel operator and the brand quality assurance team
- Task-based risk assessments and Job Safety Analysis (JSA) for operational and high-risk activities
- Near-miss reporting mechanisms to support the timely identification and reporting of workplace hazards and unsafe conditions
- Structured reporting, investigation, and root cause analysis of accidents, incidents, and near misses
- Implementation of corrective and preventive actions to minimise recurrence and strengthen workplace safety controls
- Periodic review and analysis of accident and near-miss trends to support continuous improvement in safety performance

### Cinnamon Care – Health, Safety and Environment (HSE) Strategy

The Cinnamon Care HSE Strategy establishes rigorous standards for health, safety, and hygiene, ensuring a safe environment for both employees and guests through prevention, preparedness, and rapid response protocols.

We are committed to promoting the health and wellbeing of our employees, recognising its importance to performance and service quality.

Key initiatives include:

- Mental health and counselling support programmes in collaboration with Sri Lanka Sumithrayo
- Preventive healthcare and wellness activities (e.g., staff gym)
- Workplace exposure monitoring (temperature, noise, illumination, dust levels)

### Employee Engagement in Safety <sup>LA</sup>

Employees are actively engaged in health and safety matters through open communication, hazard identification, and preventive initiatives. This participatory approach strengthens accountability, builds trust, and supports a proactive safety culture.

- A 24-hour operating medical center to provide immediate medical assistance and support to employees
- Access to first aid facilities and emergency response arrangements across hotel operations
- Periodic medical checkups for employees to support preventive healthcare and fitness for work
- Routine medical examinations for food handlers in compliance with applicable health and hygiene requirements
- Workplace exposure monitoring (temperature, noise, illumination, dust levels)
- Eye screening programmes and health awareness initiatives, including breast cancer awareness sessions for female employees
- Ongoing health and safety awareness programmes to promote employee wellbeing and preventive care practices

Employee safety record 2025/26 <sup>LA</sup>	
Workplace related accidents and incidents	10
Workplace related fatalities	0
No. of lost workdays due to workplace related injuries	246
Work related ill health	0

### Employee engagement

Employee engagement is a strategic priority across the Cinnamon Hotels network, supporting a strong sense of belonging and emotional wellbeing. Through inclusive initiatives such as team building activities, social events, recognition programmes, and cross functional interactions, we encourage collaboration, strengthen relationships, and promote open communication beyond operational roles. These efforts foster a supportive workplace culture where employees feel valued and motivated, contributing to higher job satisfaction, improved productivity, and stronger alignment with organisational objectives.

- New Year Celebrations
- Long Service Award Ceremony
- Inter department Vesak Lantern Competition
- Poson Bakthi Gee
- Mother's Day Celebrations
- Father's Day Celebrations
- Anniversary Commemoration multi religious ceremony
- Staff appreciation week along with staff party
- Women's Day celebrations
- Awurudu Event
- EmpowHer Programmes

# Human Capital



## Mediation and resolution

During the year, the Group's Mediation and Resolution Policy was comprehensively reviewed with expert input from the Employee Federation of Ceylon (EFC) and the International Labour Organisation (ILO). The Policy establishes formal procedures for employees to follow in the event of a grievance, ensuring a fair, transparent, and consistent approach to mediation and resolution across the Group.

Under the Policy, employees are encouraged to initially raise or escalate their grievance with their immediate supervisor or the Human Resources department. Matters are then referred for a second level assessment by an independent committee facilitated by HR. Where required, grievances progress through subsequent escalation layers, with the final level involving intervention by the Chief People Officer or the Chief Executive Officer, ensuring appropriate oversight and resolution at the highest level.

### Awareness and accessibility of the policy

The Mediation and Resolution Policy is accessible to all employees through the Cinnamon Online Academy, ensuring transparency and ease of reference across the Group.

In addition, selected employees, including members of the HR and Learning & Development community, as well as other identified key personnel, receive formal training under a Departmental Trainer model. These trained employees are responsible for cascading awareness and understanding of the Policy to staff across all properties, strengthening consistency in application and awareness at every level of the organisation.

A key feature of the process is the emphasis on resolving grievances within three working days, where feasible. This commitment reinforces employee confidence that concerns are acknowledged promptly and addressed with due care and urgency.

### Human rights

The Group is committed to upholding local and international labour standards across its operations and supply chain. A robust governance framework underpins our zero tolerance approach to sexual harassment, child labour,<sup>LA</sup> and forced or compulsory labour, ensuring the protection of human rights at all levels of the organisation.

This commitment is supported by clearly defined policies and regular awareness and training programmes that promote fair labour practices, employee rights, and ethical conduct. An open door policy encourages transparent communication, while a formal whistleblowing mechanism provides a confidential channel for reporting concerns or potential violations.

Through these measures, the Group continues to foster a respectful, inclusive, and safe working environment. There were no reported incidents of human rights violations, child labour, or forced labour during the reporting year.

### Hotels & Lodging industry labour practices (SASB - SV-HL-310a.2)

Monetary losses incurred as a result of legal proceedings associated with labour law violations during the year is 1.8Mn.

### Freedom of association<sup>LA</sup>

The Group respects employees' right to freedom of association. There are no collective bargaining agreements<sup>LA</sup> in place, and no material employee or industrial relations issues arose during the reporting year. Management maintains open and constructive relationships with employees at all levels and ensures consultation takes place where significant operational changes are proposed. A minimum notice period of one month is provided prior to the implementation of any major operational changes.<sup>LA</sup>

## RISKS AND OPPORTUNITIES

Risks	Opportunities
<ul style="list-style-type: none"> <li>Talent retention/ skills availability</li> <li>High employee turnover</li> <li>Skills gaps in digital and sustainability capabilities</li> <li>Health, safety and wellbeing risks</li> <li>Mismatch between education and industry expectations</li> <li>Ageing workforce, creating succession planning challenges and potential loss of institutional knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Growing regional tourism recovery and expansion, supporting increased employment opportunities and the ability to attract talent through stable, long term career prospects in hospitality</li> <li>Workforce productivity gains through technology enabled roles, combining automation with human centred service to improve efficiency while enhancing guest experience</li> <li>Upskilling and reskilling initiatives, particularly in digital literacy, sustainability, and customer experience management, strengthening employee value proposition and retention</li> <li>Enhanced employer branding through ESG and sustainability commitments, appealing to purpose driven employees and aligning hospitality careers with environmental and social impact goals</li> </ul>

# *Human Capital*

## **WAY FORWARD**

The strategic direction of Asian Hotels and Properties PLC will be guided by the Group's newly defined Employee Value Proposition, CARE, which serves as the cornerstone of its human capital strategy. CARE reflects the Group's commitment to Carry the Cinnamon Pride, Aspire for Excellence, Rise and Grow, and ensure Everyone Belongs. This proposition will be delivered through 32 targeted projects designed to strengthen talent attraction, development, and retention, while reinforcing a strong sense of purpose, belonging, and performance across the organisation.

In support of CARE, the Group will continue to invest in capability building through focused learning and development initiatives, leadership development, and structured career pathways, with emphasis on service excellence, digital capabilities, and sustainable practices. A safe, inclusive, and engaging work environment will remain a priority, supported by responsible use of technology to enhance workforce effectiveness while preserving the human touch central to hospitality. Through this approach, human capital will be positioned as a key enabler of service quality, brand strength, and long term value creation for the Group.

## Intellectual Capital



### INSIGHT-LED HOSPITALITY, ENDURING ADVANTAGE

Our intellectual capital reflects the intangible strengths that differentiate Asian Hotels and Properties PLC and sustain long-term value creation. It encompasses the strength of our brand – Cinnamon Grand Colombo, deep institutional knowledge, refined systems and processes, digital capabilities and the tacit expertise embedded within our people. Reinforced by innovation, recognised standards and a culture of service excellence, this capital strengthens competitive positioning, fosters guest loyalty and underpins the delivery of distinctive, consistently high-quality hospitality experiences.

#### INTELLECTUAL CAPITAL PROFILE

The enduring strength of the Cinnamon Grand brand, synonymous with prestige, exceptional hospitality and a preferred destination for events and experiences

Strong presence in Sri Lanka's capital for over 22 years, strengthening the Company's position as a preferred city hospitality landmark

Deep organisational tacit knowledge and hospitality expertise accumulated over decades of operations

10 years average employee tenure, reflecting institutional memory and commitment in delivering the Cinnamon Grand brand promise

02 ISO-certified processes that reinforce quality, consistency and operational discipline

02 awards and recognitions earned during the year, affirming excellence, innovation and brand strength.

#### INTELLECTUAL CAPITAL FACT SHEET

**06** Ranking in  
Tripadvisor among  
**103** hotels in  
Colombo

**Rs.23.5Mn**  
technology  
investments in  
guest services

**95%** Global  
Review Index

# Intellectual Capital

## CLOSELY CONNECTED SHAREHOLDERS

### CUSTOMERS

- Brand strength building trust and loyalty
- Service innovation enabling differentiated guest experiences
- Digital and knowledge systems supporting personalisation
- Customer feedback driving continuous improvement

### EMPLOYEES

- Employee expertise strengthening intellectual capital
- Learning and knowledge-sharing building capability
- Systems and processes supporting service excellence
- Employees both shape and benefitting from this capital



### Link to Our Material Matters

Business conduct and ethics

Privacy and data security

## HOW INTELLECTUAL CAPITAL SUPPORTS OUR STRATEGIC PILLARS

**Service excellence** – Intellectual Capital enables service excellence through brand strength, institutional know-how, service standards and digital capabilities that support differentiated and consistently high-quality guest experiences.

**Operational excellence and cost optimisation** – Robust systems, process discipline, certifications and organisational knowledge enhance efficiency, consistency and continuous improvement across operations.

**Revenue optimisation** – Market insight, customer intelligence, innovation and technology platforms embedded within Intellectual Capital support agile commercial decisions, stronger demand capture and yield optimisation.

**Talent management** – Intellectual Capital is strengthened through shared learning, training and embedded know-how, while also supporting the development of capable, engaged and future-ready talent.

**ESG considerations** – Innovation, knowledge systems and strong governance frameworks within Intellectual Capital support the integration of sustainability considerations into decision-making and responsible business practices.



## CONNECTIVITY TO OTHER CAPITALS



**Human Capital:** Deeply interconnected, as employee knowledge, skills, experience and institutional know-how both shape and are strengthened by Intellectual Capital.



**Financial Capital:** Supported through brand equity, innovation and informed decision-making that contribute to revenue growth, efficiency and long-term value creation.



**Social and Relationship Capital:** Reinforced through brand reputation, service innovation and knowledge-driven engagement that strengthen stakeholder trust, customer loyalty and enduring relationships.



**Manufactured Capital:** Enhanced through systems, process know-how and technology that support the effective utilisation and continuous improvement of physical assets and infrastructure.

## Our intellectual capital repository



### Brand

Our distinct brand identities

#### Cinnamon Grand

*Cinnamon*  
GRAND COLOMBO

#### Crescat Boulevard



#### Cinnamon Lakeside

*Cinnamon*  
LAKESIDE COLOMBO

Despite disruptions arising from Cyclone Ditwah and geopolitical tensions in the Middle East, the year demonstrated the resilience and enduring strength of the Cinnamon Grand brand, which continued to support tourism growth and reinforce the Hotel's leadership in Colombo's premium hospitality segment.

### 20 Years of Cinnamon Grand Colombo

#### 20 Years of Hospitality Elegance and Excellence

In 2025, Cinnamon Grand Colombo proudly celebrated 20 years of hospitality excellence, reflecting the enduring strength, resilience, and elegance of one of Sri Lanka's most iconic hospitality brands. Over two transformative decades marked by both unprecedented challenges and remarkable progress within the country and tourism industry, the hotel has continued to evolve with grace, innovation, and purpose whilst remaining steadfast in delivering exceptional guest experiences.

Through changing landscapes and evolving expectations, Cinnamon Grand Colombo has remained resolute, continuously redefining contemporary hospitality whilst preserving the elegance and excellence that define its identity. The brand continues to stand as a key pillar of strength within Asian Hotels and Properties PLC, contributing meaningfully towards the Group's growth, reputation, and long-standing impact on Sri Lanka's hospitality sector.

# Intellectual Capital

## Our brand performance during the year was shaped through five interconnected drivers:

### Celebrating authentic Sri Lankan hospitality

Distinctive experiences rooted in local culture continued to set the brand apart, with signature offerings such as Nuga Gama serving as powerful expressions of authentic Sri Lankan hospitality. By blending heritage, storytelling and world-class service, these experiences deepened the emotional resonance of the brand with both local and international guests.

### Delivering distinctive experiences across segments

The brand continued to strengthen its relevance across diverse guest segments from leisure and celebrations to corporate travel and events through exceptional

accommodation, acclaimed culinary experiences and trusted banqueting excellence. This breadth of appeal reinforced strong brand recall and customer preference.

### Reinforcing hospitality leadership

Continued focus on service consistency, product excellence and memorable guest experiences strengthened the brand's leadership in Colombo's five-star hospitality landscape. Across rooms, dining and events, every touchpoint was leveraged to reinforce premium positioning and trust in the brand.

### Driving visibility through strategic market activation

Focused and market-responsive marketing initiatives supported demand generation, deeper market penetration and stronger brand visibility across key

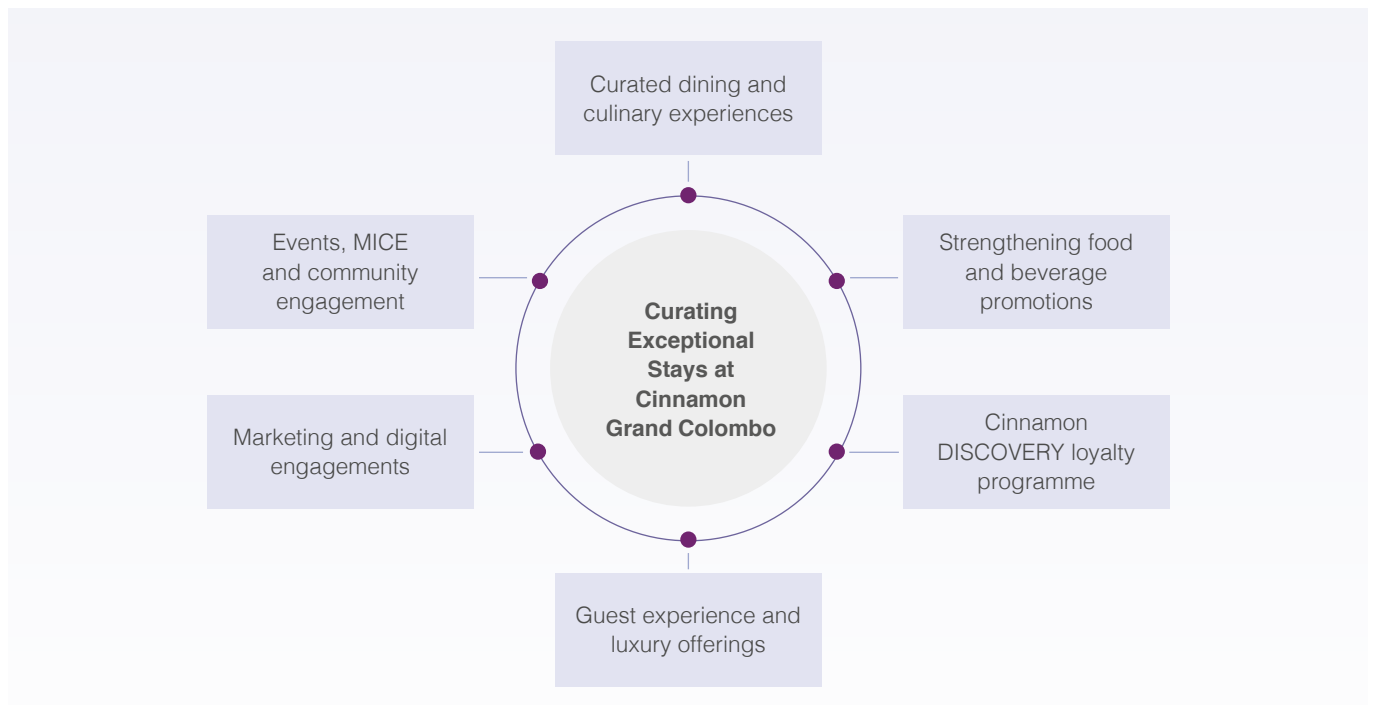
segments, including international source markets and the Sri Lankan diaspora. These efforts helped sustain relevance while supporting growth ambitions amid changing market dynamics.

### Powered by People who bring the brand to life

At the heart of the brand's strength is an exceptional team whose passion, expertise and commitment to service excellence continue to bring the brand promise to life. Their role in delivering consistency, innovation and authentic hospitality remains fundamental to sustaining the brand's prestige and leadership.

## Key Brand Building initiatives conducted during the year

### KEY STRATEGIC INITIATIVES ROLLED OUT DURING THE YEAR DRIVING AN ENHANCED CUSTOMER EXPERIENCE





### Crescat Boulevard

Directly complementing the hospitality proposition of Cinnamon Grand Colombo, Crescat Boulevard extends the guest experience beyond the hotel through a connected lifestyle offering spanning retail, dining and leisure. As a fully owned asset of Asian Hotels and Properties PLC, it strengthens the Company's premium positioning by creating a seamless urban lifestyle ecosystem where hospitality and curated experiences converge.

This synergy enhances brand differentiation, supports customer engagement and contributes to footfall generation in Colombo's competitive hospitality and retail landscape, with annual visitor traffic exceeding 0.7 million, reflecting sustained consumer relevance and continued momentum in activity levels.

### Activations conducted during the year to drive footfall

Listed below are some of the activations/ new additions to the Crescat Boulevard

- Curated seasonal and festive activations during key celebrations including Christmas, Sinhala and Tamil New Year, and Vesak to enhance visitor engagement and mall vibrancy
- Conducted themed campaigns around international occasions such as Women's Day, Valentine's Day, and Father's Day to create engaging and experiential visitor touchpoints.
- Hosted experiential lifestyle events including Halloween-themed activations to strengthen footfall and enrich the customer experience at the mall
- Celebrated the 4th anniversary since the reopening of Crescat Boulevard, marking its repositioning as a premier lifestyle mall in Colombo with upgraded interiors, amenities, and enhanced shopping experiences
- Conducted the "Under the Sea" themed Children's Day workshop, encouraging family participation and reinforcing the lifestyle-oriented positioning of the mall
- Opened the "Flavour Gallery," introducing an enhanced quick dining and grab-and-go food experience with a diverse range of cuisine and snack offerings for shoppers and visitors
- Hosted a series of themed engagement events including Avengers Quiz Nights, the Jungle Workshop, Friends-themed Quiz Night, and the Paint and Plant Family Event to further diversify customer engagement and entertainment experiences

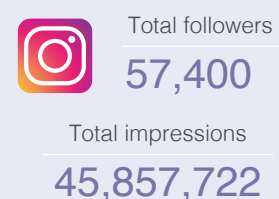


### DRIVING OUR BRAND THROUGH SOCIAL MEDIA PLATFORMS

Our presence across key global social media platforms forms an important extension of the Cinnamon Grand brand, enabling us to engage audiences, build affinity and sustain relevance well beyond the physical boundaries of the Hotel. Through carefully curated content and always-on digital engagement, these platforms are leveraged not merely as promotional channels, but as dynamic storytelling platforms that showcase the essence of our brand and inspire interest, aspiration and loyalty.

Content is thoughtfully curated to reflect the many dimensions of the Cinnamon Grand experience, from Sri Lankan cuisine, destination-inspired experiences and places to explore, to the Hotel's luxury offerings, signature events, celebrations and exclusive activations. This blend of lifestyle, experiential and brand-led storytelling helps deepen emotional connection with existing guests while attracting new audiences across local and international markets.

Supported by targeted campaigns, timely engagement and audience insights, we continue to leverage social media effectively to strengthen brand visibility, stimulate curiosity and reinforce Cinnamon Grand Colombo as a compelling hospitality brand in an increasingly digital-first world.



# Intellectual Capital

Iconic campaigns that gained significant traction during the year are as follows:

## London grill 50 years celebration with chef devonport

Celebrated the golden jubilee of Cinnamon Grand's iconic fine-dining restaurant, The London Grill, marking 50 years since its establishment in 1975 during the Non-Aligned Conference. As part of the celebrations, the hotel hosted internationally acclaimed chef and television personality Phillip Davenport for an exclusive series of curated culinary experiences, featuring distinctive wine- and malt-paired degustation dinners inspired by his French culinary training and Southeast Asian influences.

The milestone also coincided with the Hotel's 20th anniversary celebrations, alongside the launch of a refreshed London Grill menu curated to preserve the restaurant's renowned old-world charm whilst introducing a contemporary and elevated dining experience.

Total impressions – 5,050,909

Total reach – 1,335,276 Meta Accounts

## A Swiss adventure in the making, chef florian gerber

Celebrated Swiss National Day and the 50-year legacy of London Grill restaurant through "A Taste of Switzerland at London Grill," an exclusive culinary showcase held from in August 2025. The promotion featured a specially curated Swiss à la carte experience by Swiss-certified gastronomy chef Florian Gerber in collaboration with Cluster Executive Chef Kapila Jayasinghe, offering guests an authentic journey through traditional Swiss cuisine and regional flavours.

The event paid tribute to the London Grill's longstanding fine dining heritage while further elevating Colombo's culinary landscape through immersive international dining experiences and globally inspired gastronomy.

Total impressions – 2,049,960

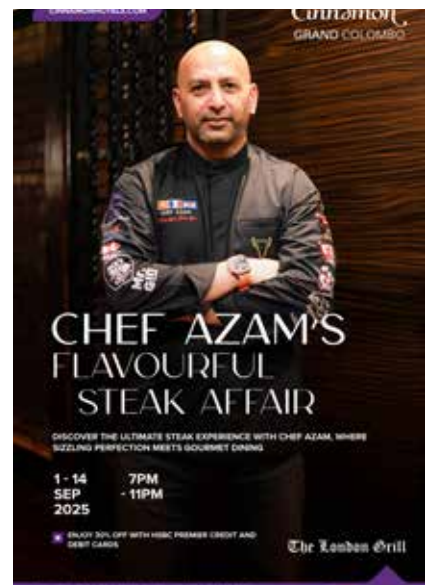
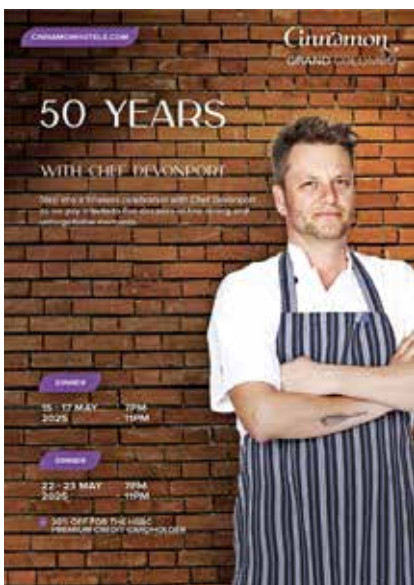
Total reach - 774,969 Meta Accounts

## Chef azam's flavourful steak affair

Hosted "Chef Azam's Flavourful Steak Affair" at The London Grill from 1–14 September 2025, offering guests a curated steak dining experience featuring expertly prepared premium cuts, distinctive flavours, and refined culinary craftsmanship.

Total impressions - 3,624,723

Total reach - 1,193,160 Meta Accounts



## Online travel sites (OTS) presence

Cinnamon Grand Colombo enjoys a strong brand presence in the following key OTS.



### IT Systems, Processes and Digitisation

Digital capabilities have become an increasingly important component of the Company's Intellectual Capital, enhancing agility, operational effectiveness and the guest experience. Through continued investment in enabling platforms and smart technologies, the Company has strengthened the digital infrastructure that supports efficiency, responsiveness and informed decision-making across key areas of the business.

These capabilities support a wide range of functions spanning reservations, property operations, food and beverage management, guest engagement, maintenance and management information systems, improving data visibility and operational insight. Complemented by analytics and business intelligence tools, they also support personalisation, commercial responsiveness and more timely decision-making.

A key milestone in this journey has been the progressive transition to cloud-based and integrated platforms, including:

- Oracle OPERA Cloud - based property management system - Enables speedier reservations, check-ins, check-outs and bill finalisations at restaurants
- Digital menu - for in-house guests integrated with POS systems
- EAT App - Food and beverages app for restaurant reservations
- SARA - Work order/ maintenance management system
- Micros symphony - Food and beverages system (POS) - Enables efficient planning of related stocks

### Data Privacy and IT Security

Safeguarding information and digital trust remains integral to the Company's technology landscape, supported by a robust information security framework guided by the policies and protocols of our ultimate parent, John Keells Holdings PLC. Strong controls and cybersecurity measures are maintained to protect data integrity, confidentiality and privacy, with personal data managed in line with General Data Protection Regulation (GDPR) principles. These safeguards are reinforced through regular employee awareness and training programmes, helping foster a culture of vigilance, accountability and resilience in managing digital and cyber risks.

Some key data security enhancements carried out during the year are as follows:

- Adoption of a modern workplace model aligned with Zero Trust principles, with the implementation of Multi-Factor Authentication (MFA), strengthened password policies, Conditional Access, and password less (Passkey) authentication mechanisms.
- Enforcement of device compliance by removing non-compliant endpoints across Windows, iOS, and Android platforms to safeguard network and data integrity.
- Continuous reinforcement of cybersecurity and data protection practices through quarterly training programs conducted for all employees.

### Advanced Analytics and Business Intelligence

Building on the progress made in its digital transformation journey, the Company today benefits from a stronger and increasingly embedded advanced analytics and business intelligence capability that supports more agile, data-driven decision-making. Supported by the Advanced Analytics and Business Intelligence function, established with knowledge transfer from OCTAVE, the data and analytics Centre of Excellence of John Keells Holdings PLC, the Company has strengthened its ability to convert data into actionable insight.

This capability provides enhanced visibility into guest demand patterns, spending behaviours, occupancy trends, and revenue performance, supporting more informed commercial and operational decisions. Predictive and data-led insights are increasingly being used to refine pricing, personalise guest engagement, optimise resource deployment, and improve responsiveness to market shifts. Together, these capabilities strengthen decision quality, improve agility, and contribute meaningfully to the Company's growing intellectual capital.

### Organisational tacit knowledge

Asian Hotels and Properties PLC's organisational tacit knowledge reflects the deeply embedded know-how, service instincts and institutional wisdom built over years of delivering premium hospitality. They are contained in documented systems and processes, as well as in the judgement, experience and shared ways of working that shape how we anticipate guest needs, solve problems, uphold standards and deliver distinctive experiences. As an important component of our Intellectual Capital, this intangible strength supports consistency, agility and long-term competitive advantage.

# Intellectual Capital

## Service culture and shared values

A deeply rooted service culture, guided by Cinnamon Grand and its core values, shapes behaviours, decision-making and the hospitality instincts embedded across the organisation, helping bring the brand promise to life.

## Learning and knowledge transfer

Continuous learning, practical exposure and structured capability building support the renewal and transfer of critical service know-how, operational judgement and best practices across teams and generations of employees.

## Institutional memory and experience

Years of accumulated experience and long employee tenure contribute to strong institutional memory, supporting continuity, intuitive service delivery and resilience in a dynamic operating environment.

## Leadership and operational judgement

Experienced leadership and disciplined execution reinforce tacit knowledge through sound judgement and practical know-how that sustain high performance.

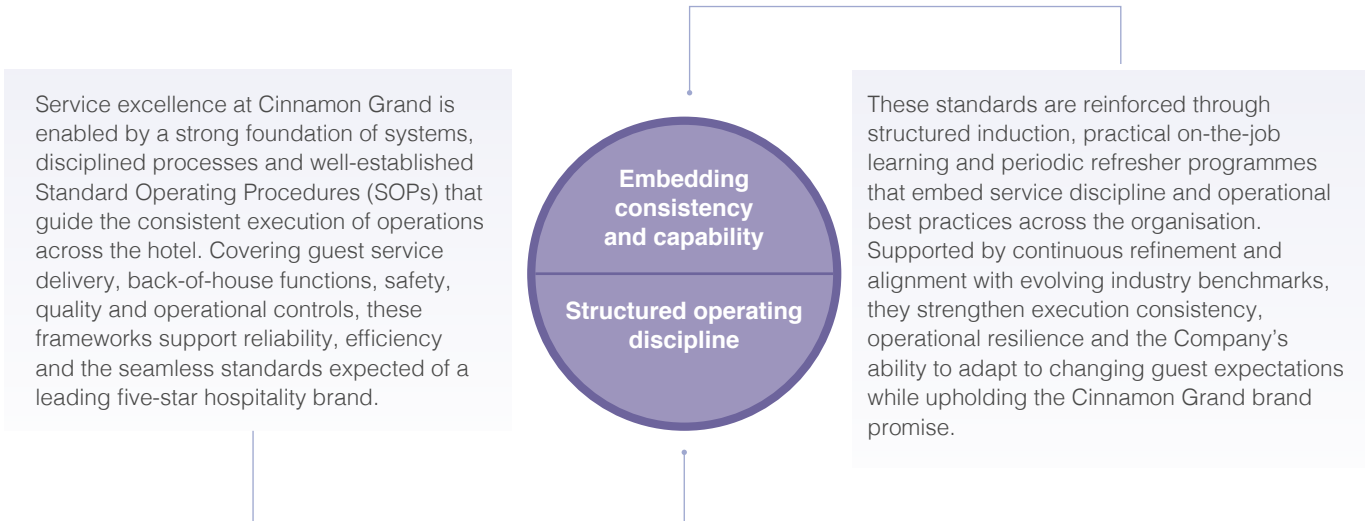
## Ethics and governance stewardship

Strong ethical values, governance discipline and stewardship practices further strengthen organisational knowledge by embedding integrity, accountability and sound decision-making into how the business operates.

## Innovation and adaptive know-How

Tacit knowledge is also strengthened through continuous adaptation, innovation and insights gained from evolving guest expectations, enabling the Company to remain responsive while sustaining service excellence.

## SYSTEMS AND PROCESSES CERTIFICATIONS



### Examples of SOPs

- Data Protection and Guest Privacy
- Empowerment Matrix
- Health and Safety, Environment Consequence Matrix

### Training programmes conducted to ensure compliance of our processes

- Fire safety and basic fire fighting for staff
- Emergency evacuation drills
- Selected staff trained on lifesaving and first aid
- Food safety, health and safety and sustainability trainings for staff

## Leading global certification adhered to by the Company

Certification	Issuing authority	Periodic review/ audit involved	Frequency
FSSC 22000 V6.0 Food Safety Management System	SGS Lanka Pvt Ltd	Yes	Annual
ISO 45001:2018 Occupational Health and Safety Management System	SGS Lanka Pvt Ltd	Yes	Annual
ISO 14001:2015 Environmental Management System	SGS Lanka Pvt Ltd	Yes	Annual
Travelife Gold certification for accommodation sustainability	SGS Lanka Pvt Ltd	Yes	Biennial

### Awards and recognition

Awards and recognitions contribute significantly to strengthening the Intellectual Capital of Asian Hotels and Properties PLC, serving as external affirmation of the knowledge, expertise, innovation and service excellence embedded within the organisation. Beyond reinforcing brand equity and market credibility, these accolades foster a culture of continuous improvement and high performance, while inspiring pride among employees and supporting talent attraction. They also encourage the sharing of best practices and innovation, collectively enhancing the Company's competitive positioning and intangible value within the hospitality sector.

Please refer page 76 for a full list of awards won during the year.

### Industry collaborations

Over the years, Asian Hotels and Properties PLC has maintained active membership in a range of industry, business and sustainability-related associations, reflecting its long-standing commitment to contributing to the advancement of the sector and its wider ecosystem. Through these memberships and collaborative platforms, the Company has contributed to industry progress while gaining valuable knowledge, insights and emerging best practices that have strengthened organisational intellectual capital. These engagements have supported stronger positioning, informed decision-making and enhanced the Company's ability to perform, innovate and sustain leadership within its segment.

### Key memberships and affiliations<sup>LA</sup>

#### Industry and hospitality associations

- The Hotels Association of Sri Lanka
- Pacific Asia Travel Association
- SKAL International Colombo
- Chefs Guild of Sri Lanka

#### Business and trade chambers

- Ceylon Chamber of Commerce
- The American Chamber of Commerce in Sri Lanka
- European Chamber of Commerce Sri Lanka
- Employers' Federation of Ceylon
- Swiss Circle Sri Lanka

#### Sustainability and Environmental Platforms

- Biodiversity Sri Lanka

## RISKS AND OPPORTUNITIES

Risks	Opportunities
<ul style="list-style-type: none"> <li>• Brand risk: Potential erosion in service standards, guest trust or brand perception could weaken a key source of competitive advantage derived through the Cinnamon Grand brand</li> <li>• Knowledge risk: Loss of critical talent, institutional know-how or challenges in transferring tacit knowledge could affect service consistency, innovation and resilience</li> <li>• Technology linked risk: Growing reliance on digital systems heightens exposure to cybersecurity threats, data privacy breaches and technology disruptions</li> <li>• Processes related risk: Weaknesses in systems, controls or operating disciplines could impair quality, efficiency and the consistent delivery of the brand promise</li> <li>• Market relevance risk: Inability to sustain brand differentiation in an increasingly competitive hospitality market may affect customer loyalty and long-term value creation</li> </ul>	<ul style="list-style-type: none"> <li>• Brand-led growth: Leveraging strong brand equity and reputation to deepen loyalty (the collective of Cinnamon Grand Colombo and John Keells brand), strengthen market positioning and unlock new revenue opportunities</li> <li>• Digital and data enablement: Expanding technology, analytics and personalisation capabilities to enhance guest experiences, commercial decisions and operating agility</li> <li>• Innovation in guest experiences: Using market insight and organisational know-how to develop differentiated offerings and strengthen competitive advantage</li> <li>• Knowledge development: Strengthening learning, tacit knowledge and talent capabilities to support service excellence and long-term resilience</li> <li>• Strategic partnerships: Leveraging networks, collaborations and industry engagement to strengthen intellectual capital and innovation</li> </ul>

### WAY FORWARD

We will continue to strengthen Intellectual Capital through ongoing investment in brand equity, innovation, digital capabilities and organisational knowledge, while deepening the systems and know-how that support service excellence and competitiveness. Focus will remain on fostering learning, protecting and leveraging critical knowledge assets, and advancing technology-enabled capabilities to respond to evolving guest expectations and sustain long-term value creation.

# Social and Relationship Capital



## TRUSTED RELATIONSHIPS, THE CINNAMON GRAND EXPERIENCE

Our social and relationship capital reflects the strength of the relationships we nurture with our guests, suppliers, channel partners, communities and wider stakeholders, all of which are fundamental to delivering the distinctive Cinnamon Grand experience and sustaining long-term value creation. Anchored in the trusted Cinnamon Grand brand promise of warm hospitality, memorable experiences and service excellence, this capital enables us to foster lasting guest loyalty, collaborative partnerships, positive community impact and strong stakeholder confidence. Guided by responsible hospitality practices and meaningful engagement, these relationships continue to strengthen our brand affinity, operational resilience and long-term sustainability as one of Sri Lanka's most recognised hospitality brands.

### SOCIAL AND RELATIONSHIP CAPITAL PROFILE

Strong customer loyalty and satisfaction associated with the Cinnamon hospitality experience

Strategic value chain partnerships comprising local and international suppliers, channel partners, corporate clients, and industry stakeholders

Meaningful engagement and positive relationships with communities connected to our areas of operation

### SOCIAL AND RELATIONSHIP CAPITAL FACT SHEET

**95 %** score in Global Review Index

**77.64 %** Net Promoter Score

**7%** Increase in payments to suppliers

**Rs. 4.8 Mn** Investments in community empowerment initiatives

**1,584** Beneficiaries of CSR initiatives

**812** Volunteer hours spent on CSR initiatives

**CLOSELY CONNECTED STAKEHOLDERS**

**CUSTOMERS**

Customer trust, satisfaction, loyalty, and repeat patronage form the foundation of the Group's Social and Relationship Capital

**COMMUNITY**

Positive engagement with communities strengthens social goodwill, responsible corporate citizenship, and the Group's social licence to operate

**SUPPLIERS AND BUSINESS PARTNERS**

Strong collaborative relationships with suppliers, travel partners, corporate clients, and other business stakeholders support operational continuity, market reach, and service excellence

**EMPLOYEES**

Employee engagement, service culture, and interpersonal relationships significantly influence guest experiences and stakeholder perceptions of the brand



**Link to Our Material Matters**

Human rights

Health & Safety

Community relations and empowerment

Supply chain management

Product safety & quality

Supplier assessment

**HOW SOCIAL AND RELATIONSHIP CAPITAL SUPPORTS OUR STRATEGIC PILLARS**

**Service excellence** – Strong relationships with guests, employees, suppliers, and channel partners enhance service consistency, responsiveness, and personalised hospitality experiences, strengthening overall guest satisfaction and brand loyalty

**Revenue optimisation** – Customer loyalty, repeat patronage, strategic channel partnerships, and positive brand perception support occupancy growth, market visibility, and sustainable revenue generation across leisure and MICE segments



**Operational excellence and cost optimisation** – Collaborative supplier relationships, trusted business partnerships, and effective stakeholder coordination support operational reliability, procurement efficiencies, service continuity, and cost management

**Talent management** – A strong relationship-driven culture fosters employee engagement, teamwork, service orientation, and organisational belonging, supporting talent retention and high service delivery standards

**ESG considerations** – Responsible stakeholder engagement, ethical business relationships, community empowerment initiatives, and transparent business practices strengthen the Group's broader sustainability agenda and long-term social licence to operate

# Social and Relationship Capital

## CONNECTIVITY TO OTHER CAPITALS



**Financial Capital** – Strong stakeholder relationships, customer loyalty, and brand trust support revenue generation, business resilience, and long-term shareholder value creation.



**Manufactured Capital** – Effective relationships with suppliers, service providers, and operational partners support the efficient utilisation, maintenance, and enhancement of the Group's physical infrastructure and hospitality assets.



**Intellectual Capital** – Customer insights, stakeholder engagement, industry partnerships, and collaborative relationships contribute towards service innovation, operational knowledge, and continuous improvement.



**Human Capital** – Positive workplace relationships, employee engagement, and a strong service culture strengthen workforce motivation, collaboration, retention, and hospitality excellence.



**Natural Capital** – Community engagement, responsible supplier practices, and stakeholder expectations support the Group's environmental stewardship, sustainability initiatives, and responsible resource management efforts.

## OUR CUSTOMERS

Customers of Asian Hotels and Properties PLC, represented through our guests across dining, accommodation, leisure, and MICE experiences, remain central to all our operations and service delivery. Customer satisfaction, safety, wellbeing, and experience continue to guide our decisions, operational standards, and continuous enhancement initiatives, enabling us to build strong customer loyalty and repeat patronage.

Throughout the year, the Group's commitment to exceptional hospitality experiences, superior food and beverage offerings, personalised guest engagement, and high service standards continued to strengthen its positioning amidst the increasing competitiveness of Colombo's hospitality sector.

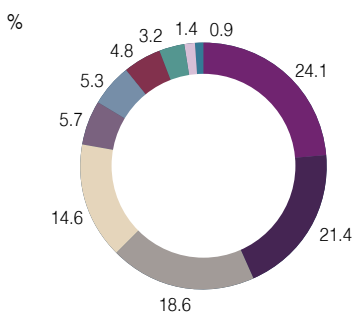
We welcome guests from Sri Lanka and across the world, with India remaining our largest international source market.

### Our key source markets -

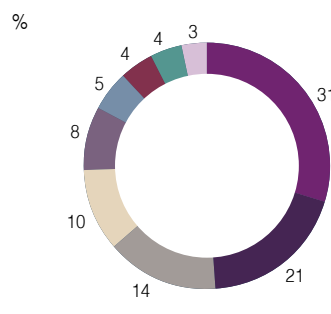
#### Composition of customers by source markets

#### Customer engagements

#### Revenue Channels



#### Guest Arrivals



#### Elements of service excellence

- Curated dining and culinary experiences
- Strengthening food and beverage promotions
- Cinnamon DISCOVERY loyalty programme
- Guest experience and luxury offerings
- Marketing and digital engagement
- Events, MICE and community engagement

- Travel Agents (TA)
- Online Travel Channels (OTC)
- Corporate (CRP)
- MICE
- Bed Bank Bookings (BBC)
- Web Direct Inquiries (WDI)
- House Front Office (HFO)
- Call Centre (CC)
- GHA Website (GHAW)
- Others (<1%)

- Sri Lanka
- UK
- India
- China
- Australia
- Malaysia
- Germany
- Others
- USA / Canada

## Highlights of the year

### Reimagining authentic Sri Lankan hospitality – The relaunch of Nuga Gama

A key highlight during the year was the relaunch of Nuga Gama at Cinnamon Grand Colombo, reintroduced as a refreshed “village within the city” concept celebrating the richness of Sri Lankan culture, cuisine, and community spirit. The relaunch formed part of the Group’s broader strategy of continuously revitalising its hospitality offerings to remain distinctive and relevant within Colombo’s increasingly competitive hospitality landscape.

Nuga Gama continues to offer guests an immersive and experiential dining concept rooted in authentic Sri Lankan village life, blending traditional aesthetics, regional cuisine, cultural performances, and contemporary hospitality experiences. The refreshed concept further strengthens the property’s positioning as a destination that offers not merely accommodation and dining, but uniquely curated and culturally resonant guest experiences.

The relaunch also expanded the experiential offering through the introduction of the Nuga Gama Night Bazaar, creating additional engagement opportunities for both local and international guests while enhancing the vibrancy of the property’s food and beverage proposition.

Beyond its commercial significance, Nuga Gama continues to reinforce the Cinnamon Grand brand’s strong association with authentic Sri Lankan hospitality, cultural preservation, experiential tourism, and differentiated guest experiences, thereby strengthening customer engagement, brand loyalty, and long-term market positioning.



### The London Grill – 50 Years of Timeless Fine Dining

The London Grill, renowned as one of Colombo’s oldest and most distinguished fine dining establishments, marked 50 years of culinary excellence in 2025. Established in 1975 during the Non-Aligned Conference, the restaurant has remained an enduring symbol of sophistication, refined European cuisine, and elegant table-side dining experiences within Sri Lanka’s hospitality landscape.

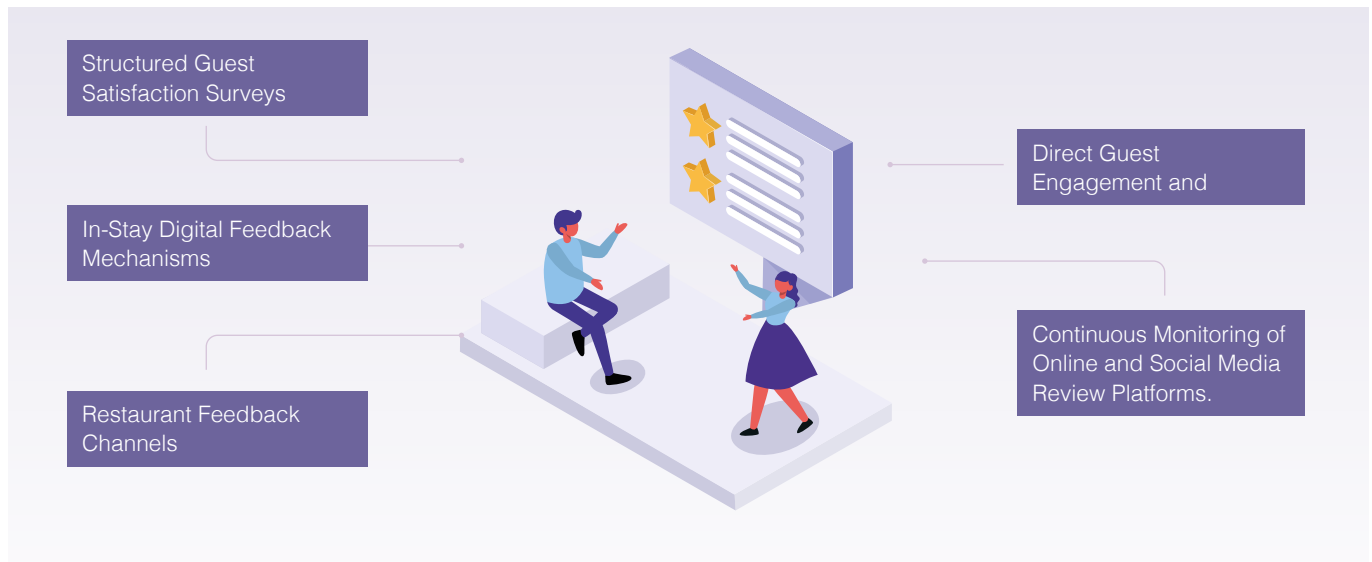
Over five decades, The London Grill has continuously evolved whilst preserving its timeless old-world charm, curated wine experiences, and commitment to culinary craftsmanship. The restaurant continues to reflect Cinnamon Grand Colombo’s enduring pursuit of excellence, offering guests a dining experience defined by elegance, heritage, and understated luxury.



# Social and Relationship Capital

## CUSTOMER SATISFACTION

The Group adopts a multi-channel and real-time approach towards capturing guest insights throughout the customer journey, thereby measure customer satisfaction. Feedback is gathered through



These mechanisms enable the timely identification of service gaps, evolving guest expectations, emerging trends, and opportunities for operational and experiential enhancement.

Insights generated through these platforms support continuous improvement initiatives across accommodation, food and beverage, events, guest services, and operational processes, while also strengthening responsiveness, personalisation, and customer engagement. This ongoing feedback and improvement cycle continues to support high levels of customer satisfaction, brand trust, positive guest advocacy, and repeat patronage.

**Review pro** – Captures customer feedback from all channels. Comprises a guest satisfaction survey emailed to the guest upon departure to obtain feedback.

**In stay Survey** – QR code in guest rooms which enables guests to provide their feedback during their stay

**Restaurant survey** – QR code placed in outlets for diners to provide their feedback

**Analysis of social media reviews** (Trip Advisor/ Google, Facebook etc.)

## CINNAMON GRAND RESTAURANTS

Over the years, Cinnamon Grand Colombo has earned a distinguished reputation for offering some of the most iconic and pioneering thematic dining experiences in Colombo and Sri Lanka. The hotel has consistently remained at the forefront of introducing authentic international culinary concepts, bringing together distinctive cuisines, chefs of original nationalities, imported ingredients, and carefully curated ambiances that deliver immersive and genuine dining experiences.

The signature restaurants of Cinnamon Grand Colombo have long served as a key differentiator of the property, consistently attracting both local and international guests while contributing significantly towards the hotel's brand strength and revenue generation. As a trendsetter within Sri Lanka's hospitality sector, Cinnamon Grand Colombo has played an influential role in elevating the country's thematic dining landscape, setting benchmarks for culinary excellence, innovation, and experiential hospitality.

**PLATES** - An all-day dining restaurant featuring international cuisine with Asian and Mediterranean influences. Plates offers buffet service for breakfast, lunch, and dinner, along with a range of locally inspired beverages.



**CHEERS** - Cheers now relocated to the Premium wing offering expansive space and a capacity to accommodate over 300 guests with live sports screenings in a lively and friendly setting.



**COFFEE STOP** - A convenient café for guests seeking quick refreshments, Coffee Stop serves a variety of coffees, pastries, and light bites ideal for a casual meet-up or a break during the day.



**TEA LOUNGE** - Serving premium teas and coffees throughout the day, the Tea Lounge offers a tranquil space for guests. By evening, it transforms into a whiskey lounge featuring a curated selection of spirits.



**THE LAGOON** - A seafood specialty restaurant where guests can select their preferred catch, which is then prepared to order by skilled chefs. The Lagoon is known for its fresh ingredients and diverse preparation styles.



**THE LONDON GRILL** - Renowned as one of Colombo's oldest fine dining establishments, The London Grill offers classic European cuisine with cloche service and an extensive wine selection from a curated cellar.



**BREEZE BAR** - A newly renovated poolside bar offering a relaxed atmosphere, ideal for casual gatherings. Breeze Bar serves a range of beverages and light snacks, making it a popular choice for both families and friends.



**NUGA GAMA** - An authentic Sri Lankan dining experience set in a recreated traditional village environment, Nuga Gama offers local cuisine prepared by experienced village cooks, creating a culturally immersive culinary journey in the heart of Colombo.

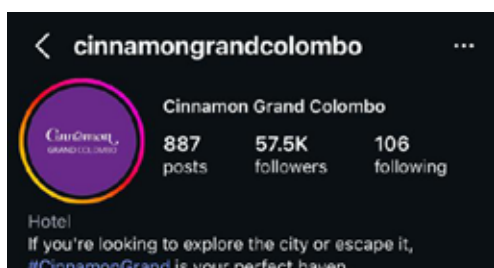


# Social and Relationship Capital

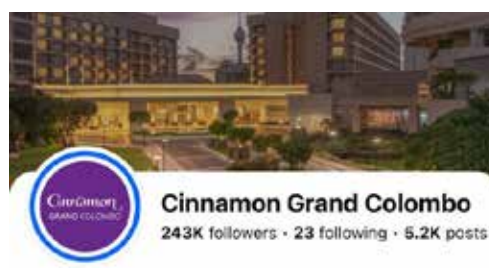
## BUILDING CUSTOMER ENGAGEMENT THROUGH DIGITAL AND SOCIAL MEDIA PLATFORMS



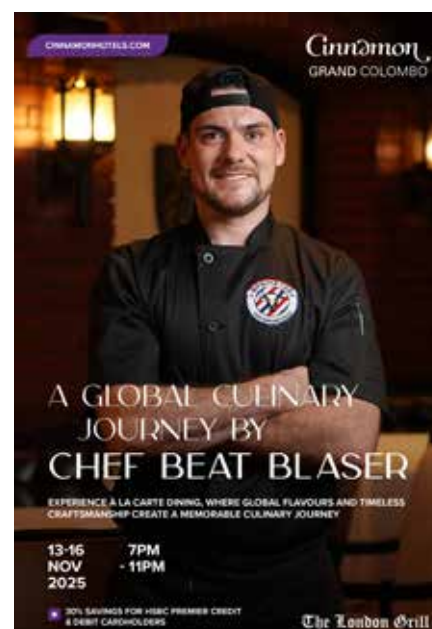
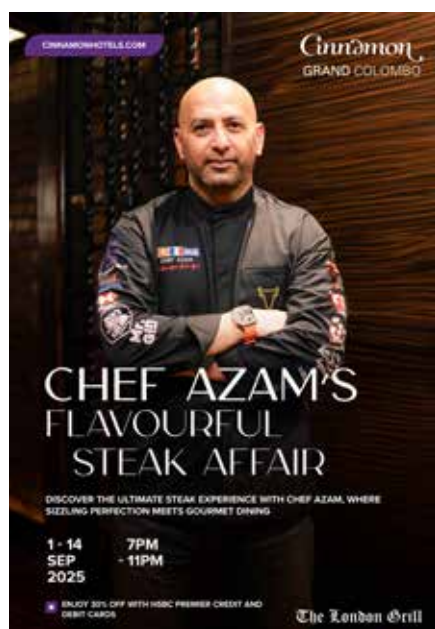
INSTAGRAM: 57.4K FOLLOWERS



FACEBOOK: 243K FOLLOWERS



## Iconic campaigns rolled out in Social Media through the year



### CUSTOMER TESTIMONIALS

In line with company best practices, we do not proactively solicit customer testimonials, as we believe guest feedback should be shared voluntarily and without any perceived obligation. This approach reflects our commitment to maintaining authenticity and ensuring that guest experiences are expressed genuinely. However, when guests independently choose to share their experiences or testimonials, such feedback may be appropriately featured across our online platforms as a reflection of organic guest satisfaction.

Ensuring the health, well-being and safety of our customers

### Food Safety

Cinnamon Grand Colombo became the first hotel in Sri Lanka to get certified for prestigious FSSC 22000 v6.0, a GFSI benchmarked Food Safety Management system and an upgradation of ISO 22000:2018, which encompasses the disciplines such as food defence management and food fraud mitigation addition to food safety.

Under this standard, food safety impacts of all food and beverage categories are assessed through the FSSC 22000 V6.0 Food Safety Management System based on HACCP, PRPs, VACCP, <sup>LA</sup>

TACCP, and principles such as allergen management, traceability, and validation/verification controls. Furthermore, product and service risks are evaluated across procurement, receiving, storage, preparation, cooking, serving, and delivery processes to prevent biological, chemical, physical, and allergen hazards affecting guests and consumers. Supplier approval and monitoring processes are implemented to assess food safety, legal compliance, hygiene practices, and specification conformity of externally provided products and services. Food safety performance is monitored through internal and external audits, laboratory testing, customer feedback, incident

investigations, and corrective action programs. Through these comprehensive controls, monitoring mechanisms, and continuous improvement processes, the Group ensures that food safety, quality, hygiene, and consumer wellbeing are safeguarded consistently across the entire food and beverage value chain.

### Data privacy

Across Cinnamon Hotels & Resorts, which Asian Hotels and Properties PLC is a part of, protecting personal data and respecting individual privacy remain integral to maintaining guest trust, ethical business conduct, and operational integrity. As a hospitality group engaging with guests, employees, partners, and service providers across multiple touchpoints, the Group recognises the importance of responsible data handling throughout the personal data lifecycle.

The Group's data privacy framework is aligned with the Sri Lankan Personal Data Protection Act No. 9 of 2022 and informed by internationally recognised privacy principles including the EU General Data Protection Regulation (GDPR). These obligations are governed through a comprehensive Data Protection Policy covering the lawful collection, use, storage, disclosure, retention, and disposal of personal data.

A designated Data Protection Officer (DPO) oversees data protection activities across the Group, while privacy considerations are embedded into operational processes and systems through a "Privacy by Design and by Default" approach. Employee awareness programmes, defined governance controls, and third-party data handling requirements further strengthen responsible privacy management across the organisation and its value chain.

The Group also periodically engages independent external parties to conduct gap assessments and evaluate alignment with evolving regulatory expectations and industry best practices, enabling continuous enhancement of its privacy governance framework. Through strong governance, accountability, awareness, and ongoing review mechanisms, the Group is committed to upholding high standards of data privacy and stakeholder trust.

### Other aspects of ensuring the health, well-being and safety of our customers

- Operational risk assessments - Regular risk assessments are conducted across kitchens, restaurants, guest rooms, swimming pools, and public areas to identify and mitigate potential hazards.
- Health and hygiene protocols - Stringent cleaning, sanitation, and pest control procedures are implemented to maintain a safe environment for guests.
- Engineering and maintenance controls - Preventive maintenance programmes ensure that all equipment, utilities, and facilities operate safely and reliably.
- Emergency preparedness - The Group maintains emergency response procedures, including fire safety systems, evacuation protocols, and trained response teams to ensure guest safety during emergencies.
- Water and environmental safety - Water quality monitoring, waste management, and environmental controls are implemented to safeguard guest health and minimise exposure to environmental risks.
- Continuous monitoring and audits - internal audits and external certification processes ensure ongoing compliance with safety standards and facilitate continuous improvement.

### Incidents of non-compliance concerning the health and safety impacts of products and services

During the reporting period, there weren't any material incidents of non-compliance with laws, regulations, or

voluntary standards concerning the health and safety impacts of its products and services.

This reflects:

- Strong adherence to regulatory requirements and certification standards
- Effective implementation of food safety and operational controls
- Robust monitoring and corrective action mechanisms

Any minor operational deviations identified through internal inspections or audits are promptly addressed through corrective and preventive actions to ensure continuous compliance and improvement.

### Continuous Improvement

We remain committed to strengthening our customer health and safety practices by:

- Enhancing food safety and hygiene controls
- Investing in staff training and awareness
- Leveraging technology for monitoring and reporting
- Aligning with evolving regulatory and international best practices

Our ongoing focus is to ensure that every guest experience is not only memorable but also safe, secure, and compliant with the highest standards of health and safety.

LA

	Incidents
GRI 416: Customer health and safety - Incidents of non compliance concerning the health and safety impacts of products and services	Nil
GRI 417: Marketing and labelling - Incidents of non compliance concerning product and service information and labelling	Nil
GRI 417: Marketing and labelling - Incidents of non compliance concerning marketing communications	Nil
GRI 418: Customer Privacy - Substantiated complaints concerning breaches of customer privacy and losses of customer data	Nil

# Social and Relationship Capital

## Channel partners

For a leading city hotel such as Cinnamon Grand Colombo, channel partnerships remain a critical enabler of market reach, destination visibility, and sustained business growth. In an increasingly interconnected global tourism landscape, the strength of relationships maintained with travel agents, tour operators, Online Travel Agents (OTAs), corporate travel planners, destination management companies, and other distribution partners plays a decisive role in influencing traveller decisions, securing guest flows, and strengthening occupancy across both leisure and MICE segments.

The Group continued to leverage a diversified and globally connected sales and distribution ecosystem comprising the following channel partners.

- Travel agencies
- Online Travel Agents (OTAs)
- Direct booking channels
- Digital platforms
- Corporate networks
- Walk-in guests

This multi-channel approach enables the Group to effectively penetrate varied customer segments, adapt to changing booking behaviours, and maintain strong visibility across key international and domestic source markets.

## Our global sales offices

As one of Sri Lanka's most recognised hospitality brands, Cinnamon Grand Colombo also benefits from an established international sales presence through global sales offices located in India, France, the United Kingdom, China, and Germany, complemented by the Group's Global Contact Centre.

These platforms continue to strengthen market intelligence, customer engagement, conversion efficiency, and personalised service delivery, enabling the hotel to remain agile and responsive to evolving traveller preferences and market conditions.

The significance of these partnerships became particularly evident during the latter part of the year amidst external disruptions arising from Cyclone Ditwah, geopolitical tensions, and the unrest in the Middle East, which affected travel sentiment, booking patterns, event confirmations, and destination confidence across certain markets. Through continuous engagement, close coordination, and long-standing trust-based relationships with channel partners, the Group was able to collaboratively navigate cancellations, itinerary adjustments, and shifting demand patterns while sustaining guest inflows and business continuity where possible.

During the year, the Group continued to deepen engagement with its global sales network through targeted promotional activities, roadshows, and destination marketing initiatives positioning Colombo as a compelling and value-driven destination for tourism and MICE-related travel. Focused efforts were also undertaken to expand travel partner networks across strategically important markets including India, China, and the Far East.

Complementing these efforts were thematic marketing campaigns and innovative pricing strategies designed to strengthen brand visibility, enhance customer value propositions, and increase direct bookings.

## Suppliers and Business Partners

Total registered supplier base - 900

Dynamic base across Sri Lanka and international markets

YoY increase in payments to suppliers - 7%

New suppliers on-boarded - 90<sup>LA</sup>

New suppliers that were screened using environmental criteria - 100%<sup>LA</sup>

Number of suppliers assessed for environmental impacts - 41<sup>LA</sup>

Suppliers and business partners remain integral to the Group's ability to consistently deliver the quality, reliability, convenience, and service standards

associated with the Cinnamon Grand Colombo brand. From food and beverage offerings to operational services, engineering support, technology, events, and guest amenities, the strength and reliability of the Group's supply network play a critical role in sustaining seamless hospitality experiences and operational continuity.

The Group maintains close and collaborative relationships with suppliers through a dedicated procurement function focused on operational efficiency, quality assurance, ethical business conduct, and long-term value creation.

The Group also derives considerable strength from the broader ecosystem of the John Keells Group, including access to specialised retail and supermarket operations that support the sourcing of high-quality food and beverage consumables and other operational requirements locally.

## Key focus areas in managing supplier relationships

- Timely settlement of supplier dues
- Honouring agreed commercial terms and commitments
- Ensuring ease and efficiency of transactions
- Supporting continuity of business opportunities
- Maintaining ethical and transparent business conduct
- Strategic bulk purchasing, where appropriate, to manage supply disruptions and price fluctuations while preserving quality and freshness

Environmental and social responsibility considerations also remain embedded within the Group's procurement philosophy. Preference continues to be extended towards sustainable products, services, and technologies aligned with the Group's broader ESG and corporate responsibility priorities.

## Responsible procurement practices

- Supporting local enterprises and small and medium-scale suppliers
- Encouraging a diverse, inclusive, and resilient supplier ecosystem

- Integrating environmental and social considerations into procurement decisions
- Maintaining structured and transparent supplier selection processes
- Evaluating suppliers against financial, operational, environmental, and social criteria

### Supply Chain Impacts <sup>LA</sup>

No negative social or environmental impacts were identified within the supply chain during the reporting period, reinforcing the effectiveness of our ethical sourcing and supplier management practices.

## COMMUNITY

3 Core focus areas on driving our community impact

- Environmental and biodiversity conservation
- Community wellbeing and humanitarian support
- Education and awareness Rs. 26.7 Mn investment Over 800 Hours of employee volunteerism

### Our approach to Community Engagement

Community engagement at Asian Hotels and Properties is guided through a structured and purpose-driven approach aligned with the Group's broader ESG commitments, sustainability agenda, and social responsibility priorities. Community initiatives are carefully evaluated and planned to ensure relevance, meaningful impact, responsible resource allocation, and alignment with the Group's values and long-term objectives.

Implementation of community initiatives is carried out through cross-functional collaboration involving multiple departments, while partnerships with sister hotels, community organisations, NGOs, educational institutions, and other external stakeholders further strengthen the reach, effectiveness, and sustainability of these programmes. Community engagement activities and their outcomes are also systematically documented and monitored through internal reporting and CSR tracking mechanisms, supporting accountability, continuous improvement, and sustained social impact.

### Our core focus areas for Community well-being and humanitarian support



How our community empowerment initiatives are structured

#### 1. Core focus areas of community engagement programmes

Based on the CSR activities conducted during the reporting period, our initiatives were centred on the following key pillars:

##### Environmental and biodiversity conservation

- Coastal and community clean-up programmes (Dehiwala–Mount Lavinia, Beddegana Wetland, Bolgoda Lake)

- Mangrove restoration and tree planting initiatives (Sinharaja Rainforest, Chilaw)

##### Community wellbeing & humanitarian support

- Nutrition upliftment of school children
- Sponsorships and donations to vulnerable community

##### Education and awareness

- Supplier awareness programs
- Exposure visits and trainings for schools and educational institutes

#### 2. Governance process

Community engagement activities are governed through a structured and integrated framework:

- Strategic Alignment: CSR initiatives are aligned with ESG priorities and sustainability goals
- Approval & Planning: Activities are reviewed and approved by management based on relevance and impact

# Social and Relationship Capital

- Cross-functional Execution: Sustainability, HR, Health & Safety, and operational teams collaborate in implementation
- Monitoring & Documentation: Activities are systematically recorded and tracked through internal CSR logs
- Stakeholder Collaboration: Many initiatives are conducted jointly with sister hotels and external organisations

This ensures consistency, accountability, and measurable impact across all initiatives.

### 3. Investment in Community Initiatives

#### Community investment during the year included:

- Direct financial contributions (e.g., school donations ~Rs. 1 Mn)

- In-kind support (food, stationery, sanitation items)
- Operational resources and logistics

#### Total Community Investment (2025/26): Rs. 4.86 million LA

#### 4. Employee Volunteer Hours

Employee participation was a defining strength of this year's CSR programme.

#### Based on recorded activities:

- Beach clean-up: ~116 hours
- Community cleanups: ~ 105.5 hours
- Tree planting (Sinharaja): ~120 hours
- Mangrove initiative: ~100 hours
- Donations to elderly home on Mother's day : ~7 hours
- Donation and refurbishment to Pediatric Thalassaemia unit of Ragama hospital : 61 hrs

Total Employee Volunteer Hours (2025/26): ~800+ hours

#### Key community empowerment projects rolled out during the year

- Community cleanups
- Donation and refurbishment for paediatric Thalassaemia unit of Ragama hospital
- Trainings/ exposure visits for schools/ hotels schools/other educational institutes
- Milk donation for school children (child nutrition upliftment)
- Supplier awareness session

#### Community cleanups

32 volunteers

105.5 volunteer hours

Conducted in partnership with our sister hotels and the Zero Plastic Movement of Sri Lanka, this initiative was carried out at the Bolgoda Lake area and Baddagana Wetland Park in the Western Province of Sri Lanka

#### With the aims to:

- Reduce environmental pollution and prevent accumulation of solid waste in sensitive river and wetland ecosystems.
- Protect biodiversity and aquatic habitats by minimizing harm to flora and fauna caused by plastic, chemical, and other waste materials.
- Improve water quality and support the ecological balance of natural ecosystems.
- Prevent blockage of waterways and reduce risks of flooding and water stagnation.
- Raise environmental awareness and encourage responsible waste management practices within surrounding communities.
- Promote community participation and stakeholder engagement in environmental conservation activities



### Beach Clean-Up Initiative

Conducted in partnership with our sister hotels

Location: Wellawatta Beach – Western Province Sri Lanka

**38 volunteers**

**116 volunteer hours**

**With the aims to:**

- Remove plastics, fishing gear, glass, metal, and other pollutants harmful to marine life and coastal environments
- Protect marine ecosystems by reducing risks posed to aquatic species through waste accumulation
- Prevent ocean pollution by stopping waste from being carried further into the sea through tides and currents
- Support cleaner, safer, and more attractive coastal spaces for communities, visitors, and recreational activities
- Raise environmental awareness on pollution, waste management, and sustainable behavioural practices through volunteer engagement



### Donation and refurbishment for paediatric Thalassaemia unit of Ragama hospital

**11 volunteers**

**61 volunteer hours**

**Impact created**

- Refurbishing the paediatric Thalassaemia unit of Ragama hospital
- Donating vein sets (2,000 units) which is required to administer Deferoxamine which is a major life-saving medication used to remove excess iron from the bodies of thalassaemia patients



### Child nutrition upliftment, through donation of milk

**30 volunteers**

**36 volunteer hours**

Monthly donation of fresh milk for the school children at St. Michael's college



# Social and Relationship Capital

## Trainings/ exposure visits for schools/hotels schools/other educational institutes and suppliers

+350 beneficiaries

150 volunteer hours

Hotel exposure visits help students connect classroom learning with real-world hotel operations, professional standards, sustainability initiatives, and health and safety practices. These visits also enhance career awareness, practical skills, and industry readiness through direct interaction with hospitality professionals.



## RISKS AND OPPORTUNITIES

### Risks

Sustainability risks connected to social and relationship capital that could reasonably be expected to affect the Group's cash flows, access to finance, or cost of capital over the short, medium, or long term.

- Sustainability related risk 2 (SR 2) Guest Food Safety Risk
- Sustainability related risk 3 (SR 3) Data Privacy & Cybersecurity Risk

Please refer SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2) – Strategy on page 189 for full disclosures on these two risks.

### Other risks

- Increasing competition within Colombo's hospitality sector may intensify pressure on customer retention, brand differentiation, and market share
- Geopolitical tensions, climate-related disruptions, and global travel uncertainties may adversely affect traveller confidence, MICE activity, and tourist inflows
- Negative guest experiences or reputational incidents amplified through digital and social media platforms may impact brand perception and customer loyalty
- Disruptions within supplier, travel partner, or distribution networks may affect operational continuity and service delivery standards
- Evolving customer expectations, particularly among younger and experience-driven traveller segments, may challenge the continued relevance of hospitality offerings if not proactively addressed

## Opportunities

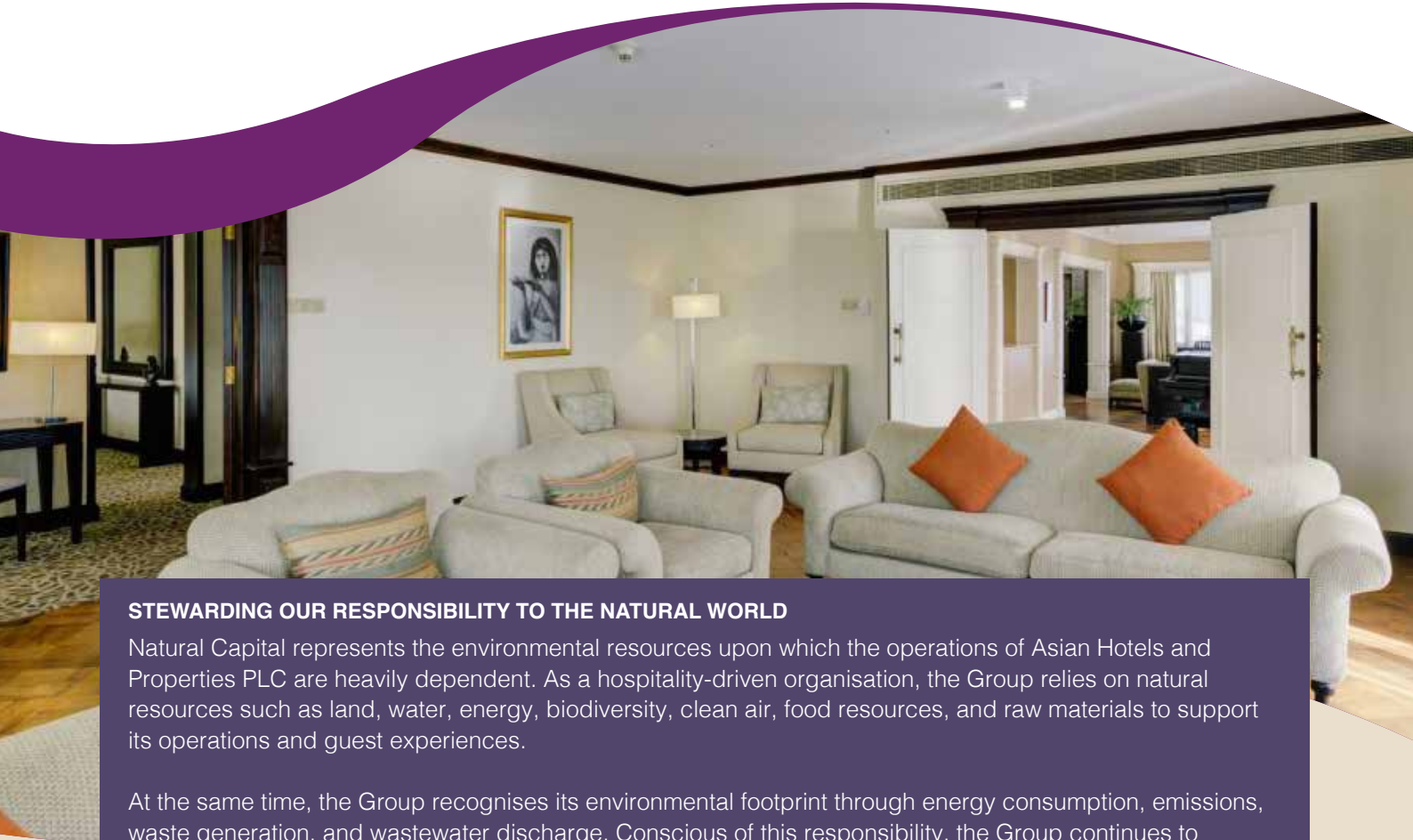
- Growing demand for experiential dining, wellness, leisure, and lifestyle-driven hospitality experiences presents opportunities to strengthen guest engagement and brand loyalty
- Colombo's continued positioning as a regional business, tourism, and MICE destination supports occupancy growth and expanded corporate partnerships
- Strong brand equity and the distinctive positioning of Cinnamon Grand Colombo create opportunities to further deepen customer loyalty and repeat patronage
- Expansion of digital engagement, social media visibility, and direct booking channels provides opportunities to strengthen customer connectivity and market reach
- Strong relationships within the broader John Keells Group ecosystem create opportunities for operational synergies, customer access, and enhanced stakeholder collaboration

### WAY FORWARD

Moving forward, Asian Hotels and Properties PLC will continue to strengthen its Social and Relationship Capital through deeper customer engagement, continuous enhancement of guest experiences, and sustained collaboration with suppliers, channel partners, communities, and other key stakeholders. The Group will remain focused on preserving its strong brand positioning within Colombo's hospitality landscape through service excellence, experiential offerings, digital engagement, and differentiated dining and MICE experiences.

At the same time, the Group will continue to strengthen stakeholder trust through responsible business practices, community engagement, ethical partnerships, and responsive customer-centric strategies. Recognising the evolving dynamics of the hospitality sector and changing traveller expectations, the Group will remain agile and proactive in adapting its offerings and engagement models to sustain long-term relevance, resilience, and value creation.

# Natural Capital



## STEWARDING OUR RESPONSIBILITY TO THE NATURAL WORLD

Natural Capital represents the environmental resources upon which the operations of Asian Hotels and Properties PLC are heavily dependent. As a hospitality-driven organisation, the Group relies on natural resources such as land, water, energy, biodiversity, clean air, food resources, and raw materials to support its operations and guest experiences.

At the same time, the Group recognises its environmental footprint through energy consumption, emissions, waste generation, and wastewater discharge. Conscious of this responsibility, the Group continues to strengthen its environmental stewardship through robust governance, policies, operational controls, and sustainability-focused initiatives aimed at minimising environmental impact, improving resource efficiency, and creating a positive environmental handprint.

### NATURAL CAPITAL PROFILE

**A08 - P05.08**  
land

Energy

Water

### NATURAL CAPITAL FACT SHEET

**61,239 GJ** Energy consumption LA

Scope 01:  
**2,415 tCO<sub>2</sub>e**

Scope 03:  
**1058 tCO<sub>2</sub>e**

**159.391 ML**  
Water withdrawal

Scope 02:  
**4,386 tCO<sub>2</sub>e**

**89.85%** Waste recovered, recycled, reused, and composted

## CLOSELY CONNECTED SHAREHOLDERS

### CUSTOMERS

Value increasing environmentally responsible hospitality experiences, resource efficiency, and sustainable operational practices, thereby shape demand patterns

### COMMUNITY

Directly impacted by the Group's environmental footprint, resource consumption, waste management, and conservation efforts

### EMPLOYEES

Play a critical role in implementing environmentally responsible practices, conservation initiatives, and operational sustainability measures

### GOVERNMENT AND REGULATORY BODIES

Oversees compliance with environmental laws, regulations, emissions standards, and sustainability-related obligations



### Link to Our Material Matters

GHG emissions and energy management

Water management

Waste management

Biodiversity

## HOW NATURAL CAPITAL SUPPORTS OUR STRATEGIC PILLARS

**Service excellence:** Well-managed natural resources and environmentally responsible surroundings enhance guest comfort, ambience, wellness, and the overall hospitality experience delivered across the property

**Revenue optimisation:** Sustainable and aesthetically appealing environments strengthen the property's attractiveness to environmentally conscious travellers, supporting occupancy, brand preference, and revenue generation



**ESG considerations:** Responsible management of Natural Capital strengthens the Group's environmental performance, supports climate and sustainability commitments, and reinforces long-term stakeholder confidence

**Operational excellence and cost optimisation:** Efficient management of energy, water, waste, and other natural resources supports operational efficiency, cost savings, and long-term business resilience

**Talent management:** Strong environmental stewardship fosters employee pride, engagement, and alignment with the Group's sustainability-driven culture and purpose

# Natural Capital

## CONNECTIVITY TO OTHER CAPITALS



**Manufactured Capital:** Natural Capital supports the efficient functioning, sustainability, and long-term resilience of the Group's physical infrastructure, utilities, landscaping, and hospitality operations.



**Financial Capital:** Responsible management of natural resources contributes towards cost optimisation, operational continuity, regulatory compliance, and long-term value creation.



**Human Capital:** Environmentally responsible and healthy surroundings enhance employee wellbeing, engagement, and alignment with the Group's sustainability culture.



**Social and Relationship Capital:** Strong environmental stewardship strengthens trust and relationships with guests, communities, regulators, suppliers, and other stakeholders.

## MANAGEMENT APPROACH

Asian Hotels and Properties PLC adopts a structured management approach aimed at minimising environmental impact, strengthening resource efficiency, and safeguarding the wellbeing of guests, employees, contractors, and surrounding communities.

Environmental aspects and their potential health, safety, and ecological impacts are systematically assessed under the ISO 14001:2015 Environmental Management System through formal aspect-impact evaluation processes. Based on these assessments, the Group implements operational controls and mitigation measures to minimise environmental contamination, resource consumption, waste generation, and other adverse environmental impacts arising from operations.

Compliance with applicable environmental laws, regulations, and other obligations is periodically evaluated and monitored as part of the broader management system framework, ensuring responsible and compliant operations across the property.

The Group further strengthens its environmental stewardship through continuous environmental monitoring, internal and external audits, incident investigations, and corrective action processes, which collectively support continual improvement, proactive risk management, and long-term environmental resilience.

## Policy guidance in managing natural capital and our environmental impact

- Sustainability Policy
- Environment Policy
- Elimination of Single-use Plastic Policy
- Purchasing policy

## Newly introduced policies during the year

- Biodiversity Policy
- Wildlife Interaction policy

## Standards and certifications <sup>LA</sup>

- ISO 14001:2015 – Environmental Management System
- Travelife Gold certification for accommodation sustainability
- EarthCheck Benchmarking and Certification

## Environmental sustainability monitoring at Asian Hotels and Properties PLC

Environmental performance monitoring and independent external assurance remain integral components of the Group's environmental sustainability stewardship. Through the continuous monitoring of environmental impacts and the engagement of third-party assessments and certifications, the Group strengthens transparency, accountability, regulatory compliance, and continual improvement across its sustainability initiatives. These mechanisms enable the Group to proactively identify areas for improvement, validate the effectiveness of environmental management practices, mitigate environmental risks, and provide confidence to stakeholders regarding its commitment towards responsible environmental management and long-term sustainability.

Outlined below are the key mechanisms and practices in place to support the Group's environmental sustainability stewardship:

**Environment Sustainability Data Stewardship Towards 2025 Targets**

**Monthly KPIs Data tracked via internal system**

- Carbon footprint per guest night (Kg/GN)
- Water withdrawn amount per guest night (L/GN)
- Landfill waste per guest night (Kg/GN)
- Single use plastic amount per guest night (Kg/GN)
- Staff volunteer hours per month

Reports compilation by the Sustainability Team at Cinnamon Centre Sustainability, to monitor progress on KPIs

Updates provided to the Cinnamon Hotel Management

**Quarterly sustainability data Collected through the Unique online platform**

- Energy Consumption
- Water Consumption
- Waste Generation and disposal violations
- Carbon Footprint (Scope 1, Scope 2 and Scope 3) according to GRI standards.

Reports generated according to GRI criteria and reviewed by Sustainability, Enterprise Risk Management and Group Initiatives team, John Keells Holdings PLC.

Sustainability Dashboard indicating performance against EarthCheck Global Benchmarks are shared with the Sector, to be presented to Group Management Committees

**External Assurances**

Annual Sustainability Assurance Audit conducted by

Sustainability, Enterprise Risk Management and Group Initiatives team, John Keells Holdings PLC, on data recording process and entry.

Sustainability assurance audit report shared with Hotel operating team and Centre Sustainability Team with audit findings and recommendations

**OUR CORE NATURAL CAPITAL LINKED FOCUS AREAS**



# Natural Capital

## Energy Management and Emissions Management

### Energy management

Energy remains a critical resource underpinning the operations and guest experience of the Group, supporting accommodation services, culinary operations, refrigeration, lighting, air conditioning, water heating, laundry operations, event spaces, and other essential hospitality functions. Given the energy-intensive nature of the hospitality sector, the Group recognises the importance of managing energy consumption responsibly while balancing operational efficiency, guest comfort, and environmental stewardship.

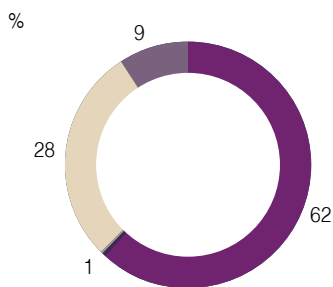
The Group derives energy from multiple sources, with grid electricity, furnace oil, and LP gas representing the predominant energy inputs utilised across operations. Conscious of the environmental implications associated with energy consumption and greenhouse gas emissions, the Group continues to strengthen its focus on energy efficiency, operational optimisation, renewable energy integration, and emissions management as part of its broader sustainability agenda.

Energy performance is continuously monitored through structured management practices, while investments in energy-efficient technologies, process improvements, equipment upgrades, and renewable energy initiatives continued through the year supporting the Group's efforts to minimise emissions, optimise resource utilisation, and progress towards its longer-term climate and sustainability commitments.

### Energy consumption by source

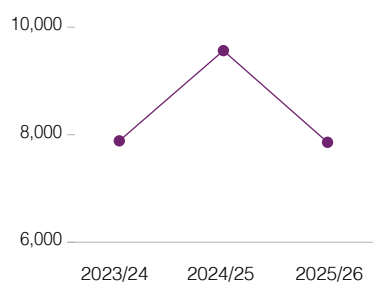
In GJ	LA		
	2025/26	2024/25	YoY Change (%)
Grid Electricity	37,837	37,171	1.79
Diesel	382	283	35
Petrol	159	106	50.32
Furnace Oil	17,339	17,751	2.31
LPG	5,520	5,804	4.88
Total Energy Consumptions	61,238	61,115	0.20

### Energy usage - Consumption in percentage

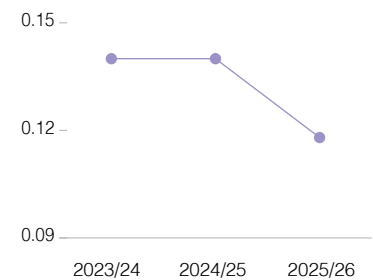


- Grid Electricity
- Diesel
- Petrol
- Furnace Oil
- LPG

Energy Intensity per Guest Night <sup>LA</sup>  
0.118 GJ/ECG GN (2024/25 : 0.14GJ)



● GHG emissions (tCO2e)



● Energy intensity (GJ)

### Energy management and emissions reduction initiatives taken during the year <sup>LA</sup>

- Continued the progressive replacement of conventional lighting systems with energy-efficient LED lighting solutions across the property, resulting in approximately 95% of premises lighting now being LED-based, thereby significantly reducing electricity consumption and associated emissions.
- Carried out timely preventive maintenance and performance optimisation initiatives across machinery, engineering systems, and operational equipment to ensure optimal efficiency levels, minimise energy wastage, reduce operational downtime, and support prolonged asset life cycles.
- Continued the utilisation of advanced magnetic bearing chiller technology, which delivers enhanced cooling efficiency while consuming approximately 30% less energy compared to conventional chiller systems, contributing meaningfully towards reducing the property's overall energy intensity and carbon footprint.

### Other emissions reduction initiatives undertaken during the year

#### Refrigeration, HVAC and engineering efficiency

- Continued the acquisition and utilisation of CFC-free and environmentally friendly cooling equipment
- Conducted regular maintenance of HVAC systems, boilers, filters, and cooling infrastructure to enhance efficiency and minimise emissions
- Performed periodic leak detection and airtightness testing of refrigeration systems, alongside certified disposal of refrigerants
- Maintained detailed inventories and servicing records of cooling equipment to support effective monitoring and performance management

- Insulated feed water tank in operation since 2024, contributing to an approximate 4% daily reduction in boiler furnace oil consumption LA

### Responsible chemical and cleaning management

- Conducted staff awareness and training programmes on the safe handling and responsible use of cleaning agents to minimise harmful emissions and chemical interactions LA

### Sustainable procurement and supply chain practices

- Reduced reliance on high-emission food products, with greater emphasis on poultry, seafood, and plant-based alternatives LA

## WATER MANAGEMENT

Water is a critical natural resource essential in the Group's hospitality operations, supporting guest accommodation, culinary operations, sanitation, landscaping, laundry services, and recreational facilities. Recognising the importance of responsible water stewardship, the Group manages water consumption, with a focus on efficient water utilisation, conservation, wastewater management, and minimising adverse impacts on surrounding water resources and ecosystems. LA

### Water withdrawn by source

 LA

In ML	2025/26	2024/25	YoY Change (%)
Pipe borne water from the municipality	137.560	137.660	0.07
Groundwater	21.831	19.841	10.029
Total water withdrawn	159.391	157.501	1.199

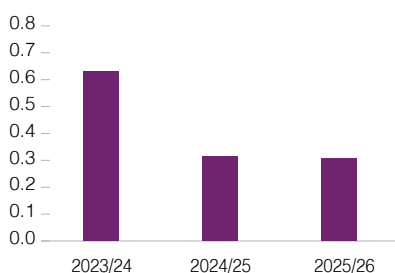
### Water consumption

 LA

In ML	2025/26	2024/25	YoY Change (%)
Total water withdrawn	159.391	157.501	1.199
Total water discharged	125.001	123.086	1.55
Total water consumed	34.390	34.415	0.07

### Water withdrawn per guest night

(Litres/GN)



- Strengthened local and seasonal sourcing practices to minimise transportation-related emissions and support fresher procurement LA

- Optimised bulk purchasing and delivery schedules to improve logistics efficiency and reduce fuel consumption LA

- Engaged suppliers on environmentally responsible packaging, storage, and transportation practices LA

### Circular resource utilisation

- Continued the reuse of used cooking oil as burner fuel for boiler operations, resulting in a saving of 12,281 litres of furnace oil during 2025/26 LA

## Water management initiatives continued through the year

### Monitoring and water efficiency management

- Continued the monitoring and analysis of water consumption through water metering systems installed across key operational areas to support efficient water utilisation and cost management LA
- Conducted regular inspections and audits of taps, toilets, showerheads, plumbing systems, and dishwashing facilities to identify inefficiencies and minimise water losses LA

### Infrastructure and conservation enhancements

- Installed flow regulators and water-saving fixtures across guest rooms, kitchens, laundry operations, public areas, and staff facilities to reduce unnecessary water consumption
- Continued proactive maintenance of plumbing infrastructure, including timely leak rectification and pool integrity management, to minimise water wastage LA
- Harvested and reused rainwater for selected non-potable operational purposes. LA

### Sustainable operational practices

- Utilised water efficient kitchen and dishwashing equipment while promoting operational practices such as optimised dishwasher loading and controlled rinsing processes to improve water efficiency LA
- Implemented water-conscious housekeeping, kitchen, and laundry practices aimed at reducing unnecessary consumption across operational activities LA

### Employee and guest awareness

- Conducted continuous awareness and training initiatives across departments to strengthen employee understanding of water conservation practices and responsible water usage

# Natural Capital

- Encouraged guest participation in conservation initiatives through in-room communication, digital messaging, and towel and linen reuse programmes

## Environmentally responsible housekeeping and laundry

- Continued the use of environmentally friendly and biodegradable cleaning products while integrating water-saving measures into housekeeping and laundry operations

## WASTE MANAGEMENT

A structured waste management approach is adopted by the Group, centred on responsible segregation, recycling, and environmentally compliant disposal practices. Waste generated through operations is segregated at source according to material categories to facilitate effective handling, recovery, recycling, and disposal processes. LA

### Key waste disposal method

- Recyclable waste – To authorised collectors registered with the Central Environmental Authority (CEA), licensed waste management service providers, or the Municipal Council for appropriate processing LA
- Hazardous waste streams, including electronic waste, printer toners, and cartridges - separately managed and handed over to approved and licensed entities authorised to safely handle, transport, and dispose of such materials in compliance with applicable environmental regulations LA

## Waste generated – by the classification of hazardous and non-hazardous

In Kg	2025/26	2024/25
Total hazardous waste	573	1,037
Total non-hazardous waste	501,125	412,650
Total waste generated	501,698	413,687

## Waste generated – Detailed classification

In Kg	2025/26	2024/25
Organic waste	416,353	333,803
Paper / cardboard waste	-	50
Plastic / polythene waste	5,790	6,253
E - waste	-	850
Hazardous metal waste	573	181
Non-hazardous metal waste	2,296	3,003
Glass / ceramic waste	15,058	12,821
Other non-hazardous waste	61,627	56,720
Total non-hazardous waste disposed	491,902	412,650
Total hazardous waste disposed	573	1,037
Total measured waste	501,698	413,687

## Waste by disposal method

Waste Type	Waste Type	2025/26	2024/25
Non-Hazardous	Reuse	12,907	204,442
	Recycle	20,972	20,725
	Recovery	-	-
	Composting	416,353	129,362
	Landfill	2,172	9,402
	Incineration	48,720	48,720
Hazardous	Recycle	573	1,010
	Incineration	0	27
	Recovery	0	0
Total Measured Waste - kg		501,698	496,871

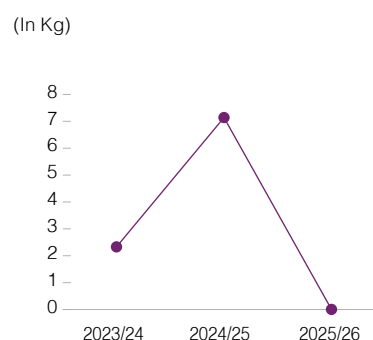
## Waste composition



- Total hazardous waste
- Total non-hazardous waste

	2025/26	YoY change (%)
Paper bundle purchases	1,196	25.23

## Landfill waste per guest night



### On-going waste reduction initiatives taken during the year

- Continued efforts to reduce single-use plastic consumption across guest-facing operations.
- Prioritised the sourcing of reusable products and materials manufactured using recycled or biodegradable inputs to minimise waste generation and environmental impact
- Adopted bulk purchasing practices to reduce packaging-related waste arising from operational procurement activities
- Expanded the use of technology and digital processes to minimise paper consumption across operations
- Continued the reuse of kitchen waste oil as burner fuel for boiler operations, reducing dependence on furnace oil and supporting circular resource utilisation practices
- Conducted periodic waste audits and employee awareness programmes to strengthen responsible waste management practices and environmental consciousness across the property

### Food waste reduction initiatives

- Manage purchasing to avoid excessive purchasing
- Menu planning and portion controlling
- Re-purposing food
- Diverting waste for composting and or as animal feed
- [Daily and monthly monitoring of organic waste disposal from each kitchen and restaurant outlet](#) LA
- Awareness programs on food waste conducted for staff

### Our contribution to preserving bio-diversity Sinharaja tree planting initiative



**Location:** Cinnamon Rainforest, Sinharaja

**Volunteer participation:** 24 volunteers

**Volunteer contribution:** 120 volunteer hours

In support of biodiversity conservation and ecosystem restoration, the Group organised a tree planting initiative at Cinnamon Rainforest, Sinharaja. The initiative focused on strengthening ecological resilience within and around one of Sri Lanka's most significant rainforest ecosystems.

#### Key environmental contributions of the initiative included:

- Supporting biodiversity by enhancing habitats and ecological pathways for birds, insects, and other wildlife species connected to the rainforest ecosystem
- Assisting in the creation of buffer zones that help protect rainforest ecosystems from external human pressures such as farming, pollution, logging, and urban encroachment
- Supporting the restoration of degraded and damaged land through reforestation efforts
- Enhancing ecological connectivity between fragmented forest areas to support healthier species movement and ecosystem continuity

# Natural Capital

## Mangrove Planting Initiative



In collaboration with:  
**The Open University of Sri Lanka**

Volunteer participation:  
**20 volunteers**

Volunteer contribution:  
**100 volunteer hours**

The Group also undertook a mangrove planting initiative in collaboration with the Open University of Sri Lanka, supporting the restoration and preservation of vulnerable coastal ecosystems

### Key environmental contributions of the initiative included:

- Supporting marine biodiversity by helping create and restore breeding and nursery habitats for fish, crabs, shrimp, and other marine species
- Assisting in the restoration of coastal ecosystems affected by degradation, pollution, and deforestation
- Contributing towards the prevention of coastal erosion, with mangrove root systems helping stabilise shorelines and reduce the impact of waves and tidal movements

## Beach clean-up Project



Location: **Wellawatta Beach**

In partnership with: **Sister Hotels**

Volunteer participation: **38 volunteers**

Volunteer contribution: **116 volunteer hours**

The Group partnered with sister hotels to conduct a beach cleanup initiative at Wellawatta, supporting coastal conservation, environmental stewardship, and public awareness on responsible waste management.

### Key environmental contributions of the initiative included:

- Removing plastics, fishing gear, glass, metal, and other waste materials that negatively impact marine ecosystems and coastal safety LA
- Supporting the protection of marine biodiversity by reducing the risk of marine species ingesting or becoming entangled in litter
- Preventing the movement of waste into deeper ocean environments through tides and currents
- Enhancing the cleanliness, safety, and attractiveness of coastal areas for surrounding communities, visitors, and tourism-related activities
- Raising environmental awareness among volunteers and the wider public on pollution prevention, responsible waste disposal, and sustainable environmental practices

### Community cleanups projects

Location: **Beddagana wetland park and Bolgoda lake**

In partnership with: **Sister Hotels and Zero plastic movement**

Volunteer participation: **32 volunteers**

Volunteer contribution: **105.5 volunteer hours**



In partnership with our sister hotels and the Zero Plastic Movement of Sri Lanka, the initiative was carried out at the Bolgoda Lake area and Baddagana Wetland Park

With the aims:

- To reduce environmental pollution and prevent accumulation of solid waste in sensitive river and wetland ecosystems.
- To protect biodiversity and aquatic habitats by minimising harm to flora and fauna caused by plastic, chemical, and other waste materials.
- To improve water quality and support the ecological balance of natural ecosystems.
- To prevent blockage of waterways and reduce risks of flooding and water stagnation.
- To raise environmental awareness and encourage responsible waste management practices within surrounding communities.
- To promote community participation and stakeholder engagement in environmental conservation activities

### Hotels & Lodging industry ecological impacts (SASB - SV-HL-160a.1)

Asian Hotels and Properties PLC does not have any lodging facilities located in or near areas of protected conservation status or endangered species habitat. The Group's property is located in Colombo 03.

## RISKS AND OPPORTUNITIES

Risks	Opportunities
<ul style="list-style-type: none"> <li>Climate and sustainability risks connected to nature that could reasonably be expected to affect the Group's cash flows, access to finance, or cost of capital over the short, medium, or long term.</li> <li>Climate related risk 1 (CR 1) Energy cost and Transition Risk</li> <li>Sustainability related risk 4 (SR 4) Wastewater Treatment and Discharge Compliance</li> <li>Please refer SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2) – Strategy on page 189 for full disclosures on these two risks.</li> </ul> <p><b>Other risks</b></p> <ul style="list-style-type: none"> <li>Climate-related disruptions: Increasing frequency of extreme weather events, flooding, heat stress, and broader climate-related disruptions may affect operations, resource availability, supply chains, and guest mobility within Colombo</li> <li>Resource availability and cost pressures: Rising costs and potential constraints relating to water, energy, fuel, and other natural resources may increase operational costs and impact profitability</li> <li>Urban environmental pressures: As a city hotel located in the heart of Colombo, issues such as urban pollution, traffic congestion, noise, and declining environmental quality may impact guest experience and operational sustainability</li> <li>Reputational and compliance risks: Failure to meet evolving sustainability expectations of guests, regulators, investors, and corporate clients may affect brand reputation and competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Growing preference for sustainable hospitality: Increasing demand for environmentally responsible hotels presents opportunities to strengthen brand positioning among sustainability-conscious travellers and corporate clients</li> <li>Energy efficiency and renewable energy integration: Investments in energy-efficient technologies and renewable energy solutions offer opportunities for long-term cost optimisation and emissions reduction</li> <li>Sustainable guest experiences: Integrating environmentally responsible practices into guest experiences, food and beverage offerings, procurement, and operations can enhance customer satisfaction and differentiation</li> <li>Technology-enabled resource efficiency: Smart technologies and operational monitoring systems provide opportunities to optimise water, energy, and waste management across the property</li> <li>Urban sustainability leadership: As a prominent city hotel, the Group has the opportunity to demonstrate leadership in sustainable urban hospitality practices within Colombo's hospitality sector, along with its Subsidiary hotel Trans Asia Hotels PLC</li> </ul>

## WAY FORWARD

Moving forward, Asian Hotels and Properties PLC will continue to strengthen its environmental stewardship by enhancing resource efficiency, reducing emissions and waste generation, and expanding sustainability-focused operational practices across the property. The Group will continue to pursue investments in energy-efficient technologies, renewable energy integration, responsible water management, and environmentally conscious guest experiences, while ensuring that the property remains resilient, future-ready, and aligned with evolving stakeholder expectations and climate-related considerations.

# *Astuteness* that Endures



Strong governance provides the discipline needed to protect our business and those we serve. With this understanding and through oversight, accountability and careful risk management, we at Asian Hotels and Properties PLC ensure that decisions are made responsibly, standards are upheld and the organisation remains steady in a changing operating environment.

*Corporate Governance  
and Risk Management*

# Corporate Governance

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## 1. EXECUTIVE SUMMARY

A strong corporate governance framework continued to underpin the long-term sustainability, operational resilience, and value creation objectives of Asian Hotels and Properties PLC (“AHP” or “the Company”) during the year under review. The Company’s governance structures and oversight mechanisms provided a stable foundation to effectively navigate evolving business conditions and emerging uncertainties while maintaining accountability, transparency, and responsible corporate conduct.

The Board remained committed to upholding high standards of governance through clearly defined policies, robust organisational structures, and an

effective internal control environment designed to safeguard stakeholder interests and support sound decision-making. These frameworks continued to promote ethical business practices, regulatory compliance, risk management, and operational discipline across the Company’s activities.

As a Subsidiary of John Keells Holdings PLC (“Parent Company”) and as a member of the John Keells Group (“JK Group”) the Company, together with its Subsidiary Trans Asia Hotels PLC (“TAH” or “the Subsidiary”), remained aligned with the strategic direction, governance philosophy, and sustainability priorities of the JK Group. The adoption of a common Code of Conduct and shared governance






principles across the JK Group further reinforced consistency in policy implementation, accountability, ethical standards, and compliance throughout the organisation.

This governance framework was further strengthened by the core values of Cinnamon Hotels & Resorts “Greatness, Compassion, Agility, Wellbeing, Inclusivity, Trust, and Curiosity” which continued to shape the Company’s culture, leadership approach, stakeholder engagement, and decision-making processes. Collectively, these principles supported the Company’s commitment to sustainable growth, responsible business practices, and the creation of long term stakeholder value.

### 1.1 Compliance Summary

Regulatory/ voluntary/ best practice framework and level of compliance	Specific framework/ standard
Mandatory Regulatory Frameworks Fully compliant	The Companies Act No. 7 of 2007, as amended, including applicable regulations Listing Rules of the Colombo Stock Exchange (CSE), including circulars Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including rules, regulations, directives and circulars Code of Best Practices on Related Party Transactions (2013) issued by the SEC Sustainability Disclosure Standards, including SLFRS S1 and S2
Voluntary Framework and Standards Compliant to the extent of business exigency and as required by the JK Group.	Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka – complied with to the extent of business exigency and as required by the Group
Reporting Frameworks Adopted with external assurance as applicable	International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) Global Reporting Initiative Standards Sustainability Accounting Standards Board (SASB) disclosures
Internal Mechanisms Compliant	Articles of Association Board Charter and Board Sub-Committee Charters Code of Conduct Board and Internal Policies

### The Structure of this Report

	Overview of the Corporate Governance Framework	Page 122		Assurance Mechanism	Page 160
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## OVERVIEW OF THE CORPORATE GOVERNANCE FRAMEWORK

In this section	
Corporate Governance Highlights for 2025/26	Highlights of the 31st Annual General Meeting
Corporate Governance Framework	Corporate Governance Structure and Oversight

### 1.2 Corporate Governance Highlights for 2025/26

- In line with the JK Group adoption of SLFRS S1 and SLFRS S2 - sustainability-related financial and climate-related disclosure standards issued by CA Sri Lanka, the Company and its Subsidiary participated in a structured JK Group-wide implementation programme during the year under review to prepare for compliance with the Colombo Stock Exchange (CSE) reporting requirements, effective 1 January 2026. As part of this initiative, a global consulting firm was engaged by the JK Group to conduct a comprehensive gap analysis across the JK Group, including the Company and its Subsidiary. Based on the outcomes of this assessment, the Company and its Subsidiary adopted the relevant frameworks, processes, and governance structures applicable to its operations to support enhanced sustainability and climate-related disclosures. Senior leadership and key teams of the Company and its Subsidiary also participated in targeted workshops and working sessions conducted by the consultants, strengthening internal capability and understanding of the requirements and their implications for the Company's reporting and governance processes.
- To strengthen sustainability governance and strategic oversight, the Company aligned with the JK Group's establishment of the Environmental, Social and Governance (ESG) and Sustainability Steering Committee, which oversees sustainability-related impacts, risks, and opportunities, including Sustainability-Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs). The material SRROs and CRROs from a JK Group perspective were evaluated and presented to the Group Executive Committee (GEC) for subsequent approval and clearance by the Board as well. The Company is represented within this governance structure, which serves as the primary forum guiding the JK Group's sustainability agenda and supporting the Company's alignment with the requirements of SLFRS S1 and SLFRS S2 as it progresses towards full implementation.
- The Company enhanced its enterprise governance and internal control framework through its participation in the phased implementation of SAP S/4HANA under the RISE with SAP programme, adopted at JK Group. This initiative established a standardised, cloud-based core system for the Company, strengthening data integrity, real-time performance visibility, process standardisation, auditability and overall internal control effectiveness. These enhancements were further reinforced through improved process intelligence and monitoring enabled by SAP Signavio, supporting a more disciplined and transparent operating environment.
- In conjunction with the migration to SAP S/4HANA (RISE), and in alignment with JK Group governance and control practices, the Company and its Subsidiary adopted the outcomes of a high-level review of the authorisation matrix to validate user access levels, identify and remediate anomalies, and ensure secure and consistent access controls. These actions were completed prior to system go-live, facilitating a smooth transition while safeguarding system security, maintaining operational continuity and reinforcing the integrity of internal controls.
- The Company further strengthened its cyber and technology governance by adopting JK Group-wide enhancements to the Zero Trust Security Model, including stronger identity-based access controls, reinforced network security measures, and migration to a Secure Service Edge (SSE) architecture. These

initiatives enhanced threat detection, monitoring, policy enforcement, and overall cyber resilience applicable to the Company's operations.

- The Company continued to align its data governance practices with the Personal Data Protection Act, No. 09 of 2022 (PDPA) through the adoption of JK Group data protection principles and governance frameworks, which are aligned to globally recognised best practices. Oversight is exercised through the JK Group's established data governance structure, including designated Data Protection Officers and centralised governance committees, supported by ongoing enhancements to technical, security and organisational controls. No significant data security-related incidents were reported during the year, and the majority of identified gaps across the Company's and Subsidiary's businesses have been addressed.
- The Company participated in the John Keells Group's periodic employee engagement survey, conducted in partnership with a multinational analytics and advisory firm, and aligned to a more performance- and productivity-focused engagement model. The survey utilised the globally benchmarked Q12 framework, providing data-driven insights into employee experience and priority development areas in support of a high-performance and inclusive workplace culture. The Group leadership team, including senior HR leadership, engaged in structured workshops to strengthen leadership capability in guiding teams, developing targeted action plans and driving sustained improvement in engagement and performance.

- During the year, the Company adopted Phase 1 of the John Keells Group-wide initiative to develop and institutionalise a unified Employee Value Proposition (EVP), implemented with the support of a globally recognised consulting firm. The process included employee surveys, focus group discussions and leadership consultations, resulting in a clearly articulated EVP statement and supporting pillars applicable across the Group. Phase 2, planned for 2026/27, will focus on activation and embedding of the EVP across businesses, including the Company.

### 1.3 Board Changes in 2025/26

Mr. M R Svensson, Non-Independent Non-Executive Director, resigned from the Board of Directors of the Company, consequent to the conclusion of his contractual tenure the John Keells Group on 31 August 2025.

Mr. N N Mawilmada was appointed to the Board as a Non-Independent Non-Executive Director of the Company, effective from 8 September 2025.

Mr. S Rajendra, Non-Independent Non-Executive Director, resigned from the Board of Directors of the Company, consequent to his retirement from the John Keells Group on 31 December 2025.

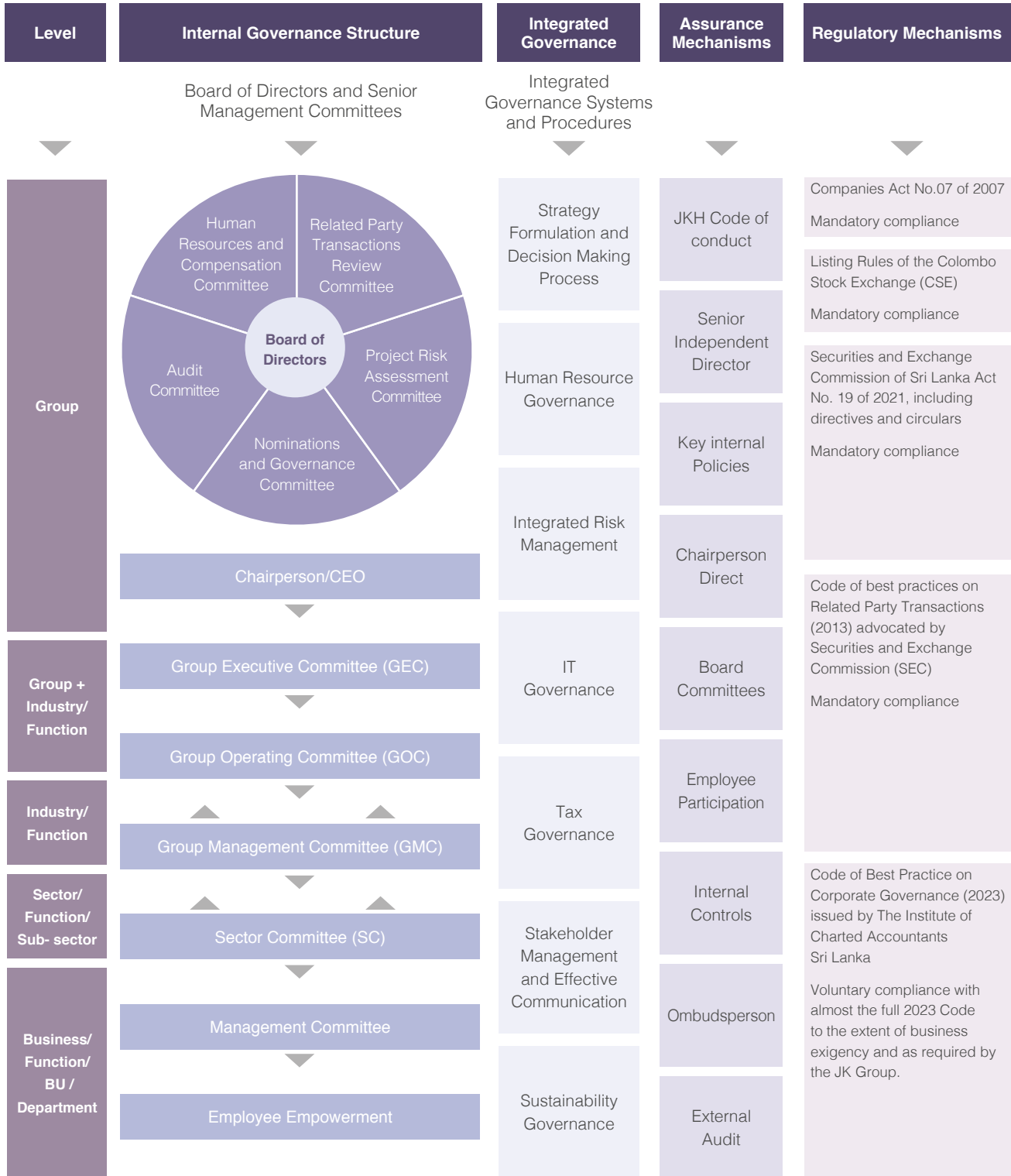
Mr. M H Singhawansa was appointed to the Board as a Non-Independent Non-Executive Director of the Company, with effect from 6 January 2026.

### 1.4 Highlights of the 31st Annual General Meeting Held on 26 June 2025

1. Mr. J.G.A. Cooray, who retired in terms of Article 84 of the Articles of Association of the Company, was re-elected as a Non-Independent Non-Executive Director of the Company.
2. Mr. J. Durairatnam, who retired in terms of Article 84 of the Articles of Association of the Company, was re-elected as an Independent Non-Executive Director of the Company.
3. Messrs. KPMG, Chartered Accountants was re-appointed as the External Auditors of the Company and the Directors were authorised to determine their Remuneration.

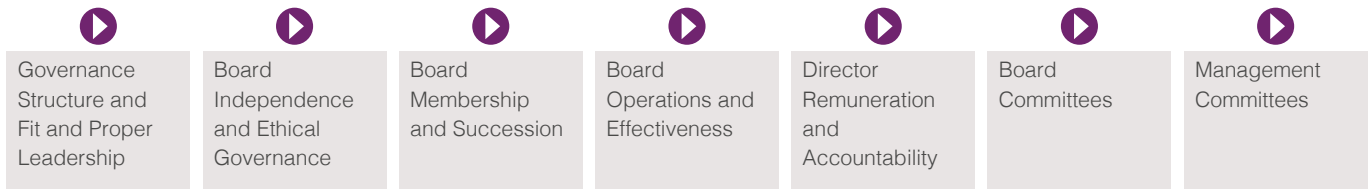
# Corporate Governance

The diagram below provides a comprehensive overview of the governance framework of the JKH Group, the Company conforms to the structures and policies of its ultimate Parent Company. It illustrates the Internal Governance Structure, anchored by the Board of Directors and its sub-committees, cascading through senior management committees down to the employee level.



\*All 4 mandatory Committees are chaired by Independent Non Executive Directors. The Project Risk Assessment Committee of JKH, which acts on behalf of the Company and its Subsidiary, is chaired by an external Non-Independent Non-Executive Director.

## Corporate Governance Structure and Oversight



### 3. INTERNAL GOVERNANCE STRUCTURE

The Internal Governance Structure consists of committees responsible for formulating, implementing, and overseeing the Company's and JK Group's strategies and initiatives, together with the policies, processes, and procedures that support these activities. Collectively, these elements influence the execution and monitoring of all governance-related initiatives, systems, and practices, as illustrated below:

<p><b>Audit Committee</b></p> <p><b>Purpose:</b></p> <p>Compliance with policies and procedures, assess the qualifications, independence, remuneration, and performance of external auditors, review the Company's financial statements, and evaluate the effectiveness of risk management systems and internal controls as recommended by internal auditors</p>	<p><b>Human Resources and Compensation Committee</b></p> <p><b>Purpose:</b></p> <p>To assist the Board in the establishment of remuneration policies and practices that are fair, appropriate and competitive.</p> <p>To review and recommend appropriate remuneration packages for the Key Management Personnel and review the performance of the Company's top talent/monitor succession planning and the periodically review Group's PMS</p>	<p><b>Nominations and Governance Committee</b></p> <p><b>Purpose:</b></p> <p>Oversight of the process of appointment, re-election and re-appointment of Directors for the company. in accordance with the JK Group's framework, ensure a comprehensive Board induction process is in place, to ensure that an acceptable methodology is in place for a self-evaluation of the Board, to review and recommend an overall corporate governance framework</p>	<p><b>Related Party Transactions Review Committee</b></p> <p><b>Purpose:</b></p> <p>To ensure that all related party transactions of the Company are consistent with the Code on Related Party Transactions issued by the SEC and the Listing Rules of the CSE</p> <p>Alignment with JK Group policies and procedures, ensure shareholder interests are protected, and fairness, integrity and transparency are maintained</p>
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The components of the internal governance structure are reinforced and supported by a comprehensive framework of internal policies, processes, and procedures. These include strategy formulation and decision-making, human resource governance, sustainability governance, integrated risk management, IT governance, tax stewardship, stakeholder management, and effective communication.

#### 3.1 The Board of Directors

The Board is entrusted with providing strategic direction to the Company, strengthening stakeholder relationships, defining the Company and the Subsidiary risk appetite, evaluating performance against set objectives, and appointing key members of senior management. Executive authority has been delegated

to the President of the Leisure Industry Group to ensure effective management and execution. Comprising eight distinguished professionals with diverse expertise, the Board contributes a broad range of skills and extensive experience, enabling robust deliberation and well-informed decision-making.

##### 3.1.1 Board Oversight and Delegation Authority

The Board is responsible for setting the strategic direction of the Company and overseeing its overall management. While responsibility for the day-to-day operations of the businesses is delegated to the senior management, the Board retains ultimate accountability for the effective stewardship and long-term sustainability of the Company and its Subsidiary. The Board reserves the

authority to review, amend, or revoke any delegated powers whenever it deems necessary.

In fulfilling its responsibilities, the Board monitors management performance and ensures that operations are conducted in accordance with approved policies, established governance standards, and applicable regulatory requirements. This includes ongoing assessment of the appropriateness of delegated authority and ensuring that management provides timely, accurate, and sufficient information to enable informed and effective decision-making.

The Board's oversight spans a wide range of matters, including Company and its Subsidiary's capital and financial management, strategic initiatives,

# Corporate Governance

portfolio decisions, financial performance, integrity of financial reporting, internal control frameworks, risk management, environmental, social and governance (ESG) considerations, information technology and cybersecurity, governance and regulatory compliance, workplace ethics, and environmental sustainability.

The Company and its Subsidiary governance framework supports the Board in the effective discharge of its oversight responsibilities through the regular review of Board priorities, governance structures, processes, and internal control systems. Comprehensive and timely information is provided to the Board on a regular basis to facilitate robust deliberation and the effective execution of its duties

## 3.1.2. Board responsibilities and Duties

- I. Providing direction and guidance to the Company, in the formulation and implementation of sustainable, high-level, medium, and long-term strategies which are aimed at promoting the long-term success of the Company.
- II. Reviewing and approving annual plans and long-term business plans.
- III. Tracking actual progress against plans.
- IV. Overseeing and guiding the Company's sustainability-related impacts and risks by monitoring material topics, ensuring alignment with long term value creation, its due diligence processes in relations to sustainability impacts, and maintaining the systems and capabilities needed for timely, decision-useful sustainability information.
- V. Overseeing the development and implementation of strategies for the identification, assessment, mitigation and management of sustainability-related risks and opportunities, including climate-related risks and opportunities, and ensuring that such strategies are integrated into the Company's overall strategy, risk management framework and capital allocation decisions.
- VI. Reviewing HR processes with emphasis on top management succession planning, including the diversity, equity and inclusion (DE&I) strategy.
- VII. Ensuring operations are carried within the scope of the Enterprise Risk Management (ERM) framework.
- VIII. Ensuring that IT governance aligns with the Group's strategic objectives, addressing risks related to cybersecurity, data privacy, compliance, and technology investments.
- IX. Ensuring compliance with laws, regulations and ethical standards and monitoring systems of governance and compliance, including concerns on ethics, bribery and corruption.
- X. Overseeing systems of internal control, risk management and establishing whistle-blowing conduits.
- XI. Determining any changes to the discretions/authorities delegated from the Board to the executive levels.
- XII. Reviewing and approving major acquisitions, disposals and capital expenditure.
- XIII. Approving any amendments to constitutional documents.
- XIV. Ensuring all related party transactions are compliant with statutory obligations.
- XV. Ensuring that the Group's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.
- XVI. Ensuring all stakeholder interests are considered in corporate decisions.
- XVII. Ensuring sustainable business development in corporate strategy decisions and activities.
- XVIII. Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.

## 3.1.3 Board composition, diversity and skills and experience

### Board Composition

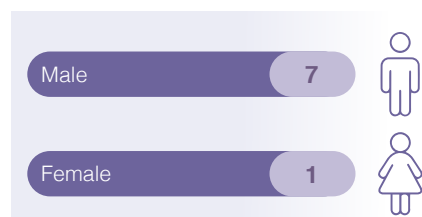
The Board is diverse in skills, experience, age, and tenure, contributing varied perspectives to boardroom deliberations and exercising independent judgement. Board composition is regularly reviewed to ensure adequate diversity and that the skills representation aligns with the Company's current and future strategic needs. Each Director is responsible for determining whether he or she has a potential or actual conflict of interest arising from external associations, interests or personal relationships in material matters which the Board considers from time to time.

The Composition of the Board is governed by the Company's Articles of Association, the Companies Act No 7 of 2007 and Listing Rules. In terms of the Listing Rules the Board is required to be composed of a minimum of 5 Directors and the Articles provide a maximum of 10 Directors which has considered the requirement for the Board to be agile and responsive to the Company's needs.

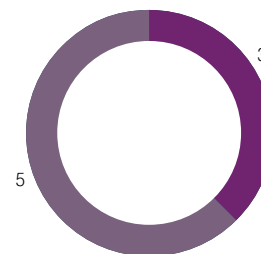
As of 31 March 2026, the Board comprised eight Directors, with three of them being Independent Non-Executive Directors, ensuring a strong element of independence on the Board, and five Directors being Non-Independent Non-Executive

## Board Diversity

Board diversity brings a breadth of perspectives that strengthens Board dynamics and enhances its overall effectiveness, thereby supporting sustainable long-term value creation. The Company is committed to maintaining a diverse Board composition encompassing experience, skills, competencies, age, gender, and industry expertise, in compliance with Rule 9.5.1(c) of the CSE Listing Rules.



## Board Composition



■ Independent Non-Executive Director  
■ Non-Independent Non-Executive Director

## SKILLS AND EXPERIENCE

Collectively, the Board brings in a wealth of diverse exposure in the fields of Corporate Leadership, Finance, Travel and tourism, Management Consultancy, Legal, Banking, Strategy and Risk, Property sector, Supply chain and Engineering. All Directors possess the skills, expertise and knowledge complemented with a high sense of integrity and independent judgement. Further details of their qualifications and experience are provided under the Board Profiles section of the Annual Report and the table below. Furthermore, we are dedicated to providing additional training on the ESG framework, as well as pertinent policies and procedures, to the Board members as part of our commitment to enhancing corporate governance practices.

Name of Director	Gender	Area of Skills/Expertise/Competencies									
		Corporate Leadership	Finance	Travel and tourism	Management Consultancy	Legal	Banking	Strategy & Risk	Property Development	Supply Chain	Engineering
K N J Balendra	M	✓	✓		✓	✓	✓				
J G A Cooray	M	✓	✓		✓		✓				
*** S Rajendra	M	✓	✓	✓							
**N N Mawilmada	M	✓		✓	✓		✓		✓		✓
* M R Svensson	M	✓		✓							
**** M.H. Singhawansa	M	✓		✓	✓					✓	✓
C L P Gunawardane	M	✓	✓	✓							
A S De Zoysa	M	✓	✓								
J Durairatnam	M	✓	✓				✓				
A Nanayakkara	F	✓	✓		✓		✓	✓			✓

\*Resigned w.e.f 31 August 2025

\*\*Appointed to the Board w.e.f 8 September 2025

\*\*\*Resigned w.e.f 31 December 2025

\*\*\*\*Appointed to the Board w.e.f 6 January 2026

# Corporate Governance

## 3.2 Chairperson

The Chairperson of John Keells Holdings PLC serves as the Chairperson of the Company and is a Non-Executive, Non-Independent Director. The Chairperson bears primary responsibility for leading the Board and its Committees and ensuring their effective and orderly functioning. In this role, the Chairperson maintains active engagement with Non-Executive Directors and facilitates separate meetings for Independent Non-Executive Directors, thereby promoting robust and effective governance practices. The Chairperson also represents the Company externally and acts as the principal point of contact for shareholders on matters relating to corporate governance.

In addition, the Chairperson is responsible for establishing and upholding the Company's governance and ethical framework, encouraging the open expression of diverse viewpoints, and ensuring that the Board remains informed of relevant local and global industry developments. The Chairperson further ensures that the Board fulfils its obligations to the Company's shareholders and other key stakeholders, in line with best governance practices.

### Key roles and responsibilities of the Chairperson include:

- Providing leadership to the Board whilst inculcating good governance and ensuring the effectiveness of the Board.
- Ensuring that constructive working relations are maintained between the members of the Board.
- Ensuring, with the assistance of the Company Secretary, that:
  - ★ Board procedures are followed.
  - ★ Information is disseminated promptly to the Board.

The Board is satisfied that the Chairperson allocates sufficient time to serve the Company effectively, and the Chairperson's other commitments do not interfere with his discharge of his responsibilities to the Company.

## President – Leisure, JKH and Chief Executive Officer - Cinnamon Hotels & Resorts

While the Company does not have a designated Chief Executive Officer, the President – Leisure, JKH and CEO of Cinnamon Hotels & Resorts, who are Non-Executive Directors of the Company, undertake the following responsibilities:

### President – Leisure, JKH:

The President of the Leisure Sector of JKH, who is also a Non-Executive Director of the Company, is entrusted with the responsibility to ensure the implementation of the Company's strategic plans, guiding the senior management team, ensuring that the Company's operating model is aligned to the strategic aspirations of JKH and ensuring effective succession planning at senior management level.

### CEO - Cinnamon Hotels & Resorts:

CEO is entrusted, in consultation with the President - Leisure, Industry Group JKH, to ensure:

- The execution of strategies and policies of the Board.
- The efficient management of all businesses of the Company
- That the operating model is aligned with the short and long-term strategies of the Company
- Succession planning at the senior management levels of the Company

The President - Leisure JKH, and CEO -Cinnamon Hotels & Resorts regularly report on key matters to the Board, enabling the Board to oversee them effectively.

### Company Secretary

The Company Secretaries, Keells Consultants (Private) Limited provides secretarial services to the Board.

## The key responsibilities of the Company Secretary :

- Assist the Board with compliance related matters pertaining to the Articles of Association, Applicable Law and corporate governance practices adopted by the Group.
- Organise, coordinate, and support the scheduling of Board meetings, ensuring that all required documents and agendas are distributed in advance.
- Attend Board meetings and record minutes and ensure that all decisions are accurately documented.
- Facilitate regular updates to the Board on key developments in Applicable Law and corporate governance practices
- Assist in monitoring the Board's compliance with internal policies.
- Facilitate communications between the Board and the management of the Group.

## Board Independence and Ethical Governance

### Maintaining Board Independence and Managing Conflicts of Interest

Stringent nominating procedures, systematic and comprehensive Board evaluation processes, and independent Director-led engagement emphasise Board independence. All Directors are experienced leaders in their respective fields and exercise independent and unfettered judgement, promoting constructive Board deliberations and objective evaluation of matters set before them.

Each Director is continuously responsible for identifying potential or actual conflicts of interest or biases arising from external associations, interests, or personal relationships in material matters and disclosing them in a timely manner to the Board. Directors make a general disclosure of interests, as illustrated below, at appointment, at the beginning of every financial year, and during the year as required. The Board reviews potential conflicts from time to time to ensure integrity and Board independence.

The Company Secretary maintains records of companies in which Board members hold board positions and other key appointments, which include internal and external positions (as disclosed to it) and Board Committee membership in the Company for shareholders to inspect on request

PRIOR TO APPOINTMENT	ONCE APPOINTED	BOARD MEETINGS
<ul style="list-style-type: none"> <li>Nominees are requested to make known their various interests that could potentially conflict with the interest of the Company.</li> <li>Provision of declarations and documents to confirm that there are no conflicts, meet the fit and proper criteria and satisfy the independence criteria (to the extent applicable).</li> </ul>	<ul style="list-style-type: none"> <li>Directors obtain Board clearance prior to,               <ul style="list-style-type: none"> <li>Accepting a new position.</li> <li>Engaging in any transaction that could create or potentially create a conflict of interest.</li> </ul> </li> <li>All NEDs are required to notify the Chairperson of any changes to their current Board representations or interests and a new declaration is made annually.</li> <li>Provision of declarations and documents to confirm that there are no conflicts, meet the fit and proper criteria and satisfy the independence criteria. (to the extent applicable).</li> </ul>	<ul style="list-style-type: none"> <li>Directors who have an interest in a matter under discussion;               <ul style="list-style-type: none"> <li>Excuse themselves from deliberations on the subject matter.</li> <li>Abstain from voting on the subject matter (abstention from decisions are duly minuted).</li> </ul> </li> </ul>

The independence of all its Independent Non-Executive Directors (INED) was reviewed against the criteria of the Listing Rules summarised below:

Criteria for defining Independence	Status of conformity of INED
None of the INEDs has Shareholding carrying 10 per cent or more of voting rights.	Compliant
None of the INEDs is a Director of another company	Compliant
None of the INEDs have income/non-cash benefits equivalent to 20 per cent of the Director's annual income, excluding income/non-cash benefits received, which apply on a uniform basis to all non- executive Directors on the Board.	Compliant
None of the INEDs have employment at the Company or a material business relationship with the Company currently or in the three years immediately preceding their appointment as Directors.	Compliant
None of the INEDs have a close family member who is a Director, CEO or Key Management Personnel.	Compliant
None of the INEDs have served on the Board continuously for nine years from the date of the first appointment.	Compliant
None of the INEDs are employed or have a material business relationship and/or significant shareholding in other companies*. Entails other companies that have substantial shareholding in the Company, and the Company has a business connection with	Compliant
None of the INEDs are above 70 years of age unless such designation is recommended by the Nominations and Governance Committee, approved by the Board and approved by a majority vote of public shareholders voting at a General Meeting.	Compliant

# Corporate Governance

Criteria for defining independence	Status of conformity of NED/ID
Shareholding carrying not less than 10% of voting rights.	None of the NED/IDs' shareholding exceed 1%.
Director of another company*.	None of the NED/IDs are Directors of another related party company.
Income/non-cash benefit equivalent to 20% of the Director's annual income excluding income/non-cash benefits received which are applicable on a uniform basis to all Non-Executive Directors on the Board.	NED/ID income/cash benefits are less than 20% of an individual Director's annual income.
Employment at JKH and/or material business relationship with JKH, currently or in the three years immediately preceding appointment as a Director.	None of the NED/IDs are employed or have been employed at JKH.
Close family members are a Director, Chief Executive Officer (CEO) or a Key Management Personnel.	No family member of the NED/IDs is a Director or CEO or a Key Management Personnel.

Other companies in which a majority of the other Directors of the listed company are employed or are Directors, or have a significant shareholding or have a material business relationship or where the core line of business of such company is in direct conflict with the line of business of the listed company.

Considered all transactions that require approval to be in line with the Company's Related Party Transactions Policy and

compliance with the applicable rules and regulations. The related party transactions are disclosed in note 30 to the financial statements. The Committee noted that there are no related party transactions by the Directors.

The Nominations and Governance Committee having reviewed the disclosures and declarations provided by Directors is of the view that no Non-Executive Director has a conflict of

interest and that all Independent Non-Executive Directors satisfy the criteria on independence outlined above.

In accordance with the Company policy and applicable law the Directors shall not hold more than fifteen directorships in listed companies. The following table illustrates the total number of Board seats held and employed as key management personnel in other companies by each director as of 31 March 2026.

Name of Director	Directorship Status	Board Seats Held in Other Listed Sri Lankan Companies			Board Seats Held in Other Unlisted Sri Lankan Companies
		Executive Capacity	Non-Executive capacity	Key Management Personnel	
K N J Balendra	NED	JKH PLC	Director of several listed companies in the JK Group*	Nil	Director of several unlisted companies in the JK Group*
J G A Cooray	NED	JKH PLC		Nil	
* N N Mawilmada	NED	Nil		Nil	
** M H Singhawansa	NED	Nil		Nil	
C L P Gunawardane	NED	Nil		Nil	
A S De Zoysa	INED	Nil	Nil	Nil	A E C Properties (Pvt) Ltd Associated Electrical Corporation Ltd Econic (Private) Ltd Ashan de Zoysa & Co (Pvt) Ltd Forest Sense (Pvt) Ltd, ADZ Insurance Brokers (Pvt) Ltd
J Durairatnam	INED	Nil	DFCC Bank PLC Tokyo Cement (Lanka) PLC	DFCC Bank PLC	Nil
A Nanayakkara	INED	Nil	Sampath Bank PLC Tangerine Beach Hotels PLC Royal Palms Beach Hotels PLC	Nil	Global Consulting Company, Rubik International (Pvt) Ltd Sri Lanka Institute of Directors Lanka India Business Association

\*Appointed to the Board w.e.f 8 September 2025

\*\*Appointed to the Board w.e.f 6 January 2026

## Board Access to Information

Directors receive Board papers at least seven days in advance of scheduled meetings, enabling adequate time for review and preparation. Directors have unrestricted access to management, organisational information, and the resources necessary to seek clarification and effectively discharge their duties and responsibilities.

Management makes presentations to the Board on key matters, including business performance against approved operating plans, strategy, investment proposals, risk management, compliance, and regulatory developments. Directors also have access to independent professional advice, coordinated through the Company Secretaries, where necessary, at the Company's expense.

## Board Access to Independent Professional Advice

To safeguard the independence of the Board and enhance the quality of decision-making, Directors are encouraged, where appropriate, to obtain independent professional advice in the discharge of their duties, at the expense of the Company. Such requests are facilitated and coordinated through the Company Secretaries, as required.

## BOARD MEMBERSHIP AND SUCCESSION

### Appointment, Re-election and Resignation of Board Directors

The Company's Nominations and Governance Committee recommends the appointment of Directors based on an assessment of the Company's strategic requirements and the skills and competencies required at Board level. Independent Non-Executive Directors are appointed for a term of three years and are eligible for re-appointment for up to a maximum of three successive terms thereafter, unless an extended tenure is warranted by the exigencies of the Company. Upon completing 9 years, the INED will redesignate as a NI-NED. Casual vacancies are filled by the Board on the recommendation of the Nominations and Governance Committee, in accordance with the Company's

Articles of Association. Non-Executive Directors nominated by the Parent Company, John Keells Holdings PLC (JKH), are subject to the retirement rules and policies applicable at the Parent Company level.

In accordance with Article 84 of the Company's Articles of Association, one-third of the Directors, excluding the Chairperson, retire by rotation at each Annual General Meeting. Directors subject to retirement are those who have served the longest period since their appointment or last re-appointment. In addition, pursuant to Article 91 of the Articles of Association, any Director appointed to the Board during the year is required to seek re-election at the subsequent Annual General Meeting.

### Appointments, Resignations and Re-elections

There were two appointments and two resignations during the year

The proposal for the re-election of Directors is set out in the Annual Report of the Board of Directors on page 220 of this Report.

Details of new Directors are disclosed to shareholders at the time of their appointment through a public announcement covering the following:

- A brief resume of the Director.
- The nature of his expertise in relevant functional areas.
- The names of companies in which the Director holds directorships or memberships in Board Committees.
- Whether such a Director can be considered 'Independent'.
- The relevant Interim Releases and Annual Reports also include details of such appointments.

The appointment of all Directors complies with applicable laws and rules, including all qualifying and fit-and-proper criteria stipulated by the Listing Rules (Section 9.7.3 (a) (b) and (c)) and Companies Act. The Nominations and Governance Committee evaluates the fulfilment of the fit and proper criteria outlined in

the Listing Rules prior to presenting nominations at the shareholders' meeting or making appointments. Further, in compliance with the Listing Rules, the Company annually obtains declarations from the Directors in respect of the Fit and Proper Assessment Criteria prescribed therein, each Independent Director annually signs a declaration confirming their compliance with the independence criteria prescribed by the Listing Rules (Rule 9.8.3) which is considered by the Nominations and Governance Committee and the Board. Directors are required to report any substantial change in their professional responsibilities and business associations to the Chairperson of the Company or Nominations and Governance Committee, which will examine the facts and circumstances and make recommendations to the Board accordingly.

### Induction and Training for Directors

All newly appointed Directors undergo a formal induction process under the oversight of the Nominations and Governance Committee, which includes knowledge-sharing sessions on Company values and culture, governance framework, policies and processes, the JK Group Code of Conduct and Ethics adopted by the Company (which includes anti-corruption and anti-bribery), the sector business model, strategy, and Directors' responsibilities. Board members are also given insights into regulatory changes that may impact the industry at Board meetings.

Further, newly appointed Directors are granted access to relevant parts of the business. They can meet with key management personnel and third-party service providers, such as External Auditors and Risk Consultants. Directors recognise the need for continuous training and expansion of their knowledge and skills to discharge their duties effectively and regularly participate in industry forums and other personal development training to expand their knowledge and skills. To this effect, the Chairperson and the Nominations and Governance Committee periodically reviews any training and development needs of the Board and recommends any identified gaps to the Board.

# Corporate Governance

Each Director is responsible for ensuring continuous learning and development in their areas of expertise and that their professional qualifications/licenses and memberships are maintained.

The Chairperson ensures that the Board is informed of significant developments in applicable laws, rules, regulations and corporate governance practices, including any impacts to the Company and its Subsidiaries, including ensuring that the senior management reports on the Company's compliance with

applicable laws, rules and regulations to the Nominations and Governance Committee and the Board.

## BOARD OPERATIONS AND EFFECTIVENESS

### Board Meetings

#### Regularity of Meetings

Board meetings are held every quarter with the flexibility to increase the number of meetings based on the requirement. Directors are required to attend the higher of a minimum two (2) or fifty (50%) of the

meetings held during the financial year, unless otherwise excused by the Board. The Board continued with hybrid model of Board Meetings this year as and when needed.

Pertinent Board discussions and decisions are recorded by the Company Secretary in the Board minutes and such minutes are put forward for approval of the Board at the next Board Meeting. All records pertaining to Board meetings and decisions are maintained in the minute book by the Company Secretary.

The attendance at Board meetings held during the financial year 2025/26 is given below:

Name	Year of Appointment to the Board	Board Meeting Attendance				Eligibility	Attended
		30.04.2025	28.07.2025	31.10.2025	23.01.2026		
Mr. K. N. J. Balendra (Chairperson)	2016/17	✓	✓	✓	Excused	4	3
Mr. J. G. A. Cooray	2017/18	✓	✓	✓	✓	4	4
Mr C L P Gunawardane	2020/21	✓	✓	✓	✓	4	4
Mr. N N Mawilmada**	2025/26	N/A	N/A	✓	✓	2	2
Mr J Durairatnam	2018/19	✓	✓	✓	✓	4	4
Mr A S De Zoysa	2018/19	✓	✓	✓	✓	4	4
Ms A Nanayakkara	2021/22	✓	✓	✓	✓	4	4
Mr. M H Singhawansa****	2025/26	N/A	N/A	N/A	✓	1	1
Mr S Rajendra***	2005/06	✓	✓	✓	N/A	3	3
Mr M R Svensson*	2019/20	✓	Excused	N/A	N/A	2	1

\*Resigned w.e.f 31 August 2025

\*\*Appointed to the Board w.e.f 8 September 2025

\*\*\*Resigned w.e.f 31 December 2025

\*\*\*\*Appointed to the Board w.e.f 6 January 2026

## BOARD AGENDA

During the period under review, the Chairperson ensured that all Board proceedings were conducted smoothly and efficiently, approving the agenda for each meeting prepared by the Company Secretaries.

The typical Board agenda in 2025/26 entailed confirmation of previous minutes, ratification of circular resolutions, ratification of the use of the Company seal, discussion of matters arising from the previous minutes, submission of Board Committee reports, status updates of projects, review of performance, strategy formulation, approval of quarterly and annual financial statements, review of risks, sustainability and corporate social responsibility related aspects, ratification of capital expenditure, amongst others. Added emphasis was also placed on business performance, taking into account the challenges stemming from the macroeconomic environment.

### Time Dedicated by Non-Executive Directors

The Board has dedicated adequate time for fulfilling and discharging their duties as Directors of the Company. It is recognised that Directors have to dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification, and after a meeting to follow up on issues consequent to the meeting. This should be supplemented by a time allocation for familiarisation with business changes, operations, risks and controls. In addition to attending Board meetings, the Directors attend the relevant Board Committee meetings and have also contributed to decision-making via Circular Resolutions and one-on-one meetings with key management personnel, when necessary.

## Performance Evaluation of the Board and Board Committees

Board and Board Committee performance evaluations are conducted annually. The process for the periodic evaluation of the performance of Board is established under the oversight of the Nominations and Governance Committee. This process is conducted independently. Committee evaluations involve each Committee member completing a questionnaire, which is provided to the chairperson of the respective Committee.

The process involves each Director self-appraising the performance of the Board against identified criteria:

- Role clarity and effective discharge of responsibilities
- People mix, balance and structure
- Systems and procedures
- Quality of participation
- Board and corporate image and reputation

The results are analysed to indicate the Board's and Board Committee's effectiveness and areas that require addressing and/ or strengthening.

The Board and its Committees conducted their annual performance appraisal for the financial year 2025/26, and accordingly, the Board and its Committees are seen as effective in discharging their role and responsibilities.

## DIRECTOR REMUNERATION AND ACCOUNTABILITY

### Director Remunerations

Due care is taken to ensure that the remuneration paid to Board members is commensurate with their skills, knowledge, competencies and involvement in Board activities. The compensation of Non-Executive Directors was determined in reference to fees paid to other Non-Executive Directors of

comparable companies, and adjusted, where necessary, in keeping with the complexity of the Company. Non-Executive Directors were paid additional fees for either chairing or being a member of a Board Committee and did not receive any performance/incentive payments/ share option plans. Director fees for nominee Directors of JKH are paid to JKH, not individual Directors.

The aggregate remuneration paid to NEDs by the Company in FY 2025/26 is only a fixed fee of Rs. 7.3 Mn. As at date the Company has no Executive Directors.

### Compensation for Early Termination

In the event of an early termination of a Director, there are no compensation commitments other than for accrued fees payable, if any, as per the terms of their contract.

### 3.3 Board Committees

The Board has delegated certain functions to five Board Committees while retaining final decision rights. Members of these Board Committees focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise. The respective Board Committees are responsible for reporting their findings and recommendations to the Board. This includes regular reports to the Board during Board meetings, or as relevant. In terms of the CSE Rule 9.3.1, the Company ensures that the Nominations and Governance Committee, Human Resources and Compensation Committee, Audit Committee, and Related Party Transaction Review Committee are established and function per applicable regulations, best practices, and their terms of reference. The Parent Company's Project Risk Assessment Committee acts as the Company's Project Risk Assessment Committee.

# Corporate Governance

The composition of Board Committees as at 31st March 2026 is shown below.<sup>LA</sup>

Name of Director	Executive / Non-Executive Director	Independent / Non-Independent Director	Year of Appointed	Age	Board of Directors	Board Sub Committee Membership				Tenure on the Board (Years)
						AC	HRCC	NGC	RPTRC	
Mr. K. N. J. Balendra (Chairperson)	NED	NID	2016/17	52	C			M		10
Mr. J. G. A. Cooray	NED	NID	2017/18	49	M		M			8
Mr C. L. P. Gunawardane	NED	NID	2020/21	52	M					5
Mr. N. N. Mawilmada**	NED	NID	2025/26	53	M					6 months
Mr. J. Durairatnam	NED	ID	2018/19	67	M	M	C	M	M	7
Mr. A. S. De Zoysa	NED	ID	2018/19	55	M	M	M	C	M	7
Ms. A. Nanayakkara	NED	ID	2021/22	56	M	C			C	2 months
Mr. M. H. Singhawansa****	NED	NID	2025/26	41	M					5
Mr. S. Rajendra***	NED	NID	2005/06	61	M					-
Mr. M. R. Svensson*	NED	NID	2019/20	54	M					-

• ID - Independent Director • NED - Non-Executive Director • NID - Non-Independent Director

\*Resigned w.e.f. 31 August 2025

\*\*Appointed to the Board w.e.f 8 September 2025

\*\*\*Resigned w.e.f 31 December 2025

\*\*\*\*Appointed to the Board w.e.f 6 January 2026

Project Risk Assessment Committee, JKH Board-Committee acting on behalf of the Company as at 31 March 2026<sup>LA</sup>

Name of Director	Executive / Non-Executive Director	Independent / Non-Independent Director	Year of Appointed	Age	Board Sub Committee Membership	Tenure on the Board
					Project Risk Assessment Committee	
K. N. J. Balendra	ED of JKH	NID	2016/17	52	Member	10 years
J. G. A. Cooray	ED of JKH	NID	2016/17	49	Member	10 years
S. S. H. Wijayasuriya	NED	NID	2016/17	58	Chair	10 years
D. A. Cabraal	NED	NID	2013/14	69	Member	13 years

- ED - Executive Director
- NID - Non-Independent Director
- NED - Non-Executive Director

## COMPOSITION AND SCOPE OF BOARD COMMITTEES

### Audit Committee

Role: Assist the Board in meeting its oversight responsibilities pertaining to Company's financial statements, risk management, internal controls, legal and regulatory frameworks.

### Composition

Members of the Committee shall be as appointed by the Board from time to time, with due regard to applicable laws, rules and regulations.

To be comprised of a minimum of three (03) Directors out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.

An Independent Director is being appointed as the Chairperson of the Audit Committee by the Board of Directors. The Chairperson of the Audit Committee should be a Member of a recognised professional accounting body. The Chairperson of the Board shall not be the Chairperson of the Committee.

Chief Financial Officer – Leisure Industry JK Group is the Secretary of the Committee.

The Company Audit Committee met on four occasions during the period from April 2025 to March 2026

Name of Director	29/04/ 2025	25/07/ 2025	28/10/ 2025	21/01/ 2026	Eligibility to Attend	Attended
A. Nanayakkara – Chairperson * (INED)	✓	✓	✓	✓	4	4
A. S. De Zoysa (INED)	✓	✓	✓	✓	4	4
J. Durairatnam (INED)	✓	✓	✓	✓	4	4

Date of Appointment	
A. Nanayakkara – Chairperson	25/06/2021
A. S. De Zoysa	08/09/2018
J. Durairatnam	08/09/2018

### Scope

- i. Overseeing the preparation, presentation and review of the quarterly and annual financial statements, including their quality, transparency, integrity, accuracy and compliance with accounting standards, laws and regulations, before tabling them for the approval of the Board of Directors.
- ii. Obtaining and reviewing assurance from the President, CEO, CFO and other key management personnel, as relevant, that the financial records have been adequately maintained and that the financial statements give a true and fair view of the Company's operations and finances.
- iii. Assessing the adequacy and effectiveness of the internal control environment of the Group and ensuring that appropriate action is taken by management on the recommendations of the internal and external auditors to ensure an effective and compliant operating environment.
- iv. Evaluating the competence and effectiveness of the risk management systems and internal controls of the Group and ensure robustness and effectiveness in monitoring and controlling risks. Annually Reviewing the risk policies adopted by the Company.
- v. Reviewing the adequacy and effectiveness of internal and external audit arrangements.
- vi. Recommending the appointment, re-appointment and removal of the External Auditors, including their remuneration and terms of engagement, by assessing qualifications, expertise, resources and independence.

# Corporate Governance

## REPORT OF THE AUDIT COMMITTEE INTRODUCTION

The Board Audit Committee (“BAC” or “the Committee”) of Asian Hotels and Properties PLC is a formally constituted Committee of the Board and operates within the scope of a Board-approved Audit Committee Charter, which is reviewed periodically to ensure continued alignment with applicable regulatory requirements and governance best practices.

The Committee supports the Board in fulfilling its oversight responsibilities relating to financial reporting, internal controls, risk management, governance, compliance, and audit matters. This report outlines the key activities and responsibilities of the BAC during the financial year under review. A broader overview of the Committee’s governance framework is provided in the Corporate Governance Report on pages 120 to 130.

## ROLE OF THE BOARD AUDIT COMMITTEE

The Committee assists the Board in discharging its responsibilities with regard to:

- Ensuring the integrity, transparency, and reliability of the Company’s financial reporting processes and financial statements, in compliance with Sri Lanka Accounting Standards, the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act, and the Listing Rules of the Colombo Stock Exchange.
- Reviewing the adequacy and effectiveness of the Company’s internal control systems, governance framework, and risk management processes.
- Assessing the independence, performance, and effectiveness of the External Auditors and outsourced Internal Auditors.
- Monitoring compliance with applicable legal, regulatory, and Group policy requirements.
- Reviewing the Company’s ability to continue as a going concern and evaluating key financial and operational risks that may impact the business.

## COMPOSITION OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee comprised three Independent Non-Executive Directors as at 31 March 2026, in compliance with the Corporate Governance Rules of the Colombo Stock Exchange. The Chief Financial Officer of the Leisure Group functions as the Secretary to the Committee.

The following officials attended meetings by invitation where relevant:

- Chief Executive Officer of Cinnamon Hotels & Resorts
- Chief Financial Officer - Leisure Group
- General Manager of Cinnamon Grand Colombo
- Sector Financial Controllers - Hotels and Properties
- Head of Group Business Process Review (Group BPR) Division
- Representatives of the outsourced Internal Auditors, Deloitte
- Representatives of the External Auditors, Messrs. KPMG

The Committee comprised the following members during the year under review:

- A Nanayakkara - Chairperson (Independent Non-Executive Director)\*
- A S De Zoysa (Independent Non-Executive Director)
- J Durairatnam (Independent Non-Executive Director)

\* Member of a recognised professional accounting body

Profiles of the Committee members are provided on pages 18 to 19 of this Annual Report.

## MEETINGS OF THE BOARD AUDIT COMMITTEE

The Committee met four times during the financial year ended 31 March 2026. Attendance details are set out in the Corporate Governance Report on page 133.

The proceedings and deliberations of the Committee were regularly communicated to the Board through formal meeting minutes and, where necessary, through verbal updates by the Chairperson of the Committee.

## FINANCIAL REPORTING

The Committee reviewed the quarterly and annual financial statements of the Company together with Management and the External Auditors prior to publication. This review included consideration of compliance with Sri Lanka Accounting Standards, appropriateness of accounting policies, significant accounting estimates and judgements, and adequacy of disclosures required under applicable laws, rules, and regulations.

The Committee also obtained assurance from Management that the financial statements present a true and fair view of the financial position and performance of the Company.

## INTERNAL AUDIT AND INTERNAL CONTROL ASSESSMENT

The outsourced Internal Auditors, Deloitte, continued to provide internal audit services during the year under review. Internal audit plans and scope were developed in consultation with the Group Business Process Review (Group BPR) Division and approved by the Committee.

The Committee reviewed internal audit findings together with Management responses and monitored the implementation of agreed recommendations. The primary focus of the internal audit function was to provide assurance on the adequacy and effectiveness of internal controls, governance processes, risk management systems, and compliance with applicable policies and regulations.

Formal quarterly assurances were also obtained from senior management regarding the effectiveness of internal controls and compliance with legal and regulatory requirements.

## RISK MANAGEMENT

The Committee reviewed the processes established by Management for the identification, assessment, monitoring, and mitigation of significant operational and strategic risks faced by the Company. Discussions were held with Management, the Group BPR Division, and the Sustainability and Enterprise Risk Management teams of the John Keells Group to ensure appropriate risk oversight and timely implementation of mitigation measures.

## EXTERNAL AUDIT

The Committee reviewed and discussed the audit engagement letter, audit scope, and audit approach with Messrs. KPMG, Chartered Accountants, prior to the commencement of the audit and throughout the audit process.

The Committee met separately with the External Auditors, without the presence of Management, in line with regulatory requirements. The Committee was satisfied that auditor independence was maintained throughout the year, supported by confirmations received from the auditors regarding compliance with applicable ethical and independence standards. Audit and non-audit fees were reviewed and recommended to the Board for approval.

Following an evaluation of the effectiveness and independence of the External Auditors, the Committee recommended the reappointment of Messrs. KPMG as External Auditors of the Company for the financial year ending 31 March 2027, subject to shareholder approval at the Annual General Meeting.

## INFORMATION TECHNOLOGY RISK ASSESSMENT

The Committee periodically reviewed the adequacy of the Company's information technology infrastructure, cybersecurity controls, data protection mechanisms, and adaptability to technological developments, with support and input from the Leisure Group Head of IT where necessary.

## INSURANCE ASSESSMENT

The adequacy of the Company's insurance coverage was reviewed periodically by the Committee, including employee wellbeing, public liability, and operational risk coverage. Inputs were obtained from the Group Insurance Broker to ensure adequacy of coverage and alignment with industry practices.

## COMPLIANCE WITH GOVERNANCE REQUIREMENTS

The Committee confirms that it has conducted its affairs in compliance with:

- The Code of Best Practice on Audit Committees jointly issued by the Securities and Exchange Commission of Sri Lanka and CA Sri Lanka; and
- The Corporate Governance Rules set out in Section 9.13 of the Listing Rules of the Colombo Stock Exchange.

## EVALUATION OF THE BOARD AUDIT COMMITTEE

The performance of the Committee is evaluated periodically with the support of the Group Business Process Review Division. The evaluation process involves Committee members and key participants, including senior management, Internal Auditors, and External Auditors. The outcome of the evaluation is reviewed by the Committee and communicated to the Board.

## CONCLUSION

Based on the reviews carried out during the year, including audit findings, management representations, assurances provided by senior management, and discussions with the internal and external auditors, the Committee is satisfied that the Company maintained an effective system of internal controls, governance, risk management, and financial reporting throughout the financial year under review.

The Committee is also of the view that the Company complied with applicable legal and regulatory requirements, including the Companies Act, Sri Lanka Accounting Standards, the Listing Rules of the Colombo Stock Exchange, and other relevant reporting requirements.



**Aroshi Nanayakkara**  
Chairperson – Audit Committee

26 May 2026

# Corporate Governance

## Human Resources and Compensation Committee

Role: Determines Remuneration Policy and reviews implementation of the same, reviews and ratifies the remuneration of key executives.

### Composition

- The Committee comprises of three Non-Executive Directors, out of which two Directors are Independent Non-Executive Directors.
- The Chairperson of the Committee is an Independent Non-Executive Director.

The Non-Executive Directors appointed to the Committee shall be independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

Company Secretary is the Secretary of the Committee.

Name of Director	28.07.2025	Eligibility to Attend	Attended	Date of appointment
Mr J Durairatnam - Chairperson	✓	1	1	1/10/2024
Mr A S De Zoysa	✓	1	1	1/10/2024
Mr. J G A Cooray	✓	1	1	1/10/2024

### Scope

- (a) Adhere to the compensation and benefit policies, plans and programmes of the Company, to ensure that the Company maintains fair, appropriate and competitive remuneration practices that align with the Group's remuneration practices, benefit plans, strategies and performance objectives, whilst taking into consideration other stakeholder interests.
- (b) Ratify the performance appraisals of the KMPs of the Company, as deliberated and approved by the Group Career Committee (comprising of the Chairperson-CEO and the Group Executive Committee) of the ultimate parent company, John Keells Holdings PLC (JKH).
- (c) Review and monitor the performance of the Company's top talent for purposes of organisational growth and succession planning, with particular emphasis on succession at KMP levels.

## REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Committee is governed by a Charter (Terms of Reference) that defines its mandate, functions, composition, and practices. The Charter is reviewed periodically to ensure alignment with regulatory requirements and corporate governance best practices, including Section 9.12 of the Listing Rules. The Company Secretary serves as its Secretary.

The Committee plays a vital role in the Company's governance framework by ensuring compensation and benefits policies are fair, competitive, and aligned with the John Keells Group's compensation philosophy. It reviews and ratifies the performance appraisals of the Key Management Personnel, who are pivotal in shaping business strategy and decision-making, while also making recommendations to the Board. Additionally, the Committee monitors and evaluates top talent performance to support organisational growth and succession planning, with a focus on key executive roles. In fulfilling these responsibilities, it ensures the alignment of stakeholder interests, the retention of top talent, and compliance with legal and regulatory standards.

The Chairperson of the Committee updates the Board on pertinent matters during Board meetings, ensuring key developments and relevant issues are addressed. The Committee confirms compliance with the Companies Act No. 07 of 2007 regarding Director remuneration and confirms that no individual was involved in decisions concerning his/her own remuneration. Performance appraisals, along with short-term and long-term incentive calculations for the Key Management Personnel, were conducted in line with approved processes and the framework of the John Keells Group. As part of its governance responsibilities, the Committee conducted a self-evaluation of its performance for the year and concluded that its functions were carried out effectively in accordance with the Committee Charter.



**J Durairatnam**

Chairperson of the Human Resources and Compensation Committee

26 May 2026

## Nominations and Governance Committee (Asian Hotels and Properties PLC)

Role: Lead the process of Board appointments and recommendations to the Board and to define and establish a nomination process for Directors.

### Composition

- The Committee comprises of Non-Executive Directors, out of which two Directors are Independent Non-Executive Director.
- The Chairperson of the Committee is an Independent Non-Executive Director
- Company Secretary is the Secretary of the Committee.

In the absence of the Chairperson, and when duly excused, those present may appoint an Independent Non- Executive Director to chair the meeting.

The composition of the Committee as of 31 March 2026, along with the members' attendance at Committee meetings is provided below.

The Company Nominations and Governance Committee met on one occasion during the period from April 2025 to March 2026

Name of Director	28.07. 2025	Eligibility to Attend	Attended	Date of appointment
Mr A S De Zoysa - Chairperson	✓	1	1	1/10/2024
Mr J Durairatnam	✓	1	1	1/10/2024
Mr K N J Balendra	✓	1	1	1/10/2024

### Scope

- To lead the process of Board appointments and inductions, and to make recommendations to the Board in respect of all new appointments, as well as the re-election or re-appointment of Directors retiring in accordance with the Articles of Association, contractual obligations, or applicable law.
- To define and establish the processes governing the nomination and re-election or re-appointment of Independent Non-Executive Directors and Non-Independent Non-Executive Directors.
- To ensure the establishment of an appropriate methodology for the periodic self-evaluation of the Board, to be facilitated by an Independent Director, with the results subsequently reviewed and discussed at Board level.
- To review and recommend an appropriate corporate governance framework in alignment with the JKH Group, taking into account applicable laws, regulations, regulatory requirements, and relevant industry and international best practises.

## NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The Nomination and Governance Committee, appointed by the Board, is constituted in compliance with the Listing Rules and the Company's Corporate Governance framework. Governed by a Charter (Terms of Reference), it defines the Committee's mandate, functions, composition, and operative practices, reviewed annually for alignment with regulatory requirements, including Section 9.11.5 of the Listing Rules and corporate governance best practices voluntarily adopted by the Company. The Company Secretary serves as its Secretary.

The Committee reaffirmed its mandate to:

- Lead the process of Board appointments and to make recommendations to the Board in respect of all new Board appointments, and the re-election/re-appointment of those retiring in terms of the Articles of Association, under contract or applicable law.
- Oversee the process of appointment, re-election and re-appointment of Directors to the Board of the Company, in accordance with the John Keells Group's philosophy and framework on matters pertaining to the appointment and tenure of Directors of the listed Subsidiaries.
- Ensure a comprehensive Board induction process is in place and is carried out in a timely manner.
- Define and establish processes for the nomination and re-appointment/re-election of Independent Non-Executive Director and Non-Independent Non-Executive Directors.
- Ensure that there is an acceptable methodology in place to periodically carry out a self-evaluation of the Board, which will be administered by the Chairperson of this Committee and the outcomes discussed at the Board level.

# Corporate Governance

- Review and recommend an overall corporate governance framework, considering applicable laws, rules, regulatory requirements and industry/international best practices.

## Activities During the Year

During the financial year ended 31 March 2026, the Committee undertook the following key activities:

- Collaborated with the Board in reviewing the skills and competencies required for effective Board functioning.
- Prioritised Board balance and diversity by considering a broad range of factors including experience, skills, age, gender, and other attributes to foster a well-rounded mix of perspectives that enhance decision-making and Board performance. These considerations were integrated into the Director appointment process.
- Evaluated all appointments and re-appointments to the Board, ensuring that all appointments were made in alignment with the Company's corporate governance policies and framework, including succession planning, and were conducted in an informed, equitable, and impartial manner, with no individual participating in decisions pertaining to their own appointment/re-appointment.

The following Director appointments to the Board of the Company were recommended in accordance with the nominations and re-election policy, following due diligence and a thorough review of each Director's qualifications, experience, compliance with fit and proper requirements, and, where applicable, independence criteria:

- Mr. N N Mawilmada, Non-Independent, Non-Executive Director (new appointment)
- Mr. M H Singhawansa, Non-Independent, Non-Executive Director (new appointment)

- Ensured that in accordance with Article 84 of the Company's Articles of Association, one-third of the Directors on the Board being subject to retirement by rotation by virtue of being the longest-serving members in office (excluding the Chairperson) retired by rotation at each Annual General Meeting. Additionally, ensured adherence to Article 91, requiring Directors appointed during the year, if any, to retire at the first Annual General Meeting following their appointment.
- During the year, the following Directors, retiring under Article 84 and being eligible for re-election, were presented along with their respective profiles, to the shareholders of the Company for re-election at the Annual General Meeting held on 26 June 2025:
  - ★ Mr. J G A Cooray – Non-Independent, Non-Executive Director
  - ★ Mr. J. Durairatnam – Independent, Non-Executive Director
- Ensured that newly appointed Directors were provided with an induction to the Company and the Group together with an induction pack containing key governance documents.
- Ensured that all Directors, including Independent Non-Executive Directors, remained informed of regulatory updates, governance developments and significant matters relevant to the Company and the Group, through periodic briefings at Board and Board Committee meetings from the Chairperson, Executive Directors, Company Secretary, and senior management and through Board notes.

- Reviewed general disclosure of interests, statutory and fit and proper declarations submitted by Directors and confirmed their eligibility in accordance with the Listing Rules and applicable governance requirements.
- Reviewed the independence declarations submitted by Independent Non-Executive Directors and confirmed their compliance with the criteria outlined in Rule 9.8.3 of the Listing Rules.
- Reviewed key Company policies ensuring compliance with Rule 9.2 of the Listing Rules.

## Director Profiles and Information Disclosures

The profiles of the Company's Directors, including details of their first appointment to the Board, most recent re-appointment, nature of Directorship, appointments to Board Committees, principal commitments and positions held and any relevant relationships (including relationships with other Directors, the Company, or significant shareholders of the Company), are provided in the Board and Management Profiles and Corporate Governance Commentary sections of this Annual Report.

## Directors retiring at the Annual General Meeting of the Company for the financial year 2025/2026.

The following Directors who are retiring under Articles 84 and 91 of the Articles of Association of the Company will be placed before the shareholders at the Annual General Meeting of the Company for re-election:

Members proposed for re-election	Nature of Directorship	Date of first appointment as a Director	Date of last re-appointment as a Director	Current, membership in Board Committees . Other principal commitments and a other relationships
Ms. A Nanayakkara (Article 84)	Independent Non-Executive Director,	25 June 2021	21 June 2022	
Mr. N N Mawilmada (Article 91)	Non-Independent, Non-Executive Director	8 September 2025	N/A	The details are provided in the Board Profiles and Corporate Governance Commentary sections of this Annual Report
Mr. M H Singhawansa (Article 91)	Non-Independent, Non-Executive Director	6 January 2026	N/A	

### Board and Board Committee Evaluations

- The Committee conducted a self-evaluation of its performance for the year and concluded that its functions were carried out effectively in accordance with the Committee Charter.
- All other Committees of the Board underwent similar performance assessments.
- The Board completed an annual self-assessment of its performance for the financial year 2025/26, the outcome of which were discussed between the Board and the Committee.

### Reporting

The Committee reports its activities at each Board Meeting of the Company.

#### Governance Practices and Compliance with Listing Rules

The Committee has reviewed the management report confirming compliance with the corporate governance framework and confirms that all applicable requirements under Section 9 of the Listing Rules have been met. The Company continues to strengthen its governance practices to promote transparency, accountability, and stakeholder confidence. A detailed statement of the Company's compliance with the Listing Rules may be found in the Corporate Governance Commentary section of the Annual Report.



#### **A S De Zoysa**

Chairperson of the Nominations and Governance Committee

26 May 2026

# Corporate Governance

## Related Party Transactions Review Committee

Role: Ensure that all related party transactions of the Company are consistent with the Code on Related Party Transactions issued by SEC and with the Listing Rules of the CSE.

## Composition

The Related Party Transactions Review Committee shall comprise of a minimum of three (3) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity

The Board shall appoint as the Chairperson a member of the Committee who is an Independent Non-Executive Director. The Chairperson of the Board shall not be the Chairperson of the Committee.

The Committee shall invite any person deemed necessary to assist in its work for meetings as and when necessary and seek expert/professional advice/guidance as deemed appropriate.

Chief Financial Officer – Leisure Industry JK Group is the Secretary of the Committee.

Below is provided the composition of the Committee as of 31 March 2026, along with the members' attendance at Committee meetings.

The Company Committee met on four occasions as at 31st March 2026

Name of Director	Date of Appointment	29/04/ 2025	25/07/ 2025	28/10/ 2025	21/01/ 2026	Eligibility to Attend	Attended
A Nanayakkara – Chairperson (INED)	01/10/2024	✓	✓	✓	✓	4	4
A S De Zoysa (INED)	01/10/2024	✓	✓	✓	✓	4	4
J Durairatnam (INED)	01/10/2024	✓	✓	✓	✓	4	4
<b>By Invitation</b>							
C L P Gunawardane (NED)		✓	✓	✓	✓	4	4
M R Svensson (NED)		-	-	-	-	0	0

## Scope

### 1. Functions and Role:

To develop and recommend for adoption by the Board of Directors of the Company and as relevant its listed Subsidiaries, a RPT Policy which is consistent with applicable laws, rules and regulations, the Operating Model and delegated decision rights of the John Keells Group and which sets out, amongst others, the following:

- Defining relevant requirements and threshold values for the Company in setting a benchmark for RPTs, including those requiring detailed discussion, the approval of the Board and/or annual review.
- The guiding principles on which RPTs require prior approval of the Board and which transactions do not require the prior approval of the Board and therefore, can be reviewed retrospectively.
- Establishment of the starting base for Recurrent RPTs.
- Guidelines which senior management must follow in dealing with Related Parties, including the conformance with Transfer Pricing regulations.
- Instances where an immediate market disclosure of the RPT is required.
- Instances where shareholder approval for the RPT is required.
- Formats to be used by the Company and Listed Subsidiaries/companies in presenting the RPT information to the Committee.
- To provide updates to the Board on any listed Subsidiaries/companies on a quarterly basis, of the RPTs pertaining to the Company and where relevant its listed Subsidiaries/companies as follows:
  - Starting Recurrent RPTs.
  - RPTs during the quarter.
  - RPTs which were above the thresholds.
  - Market announcements made in-keeping with the RPT disclosure guidelines.

## REPORT ON THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTRC)

### Committee Composition and Attendance

The RPTRC consists of three Independent Non-Executive Directors. Their profiles are available on pages 18 to 19 of the report. Meeting minutes of the Committee are regularly submitted to the Board of Directors. The composition and attendance of the Committee as of 31 March 2026 are outlined below.

Four meetings were held up to 31 March 2026.

### Committee Members

- Aroshi Nanayakkara (Chairperson) – Appointed: 01.10.2024 | Status: Independent Non-Executive Director | Attendance: 4/4
- Ashan De Zoysa – Appointed: 01.10.2024 | Status: Independent Non-Executive Director | Attendance: 4/4
- J. Durairatnam – Appointed: 01.10.2024 | Status: Independent Non-Executive Director | Attendance: 4/4
- Regular Invitees to Meetings:
- Changa Gunawardane - Secretary/ RPTRC AHPL Director/AHPL - Chief Financial Officer - Leisure Group

### Committee's purpose and policies

The primary role of the Committee is to ensure that all related party transactions (RPTs) conducted by the Company comply with the Code of Best Practices on RPTs issued by the Securities and Exchange Commission of Sri Lanka, the CSE Listing Rules, and all other relevant legal and regulatory frameworks.

The Committee's responsibilities include:

- Ensuring compliance with relevant rules and regulations.
- Safeguarding the interests of shareholders.

- Upholding fairness, integrity, and transparency in all transactions.
- Aligning the Company's RPT practices with the broader policies of the John Keells Group.

### Key Functions of the Committee

- o Formulating and recommending to the Board an RPT Policy aligned with applicable laws, regulations, and Group operational models. The policy outlines:
  - o Thresholds and criteria for RPTs.
  - o Which transactions require prior Board approval, and which may be reviewed post-transaction.
  - o Base values for recurrent RPTs.
  - o Guidelines for management when dealing with related parties, ensuring compliance with transfer pricing rules.
- Conditions under which immediate market disclosures or shareholder approvals are necessary.
- Templates for presenting RPTs to the Committee.
- Providing quarterly updates to the Board on:
  - Initiated recurrent RPTs.
  - All RPTs that were conducted in the quarter, including non-recurrent ones.
  - Transactions exceeding threshold values.
  - Relevant market disclosures.
  - Relying on validated internal processes and regular reporting from business units and key management personnel (KMP) to confirm:
    - Compliance with applicable codes and rules.
    - Shareholder protection.
    - Maintenance of transparency and fairness.
  - Reviewing and pre-approving all proposed non-recurrent RPTs.

- Conducting an annual review of recurrent RPTs.

Additionally, all senior executives, including Presidents, Executive Vice Presidents, CEOs, CFOs, and Financial Controllers across the Group, are designated as KMPs to promote transparency and sound governance. Each KMP submits an annual disclosure of any related party transactions they are involved in.



**Aroshi Nanayakkara**

Chairperson – Related Party Transactions Review Committee

26 May 2026

# Corporate Governance

## Project Risk Assessment Committee (JKH)

Role: Evaluate and assess risks associated with significant new investments at the initial stages of formulation and in any event prior to making any contractual commitments for the long term.

### Composition

- Should comprise a minimum of four Directors.
- Must include the Chairperson - CEO and Deputy Chairperson/Group Finance Director of JKH.
- Must include two Non-Executive Directors.
- The Chairperson must be a Non-Executive Director.

### Scope

- Review and assess risks associated with large-scale investments and the plans to mitigate them if mitigation is possible, and identify risks that cannot be mitigated.
- Ensure stakeholder interests are aligned, as applicable, when making investment decisions.
- Where appropriate, obtain specialised expertise from external sources to evaluate risks in consultation with the Group Finance Director.
- Recommend to the Board the necessary action required, to mitigate risks identified while evaluating a project to ensure that the Group Risk Matrix captures those risks for monitoring and mitigation.
- The Committee shall convene only when there is a need to transact in business as per the terms of its mandate.

Name of Director	Eligibility to Attend	Attended	Date of appointment
S S H Wijayasuriya	1	1	25/05/2018
D A Cabraal	1	1	01/10/2024
K N J Balendra	1	1	25/05/2018
J G A Cooray	1	1	25/05/2018

## REPORT OF THE PROJECT RISK ASSESSMENT COMMITTEE

H. Wijayasuriya (Chairperson)  
A. Cabraal  
K. Balendra  
G. Cooray

The Project Risk Assessment Committee was established with the purpose of augmenting the Group's Investment Evaluation Framework. The Committee provides the Board with enhanced illumination of risk perspectives with respect to large scale new investments and also assists the Board in assessing the potential impact of risks associated with such investments. Investments which are referred to the Committee are those which exceed a board-agreed threshold in terms of quantum of investment and/or potential impact to the Group. The Committee, accordingly, provides early-stage recommendations to the Board with respect to the extent of risk and adequacy of mitigation strategies.

During the year under review, the Committee reviewed the proposed Vauxhall Street development project comprising of ~750 apartment units in Colombo 2. The Committee evaluated the potential risks to the Group arising from the Project, including the financial risks arising from the proposed development under various scenarios. The assessment

of the Committee included stress-testing of key operating assumptions and consideration of de-risking strategies. The risks were also evaluated in the context of the project being developed on land presently owned by the Group as a part of its Land Bank. The Committee took cognisance of the fact that additionally, the project aligned well with the Group's broader objective of monetising the said land bank. The Committee also considered the emerging opportunities for apartment living in Colombo and the market dynamics, including insights and findings from independent market research. The Committee noted the competitive landscape and the value proposition of the proposed development. The Committee was satisfied with the risk parameters of the proposed development and approved the initiation of the next steps of the project and for subsequent submission for formal approval of the Board. The project has now been formally approved by the Board and launched in the market as Vauxhall DISTRICT by the Group.

Key Strategic Project Risk Assessments also included the two landmark investment projects - City of Dreams Sri Lanka and the West Container Terminal. Given the scale and impact of the risks and opportunities associated with the said projects and the commencement of operations in both projects, the committee and board were of the view that related deliberations should take place with participation of the full Board as regular board agenda items.



**H Wijayasuriya**  
Chairperson of the Project Risk Assessment Committee

25 May 2026

### 3.4 GROUP EXECUTIVE COMMITTEE, OTHER MANAGEMENT COMMITTEES AND ESG AND SUSTAINABILITY STEERING COMMITTEE.

The Group Executive Committee and the other Management Committees met regularly as per a timetable communicated to the participants six months in advance. In the absence of a compelling reason, attendance at these Committee meetings is mandatory for the Committee members. All the Committees carried out specific tasks entrusted to each component, as expected.

Whilst the Chairperson-CEO of JKH, Deputy Chairperson/Group Finance Director of JKH and Presidents of each business/functionary ultimately accountable for the Company/Group and the industry groups/sectors/business functions respectively, all decisions are taken on a committee structure as described below.

Whilst the Chairperson-CEO of JKH Deputy Chairperson/Group Finance Director of JKH and Presidents are ultimately accountable for the Company/Group and the industry groups/sectors/business functions respectively, all decisions are taken on a committee structure as described below.

#### Group Executive Committee (GEC)

As at 26 May 2026, the six-member GEC consisted of the Chairperson-CEO of JKH, the Deputy Chairperson/Group Finance Director of JKH and the Presidents of

each business/function. The GEC is the overlay structure that implements, under the leadership and direction of the Chairperson-CEO of JKH, the strategies and policies determined by the Board, manages through delegation and empowerment, the business and affairs of the Group, makes portfolio decisions and priorities the allocation of all forms of capital.

A key responsibility of the members of the GEC is to act as enablers of the JK Group's operating model, ensuring that strategic objectives are effectively implemented across all business functions, including operations, finance, human resources, technology, and risk management. The GEC members bring a wealth of experience, diverse perspectives, and deep expertise, strengthening both operational efficiency and strategic decision-making.

In addition, the Board delegates executive decision-making on sustainability impacts and strategies to address operational, sustainability, and climate-related risks and opportunities to the GEC, which is supported by the Environmental, Social, and Governance (ESG) and Sustainability Steering Committee and further assisted by the Presidents and the Sustainability and ERM division in managing these matters\*.

The GEC meets twice a month, in addition to the meetings that are scheduled as necessitated by the requirements of the JK Group.

#### Group Operating Committee (GOC)

As at 26 May 2026, the Group Operating Committee (GOC) included the Chairperson- CEO of JKH, Deputy Chairperson/Group Finance Director of JKH, Presidents and Executive Vice Presidents of the Leisure Group, and functional heads from Centre Functions.

The GOC meets monthly to share insights, identify synergies, and ensure alignment across the Group. The Company, under the Leisure Group of JKH, is regularly reviewed at these meetings, focusing on performance, strategy, and operational alignment, highlighting their central role in group governance.

#### Other Management Committees

At the Leisure Group, governance is driven through the Group Management Committee, Sector Committee, and Management Committee each operating at the Group, sector, and business unit levels. These Committees are designed to promote accountability and ownership at the operational level through structured teams and clear objectives. Their agendas are aligned to ensure effective, non-duplicative communication, enabling both top-down and bottom-up flows of information.

The Company, which is under the Leisure Group of JKH, is a key focus in these regular meetings, with ongoing reviews of its performance, strategic direction, and operational execution, reinforcing its pivotal role in overall governance.



# Corporate Governance

## ESG and Sustainability Steering Committee

ESG and Sustainability Steering Committee is a senior-level governance body that guides, oversees and supports the development, execution, and reporting of the Group's ESG strategy. It ensures ESG and sustainability priorities are embedded across the organisation by advising the Group Executive Committee, reviewing goals and performance, overseeing stakeholder engagement and materiality, managing sustainability-related risks, and ensuring strong ESG reporting, policies, and governance structures.

### 3.5 Employee Empowerment

The JK Group ensures that the necessary policies, processes and systems are in place to ensure effective recruitment, development and retention of the JK Group's employees - a vital stakeholder and key asset of the Group. The bedrock of these policies is the JK Group's competency framework, which has been further refined and updated to reflect the current needs of the JK Group. To support these policies, the JK Group continued with, and further strengthened, the following practices:

- Top management and other senior staff are mandated to involve, as appropriate, all levels of staff in formulating goals, strategies and plans.
- Decision rights were defined for each level of employment in order to instil a sense of ownership, reduce bureaucracy and speed-up the decision-making process.
- A bottom-up approach was taken in the preparation of annual and long-term plans and the JK Group also ensured employee involvement in strategy, and thereby empowerment.
- Organisational and Committee structures are designed to enable, and facilitate, high accessibility of all employees to every level of management.
- Open, honest, frank and constructive communication is encouraged at all levels. The JK Group strongly believes that constructive disagreement is essential for optimal decision making.

The AHPL group prioritizes a safe, secure and conducive environment for all its employees, allows freedom of association and collective bargaining, prohibits child labour, forced or compulsory labour and any discrimination based on gender, race, religion, gender identity, sexual orientation or any other difference, and promotes workplaces which are free from physical, verbal or sexual harassment.

## 4. INTEGRATED GOVERNANCE SYSTEMS AND PROCEDURES

Listed below are the primary governance systems and procedures of the JK Group, adopted by the Company. These systems and procedures strengthen the Company's Internal Governance Structure and are benchmarked against industry best practices.

- a. Strategy formulation and decision-making process
- b. Human resource governance
- c. Integrated risk management
- d. IT governance
- e. Tax governance
- f. Stakeholder management and effective communication
- g. Sustainability Governance

### 4.1. Strategy formulation and decision-making processes

#### Strategy Mapping

Strategy mapping exercises, concentrating on each business's short, medium, and long-term aspirations, are conducted annually and reviewed, at minimum, quarterly/ half-yearly or as and when a situation demands.

This exercise entails the following key aspects, among others.

1. Progress and deviation report of the strategies formed.
2. Customer insights and value proposition
3. Competitor analysis and competitive positioning.
4. Analysis of key risks and opportunities.
5. Management of stakeholders such as suppliers and customers.
6. Value enhancement through initiatives centred on the various forms of capital under an integrated reporting framework.
7. Review of ESG Considerations.
8. Digitisation and IT Strategy.

The strategies of the various business units operating in diverse industries and markets will always revolve around the JK Group strategy while considering their domain-specific factors. The prime focus is always to enhance value for all stakeholders. The JK Group's investment appraisal methodology and decision-making process ensure the involvement of all key stakeholders relevant to evaluating the decision.

In this manner:

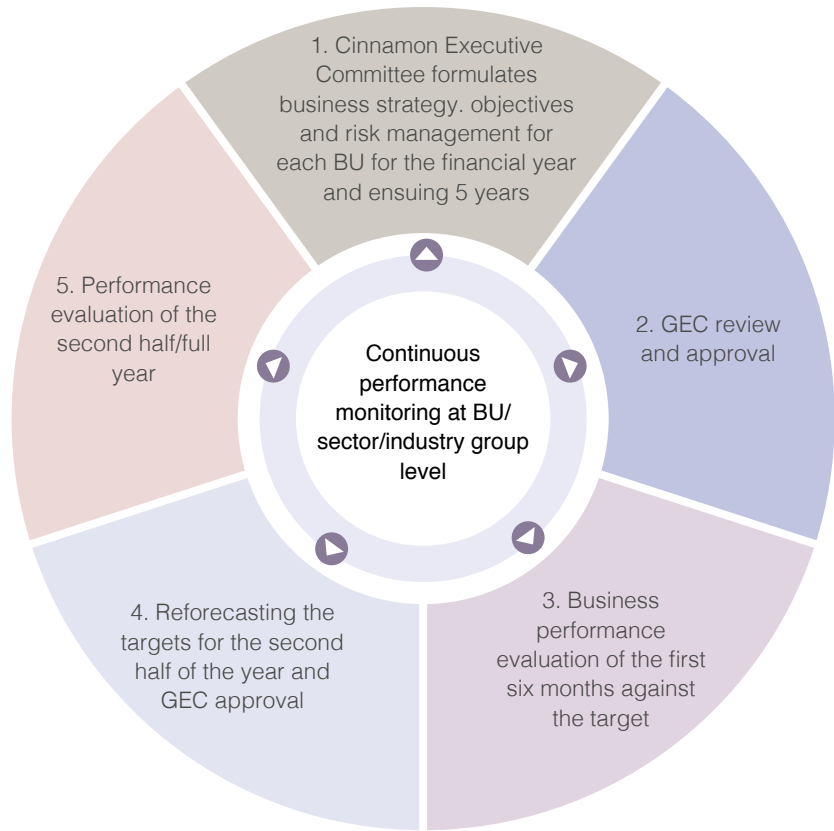
A broad range of views, opinions and advice is obtained before making an investment decision.

A holistic view is taken of any project's commercial viability and potential, including its operational, financial, funding, legal, risk, sustainability, and tax implications.

Sensitivity and scenario analyses are conducted to understand the macroeconomic environment impacts, especially during periods of volatility and uncertainty.

All investment decisions are consensual, made through the afore-discussed management Committee structure, where no single individual has unfettered decision-making powers over investment decisions.

The Chairperson of JKH is ultimately responsible and accountable for the investment decision. The following section further elaborates on the JK Group's strategy formulation and planning process.



**Medium-term Strategy**

The ensuing section illustrates the comprehensive process followed by each business in developing its strategy for the medium- term.

**Performance Measurement**

Measure of performance against:

- Promises
- Annual plans and projects
- Long-term initiatives
- Financial objectives

Values and Promises	Brand and Business Review	Brand Plan	Long-term Business Plan	Annual Business Plans
<ul style="list-style-type: none"> <li>• Identification of the core values the business will operate with and the internal promises that the business will strive to deliver to stakeholder interests</li> </ul>	<ul style="list-style-type: none"> <li>• Review of global and regional trends</li> <li>• Identification of insights, risks, challenges, opportunities and implications, collated into key themes</li> </ul>	<ul style="list-style-type: none"> <li>• Identifying key activities required to be undertaken under each theme and the articulation of the varied brand-led themes and activities</li> <li>• Identification of KPIs to measure delivery of promises</li> </ul>	<ul style="list-style-type: none"> <li>• Setting of a long-term goal and agreeing on the core pillars that would deliver growth</li> <li>• Target setting, scheduling activities and identifying workstreams to execute long-term initiatives</li> <li>• Identifying operating and capital expenditure along with capability resources</li> </ul>	<ul style="list-style-type: none"> <li>• Articulation and approval of detailed project plans for execution of workstreams</li> <li>• Approval of Annual Business Plans</li> </ul>

# Corporate Governance

## Project Approval Process

Projects undertaken within the JK Group are supported by comprehensive feasibility assessments that evaluate key business considerations across multiple scenarios, within a sustainability-driven framework. This assessment extends beyond financial viability to encompass a broader scope, including risk management, sustainable development, ESG considerations, and human resource implications.

In line with the decision rights matrix, and following review by the relevant Leadership Committee and the granting of in-principle approval, a multidisciplinary project team progresses to the next phase of evaluation. This phase focuses on detailed operational, commercial, financial, and legal due diligence, including a thorough assessment of ESG impacts and associated risks. Concurrently, engagement is initiated with regulatory and licensing authorities, financial institutions, potential partners, and worker representatives, as deemed appropriate and necessary.

- Where the transaction involves the transfer or lease of land, title searches would be conducted for private and State land. In the case of state land, every action will be taken to ensure compliance with the relevant rules and regulations. As appropriate, written authority and approvals will be obtained.
- Any project which involves bidding on contracts and tenders, including those of local and foreign governments and related bodies, is executed in conformance with the JK Group's policy on bidding on contracts and tenders. It is noted that, while the Company currently has no contracts with any local and foreign Governments, the Company and its Subsidiary will disclose the same in its financial statements, in such an event.
- Where the project is a part of a privatisation, the entire process will be conducted in line with the directives of the relevant administrative authority as communicated through expressions of interests, request for proposals, pre-bid meetings, official approvals and correspondence.

Subsequent to the project satisfying the above highlighted criteria, the final approval to proceed will be granted by the Board. Based on thresholds of the investment quantum, the Project Risk Assessment Committee of JKH, on behalf of the Board, will review and assess risks associated with such investments and the mitigatory plans thereto, if mitigation is possible, and identify risks that cannot be mitigated. The aim of this intervention is to ensure alignment with the interest of various stakeholders and to recommend to the Board, necessary action required, to mitigate risks that are identified in the course of evaluating a project in order to ensure that those risks are captured by the JK Group's Risk Matrix for monitoring and mitigation. When appropriate, the GEC is empowered to approve such proposals in terms of the delegated decision rights with the Board being kept informed.

The aforementioned project appraisal framework flow is illustrated below:



## 4.2. Human Resource Governance

The Company's Human Resource Governance framework is aligned with the policy framework of the Parent Company, John Keells Holdings PLC (JKH), and reflects industry best practices. It is founded on the principles of trust, fairness, and integrity, with the objective of fostering an inclusive and equitable workplace where all employees can thrive. The Company's Code of Conduct clearly articulates the ethical standards expected of all employees. Continuous engagement and open dialogue are encouraged on a wide range of matters, from work-related concerns to issues of broader interest that may impact employees and their families. An open-door policy is upheld across the Company and its Subsidiary and is actively promoted at all levels.

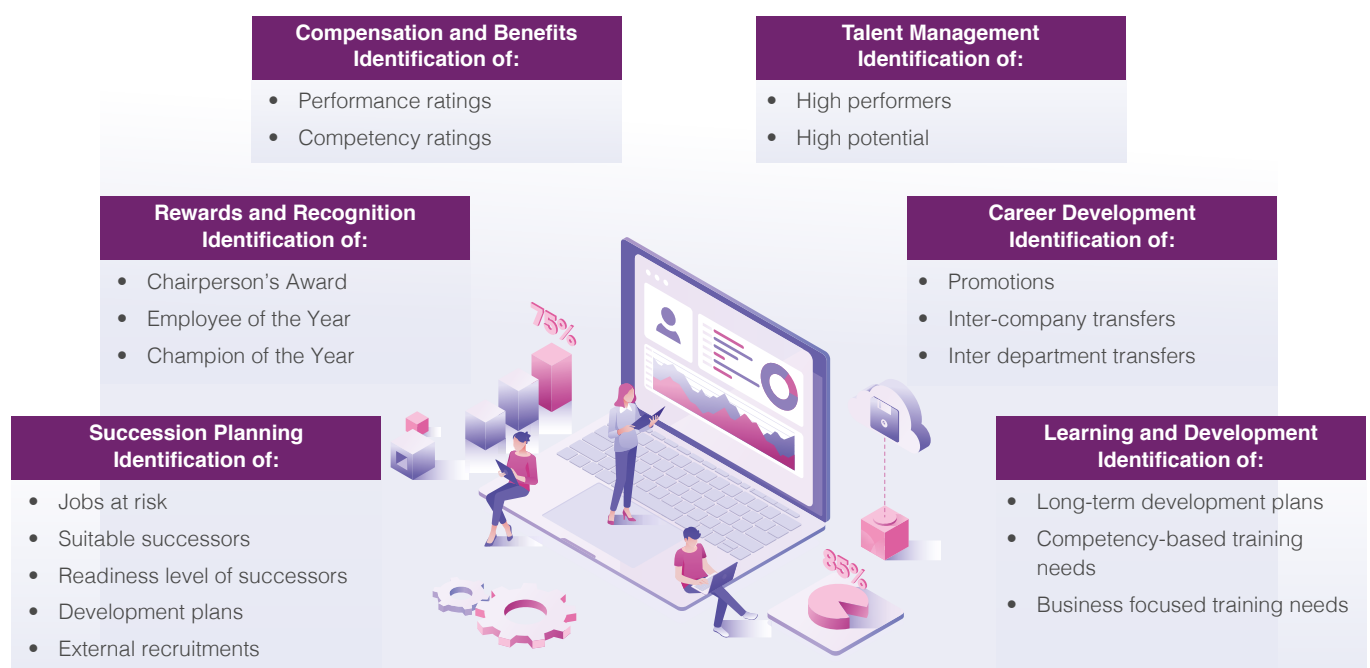
The Human Resource Information System (HRIS) supports the effective management of the entire employee lifecycle, encompassing onboarding, performance management, succession planning, compensation, learning and development, and offboarding.

The Group's decentralised HR model empowers individual properties with greater autonomy and flexibility, thereby enhancing employee engagement and responsiveness to evolving workforce needs. In addition, the continued integration of digital solutions has enabled the streamlining of processes and improved operational efficiency, supporting higher levels of engagement across the organisation.

## Performance Management

The Performance Management System, as illustrated below, supports human resource management processes such as learning and development, career development, succession planning, talent management, rewards/ recognition and compensation/benefits.

### PERFORMANCE MANAGEMENT SYSTEM



Whilst employees are appraised on their performance, equal emphasis is placed on how well they embody the JK Group Values of Caring, Trust, Integrity, Excellence, and Innovation. During 2025/26, the Company and its Subsidiary remained aligned with the broader JK Group people and culture initiatives, incorporating these values across key implementations and employee engagement practices.

- The Temporary Crisis Allowance, which was originally introduced to support employees amid challenging macroeconomic conditions in January 2023, was consolidated into the basic salary as part of the annual increment cycle.
- As a response to the devastating impacts of Cyclone Ditwah, in December 2025, employees were given the option to voluntarily donate

one day's wages toward flood relief, channelled through the Chamber of Commerce of Sri Lanka. Additionally, the Group Executive Committee approved a special relief framework to support employees impacted by Cyclone Ditwah.

- The Company continued to offer all employees 100 days of parental leave, underscoring its commitment to employee wellbeing, work-life balance, gender equity, and shared parenting responsibilities. During the period, 22 males and 1 females opted for 100 days parental leave.
- The JK Group partnered with a multinational analytics and advisory company to conduct its annual employee engagement survey, adopting a more performance and productivity focused engagement model. Using the globally

benchmarked Q12 framework, the survey generated data-driven insights into employee experience and key areas for development in support of a high-performance, inclusive workplace culture. The methodology empowers managers to take ownership of outcomes through targeted action planning, supported by benchmarking and analytics that drive continuous improvement and strengthen organisational performance. The leadership team of the JK Group, comprising of the GEC, GOC and heads of HR participated in a workshop to develop the teams ability to guide and empower their teams to develop and implement action plans and on key tactics to understand and engage more effectively with the relevant teams.

# Corporate Governance

- The JK Group along with AHPL Group embarked on a project to develop, articulate and institutionalise the JK Group Employer Value Proposition (EVP). A series of programs and initiatives have been identified for implementation to support the EVP, with the support of a globally recognised consulting firm. The process was anchored in listening to employee voices through a JK Group-wide survey and focus group discussions, complemented by leadership consultations with the Group Operating Committee and the Human Resources Group Management Committee (HRGMC). Phase 1 included the development of a clear EVP statement and supporting pillars, articulating the value the JK Group offers its employees in return for the knowledge, skills and capabilities they bring to the organisation. Phase 2, scheduled for rollout in FY2026/27, will focus on taking the EVP to market and embedding it across the organisation.
- In collaboration with a global consulting company, the JK Group embarked on a project to review the JK Group's total rewards philosophy.
- The JK Group introduced financial well-being programmes led by internal and external experts, offering practical guidance on financial discipline and decision-making. AHPK Group also implemented tailored well-being initiatives suited to their specific operational contexts.
- The JK Group reviewed and renewed its employee Code of Conduct to broaden its reach and content and to ensure relevance with current workplace trends and culture.

The Company and its Subsidiary's Compensation Policy are as follows:

Performance Management	Satisfaction
'Pay for performance' Greater prominence is given to the incentive component of the total target compensation.	'More than just a workplace' Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.
Compensation Policy	
<ul style="list-style-type: none"> <li>• Compensation comprises of fixed (base) payments, short-term incentives, and long-term incentives.</li> <li>• Higher the authority levels within the JK Group, higher the incentive component as a percentage of total pay.</li> <li>• Greater the decision influencing capability of a role, higher the weight given to organisational performance as opposed to individual performance.</li> <li>• Long-term incentives are in the form of Employee Share Options and cash payments.</li> </ul>	
Internal Equity	External Equity
<ul style="list-style-type: none"> <li>• Remuneration policy is built upon the premise of ensuring equal pay for equal roles.</li> <li>• Manager and above level roles are banded using the Mercer methodology for job evaluation, on the basis of the relative worth of jobs.</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed compensation is set at competitive levels using the median, 65<sup>th</sup> percentile and 75<sup>th</sup> percentile of the best comparator set of companies (from Sri Lanka and the region, as relevant) as a guide.</li> <li>• Regular surveys are done to ensure that employees are not under / over compensated.</li> </ul>

During the year a comprehensive designation levelling and salary band realignment exercise was carried out to align with bench-marked international players. This is in line with our policy of ensuring internal and external equity.

## Employee Share Option Plan

The JKH Employee Share Option Plans are offered at designated career levels, based on pre-defined and consistently applied eligibility and performance criteria. These long-term incentives play a significant role in fostering a strong sense of ownership among recipients and serve

as a key driver of performance-based rewards. Share options are granted based on individual performance as well as the anticipated strategic value of the employee's contribution to the future growth and direction of the JK Group.

JKH issues share options not exceeding a specified percentage of the total issued shares of JKH as at the date of awarding every such option, which is subject to in-principle approval of the CSE and shareholder approval, by way of a Special Resolution at a General Meeting

## 4.3. Integrated Risk Management

The risk management programme of the AHPL Group is aligned with a broader sustainability framework, focusing on the identification, evaluation, and management of significant risks across the JK Group. This includes the stress testing of various risk scenarios and ongoing assessment of materiality. The programme is designed to ensure that risks arising from the Group's diverse operations are effectively managed, thereby supporting the creation and preservation of stakeholder value.

Enterprise risk, audit, and incident management processes are facilitated through an automated risk management platform, which maintains dynamic, real-time risk registers linked to specific business objectives and accountable personnel. The system's features, including timely alerts on action plans and escalation protocols for overdue actions, support the continuous monitoring and effective management of risks across the organisation.

Continuous steps taken towards promoting the Company and its Subsidiary's integrated risk management process are:

- Integrating and aligning activities and processes related to planning, policies/ procedures, culture, competency, internal audit, financial management, monitoring and reporting with risk management.
- Support executives/managers in moving the organisation forward in a cohesive, integrated, and aligned manner to improve performance while operating effectively, efficiently, ethically, and legally within the established limits for risk taking. The risk management programmes have allowed greater visibility and understanding of risk appetites. Enabled by the automated risk management platform, key management personnel have virtual visibility of the risks, as relevant, while the Board has visibility of all Company and its Subsidiary's risks.

The Board, GEC and Group Management Committee, and the Cinnamon Executive Committee oversee risk management across the Company to ensure that risks are brought within tolerance, managed and/or mitigated.

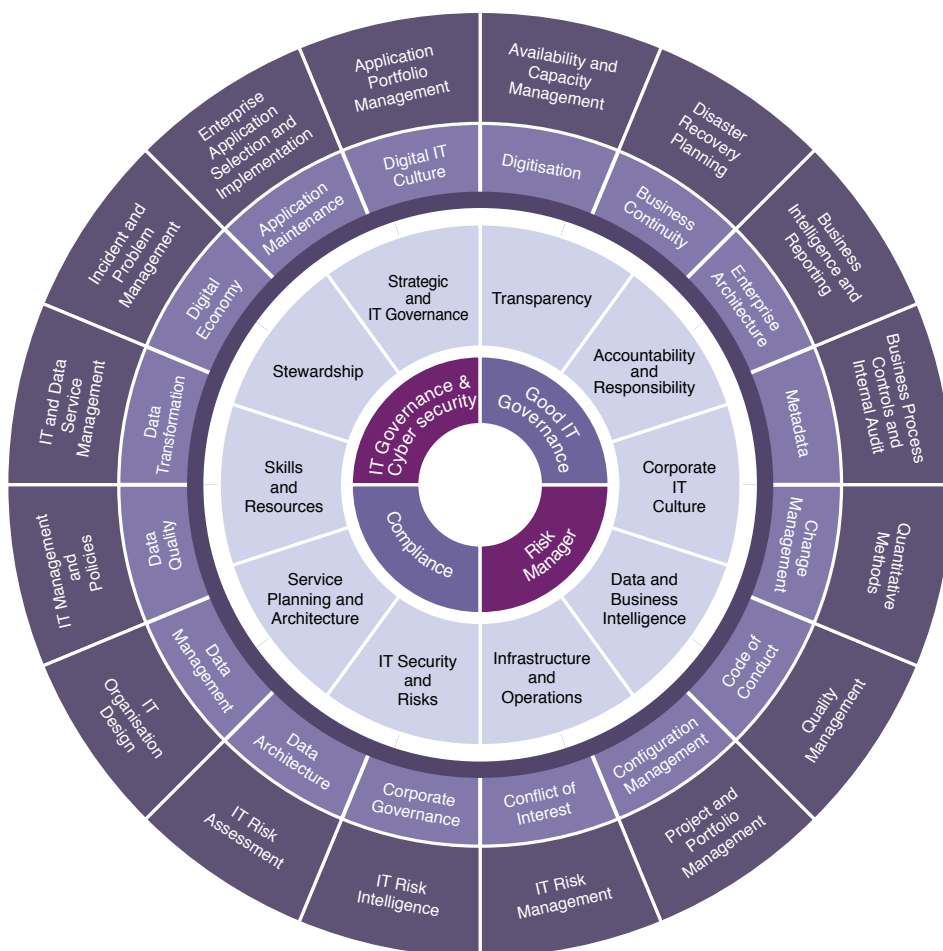
Please refer to the Risk Management Report on page 179 and Notes to the financial statements

#### 4.4. Information Technology Governance

IT governance stewardship roles within AHPL are governed through layered and nested Committees, cascading from the Group Executive Committee (GEC) to the JK Group IT Steering Committee and the JK Group IT Operations Committee. As a subsidiary of John Keells Holdings (JKH), AHPL operates within this overarching governance framework, with well-defined roles and responsibilities assigned at the Group, industry group, and business unit levels, ensuring alignment with JKH's enterprise-wide IT governance standards while addressing AHPL's specific operational requirements.

The JK Group's IT governance framework focuses on five broader segments: strategic alignment, value delivery, performance management, risk management, and resource management. Additionally, the IT governance framework used within the JK Group leverages best practices and industry-leading models such as CoBIT (Control Objectives for Information and Related Technology), ISO 35800, ISO27001, ISO 9001:2015, COSO(Committee of Sponsoring Organisations of the Treadway

Commission)/BCP (Business Continuity Planning), ITIL (Information Technology Infrastructure Library), CMMI (Capability Maturity Model Integration), NIST (National Institute of Standards and Technology), FAIR (Factor Analysis of Information Risk), among others, in formulating a state-of-the-art framework for IT governance, risk and compliance management across the JK Group. The key focus areas of the governance framework are as follows:



# Corporate Governance

The JK Group continually focuses on enhancing the IT governance framework in line with its business and IT strategies with a focused shift towards a zero-trust model built on a mobile-first, internet-first, cloud-first and AI-first strategy

Privacy, data and cybersecurity have emerged as material topics for the JK Group, as well as the Company and its Subsidiaries, driven by the increasing reliance on digital platforms, data-enabled processes, cloud services and interconnected technologies across its operations. While these capabilities play a critical role in enhancing customer experience, operational efficiency and decision-making, they also heighten exposure to cyber threats, data breaches, regulatory risk and potential reputational impact. Accordingly, the JK Group has adopted a structured, risk-based and policy-led approach to managing privacy, data and cybersecurity, supported by Group-wide governance frameworks, IT policies and risk management practices. The JK Group IT governance framework is implemented as a baseline standard across all businesses and is aligned with the data security requirements of the Sustainability Accounting Standards Board (SASB) and Professional and Commercial Services Standard.

## Key Initiatives during the year

### Transition to SAP RISE:

- Building on initiatives commenced in the previous year, the JK Group, together with the Company and its Subsidiary, progressed several strategic priorities aimed at strengthening governance, modernising core systems, and enhancing enterprise-wide controls. A key milestone was the successful phased transition to SAP RISE, implemented in partnership with an international consulting firm. This transformation established a standardised, cloud-enabled platform, significantly improving system integration, data consistency, and operational resilience.

- The enhanced data architecture provides real-time visibility into performance, enabling faster and more informed decision-making. Advanced analytics and interactive dashboards further strengthen performance management and organisational responsiveness. The platform also streamlines processes, reduces manual intervention, and improves accuracy, control, and auditability, while leveraging the scalability and enhanced security of a cloud-based environment.
- In parallel, the adoption of SAP Signavio has strengthened process intelligence and continuous improvement capabilities, enabling data-driven monitoring and optimisation of end-to-end processes. This enhances standardisation, transparency, and governance, while improving efficiency and alignment with the JK Group strategic objectives.

### Zero Trust Security Model:

In alignment with the JK Group, the Company and its Subsidiaries strengthened the adoption of the Zero Trust Security Model, enhancing controls across identity, devices, networks, applications, and data.

- Key improvements during the year included enhanced identity-based access controls, strengthened network security, and the transition to a Secure Service Edge (SSE) architecture, enabling more effective threat detection, monitoring, and policy enforcement.
- These enhancements support secure, location-agnostic access to systems and data, while reducing reliance on traditional perimeter-based security models. A structured implementation approach, supported by cross-sector validation through User Acceptance Testing (UAT) teams, ensured consistent adoption across the JK Group, together with the Company and its Subsidiary, while the incorporation of audit recommendations further strengthened the control environment and overall cyber resilience.

## 4.5. Tax Governance

The JK Group tax governance framework and tax strategy adopted by the AHPL and its Subsidiaries, are guided by the overarching principles of compliance, transparency, and accountability. It ensures that tax decisions contribute to sustainable business practices, respect societal norms and are aligned with ethical corporate behaviour.

### Key components of the framework are:

- Keeping abreast with local and international tax laws and regulations to avoid non-compliance and reputational damage.
- Transparency in tax disclosures to stakeholders, ensuring clarity on tax strategies and practices.
- Accountability to stakeholders, ensuring that tax obligations are met in a socially responsible manner, balancing shareholder interests with societal responsibilities.

To ensure that this approach is embedded across the organisation, all business units are required to adopt the JK Group Tax Policy on identified issues developed from time to time as tax legislation and regulatory practices evolve as part of operational and financial decision-making. The policy is documented and/or communicated through the respective heads of tax having oversight of the industry groups. This integration ensures alignment of day-to-day decisions by finance and operations teams with the Group's overall tax principles and tax related ESG commitments.

### Governance Structure

- The JK Group's Tax Governance Structure is overseen by the Deputy Chairperson/Group Finance Director of JKH who provides oversight to ensure that the tax strategies align with the JK Group, together with the Company and its Subsidiary overall ESG objectives.

- Voluntary compliance, transparency and efficient tax management are key aspects of the JK Group, together with the Company and its Subsidiary's overall tax strategy.
- This is enabled through a decentralised tax structure where expertise is built at each industry group level to oversee tax compliance and execute the tax strategy, ensuring compliance with existing laws and changes to legislation, and managing tax risks for the JK Group, together with the Company and its Subsidiaries.
- The Head of Tax of each industry group, reporting functionally to the JK Group Head of Tax Strategy, ensures uniformity of interpretation, robust compliance management and rollout of Group tax strategy across all businesses.
- The JK Group Head of Tax Strategy provides periodic updates to the GOC and senior finance teams on significant tax matters, including risk exposures, compliance outcomes, and strategic tax positions, at scheduled monthly meetings, ensuring executive-level accountability.

### Policy and Strategy

Ensures the following, taking into account the JK Group business models, supply and value chains, structure, assets, investments and financing:

- Integrity of all reported tax disclosures.
- Robust controls and processes to manage tax risk.
- Openness, honesty, and transparency in all dealings.
- Presence of legitimate business transactions underpinning any tax planning or structuring decision/opportunity.

Contribute to fiscal policy formulations constructively in the interest of all stakeholders.

The JK Group approach to tax risks follows a structured process.

- Tax risks are identified through periodic tax risk assessments, review of transactions prior to transactions, and ongoing monitoring of relevant legislative developments.
- These risks are managed through appropriate mitigation measures, including technical assessments, obtaining external tax opinions where necessary, and established approval processes for significant tax positions.
- Monitoring of such risks is carried out through compliance dashboards, regular tax team meetings, and escalation of material risks to the Deputy Chairperson/Group Finance Director, GEC or the Board of Directors as appropriate.

### Role

- Implement and maintain strong tax compliance and review processes for current and potential business operations and transactions.
- Analyse and disseminate business impact from changes in tax legislation.
- Provide clear, timely, and relevant business focused advice across all aspects of tax.
- Ensure availability of strong and well documented technical support for all tax positions.
- Obtain independent/external opinions where the law is unclear or subject to interpretation.
- Foster healthy professional relationships with all regulatory authorities.

### Review and Monitoring

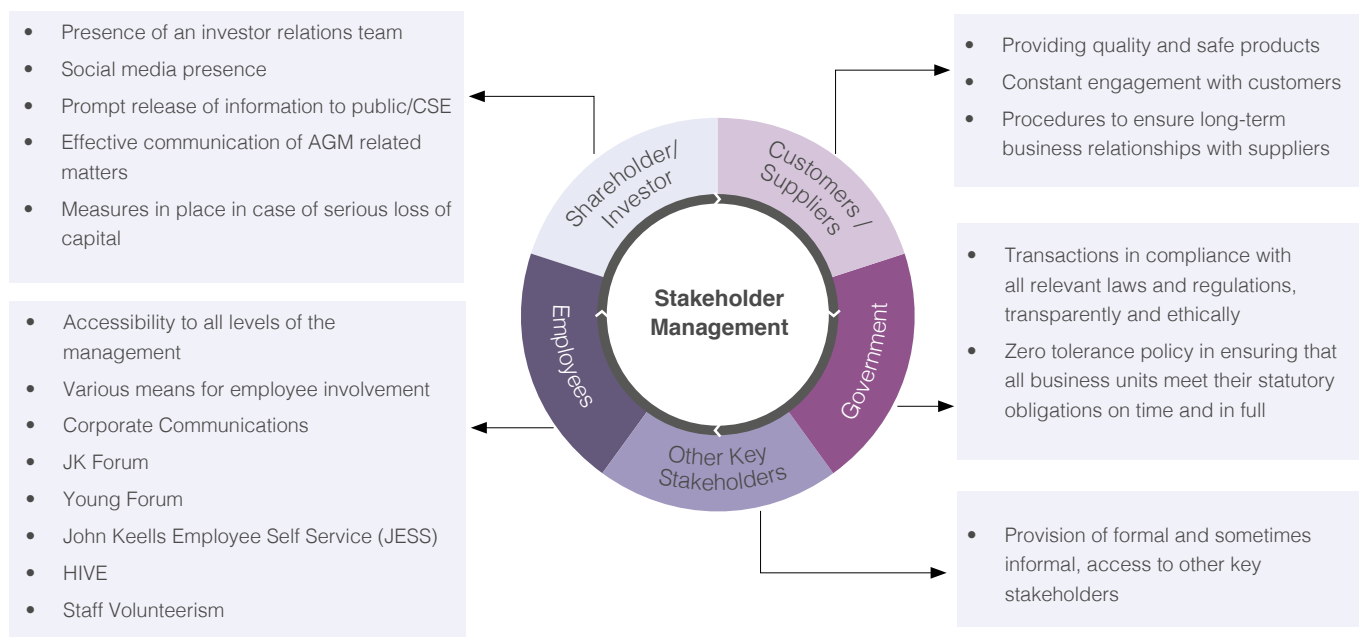
- Leverage on digital platforms to support, record and report on tax compliance status across the Group.
- Continuous dialogue and scheduled meetings of the AHPL Tax team to ensure uniformity of tax interpretation and application.
- Monitored through internal controls including compliance reporting measures and, external audit reviews.
- Discussion and signoff by the Board of Directors on any significant tax positions with supporting legal rationale.
- Quarterly updates and submissions, as applicable, to the Board of Directors on Group Tax positions.
- Compliance with the tax governance framework is evaluated annually through internal and external audit reviews and periodic independent assessments, with findings and remediation plans reported to the respective Audit Committees/Group Audit Committee.

By adhering to this framework, the Group ensures that its tax practices are both legally compliant and ethically responsible, supporting sustainable growth while creating value for all stakeholders.

### 4.6. Stakeholder Management and Effective Communication

Following are the key stakeholder management methodologies adopted by the JK Group. The Group has multiple channels enabling effective communication, where material concerns regarding the operations of the Company are communicated to the stakeholders.

# Corporate Governance



## Policy on Corporate Disclosures and Relations with Shareholders and Investors

This policy ensure that required information, other than confidential business information, is disclosed to the public, investors, employees, customers, creditors and other relevant stakeholders in a timely, accurate, complete, understandable, convenient and affordable manner, in compliance with the Group's governing framework and listing regulations of the Colombo Stock Exchange (CSE). The policy covers matters related to shareholders and investors of the JK Group such as disclosures of material information, financial information, Annual Reports, press releases and website management.

Corporate disclosures and relations with shareholders and investors are mainly centrally managed at JKH, on behalf of the JK Group companies.

This Policy is governed by the Company's Board of Directors and is periodically reviewed by the Board to ensure alignment with evolving regulatory changes, best practices and the strategic interests of the Group and its stakeholders.

A mechanism is in place under the policy for keeping Directors aware of major issues and concerns of shareholders.

## COMMUNICATION WITH SHAREHOLDERS

The AHPL Group promotes effective engagement with shareholders through multiple communication channels, including Annual General Meetings (AGMs), Extraordinary General Meetings (EGMs), Annual Reports, Interim Financial Statements, press releases, social media platforms, and announcements to the Colombo Stock Exchange (CSE). The Board acknowledges its responsibility to present a balanced, clear, and comprehensive assessment of the Company's financial position, performance, and future prospects. It remains committed to fair and transparent disclosure, ensuring the integrity, timeliness, and relevance of information provided, while safeguarding against the creation of a false market.

Shareholders may also direct queries and concerns to the Directors or Management at any time through the Company Secretaries, Keells Consultants (Pvt) Ltd. The Company Secretaries maintain a record of all correspondence received and keep the Board informed of matters raised by shareholders to ensure appropriate and timely resolution. Written queries are responded to in writing by the Company Secretaries, as appropriate.

Engagement Mechanism	Frequency
Annual Reports and AGMs	Annually
Extraordinary General Meetings	As required
Interim financial statements	Quarterly
Investor relations webinar	Quarterly
Investor presentations	As required, quarterly at a minimum
Transcript of the investor relations webinar	Quarterly
Press releases	As required
Announcements to CSE	As required
One on one discussions	As required
Investors' section in the Corporate website	Continuous
Feedback surveys	As required

## Investor Relations

The AHPL's Investor Relations team actively dialogues with shareholders, potential investors, investment banks, analysts, and other interested parties to ensure effective investor communication.

- The Investor Relations team has regular discussions with shareholders, as and when applicable, as well as analysts and stockbroking firms to disseminate highlights of the JK Group performance as well as to obtain constructive feedback.
- The online quarterly investor forums provide stakeholders the opportunity to directly engage with the JKH Chairperson-CEO and the Deputy Chairperson/ Finance Director JKH. The recording and the transcript of the investor forum is made available on the corporate website for reference of all stakeholders/shareholders.
- Quarterly Investor Presentations, which include an update on the latest financial results, are made available on the corporate website, to provide easier access and in-depth detail of the operational performance of the JK Group.
- Annual investor presentations, detailing an overview of the Group and industry group's financial and non-financial performance indicators, are made available on the corporate website, to provide easier access and an in-depth insight to the overall JK Group.
- Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the JKH by contacting the Investor Relations team, Secretaries, the JKH Chairperson-CEO or Senior Independent Director JKH.
- Whilst the JK Group will assist shareholders and investors to the extent permissible, in line with applicable regulations and internal policies, individual shareholders are encouraged to carry out adequate analysis or seek independent advice on their investing, holding or divesting decisions at all times.

## Release of Information to the Public and CSE

The Board of Directors, together with the Audit Committee where applicable, is responsible for ensuring the accuracy, completeness, and timeliness of all published information, and for presenting a true and fair view and a balanced assessment of the Company's performance in its quarterly and annual financial statements. Accordingly, the Company has presented a true and fair view of its financial position and performance for the year ended 31 March 2026, as well as at each quarter of the financial year 2025/26.

All material and price-sensitive information relating to the Company is promptly disclosed to the Colombo Stock Exchange (CSE) and communicated to employees, the media, and shareholders. Shareholders and investors are encouraged to engage with the Company by directing queries, requests for publicly available information, or feedback to the Directors or Management through the Company Secretary.

The Company is committed to maintaining open, transparent, and fair communication, with a strong emphasis on the integrity, timeliness, and relevance of disclosures. All information is carefully reviewed to ensure accuracy, clarity, and consistency, and to prevent the creation or perpetuation of a false or misleading market.

## Constructive use of the Annual General Meeting (AGM)

The Annual General Meeting (AGM) serves as the principal forum through which the Board engages with shareholders, discharges its accountability, and facilitates the expression of shareholder views. At the AGM, the Board provides an update on the Company's performance, and shareholders are afforded the opportunity to raise questions and seek clarifications prior to voting on resolutions. It is also the primary platform for shareholders to participate in key decision-making matters reserved for them, including the adoption of the Annual Report and Financial Statements, the appointment of Directors and Auditors, and other matters requiring special resolutions under the Articles of Association or the Companies Act.

The Chairperson ensures the presence of the Chairperson of the Audit Committee, members of the Board and its Committees, key management personnel, and External Auditors to address any queries raised by shareholders.

The Company utilises the AGM constructively to strengthen shareholder engagement and follows the practices set out below:

- Notice of the AGM and related documentation are made available to shareholders together with the Annual Report at least 15 working days prior to the meeting.
- A clear summary of voting procedures is communicated to shareholders.
- The Board ensures the attendance of the External Auditors at the AGM.
- Both Executive and Non-Executive Directors are available to respond to shareholder queries.
- The Chairperson ensures that relevant senior management personnel are present to address specific matters.
- Separate resolutions are presented for each item requiring shareholder approval.
- Proxy votes are recorded as votes for, against, and abstentions.
- The AGM for the year was conducted virtually, in compliance with the guidelines issued by the Colombo Stock Exchange (CSE).

## Serious Loss of Capital

In the unlikely event that the Company's net assets fall below half of its stated capital, shareholders will be notified, and the requisite resolutions will be passed on outlining the proposed way forward.

There was no serious loss of capital recorded during the year, hence no Extraordinary General Meeting was conducted

# Corporate Governance

## Extraordinary General Meetings, including Shareholder Approval through Special Resolution

The Company seeks shareholder approval, either via special or ordinary resolutions at an Extraordinary General Meeting (EGM), for transactions and events that are material to the Group or Company, in accordance with applicable law and the Articles of Association.

### 4.7. Sustainability Governance

The JK Group remains firmly committed to responsible business practices and the integration of environmental, social, and governance (ESG) considerations across its operations. Sustainability is a strategic priority and is embedded within business activities through the Group's overarching Sustainability Management Framework (SMF). In line with this Group-wide approach, the Company and its Subsidiaries have also adopted the SMF to ensure alignment with JK Group sustainability priorities and governance practices.

The SMF encompasses an annual internal materiality assessment which, from the current reporting year, is conducted on a double materiality basis, complemented by independent stakeholder engagements carried out approximately every two years. These assessments enable the Group to identify both impact and financial material topics. The framework further requires the development and continuous review of policies, procedures, and standard operating protocols to effectively manage these material issues, alongside the integration of financially material risks into the Group's Enterprise Risk Management (ERM) processes.

Key Performance Indicators (KPIs) are established to monitor and track performance against identified material topics. These are aligned with the Global Reporting Initiative (GRI) Standards to capture impact-based performance, and with Sustainability Accounting Standards Board (SASB) Standards and scenario analysis to assess financial implications on the Group's financial position.

The Group has implemented a sustainability performance management system that facilitates the collection of data at the business unit level, including the identification of critical concerns. This data is consolidated and presented on a quarterly basis to the Group Executive Committee (GEC), Group Operating Committee (GOC), Group Management Committees (GMCs), for performance evaluation and, where necessary, corrective action.

As part of the SMF, the Group is in the process of establishing dedicated Working Groups to drive progress towards Group-level ambitions and targets for selected material topics. Sustainability initiatives are identified based on current performance and desired outcomes, ensuring measurable returns from a sustainability perspective. The SMF cycle concludes with both internal and external assurance, along with the communication of progress through reporting aligned with GRI Standards, Sri Lanka Financial Reporting Standards (SLFRS), and the principles of the United Nations Global Compact (UNGC).



The JK Group's sustainability integration processes and management framework operate in close alignment with key functional areas, including human resources, health and safety, product responsibility, risk management, internal audit, legal and regulatory compliance, and corporate social responsibility. The framework is continuously reviewed and updated to remain responsive to evolving global sustainability standards and emerging best practices.

Pursuant to the adoption of SLFRS S1 and SLFRS S2 - the sustainability related financial and climate related disclosure standards issued by CA Sri Lanka - the JK Group undertook a structured implementation programme during the year under review to prepare for compliance with the Colombo Stock Exchange (CSE) reporting requirements, effective 1 January 2025. This process commenced with the engagement of an international consulting firm to conduct a comprehensive, Group wide gap analysis. Based on the findings of this assessment, the JK Group implemented the requisite frameworks, processes, and governance structures to support the enhanced disclosure requirements.

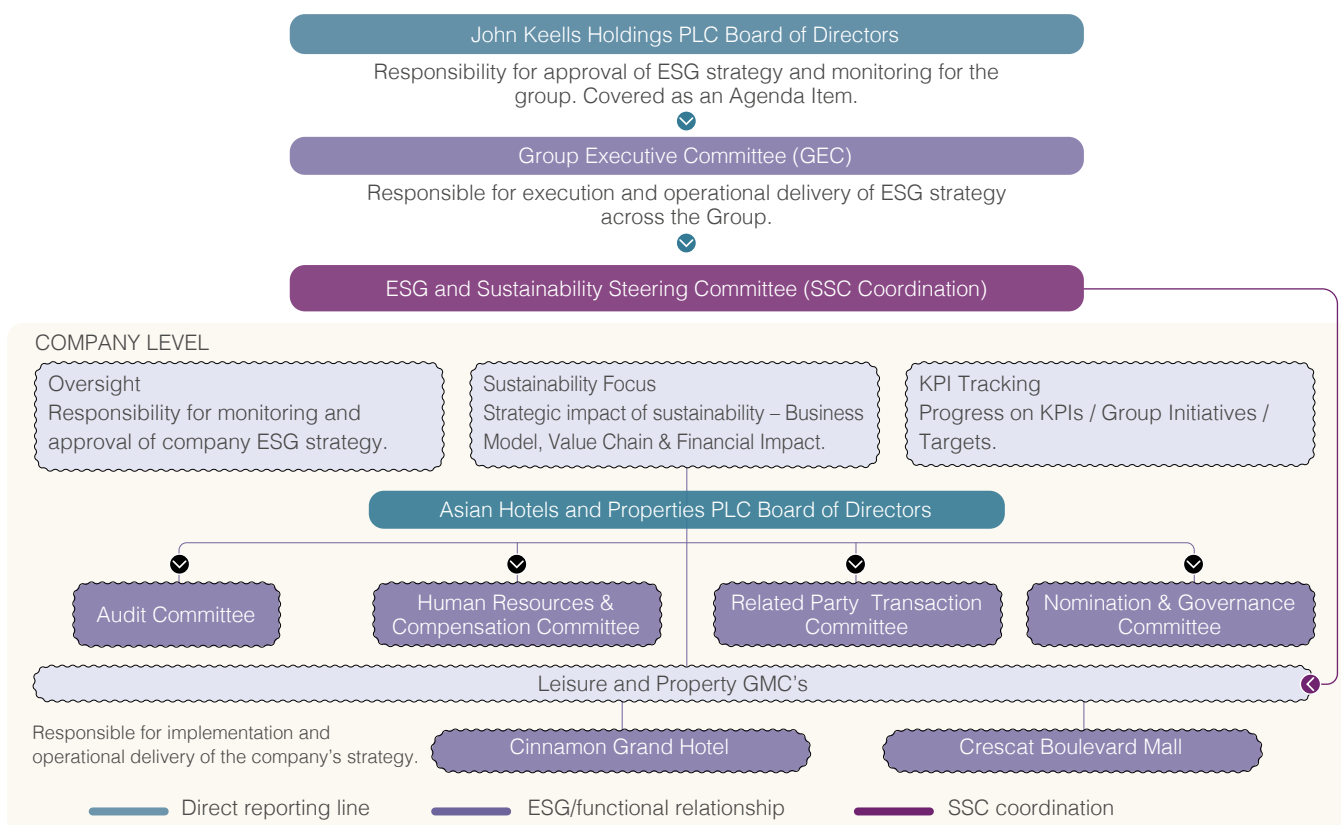
During the year, a series of workshops and working sessions for senior leadership and their teams were conducted with the consultants, amounting to over 25 such sessions across the JK Group, to build internal capability and deepen understanding of the standards and their implications for the JK Group's reporting and governance processes. These sessions were attended by key stakeholders, including the Group Deputy Chairperson / Group Finance Director, members of the Group Executive Committee, and representatives from the Sustainability, Risk, Corporate Finance, and Finance teams, reflecting their roles in the implementation and ongoing oversight of sustainability related disclosures.

To strengthen governance and strategic oversight, the JK Group established a ESG and Sustainability Steering Committee, which is responsible for overseeing sustainability related impacts, risks, and opportunities, including Sustainability Related Risks and Opportunities (SRROs) and Climate Related Risks and Opportunities (CRROs). The material SRROs and CRROs from a JK Group perspective were evaluated and presented to the GEC for subsequent approval and clearance by the Board as well. The Committee serves as the primary governance forum guiding the JK Group's sustainability agenda and ensuring alignment with the requirements of SLFRS S1 and SLFRS S2 as the JK Group progresses towards full implementation. In line with this Group-wide initiative, the company and its Subsidiary also aligned with the implementation program to ensure consistency with JK Group reporting and governance practices.

The Board retains ultimate responsibility for overseeing the Group's sustainability impacts on the economy, environment, and society, as well as sustainability- and climate-related risks and opportunities (SRROs/CRROs) that may materially affect the Company's financial position, performance, and resilience over the short, medium, and long term.

JKH Board oversight is supported by the Group Executive Committee (GEC), the ESG and Sustainability Steering Committee, and the industry group-level Group Management Committees (GMCs), as outlined below. This governance structure reflects the requirements of SLFRS S1 and S2, emphasising robust processes, controls, and procedures for the effective monitoring and management of sustainability and climate-related matters, while also aligning with the GRI Standards in managing the Group's broader economic, environmental, and social impacts.

**Governance structure of the ESG and Sustainability Steering Committee:**



# Corporate Governance

As the Group develops its sustainability ambitions, including climate ambitions and a transition pathway, governance remains focused on ensuring robust oversight, data integrity and decision-readiness, to support future target-setting and effective integration of sustainability and climate considerations into strategy and capital allocation decisions.

## Governance: Roles, Mandates, Procedures

Responsibilities for the oversight of sustainability- and climate-related risks and opportunities (SRROs/CRROs), as well as broader sustainability impacts, are embedded within the Group's governance framework and formalised through the Board Charter, the Group Executive Committee (GEC), and the Terms of Reference of the ESG and Sustainability Steering Committee, together with supporting policy frameworks.

These responsibilities extend to the governance and management of material sustainability impacts identified through the Group's double materiality assessment, with impact materiality serving as the foundation for identifying associated risks and opportunities.

In alignment with the Group's corporate governance framework, the Board has delegated primary responsibility for the implementation and management of sustainability impacts and SRROs/CRROs to the GEC. Such delegated responsibilities seek to ensure the effective execution and monitoring at management level while ensuring that the Board retains clear oversight of the Company's impact on the environment, society and economy as well as the sustainability and climate-related risks and opportunities arising from the Company's activities.

This governance approach, as adopted by the Company, supports the alignment with both the Global Reporting Initiative (GRI) Standards, which emphasise impact materiality across a broad range of stakeholders, and the requirements of SLFRS S1 and SLFRS S2, which focus on financial materiality for investors and primary users of financial reports.

The structure further ensures that sustainability impacts, alongside SRROs/CRROs, are integrated into operational decision-making, resource allocation, and Group-wide performance management, while maintaining appropriate Board-level oversight.

Performance relating to material sustainability impacts and SRROs/CRROs, together with mitigation actions and associated metrics, is communicated through a structured reporting framework, including dashboards, enterprise risk management (ERM) reports, and targeted briefings, with timely escalation to the appropriate decision-making levels. Impact-related information, including material impacts identified across the value chain, is communicated through the same mechanisms, ensuring a cohesive approach to governance and escalation across impacts, risks, and opportunities.

The ESG and Sustainability Steering Committee meets periodically and reports to the GEC, highlighting key outcomes, recommendations, follow-up actions, and relevant developments in emerging regulations and sustainability and climate-related frameworks.

## The Board

The Board of Directors of the Company is responsible for overall governance and oversight of the Company's sustainability topics that have an impact on broader stakeholder groups, as well as the SRROs and CRROs, as set out in the Board Charter. The Board's responsibilities include:

- Overseeing the strategic direction and material sustainability impact topics, SRROs/CRROs, and consider their implications for long term value creation, approving related major sustainability commitments, including the climate ambitions and transition plans, and governance actions where required.
- Reviewing sustainability impacts, impact management and mitigation strategies, and SRROs and CRROs at Board meetings held quarterly, ensuring alignment with the Group's strategic direction and evolving external expectations.

- Ensure adequacy of systems, policies, controls and capabilities to facilitate timely flow of decision-useful to the Board relating to sustainability impacts, SRROs and related performance metrics.

## Information flow and frequency

The Board receives regular and structured information, primarily through its members who represent the leisure industry GMC, unless otherwise noted. These include:

- Quarterly reports on sustainability disclosures, internal controls and assurance outcomes.
- Consolidated Sustainability and ESG reports from the ESG and Sustainability Steering Committee via Board Papers.
- ERM reports incorporating climate-related risks within the Group risk register.
- Dashboards, sector summaries and ad hoc briefings on significant regulatory developments, sustainability matters or ESG related incidents.

Historically, the Board has overseen sustainability impact management through the approval of Group policies, as adopted by the Company, impact-based KPIs and oversight of capital allocation and operational initiatives. As the Group's climate ambitions are being developed and adopted by the Company, the Board's current focus includes assessment of emerging climate risks and integration of climate considerations into long term strategic planning. The Board will review and approve the Company's climate ambitions and transition plan upon completion.

## Skills and expertise

The Board's collective expertise across finance, strategy, risk management, governance, operations, technology and regulation, supported by structured briefings from the GMC, training programmes and engagement with external subject matter specialists, ensures robust oversight of the Company's sustainability impacts and SRROs/CRROs, in alignment with JK Group practices.

Following the implementation of SLFRS S1 and SLFRS S2, the Group has further strengthened its sustainability governance architecture, including the development and enhancement of underlying frameworks, policies and processes. In line with this, the Company has adopted these enhancements to support its own sustainability governance and reporting requirements. This has involved sustained engagement with management and cross-functional teams, dedicating significant time to building organisational understanding and capabilities, and establishing the foundational building blocks necessary to support robust, consistent and decision-useful sustainability reporting.

### Group Executive Committee (GEC)

In line with the Group's Operating Model, as further outlined in the Corporate Governance Commentary of this Report, the Board has designated the GEC as the principal governance body with delegated decision-making authority for the management and mitigation of sustainability impacts and SRROs/CRROs. The Company operates within this framework, with the GEC exercising oversight over Company-level execution. The GEC ensures that sustainability impacts and SRROs/CRROs are appropriately incorporated into its meeting agenda for regular discussion and consideration.

The responsibilities of the GEC includes:

- Overseeing the Group's sustainability and ESG framework; including the approval of strategies, targets, policies and key sustainability disclosures.
- Ensuring integration of sustainability impact mitigation and SRROs/CRROs into strategic planning, ERM and long term value creation initiatives.
- Reviewing recommendations from the ESG and Sustainability Steering Committee to monitor and manage material stakeholder expectations, regulatory requirements and recognised good practice.

- Evaluating whether material sustainability impacts, dependencies and SRROs/CRROs are appropriately reflected in the Group's risk management framework and business strategy.
- Overseeing the integrity, completeness and consistency of internal and external sustainability reporting and ESG disclosures.

### Information flow and frequency

The GEC receives structured quarterly updates on sustainability impacts, SRROs/CRROs, mitigation progress and related performance metrics; In addition, GEC receives annual updates on outcomes of materiality assessments, assurance requirements and key stakeholder insights. These updates are prepared by the ESG and Sustainability Steering Committee with inputs from the relevant sector GMCs.

### Skills and expertise

The GEC draws on the collective strength of its members, including expertise in governance, financial oversight and strategic leadership. Its competence is reinforced by structured updates from the ESG and Sustainability Steering Committee, including the inputs from the Sustainability function and the Working Groups on ambitions, as well as targeted capacity-building initiatives aligned to evolving priorities.

The GEC remains current with emerging sustainability and climate-related regulations, voluntary standards and reporting developments and, where specialist input is required, engages internal and external subject-matter experts. These arrangements enable the GEC to effectively evaluate material sustainability impacts and SRROs/CRROs, oversee execution of the Group's sustainability agenda, and to support robust, consistent and reliable sustainability and ESG disclosures.

### ESG and Sustainability Steering Committee

The ESG and Sustainability Steering Committee serves as the structured conduit to the GEC, coordinating and

operationalising the Group's sustainability and climate agenda. The Committee receives relevant information and updates from the Sustainability and ERM function as well as the respective sector level GMCs, as applicable.

The ESG and Sustainability Steering Committee is headed by the Deputy Chairperson/Group Finance Director of JKH. The committee convenes at least once a quarter or at appropriate intervals and otherwise as required.

The responsibilities of the ESG and Sustainability Steering Committee includes:

- Consolidating value-chain and life-cycle analysis across sectors to identify key dependencies, impacts, risks and opportunities.
- Recommending Group-wide sustainability and ESG strategies, policies and targets to the GEC and Board for review and approval and supporting execution across sectors and functions.
- Monitoring Sustainability impacts and ESG/climate risks and opportunities, including reviewing the outcomes of impact and financial materiality assessments, and emerging sustainability related issues.
- Assessing the effectiveness of the sustainability governance structures, processes and controls; and supporting stakeholder engagement and disclosure readiness.
- Supporting compliance with Group-wide Sustainability and ESG policies, codes of conduct and relevant external standards.
- Ensuring that key stakeholder insights are appropriately reflected in the Group's sustainability priorities and decision-making.
- Reviewing disclosure readiness, including the adequacy of Sustainability and ESG-related reporting, and ensuring that relevant policies remain current, effective and fit for purpose.

# Corporate Governance

## Information flow and frequency

The ESG and Sustainability Steering Committee receives quarterly dashboards and formal reporting from Sector level GMCs to coordinate Group level oversight, including group-level risk reporting, sector ESG performance reviews, and updates on sustainability and ESG related disclosures, metrics, targets and methodologies.

## Skills and expertise

The ESG and Sustainability Steering Committee maintains and strengthens its collective competence through a combination of strong professional expertise and continuous development. This includes periodic briefings on emerging sustainability, climate and regulatory developments; participation in targeted training and internal capacity-building programmes; and engagement with internal and external subject matter experts. Drawing on access to multidisciplinary technical and sustainability knowledge within the Group, the Committee ensures that its approach to impact mitigation, target-setting, metrics, methodologies and disclosure requirements remains current and robust. This enables the ESG and Sustainability Steering Committee to effectively identify, assess and oversee the implementation of strategies to manage and mitigate sustainability-related impacts, risks and opportunities, review performance against established targets, and provide well-founded, informed recommendations to the GEC.

## Management's Responsibilities and Role

Management is responsible for operationalising the Company's sustainability impacts and sustainability and climate-related strategies and initiatives through defined committees, reporting lines and internal controls. Execution is delegated to Leisure Sector and Property Sector GMC, with oversight exercised through structured reporting as outlined previously.

## Delegation and Oversight

Execution of sustainability impact management strategies, and sustainability and climate-related strategies and

initiatives, is delegated to the industry group/sector level GMCs at a business level.

These GMCs play a central role in the Group's sustainability governance architecture by serving as the leadership bodies responsible for embedding sustainability impact management, SRROs/CRROs into operational and strategic decision-making. Their primary responsibility is to translate the Group's material Sustainability topics, ESG and climate ambitions set through the ESG and Sustainability Steering Committee, guided by GEC oversight and Board approval, into actionable, sector-specific strategies.

The responsibilities of GMC's include:

- Translating Group level sustainability priorities into sector-specific plans and roadmaps, by embedding long term sustainability value creation objectives and considerations into the sector business plan, budgets, operational enhancements and resource allocation decisions with clear ownership, timelines and performance indicators.
- Identifying SRROs and CRROs across the sector value chain; assessing associated sustainability impacts; and defining appropriate mitigation, adaptation or opportunity capture. This process is informed by business-level value chain and life-cycle assessments and supported by senior management review and approval.
- Monitoring emerging regulatory, market and technological developments; assessing implications for the sector; and strengthening readiness through targeted training and capacity-building initiatives, supported by documented policy and regulatory readiness tracking.
- Proposing sector level goals, targets and KPIs for Group-level consideration; establishing baselines and measurement methodologies; tracking and reporting progress; and validating the completeness, accuracy and credibility of sector data and supporting documentation to enable assurance readiness.

- Ensuring that sustainability impacts and SRROs/CRROs are explicitly considered in material investments, including implications for asset and supply-chain resilience, operating costs, value creation, transition alignment and key implementation dependencies, with documented trade-offs and mitigation measures presented for decision-makers.
- Reviewing sector sustainability reporting inputs and escalating material matters, including significant impacts, incidents, emerging risks or material deviations, in accordance with established reporting and escalation procedures.

The Leisure Sector and Property sector GMC will take these sustainability related matters up at least quarterly with the above responsibilities forming standing agenda items

Oversight of business level execution is exercised through a structured escalation framework as follows:

- Leisure Sector and Property sector GMC submit quarterly updates to the ESG and Sustainability Steering Committee covering sector performance, sustainability impacts, changes in SRROs and CRROs, emerging issues and progress against key deliverables.
- The ESG and Sustainability Steering Committee consolidates sector insights, applies cross-Group consistency checks, and elevates material matters and recommendation from a double materiality perspective to the GEC.
- The GEC reviews material items and strategic implications and escalates issues to the Board where strategic direction or significant decisions are required.

This governance approach ensures that sector-level execution remains closely connected to Group-level oversight and decision-making, with clear escalation pathways for material sustainability impacts, SRROs and CRROs, enabling the preparation of transparent, decision useful sustainability and climate-related disclosures.

## Controls and Procedures

Sustainability impacts, along with sustainability- and climate-related information, are identified and captured at the business unit level and channelled through a defined reporting framework. These are assessed from both impact and financial materiality perspectives and escalated in accordance with the Group's sustainability governance framework and Enterprise Risk Management (ERM) processes.

Management applies formal controls and established procedures to ensure effective oversight of the Sustainability Management Framework. These include integrated ESG data management systems, internal audit and assurance processes, cross-functional coordination mechanisms, and standardised approaches to risk identification, assessment, and reporting. Collectively, these controls are designed to enhance data quality, consistency, accountability, and decision-readiness across the governance structure.

## Integration into Strategy and Decisions

The Board considers sustainability impacts, CRROs and SRROs as part of its oversight of the Group's overall strategy, major decisions and Group risk management framework and impact mitigation activities. In doing so, the Board considers how these matters may influence the Group's business model, its corporate responsibility efforts ensuring that impacts on the economy, environment and society are managed, ensuring organisational resilience and long term value creation, and ensures they are addressed through appropriate governance, policies and management actions.

The GEC assesses sustainability impacts, CRROs and SRROs when developing and refining the Group's strategic priorities. This includes evaluating how sustainability impacts, CRROs and SRROs may affect long term competitiveness across business units, considering opportunities related to energy efficiency, resource optimisation, and emerging regulatory expectations

and assessing the readiness of business units to support future climate ambitions, whilst ensuring responsible business operations meeting the expectations of a broad stakeholder groups including but not limited to investors.

When evaluating material investments, the GEC assessment will include exposure to physical and transition climate risks, potential impacts on operating costs, asset resilience, and long term value and alignment with emerging climate-related commitments. These evaluations also consider material impacts on society and the environment, including potential trade-offs between short term financial performance and longer term impact-related outcomes.

The ESG and Sustainability Steering Committee translates Group priorities into sector-level actions, decision inputs and performance monitoring. It provides the GEC with structured analysis by consolidating cross-functional insights from operational leaders and functional experts (including finance, risk, legal/compliance, HR and operations), ensuring recommendations reflect both execution realities and governance expectations.

In practice, the ESG and Sustainability Steering Committee supports strategy by:

- supporting sector plans and key initiatives to ensure they are aligned to Group Sustainability and ESG priorities and identifying delivery gaps.
- assessing emerging SRROs and CRROs and translating these into clear implications for business plans; and
- ensuring that material investment include decision-useful sustainability inputs - such as key impacts on broader stakeholder Groups, SRROs/CRROs affecting business operations, implementation readiness, data and metrics considerations, and proposed mitigation strategies.

When material investments are reviewed, the ESG and Sustainability Steering Committee applies a consistent evaluation lens to surface what management needs to address before decisions are taken - e.g. impact to key stakeholders, society and the environment, organisational resilience considerations, cost and feasibility implications, delivery dependencies and reporting requirements. The ESG and Sustainability Steering Committee also supports the quality of trade-off discussions by setting out practical options and helping decision-makers balance short term performance with longer term commitments and risk exposure.

## Targets, Monitoring, and Remuneration

The Board of Directors oversees the development of targets relating to the Group's material sustainability impacts, as well as sustainability- and climate-related risks and opportunities (SRROs/CRROs), and monitors progress against these targets as they are established. Responsibility for the formulation and implementation of such targets has been delegated to the Group Management Committee (GMC), working in collaboration with the ESG and Sustainability Steering Committee. These bodies are currently leading the development of the Group's sustainability impact targets, including its climate-related ambitions and associated performance indicators.

During the 2025/26 reporting cycle and beyond, the GEC, through the ESG and Sustainability Steering Committee, is focused on validating baseline metrics and assessing the feasibility of future targets. Regular updates are provided to the Board to support effective oversight and informed decision-making.

In line with the transition relief provisions under SLFRS S1, the Group has not yet established specific climate-related targets nor linked remuneration directly to such metrics. However, broader ESG considerations are incorporated into the strategic priorities of key executives. The Board, together with the Human Resources and Compensation Committee

# Corporate Governance

(HRCC), will evaluate the integration of sustainability-related performance measures into executive remuneration frameworks once the relevant targets have been finalised.

The Board, through the HRCC, will review and approve the incorporation of such metrics into remuneration policies following the development and formal approval of the Group's climate ambitions and transition pathways, in accordance with the Group's approval framework.

## 5. ASSURANCE MECHANISMS

The Assurance Mechanisms comprise a range of supervisory, monitoring, and benchmarking processes within the Company's corporate governance framework, designed to measure actual performance against planned objectives. These mechanisms facilitate the identification of variances, signalling the need for corrective action and enabling timely remediation where required. They also function as integral safeguards and internal controls within the governance system. The Company conducts both internal and external audits on a periodic basis, with a minimum frequency of once annually.

As detailed in the sections that follow, the Company has established multiple channels for the escalation of concerns to the Group Management Committee (GMC) or the Board, as appropriate. Apart from matters relating to significant operational transactions, no critical issues with a material adverse impact on the Company were raised during the year.

### 5.1 Key Internal Policies

The Company's policy framework is largely aligned to that of the JK Group and tailored to suit the specific requirements of the industry wherever relevant. Policies are reviewed and updated regularly to ensure relevance to internal dynamics and the external landscape. The Board shall monitor adherence to the policies and where relevant, will inquire into and take requisite steps to address any material departures.

#### Key Internal Policies:

- Policy on Conduct and Business Ethics supported by the:
  - Code of Conduct, encompassing policies on gifts, entertainment, facilitation payments, the protection of proprietary, confidential and personal information, insider trading and conflicts of interest.
  - Supplier Code of Conduct, outlining expected adherence to applicable legal requirements, governance standards, ethical business practices, and responsible conduct in alignment with the Group's values.
- Policy on Corporate Governance
- Policies at a Board level, including the Policy on Matters Relating to the Board of Directors (BoD), Policy on Board Committees and Policy on Nominations and Re-election
- Policy on Remuneration
- Policy on diversity, equity and inclusion, including a gender policy
- Policies on equal opportunities, non-discrimination, career management and promotions, including on employees with disabilities
- Recruitment and selection, rewards and recognition, and learning and development policies
- Leave (which also encompasses the equal parental leave), flexi-hours, teleworking and agile working policies including health and safety enhancements and protocols
- Policy against sexual harassment
- Policy on forced, compulsory child labour and child protection
- Group accounting procedures and policies which includes the Policy on Control and Management of Company Assets and Shareholder Investments and the Policy on the Engagement of the External Auditor for Non-Audit Services
- Policies on fund management and foreign exchange risk mitigation
- Environmental, Social and Governance (ESG) Policy and the Group's sustainability policies including policies on energy, emissions, water, waste management and biodiversity conservation
- Policies on products and services
- Policies on Information Technology (IT), classification of information assets, Personal Data protection and security
- Enterprise Risk Management and Internal Controls Policy
- Policy on Anti-Bribery, Anti-Corruption, Anti-Fraud, Anti-Money Laundering, Anti-Terrorism and Proliferation Financing and Sanctions.
- Policy on Corporate Disclosures and Relations with Shareholders and Investors
- Policy on communications and ethical advertising, complemented by social media and crisis communication guidelines
- Policies on Whistleblowing (Speak up Policy), grievance handling and disciplinary procedures, including the Ombudsperson policy

The JK Group's policy commitments are available to all employees of the Company via the JK Group's employee portal. These policies are approved by the Group Executive Committee with Board oversight.

During the year under review, the JK Group strengthened its ESG Policy in alignment with the implementation of SLFRS S1 and SLFRS S2 disclosure requirements. The policy was updated to reflect the governance and process enhancements introduced as part of the implementation of these standards. No other material changes were done to the JK Group policies during the reporting period, and all the policies were complied with and no waivers from compliance or exemptions for the internal code of conduct and business ethics were granted during the year under review.

During the year under review, the JK Group strengthened its Environmental, Social and Governance (ESG) Policy in alignment with the implementation of SLFRS S1 and SLFRS S2 disclosure requirements. The Company and its Subsidiary has adopted and aligned its sustainability framework with these enhancements, ensuring consistency with the JK Group's approach to governance, accountability, and sustainability reporting. The policy was updated to reflect the governance, accountability and process enhancements introduced as part of this implementation, including further clarity on the Board oversight of sustainability and climate related risks and opportunities, strengthened management ownership and accountability, and the integration of climate related risks into the Group's Enterprise Risk Management framework.

In addition to aligning with SLFRS S1 and S2, the policy was further refined to incorporate the principles of double materiality, enabling the JK Group and the Company to systematically consider both the financial impacts of sustainability and climate related risks and opportunities, as well as the Group's impacts on the economy, environment and society. The update also incorporated the adoption of more standardised metrics and reporting processes.

Collectively, these enhancements support a more structured approach to the identification, assessment and management of sustainability and climate related impacts, risks and opportunities, while embedding both impact and financial materiality considerations into Company's strategic decision making and disclosures.

## 5.2. The Code of Conduct

The Code of Conduct acts as a vital conduit between the governance framework of Asian Hotels and Properties PLC and its employees, serving as the primary mechanism through which the Company's policies, ethical standards, and corporate values are operationalised across the organisation. Aligned with the broader governance principles of the JK Group, the Code reinforces expected standards of integrity, accountability, professionalism, and responsible conduct in all business activities of AHPL.

During the year the JK Group revisited and updated its Code of Conduct to provide employees with a clearer, more comprehensive, and practical guide that reflects the evolving regulatory landscape, strengthened compliance requirements, and emerging environmental and workplace considerations. The updated Code addresses issues most relevant to employees and reinforces the JK Group's core values of Integrity, Trust, Excellence, Caring, and Innovation, promoting ethical behaviour, accountability, and a culture of responsible business practices across the organisation.

The Code of Conduct is incorporated as part of the contract of employment of every employee. For new joiners in the executive and above levels, the content of the Code of Conduct and JK Group policies is covered via an induction to the JK Group and a mandatory e-learning module whilst copies of the Code are available in Sinhala and Tamil languages for employees who are more conversant in those languages.

Through the Code of Conduct, all Group policies apply to all employees and Directors. The Company Leadership, both the Board of Directors and the Group Executive Committee, spearheads the implementation of the Code.

The objectives of the Code of Conduct are strongly affirmed by the strong set of values and 4 key principles, which are enumerated below, and are well institutionalised at all levels within the Group through structured communication.

### JKH Code of Conduct

- Allegiance to the Company and the Group, that ensures the Group will do the right thing, by going further than the letter of any contract, the law and the Group's written policies.
- Compliance with rules and regulations applying in the territories that the Group operates in.
- Conduct all businesses in an ethical manner at all times in keeping with acceptable business practices and demonstrate respect for the communities the Group operates in and the natural environment.
- Exercise of professionalism and integrity in all business and public and personal transactions.

Employee alignment with these values and key principles, as well as their adherence to the JKH Code of Conduct, are integral factors in the Group's reward and recognition programmes.

The Group Values continue to be consistently referred to by the Chairperson CEO of JKH, Presidents, Sector and Business Unit Heads during employee and other key stakeholder engagements, in order to instil these values in the DNA of the employees.

# Corporate Governance

## Ethical Business Practices of the Group:

The following ethical business practices, established at JKH Group level, are adopted and applied by the Company across all its operations.

- Seeks to ensure that ethical business practices are the norm from the most senior to the most junior employee, stemming from, and including the Board of Directors. All Group companies have procedures and processes to enable the prevention and reduction of corruption and bribery. Each business unit is also expected to evaluate the risk of corruption as part of its risk management process and put in place mitigation measures to reduce such risks. Its transparent control and prevention mechanisms also extend this expectation to its value chain comprising of its customers, suppliers and business partners. The Group is required to analyse all its business units and functions and include the risk of corruption as part of its risk management process. The Group has a zero-tolerance policy towards bribery and corruption.
- Stringent checks during the recruitment process ensures that minimum age requirements are met.
- Ensures that all businesses are educated on the possible sources of forced and compulsory labour.
- Committed to upholding the universal human rights of all its stakeholders.
- Is an equal opportunity employer and has zero-tolerance for physical or verbal harassment based on gender identity, race, religion, nationality, age, social origin, disability, sexual orientation, political affiliations or opinion or any other difference.

## Deep-dive into Giving and Receiving Gifts, Favours and Entertainment:

The following requirements, established at JK Group level, are adopted and applied by the Company across all its operations.

The Group's policies prohibit the giving or receiving of gifts, entertainment or favours where a reasonable person could perceive a risk to independence or impartiality or view it as an inducement for an official or business favour. This covers interactions with clients, service providers, customers, business associates, political parties, or any stakeholder and also applies to charitable donations and sponsorships. Any modest gifts or tokens of appreciation, whether given or received, are permitted when aligned with business exigencies and provided they are well-intentioned, without ulterior motives or personal gain. All such gifts must be reported to the relevant Finance Head (Chief Financial Officer or Sector Financial Controller) for clearance and are centrally recorded and monitored.

### 5.3 Chairperson Direct

The JK Group has a formal mechanism in place that enables both shareholders and employees to directly communicate with the Chairperson via email regarding any critical grievances or concerns. This platform ensures transparency, accountability, and open dialogue, allowing stakeholders to voice their issues in a structured and confidential manner.

### 5.4 Board Committees

The Board Committees play an important supervisory and monitoring role by focusing on the designated areas of responsibility passed to it by the Board.

### 5.5 Employee Participation in Assurance

Employee engagement is encouraged at all levels, with the Company continuously working towards introducing innovative and effective modes of employee communication and awareness, in alignment with the JK Group's approach. The importance of communication top-down, bottom-up, and lateral in fostering employee commitment to organisational goals is reinforced through ongoing engagement by senior management. Whilst employees have many opportunities to interact with senior management, the Company has created the ensuing formal channels for such communication through feedback, ensuring that employees can share their views without the risk of reprisal.

- Skip level meetings
- Exit interviews
- 360 degree evaluation
- Employee surveys
- Monthly staff meetings
- Chairperson Direct
- Ombudsperson
- Access to Senior Independent Director of JKH
- Continuous reiteration and the practice of the Open-Door policy

### Speak up (Whistle-blower) Policy

The Company continued with its whistle-blower policy and securities trading policy. The Company has witnessed an increased level of communication from employees. Such communication and feedback received from the employees by the management are recorded, irrespective of the level of anonymity, and subsequently discussed and followed up. The respective outcomes are duly recorded.

The JK Group's Whistle-blower Policy provides a robust framework for employees and other stakeholders to report concerns relating to compliance, ethics, or misconduct. The policy promotes a transparent and confidential reporting process and ensures that individuals who raise concerns in good faith are protected from retaliation.

**Key features of the Policy include:**

- Clearly defined procedures for investigating reported concerns and implementing appropriate corrective or preventive actions
- Identification of designated reporting channels and responsible personnel
- Structured management responses and follow-up actions
- Established internal inquiry and review processes
- Safeguards to maintain confidentiality throughout the process

The whistle-blower framework, also implemented within CH&R, serves as a critical mechanism to uphold ethical standards and protect individuals who report unethical or unauthorised practices. It ensures anonymity and protection for reporting parties while facilitating appropriate two-way communication with management.

**5.6 Internal Controls**

The Board has taken necessary steps to ensure the integrity of the Company's accounting and financial reporting systems and that internal control systems remain robust and effective by periodically reviewing and monitoring such systems.

**Internal Compliance**

A quarterly self-certification programme requires Presidents, Sector Heads, and Chief Financial Officers of the respective industry groups to confirm compliance with statutory and regulatory requirements, while also identifying any significant deviations from expected standards. The resulting compliance statements, consolidated each quarter and presented to the relevant Audit Committees, are subject to periodic review and, where necessary, updated to reflect material changes in both the macro and micro operating environment, thereby supporting effective reporting and ongoing monitoring.

**System of Internal Control**

The Board has undertaken measures to obtain assurance that systems designed to safeguard the Company's assets and generate reliable management information are operating effectively, and that proper accounting records are maintained, through the involvement of the Group Business Process Review function.

These measures include automated monitoring and workflow-based escalation mechanisms to ensure the timely clearance of transactional entries, comprehensive reconciliations, and the identification and periodic review of unreconciled or outstanding items. Formal disclosures are made to the relevant Audit Committees, while robust processes support the efficient management and tracking of cash and cheque deposits, in line with international best practices. These initiatives also facilitate the ongoing enhancement of the Internal Audit function through the identification of focus areas, opportunities for improvement, and structured feedback reporting, thereby reinforcing governance and assurance frameworks.

The Group has established two integrated frameworks the Fraud Deterrent and Investigation Framework and the Process Review Framework which operate in tandem to strengthen its approach to anti-fraud, anti-corruption, and anti-bribery. The Fraud Deterrent and Investigation Framework provides a unified platform for managing fraud-related matters, promotes consistency across processes, adopts a data-driven approach to evaluating control effectiveness, and supports the implementation of appropriate preventive and detective controls.

The Integrated Process Review Framework introduces a targeted and risk-focused approach to internal audits, aligning reviews with specific business strategies, use cases, and operational events. It emphasises the effectiveness of processes, systems, and personnel within micro-value chains, ensuring the integrity of transactions throughout their lifecycle and confirming the adequacy of control design and placement during audit assessments.

The digital system implemented for quarterly financial and operational information management continues to perform effectively, enabling structured data capture for compliance reporting and facilitating both top-down and bottom-up stakeholder engagement. It also supports the tracking of changes in compliance posture at the entity level. In addition, the Forensic Data Analytics platform informs Internal Audit scoping and is actively utilised to identify opportunities for process optimisation, strengthen controls, and support feedback reporting, thereby enhancing governance and assurance mechanisms.

## Initiatives to Strengthen Internal Controls

- In alignment with the Group's migration to SAP S/4HANA (RISE), a high-level review of the authorisation matrix was executed to validate access levels, address any anomalies and ensure secure and consistent user access controls. By addressing these prior to go-live, the Group ensured a smooth transition while safeguarding system security and the integrity of its controls.
- Strengthened its risk governance capabilities through the continued development of an Integrated Credit Risk Intelligence System under the Group-wide Forensic Data Analytics Platform initiative. The system enables a shift from reactive to proactive risk management by providing timely insights on customer creditworthiness, portfolio concentration risks, collections prioritisation, and sector-level risk trends, thereby supporting faster and more informed credit decisions. Designed with strong governance and accuracy controls, the system incorporates safeguards to validate model outputs against underlying data to ensure reliability and auditability.
- In parallel, a structured review of key operational processes was initiated- including Order-to-Cash, Procure-to-Pay, and Record-to-Report cycles - to identify opportunities for automation, digital reengineering, and improved data integrity across shared services, reinforcing the Group's commitment to data-driven decision-making and responsible governance.
- Enhanced its Business Continuity Management (BCM) framework, adopting a structured, process-driven approach to safeguard operational resilience and protect stakeholder interests, while aligning with globally recognised standards such as ISO 22301:2019 and best practices recommended by Disaster Recovery Institute International (DRI). The framework incorporates proactive risk mitigation measures, regular testing, and governance oversight to support the uninterrupted functioning of critical operations during periods of disruption.
- Continued to strengthen its data governance framework to ensure compliance with the Personal Data Protection Act No. 09 of 2022, aligning practices with internal data protection principles and globally recognised standards.
- Dedicated Data Protection Officers (DPOs) are in place across industry groups, with oversight of data protection practices within their respective domains. DPOs report to Sector Data Governance Leads and Presidents and are supported by a Data Governance Steering Committee, which provides strategic direction and oversight. Building on the previously completed gap analysis by external consultants, the Group continued to enhance its technical, security, and organisational controls during the year. Compliance is monitored through structured reporting channels, with regular updates submitted by DPOs and periodic reporting to the Audit Committee on compliance status, emerging risks, and ongoing improvements.
- The Group also continues to monitor regulatory developments and engage with the Data Protection Authority of Sri Lanka to ensure alignment with evolving requirements. No substantiated complaints relating to breaches of customer privacy or loss of customer data were reported during the year.

The risk review programme covering the internal audit of the whole Group is outsourced. Reports arising out of such audits are, in the first instance, considered and discussed at the business/ functional unit levels and, after review by the Sector Head and the President of leisure and property group, are forwarded to the relevant Audit Committee on a regular basis. Further, the Audit Committee also assess the effectiveness of the risk review process and systems of internal control on a regular basis.

### Segregation of Duties (SoD) under Sarbanes-Oxley (SOX)

The Company and its Subsidiary recognises the importance of ensuring appropriate segregation of duties, such that no individual possesses excessive system access enabling the execution

of transactions across multiple business processes with critical approval linkages. With increasing reliance on information technology and integrated financial controls, the risk of unintended control exposures has correspondingly increased.

Segregation of Duties (SoD) principles acknowledge that risks such as fraud, material misstatements, or financial manipulation may arise where conflicting responsibilities are vested in a single individual. While fully eliminating all SoD conflicts may not be practical, given the potential operational inefficiencies and cost implications, the Group adopts a balanced, risk-based approach.

Accordingly, the Group continuously identifies, evaluates, and monitors potential conflicts through a structured

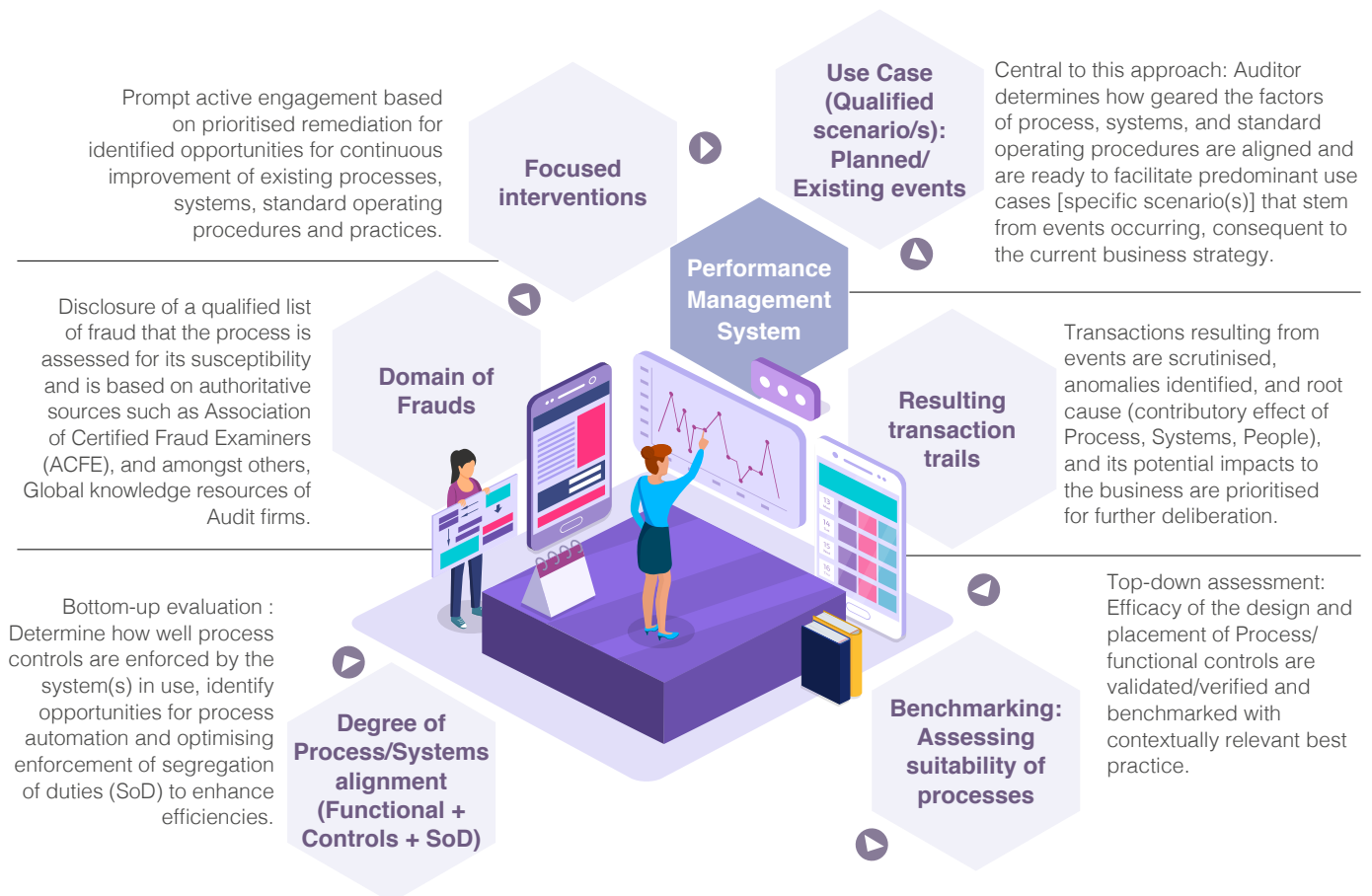
SoD matrix, supported by clearly defined parameters for the identification, approval, and reporting of conflicting roles, as well as the controls applied to mitigate such risks. Residual risks are assessed and maintained within acceptable levels based on a cost-benefit evaluation. No material SoD conflicts were identified during the year.

### 5.7 Internal Audit

The internal audit function of the Company and its Subsidiary is carried out by outsourced service providers at regular intervals, under the coordination of the JK Group Business Process Review (GBPR) function. GBPR ensures that the internal audit plan appropriately addresses the significant risks faced by the Company and its Subsidiary, and reviews key audit findings along with the status of follow-up actions.

Internal audit reports are initially reviewed and discussed at the respective business or functional unit level before being submitted to the Audit Committee on a periodic basis. In addition, the Audit Committee regularly evaluates the effectiveness of the risk management framework and internal control systems.

While outsourcing the internal audit function presents both advantages and limitations, the Company and its Subsidiary consider the use of external auditors to be beneficial. Nevertheless, in certain specialised industries where in-depth operational knowledge is essential, the engagement of dedicated internal audit resources alongside external auditors is also considered appropriate.



### Forensic data analytics to identify anomalies and facilitate behavioural oversight

Traditionally, internal auditing followed an approach which was based on a cyclical process that involves manually identifying control objectives, assessing and testing controls, performing tests, and sampling only a relatively small population of the dataset to measure control effectiveness and operational performance. Today, the Company and its Subsidiary operates in a complex and dynamic business environment where the number of transactions has increased exponentially over the years, and traditional cyclical/sample based internal auditing techniques are becoming less effective. As such, the Company and its Subsidiary continues to use big data analysis techniques on the total data using standard deviations, z-scores and other statistical measures in establishing real-time, user-friendly outlier identification and early warning triggers.

# Corporate Governance

## Forensic Data Analytics

The Group continues to strengthen its use of forensic data analytics as a key mechanism to enhance financial governance and risk oversight. The system facilitates the identification and investigation of unusual transactions within large data populations through the application of well-established analytical algorithms, enabling timely management attention and reinforcing process and system controls to safeguard transaction integrity.

A critical success factor of this oversight mechanism is the deployment of advanced machine learning algorithms that are continuously calibrated to reflect the operating conditions of each business. This enables the system to remain relevant and insightful, enhancing its effectiveness in supporting Continuous Controls Monitoring (CCM), enabling early detection of anomalies, and creating opportunities for optimisation and proactive intervention.

As part of this initiative, the Group continues to enhance its Forensic Data Analytics platform for automated Transaction Outlier Detection, which monitors datasets relating to accounts payable, accounts receivable, the general ledger, and other financial transactions. The system detects anomalies and routes alerts to Management for timely review and response, functioning as a robust oversight tool that helps deter fraud while further strengthening the overall control environment.

## 5.8 Ombudsperson

The Group has appointed an Ombudsperson to serve as an independent, impartial, and confidential channel for addressing complaints, disputes, or grievances raised by employees, stakeholders, or other parties in relation to alleged violations of the Code of Conduct. The Ombudsperson complements existing mechanisms

such as Chairperson Direct and formal whistleblowing channels and may be approached where concerns are not addressed satisfactorily through internal processes.

The findings and the recommendations of the Ombudsperson, subsequent to an independent inquiry, are confidentially communicated to the Chairperson-CEO of JKH or to the Senior Independent Director of JKH upon which the involvement duty of the Ombudsperson ceases.

On matters referred to him by the Ombudsperson, the Chairperson-CEO of JKH or the Senior Independent Director of JKH, as the case may be, will place before the Board:

- i. the decision and the recommendations.
- ii. action taken based on the recommendations.
- iii. where the Chairperson-CEO of JKH or the Senior Independent Director of JKH disagrees with any or all of the findings and or the recommendations thereon, the areas of disagreement and the reasons, thereof.

In situation (iii), the Board is required to consider the areas of disagreement and determine the way forward. The Chairperson-CEO of JKH or the Senior Independent Director of JKH is expected to take such steps as are necessary to ensure that the complainant is not victimised, in any manner, for having invoked this process.

The Ombudsperson also provides periodic reports to the Board or the Audit Committee, including a summary of the number and nature of complaints received, investigation outcomes, and recommendations for systemic improvements, without disclosing personal or confidential information unless required by law. Safeguards have been established to ensure that complainants are not subjected to victimisation for invoking this process.

The current Ombudsperson is an attorney-of-law by profession. Typically, the appointment of the Ombudsperson is for a fixed term between three to five years, which may be renewed at the option of the Board.

## Mandate and Role

For purposes of easy reference, Ombudsperson's mandate and role:

- (a) legal and ethical violations of the Code of Conduct for employees, but in an appellate capacity, when a satisfactory outcome using existing procedures and processes has not resulted or when the matter has been inadequately dealt with;
- (b) violations referred to above by individuals at the Executive Vice President, President and Executive Director levels, including that of the Chairperson-CEO, in which case the complainant has the option of either complaining to the Ombudsperson in the first instance, or first exhausting the internal remedies;
- (c) sexual harassment, in which event the complainant has the option of either complaining to the Ombudsperson in the first instance or first exhausting the internal remedies.

The mandate excludes disciplinary issues from the Ombudsperson's responsibilities. The right to take disciplinary action is vested exclusively in the Chairperson-CEO and those to whom this authority has been delegated.

During the period under review, one procedural complaint was received by the Ombudsperson, citing a delay in adhering to internal processes in addressing the issue in a timely manner. This matter has since been addressed and closed as at 15 May 2026, being the date of this report..

No other issues that fall under the purview of the Ombudsperson have been brought to the attention of the Ombudsperson during the financial year that would indicate mismanagement, unfair treatment, or justified discontent on the part of any employee or ex-employee.

## 5.9 External Audit

The External Auditor is appointed subject to the provisions of the Companies Act. The Audit Committee recommends to the Board for the appointment, re-appointment or removal of the External Auditor in line with professional and ethical standards and regulatory requirements. It monitors and reviews the External Auditor's independence, objectivity, and effectiveness in the audit process, considering relevant professional and regulatory requirements.

When assigning non-audit services to External Auditors, the Audit Committee ensures that the External Auditor has the necessary skills and experience for the assignment and ascertains that independence and objectivity in carrying out his duties and responsibilities will not be impaired.

On the recommendation of the Board, the shareholders approved the reappointment of Messrs. KPMG as the External Auditor for 2025/26 at the last AGM.

The audit fees paid by the Company to its auditors are separately classified in the Notes to the Financial Statements of the Annual Report.

## 6. GOVERNANCE OUTLOOK AND EMERGING CHALLENGES

Operating within an increasingly volatile global geopolitical and local socioeconomic landscape, the Group recognises the critical importance of maintaining a strong and resilient corporate governance framework. Effective governance underpins accountability, transparency, fairness, and sustainable value creation for stakeholders. The Board remains committed to continuously evaluating its governance readiness in response to emerging internal and external challenges, while aligning its practices with global best standards. The key governance focus areas and challenges being continuously addressed by Company are outlined below.

### 6.1. Board Diversity and Succession Planning

The Company recognises the importance of a diverse Board with the skills, values, and vision aligned to the JK Group's varied business interests. The Company believes diversity enhances stakeholder insights and responsiveness. Efforts are focused on recruiting qualified individuals from various demographics, experiences, and backgrounds, all within a strong culture of meritocracy. Considering the diversity of the JK Group and the institutional knowledge, proactive succession planning of the Board and, more importantly, key executive leadership will enable continuity of strategy, governance and culture of the business.

### 6.2. Board Independence

Board independence remains a fundamental pillar of the Group's governance framework and is integral to maintaining stakeholder confidence. Robust governance structures, nomination processes, and safeguards are in place to support objective decision-making and mitigate potential conflicts of interest. The Company continues to uphold independence through effective oversight and assurance mechanisms, while ensuring alignment with the governance framework and strategic direction of the Group.

### 6.3. Beneficial Ownership of the Company

While the Group does not have a controlling shareholder or any shareholder directly represented on the JKH Board, it recognises the importance of beneficial ownership transparency in fostering stakeholder trust. Accordingly, the Group has proactively commenced the collation and preliminary verification of relevant ownership information. Following the introduction of mandatory beneficial ownership disclosure requirements under the Companies Act (Amendment) No. 12 of 2025, effective 30 March 2026, the Group continues to engage with shareholders and closely monitor regulatory developments to ensure full and timely compliance with the applicable framework.

### 6.4. Anti-Fraud, Anti-Corruption and Anti-Bribery and Financial Crime Compliance

The Company enforces a zero-tolerance stance on fraud, bribery, corruption, and financial crime through its Code of Conduct and comprehensive compliance policies. Ongoing monitoring and remediation processes support ethical conduct and behaviours.

Given the nature and business model of most of the Company's operations, there is no material regulatory exposure; nevertheless, the Company maintains continuous and proactive engagement with the relevant authorities to ensure ongoing compliance. During the year, no issues were raised by the authorities and no sanctions or penalties were levied. The secretarial arm of the JK Group implemented all recommendations arising from such engagements in a timely manner, further strengthening governance and compliance processes.

The Company continues to work with the Financial Intelligence Unit of Sri Lanka, as applicable, to further strengthen its compliance framework and enhance monitoring and coordination in the implementation of Anti-Money Laundering, Counter-Terrorism Financing and Counter-Proliferation Financing measures, recognising the broader implications for the country.

### 6.5. Increasing Emphasis on Environmental, Social and Governance (ESG) Aspects

ESG considerations continue to gain prominence among investors, regulators and other stakeholders. The Group integrates ESG factors into strategy, operations and decision making to support sustainable growth, responsible resource management, stakeholder well being and strong governance.

Material ESG priorities have been identified through sector specific studies, stakeholder engagement and benchmarking exercises. Following the release of IFRS S1 and S2 by the International Sustainability Standards Board and their localisation to SLFRS S1 and S2 by CA Sri Lanka, The Company implemented the standards during the year under review.

# Corporate Governance

## 6.6. Continual Strengthening of Internal Controls

The JK Group continues to strengthen its internal control environment by integrating financial, operational and technology-enabled controls in line with international best practice. In alignment with this approach, the Company continues to improve efficiency, enhance oversight, strengthen fraud detection and prevention, and enable data-driven monitoring and compliance. The implementation of SAP Rise, along with related system enhancements, is expected to further strengthen the control and monitoring environment at both Group and Company levels.

## 6.7. Digital Oversight and Cyber Security

As digitalisation expands across operations, the Group recognises increased exposure to cyber and technology related risks. In alignment with this approach, the Company also prioritises digital oversight, cyber security, and data protection. The Board and Audit Committee place significant emphasis on digital oversight, cyber security and data protection, with these matters periodically reviewed to ensure the adequacy of infrastructure, controls and risk mitigation measures.

## 6.8. Data Protection, Information Management and Adoption

The JK Group embeds a strong culture of data privacy and responsible data stewardship, aligned with the Personal Data Protection Act No. 09 of 2022. In alignment with this, the Company operates within the same framework supported by robust policies, security controls, role-based access, training, and oversight by designated Data Protection Officers and the Group Data Governance Steering Committee. Continuous enhancements are guided by external assessments and regulatory developments, and no substantiated customer data breaches or data losses were reported during the year. The requirements under data protection laws will necessitate the Company to devise its strategies and stakeholder engagements in a manner that complies with the law while enabling better insights and understanding of its stakeholder needs.

## 6.9. Greater Employee Involvement in Governance

The JK Group recognises employees as a critical pillar of effective governance. In alignment with this approach, the Company also reinforces this focus at the organisational level. Continuous training on the Code of Conduct and governance policies, strengthened performance management frameworks, enhanced communication, and increased empowerment are collectively leveraged to promote accountability, uphold ethical standards, and foster engagement across the organisation.

## 6.10. Need for Increased Transparency

Transparency remains an ongoing journey shaped by evolving regulatory requirements, global best practices, and increasing stakeholder expectations. Clear, balanced, and relevant disclosures reinforce trust, enhance credibility, and strengthen organisational legitimacy, while enabling informed stakeholder decision-making. The Group continues to advance its transparency initiatives with a focus on materiality and the creation of long-term value. In alignment with this approach, the Company applies these principles in its own reporting and disclosures.

## 6.11. Geopolitical Risk and Resilience

Heightened global volatility and increasing geopolitical risks have underscored the need for businesses to strengthen their risk management frameworks. While Sri Lanka has established macroeconomic buffers to mitigate external shocks, sustained or recurring global uncertainties may necessitate greater resilience within corporate business models and value chains. Drawing on lessons from the recent economic crisis, certain resilience measures have already been implemented; however, evolving global trends will continue to be closely monitored to assess their impact on the country and the broader macroeconomic environment.

## 7. COMPLIANCE SUMMARY

The Directors are conscious of their duty to comply with the laws, regulations, regulatory guidelines, internal controls, and approved policies in all areas of the Company's business. The Board receives Compliance Statements from the President– Leisure, CEO Cinnamon Hotels and Resorts and the Chief Financial Officer confirming compliance with regulatory requirements each quarter in accordance with its commitment to regulatory compliance. The Company is compliant with all relevant legal and statutory requirements. Any litigations currently pending, if any, have been disclosed under the Annual Report of the Board of Directors on page 217 of this Report.

The Company is fully compliant with all the mandatory rules and regulations stipulated by the following:

- Listing Rules of the CSE
- Companies Act No.7 of 2007;
- Securities and Exchange Commission of Sri Lanka (SEC) Act No.19 of 2021, including rules, regulations, directives and circulars; and
- Code of Best Practices on Related Party Transactions (2013) advocated by the SEC

The Company has also given due consideration to the Best Practice on Corporate Governance (2023) Reporting guidelines set out by CA Sri Lanka and has, in all instances, barring a few, embraced such practices voluntarily, particularly if such practices have been identified as relevant and value-adding.

The Company is fully compliant with all the mandatory rules and regulations stipulated by the following:

## 7.1. Statement of Compliance pertaining to Companies Act No. 7 of 2007

### Mandatory Provisions - Fully Compliant

Rule	Compliance Status	Reference (within the Report)
168 (1) (a) The nature of the business together with any change thereof	Yes	Annual Report of the Board of Directors
168 (1) (b) Signed Financial Statements of the Company and its Subsidiary	Yes	Financial Statements
168 (1) (c) Auditors' Report on Financial Statements	Yes	Independent Auditors' Report
168 (1) (d) Accounting policies and any changes therein	Yes	Notes to the Financial Statements
168 (1) (e) Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors
168 (1) (f) Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements
168 (1) (g) Corporate donations made by the Company	Yes	Notes to the Financial Statements
168 (1) (h) Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period	Yes	Board of Directors
168 (1) (i) Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements
168 (1) (j) Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Report of the Audit Committee/ Financial Statements
168 (1) (k) Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements/Annual Report of the Board of Directors
168 (2) Information specified in paragraphs (b) to (j) of subsection (1) in relation to Subsidiaries.	Yes	Financial Statements/Annual Report of the Board of Directors

## 7.2. Statement of Compliance under Section 7.5 (a) (i) and 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

### Mandatory Provisions - Fully Compliant

Rule		Compliance Status	Reference (within the Report)
(i)	The Annual Report shall comply with applicable regulatory requirements and include audited Financial Statements prepared in accordance with Sri Lanka Accounting Standards and Sri Lanka Auditing Standards, together with disclosures prepared in accordance with Sri Lanka Sustainability Disclosure Standards.	Yes	Independent Auditor's Report and Independent Assurance Statement
(ii)	Principal activities of the entity and its Subsidiaries during the year, and any changes therein	Yes	Annual Report of the Board of Directors – Page 217
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Yes	
(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Yes	Information to Shareholders and Investors - Page 219
	a) The public holding percentage in respect of non-voting Shares (where applicable)	N/A	
	b) The public holding percentage in respect of Foreign Currency denominated Shares	N/A	
(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	Yes	Annual Report of the Board of Directors - Page 221

# Corporate Governance

Rule		Compliance Status	Reference (within the Report)
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Yes	Risk and Opportunities Report Page 116
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Yes	During the year 2025/2026, there were no material issues pertaining to employees and industrial relations of the Company
(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Yes	Notes to the Financial Statements – Pages 236 to 279
(ix)	Number of shares representing the Entity's stated capital	Yes	Information to Shareholders and Investors – Page 284
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	
(xi)	Financial ratios and market price information	Yes	Performance Highlights - 11
(xii)	Significant changes in the Company's or its Subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Notes to the Financial Statements – Pages 236 to 279
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Yes	Information to Shareholders and Investors There were no funds raised during FY 25/26 through public issues, rights issues and/or through private placement. - Page 284
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	Yes	Notes to the Financial Statements - Pages 236 to 279
(xv)	Disclosures pertaining to Corporate Governance practices in terms of section 9 of the Listing Rules	Yes	Corporate Governance - Page 118
(xvi)	Related Party transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower	Yes	Notes to the Financial Statements - Pages 236 to 279
(xvii) to (xxi)	Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities, Infrastructure Bonds and/or Shariah Compliant Debt Securities listed on the CSE	N/A	N/A

## 7.3. Statement of Compliance under Section 9 of the Revised Listing Rules of the CSE on Corporate Governance

### Mandatory Provisions - Fully Compliant

CSE Rule		Compliance Status	Company Action / Reference (within the Report)
<b>9.1 Corporate Governance Rules</b>			
9.1.3	A statement confirming compliance with Corporate Governance Rules	Yes	The Company is in compliance with the Corporate Governance Rules and has stated so within the Report with any deviations explained where applicable.
<b>9.2 Policies</b>			
9.2.1	Specified set of policies to be maintained together with the details relating to the implementation of such policies mentioned of website	Yes	Board adopted aligned with key internal policies. at AHPL that are aligned with the corporate governance framework of John Keells Group.
9.2.2	Disclosure of any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by Company	Yes	
9.2.3 (i) (ii)	List of policies to be disclosed along with any changes made to policies	Yes	
9.2.4	Policies to be made available on written request to shareholders	Yes	

CSE Rule		Compliance Status	Company Action / Reference (within the Report)
<b>9.3 Board Committees</b>			
9.3.1 a/b/c/d	Minimum required Board Committees	Yes	The required Committees are maintained and are functioning effectively.
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	Yes	The Company is in compliance with the requirements in respect of the Board Committees.
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred in 9.3.1	Yes	The Company is in compliance with the requirements in respect of the Board Committees. refer Board Sub Committee Report
<b>9.4 Meeting procedures and the conduct of all General Meetings with shareholders</b>			
9.4.1	Maintenance of records relating to all resolutions considered at any General Meeting including requisite information. Making available copies of the same on request to the CSE and/or SEC	Yes	The Company maintains all records and information regarding resolutions considered at General Meetings.
9.4.2 a/b/c/d	Communication and relations with shareholders and investors	Yes	Refer Stakeholder management and effective communications under Corporate Governance Report
<b>9.5 Policy on matters relating to the Board of Directors</b>			
9.5.1 a	Balanced representation between EDs and NEDs, covering Board composition, roles of the Chairperson and CEO, Board balance, and procedures for evaluating Board and CEO performance	Yes	Corporate Governance - Composition of the Board
9.5.1 b	Rationale for combining the roles of Chairperson and CEO, terms of reference of SID, and measures implemented to protect the interests of the SID in the event the Chairperson and CEO roles are combined	N/A	N/A
9.5.1 c	Require diversity in Board composition for Board effectiveness	Yes	Corporate Governance - Composition of the Board
9.5.1 d	The rationale and the maximum number of Directors	Yes	Corporate Governance - Composition of the Board
9.5.1 e	Frequency of Board meetings	Yes	Corporate Governance – Board Meetings
9.5.1 f	Establish mechanisms to keep Directors informed of Listing Rules and the Company's status of compliance/non-compliance	Yes	Corporate Governance - Induction and training for Directors
9.5.1 g	Minimum number of meetings (number and percentage) that a Director must attend	Yes	Corporate Governance – Board Meetings
9.5.1 h	Requirements relating to trading in securities of the Company and its listed group companies, including disclosure obligations	Yes	Corporate Governance - Maintaining Board Independence and Managing Conflicts of Interest
9.5.1 i	Maximum number of directorships that may be held by Directors in listed companies	Yes	Corporate Governance - Maintaining Board Independence and Managing Conflicts of Interest
9.5.1 j	Permit participation in Board and Committee meetings through audiovisual means, with such participation counting toward the quorum	Yes	Corporate Governance – Board Meetings
9.5.2	Confirmation of compliance with policy in the annual report, with reasons for non-compliance and proposed remedial action	Yes	Corporate Governance – Key Internal Policies

# Corporate Governance

CSE Rule		Compliance Status	Company Action / Reference (within the Report)
<b>9.6 Chairperson and CEO</b>			
9.6.1	Requirement for a SID if the positions of Chairperson and CEO are held by the same individual	N/A	N/A as the Chairperson is a NED and Chairperson and CEO roles are not combined.
9.6.2	Market announcement on the rationale behind the appointment of a SID	N/A	N/A
9.6.3 a-d	Requirement for a SID	N/A	N/A
9.6.3 E	SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties	N/A	N/A
9.6.4	Rationale for the appointment of a SID set out in the Annual Report	N/A	N/A
<b>9.7 Fitness of Directors and CEO</b>			
9.7.1	Company to take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons in terms of the rules	Yes	Directors are required to provide general disclosures and declarations on fitness and propriety annually and are required to report any material changes to the information provided therein, including any changes to their professional responsibilities and business associations, to the Board.
9.7.2	Ensure nominees meet fit and proper criteria before shareholder approval or appointment as Director	Yes	
9.7.3	Assessment Criteria: Honesty, Integrity and Reputation, Competence and Capability and Financial Soundness	Yes	The Nominations and Governance Committees reviews and makes recommendation to the Board on the fitness and propriety of Directors.
9.7.4	Annually obtain declarations from Directors and the CEO confirming compliance with Fit and Proper Assessment Criteria	Yes	
9.7.5	Disclosures in the Annual Report	Yes	
<b>9.8 Board Composition</b>			
9.8.1	Minimum number of Directors on the Board	Yes	Corporate Governance Report – Board Composition
9.8.2	At least 2 members or 1/3 of the Board, whichever is higher to be independent.	Yes	
9.8.3 (i) to (ix)	Criteria for determining independence	Yes	Details of the independence criteria are explained within the Corporate Governance Commentary.
9.8.5 a/b/c	The Board to ensure that IDs annually submit declarations on independence/non-independence. Board to make an annual determination on the independence or otherwise of IDs and name the Directors who are determined to be independent  Market announcement if ID independence has been impaired	Yes	All independent NEDs have submitted declarations as to their independence, and a determination of their independence is evaluated.
<b>9.9 Alternate Directors</b>			
a-e	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association.	Yes	The Articles were amended in 2024, subsequent to shareholder approval, to incorporate changes necessitated by the Rules.

CSE Rule		Compliance Status	Company Action / Reference (within the Report)
<b>9.10 Disclosures relating to Directors</b>			
9.10.1	Disclose policy on the maximum number of directorships Board members are permitted to hold	Yes	Corporate Governance Report – Board Composition
9.10.2/9.10.3	Market announcement upon the appointment of a new director and any changes to the Board composition	Yes	Market announcement of the new independent NEDs appointed are made through the CSE.
9.10.4 a-i	Details in relation to the Board members	Yes	Refer Board of Director Profiles report
<b>9.11 Nominations and Governance Committee</b>			
9.11.1	Establishment of a Nominations and Governance Committee (NGC)	Yes	Refer to the Nominations and Governance Committee Report
9.11.2	Formal procedure for the appointment and re-election of Directors	Yes	
9.11.3	NGC to have a written Terms of Reference	Yes	
9.11.4 (1)	The Composition of NGC	Yes	
a-b			
9.11.4 (2)	Chairperson of NGC to be an ID	Yes	
9.11.4 (3)	Disclosure of names of the NGC Chairperson and members	Yes	
9.11.5	Functions of NGC	Yes	
(i) – (x)			
9.11.6	NGC Report with requisite information to be disclosed in Annual Report	Yes	
a-m			
<b>9.12 Remuneration Committee</b>			
9.12.2	Establishment of a Remuneration Committee (RC)	Yes	Refer Human Resources Compensation Committee Report
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on EDs and individual Directors	Yes	
9.12.4	Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure the independence	Yes	
9.12.5	The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Yes	
9.12.6 (1)	Composition of RC	Yes	
9.12.6 (2)	Chairperson of RC to be an ID	Yes	Refer Human Resources Compensation Committee Report
9.12.7	Functions of the RC	Yes	
9.12.8 a	Disclosure of names of Chairperson and members of RC	Yes	
9.12.8 b	Statement of Remuneration policy	Yes	
9.12.8 c	Aggregate remuneration paid to EDs and NEDs	Yes	Corporate Governance - Directors Remunerations

# Corporate Governance

CSE Rule		Compliance Status	Company Action / Reference (within the Report)
<b>9.13 Audit Committee</b>			
9.13.1	Audit Committee (AC) to handle Risk functions where Company does not have separate Committees for Audit and Risk	Yes	Refer Audit Committee section of the Corporate Governance Report
9.13.2	The Audit Committee shall have written terms of reference clearly defining its scope, authority and duties.	Yes	
9.13.3 (1) a-b	Composition of AC	Yes	
9.13.3 (2)	The quorum for AC meeting shall require a majority of those in attendance to be IDs	Yes	
9.13.3 (3)	AC to meet as often as required, provided it meets compulsorily on a quarterly basis, at minimum, prior to recommending the release of financials	Yes	
9.13.3 (4)/(6)	ID who is a member of a recognised professional accounting body to be appointed as Chairperson of the AC	Yes	
9.13.3 (5)	CEO and the Chief Financial Officer (CFO) to attend the Audit Committee meetings by invitation.	Yes	
9.13.4	Functions of AC	Yes	
9.13.5 (1)	Report of the AC	Yes	
9.13.5 (2) a-i	Disclosures to be included in the AC report	Yes	
<b>9.14 Related Party Transactions Review Committee</b>			
9.14.1	Establishment of a Related Party Transactions Review Committee (RPTRC)	Yes	Refer to the Related Party Transactions Review Committee section.
9.14.2 (1)	Related Party Transactions Review Committee shall comprise of a minimum of 3 members, majority of whom should be IDs and an ID shall be appointed as the Chairperson	Yes	The Related Party Transactions Committee comprises only of Independent Directors and maintained the minimum requirement of three members throughout the year.
9.14.3	Functions of the RPTRC	Yes	
9.14.4 (1) - (4)	General Requirements including requirement for RPTRC to meet at least once a quarter, access to all aspects of Related Party Transactions (RPTs), RPTRC to request Board to approve RPTs reviewed by it and requirements relating to Director's material personal interest in a matter being considered at a Board Meeting in relation to a RPT	Yes	Refer to the Related Party Transactions Review Committee section.
9.14.5	Review of Related Party Transactions by the RPTRC	Yes	
9.14.6	Shareholder Approval for Related Party Transactions	Yes	Refer Extraordinary General Meetings, including Shareholder Approval through Special Resolution section.  Refer Extraordinary General Meetings, including Shareholder Approval through Special Resolution section.  During the year under review there was no requirements for Shareholder Approval

CSE Rule		Compliance Status	Company Action / Reference (within the Report)
9.14.7	Immediate Disclosures	Yes	Refer to the Related Party Transactions Review Committee section.
9.14.8 (1)	Details and disclosures pertaining to Non-Recurrent Related Party Transactions	Yes	Refer Notes to the Financial Statements.
9.14.8 (2)	Details and disclosures pertaining to Recurrent Related Party Transactions	Yes	Refer Notes to the Financial Statements.
9.14.8 (3)	Report of RPTRC	Yes	Refer Report of the Related Party Transactions Review Committee.
9.14.8 (4)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules about Related Party Transactions or a negative statement otherwise	Yes	Refer Annual Report of the Board of Directors.
9.14.9 (1)/(2)	Shareholder approval for the acquisition and disposal of substantial assets	Yes	Refer Extraordinary General Meetings, including Shareholder Approval through Special Resolution section. During the year under review there was no requirements for Shareholder Approval
9.14.9 (4)/(5)/(6)	RPTRC to obtain competent, independent advice on the acquisition and disposal of substantial asset	Yes	There were no acquisition and disposal of substantial assets during the year 2025/26.
<b>9.17 Additional Disclosures</b>			
(i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved.	Yes	Directors make a disclosure of interests at appointment, at the beginning of every financial year and during the year as required.
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence	Yes	Board takes steps to ensure the integrity of internal control systems remain effective via the review and monitoring of such systems on a periodic basis.
(iii)	Arrangements made for Directors to be made aware of laws, rules and regulations and any changes thereto particularly to Listing Rules and applicable capital market provisions	Yes	Refer Board Induction and Training section.
(iv)	Disclosure of material non-compliance with laws/regulations and fines by relevant authorities where the Entity operates.	Yes	There were no significant instances of non-compliance with laws and regulations during the reporting period.

### STATEMENT OF COMPLIANCE WITH APPLICABLE CODES OF BEST PRACTICE – VOLUNTARY COMPLIANCE

The Company is compliant with almost the full 2023 Code of Best Practice on Corporate Governance issued by the CA Sri Lanka to the extent of business exigency and as required by the Group.

# Corporate Governance

## 7.4. CODE OF BEST PRACTICE OF CORPORATE GOVERNANCE 2023 ISSUED BY CA SRI LANKA

### Voluntary Provisions

The Company is compliant with the 2023 Code of Best Practice on Corporate Governance issued by the CA Sri Lanka to the extent of business exigency and as required by the JK Group.

Directors	<ul style="list-style-type: none"> <li>The Company is directed, controlled and led by an effective Board that possess the skills, experience and knowledge and thus all Directors bring independent judgement on various subjects, particularly financial acumen.</li> <li>Regular meetings of the Board are held and at the minimum once a quarter, with access to information, the advice of Company Secretary and independent professional advice, as required.</li> <li>The Board (collectively) and Directors (individually) are aware of their obligation to act in accordance with the laws of the Country.</li> <li>Board Balance is maintained as the Code stipulates.</li> <li>Whilst there is a transparent procedure for Board Appointments under the oversight of the Nominations and Governance Committee, election and re-election, subject to shareholder approval, takes place at regular intervals.</li> <li>Specified information regarding Directors, such as annual appraisal of the Board is shared in the Corporate Governance Commentary.</li> </ul>
Directors' Remuneration	<ul style="list-style-type: none"> <li>The Human Resource and Compensation Committee, consisting of exclusively NEDs is responsible for determining the remuneration of the KMPs.</li> <li>KMP compensation includes performance related elements in the pay structure.</li> <li>Compensation commitments in the event of early termination, determination of NED remuneration by the Board as a whole, remuneration policy and aggregate remuneration paid is disclosed under the Director Remuneration section and is in line with the Code.</li> </ul>
Relations with Shareholders	<ul style="list-style-type: none"> <li>There is constructive use of the AGM, as per the Code. Notice of Meeting, with adequate details, is circulated to shareholders as per statute.</li> <li>The Company has in place multiple channels to reach shareholders as discussed under the Stakeholder Management and Effective Communication section.</li> <li>Disclosure of material transactions and requisite shareholder approvals for major transactions.</li> </ul>
Accountability and Audit	<ul style="list-style-type: none"> <li>Interim and other price sensitive and statutorily mandated reports are disclosed to Regulators. As evident from the Annual Report of the Board of Directors, the company carried out all business in accordance with regulations and applicable laws, equitably and fairly.</li> <li>The Company continues to be a going concern and remedial action for any material events is in place. All related party transactions are reported under the Notes to the Financial Statements.</li> <li>There is an annual review of the effectiveness of the Group's risk management and internal controls which ensures the maintenance of a sound system of internal control which is reported on under the Internal Controls section.</li> <li>The Internal Audit function and the Audit Committee, functions as stipulated by the Code, and are discussed under the Audit Committee section.</li> <li>A Related Party Transactions Review Committee is in place and functions in line with the Code.</li> <li>There were no violations of the Group Code of Conduct, the Code of Business Conduct and Ethics during the year, which is mentioned under the Chairperson's Message section.</li> <li>All Corporate Governance disclosures under CSE rules have been complied with.</li> </ul>

Institutional Investors	<ul style="list-style-type: none"> <li>The Company conducts regular and structured dialogue with shareholders based on a mutual understanding of objectives. This is done via the Investor Relations team and through the AGM or other General Meetings as convened on a need basis.</li> </ul>
Other Investors	<ul style="list-style-type: none"> <li>Individual shareholders investing directly in shares of the Company are encouraged to carry out adequate analysis and seek independent advice in all investing and/or divesting decisions. They are encouraged to participate at the AGM and any General Meetings that are convened and to exercise their voting rights and seek clarity, whenever required.</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>ESG (environmental, social, and governance) is a pivotal consideration in the Group's decision making. In reporting performance, the Annual Report covers ESG disclosures through the framework, GRI standards and operations in conformity with the Principles of the United Nations Global Compact and United Nations Sustainable Development Goals.</li> <li>The Company has established a governance framework and structure which includes conformance, performance and sustainability/ESG factors in line with the Code.</li> </ul>
Internet and Cybersecurity	<ul style="list-style-type: none"> <li>A designated team member is responsible for overseeing the implementation of the Group's cybersecurity policy, which has been adopted to reflect best practices and comply with applicable regulatory standards. The policy is subject to periodic reviews to evaluate its effectiveness. The Audit Committee receives updates on relevant risks, with significant risks and material issues escalated to the Board for discussion and where relevant informed decision-making. Furthermore, measures have been taken to secure connectivity for both internal and external devices.</li> </ul>
Special Considerations for Listed Entities	<ul style="list-style-type: none"> <li>The Company maintains policies relating to its governance and matters relating to Board of Directors in line with the Listing Rules of the CSE and the Code.</li> </ul>

### BOARD SEATS HELD IN OTHER UNLISTED SRI LANKAN COMPANIES UNDER JK GROUP

#### K N J BALENDRA

- John Keells Foundation
- Octave Advanced Analytics (Private) Limited
- John Keells CG Auto (Private) Limited
- Sancity Hotels and Properties Limited
- Waterfront Properties (Private) Limited
- Vauxhall Land Developments (Private) Limited
- Braybrooke Residential Towers (Private)Limited
- D H L Keells (Private) Limited
- South Asia Gateway Terminals (Private) Limited
- Colombo West International Terminal (Private) Limited
- Rajawella Holdings Limited

#### J G A COORAY

- Keells Consultants (Private) Limited
- John Keells Foundation
- Mackinnons Keells Limited

- John Keells International (Private) Limited
- John Keells Capital (Private) Limited
- Jaykay Marketing Services (Pvt) Limited
- Infomate (Private) Limited
- Infomate Global Business Services (Private) Limited
- Octave Advanced Analytics (Private) Limited
- John Keells Information Technology (Private) Limited
- Vauxhall Land Developments (Private) Limited
- Braybrooke Residential Towers (Private) Limited
- South Asia Gateway Terminals (Private) Limited
- Colombo West International Terminal (Private) Limited
- Saffron Aviation (Private) Limited
- John Keells Singapore (Pte) Limited
- Rajawella Holdings Limited
- Waterfront Properties (Private) Limited
- John Keells CG Auto (Private) Limited

#### M H Singhawansa\*\*

- Cinnamon Hotel Management Limited
- Ceylon Holiday Resorts Limited
- Habarana Lodge Limited
- Habarana Walk Inn Limited
- International Tourists And Hoteliers Limited
- John Keells Maldivian Resorts (Pte) Limited
- Resort Hotels Limited
- Rajawella Hotels Company Ltd
- Travel Club (Pte) Limited
- Trinco Walk Inn Limited
- Fantasea World Investments (Pte) Limited
- Yala Village (Private) Limited
- Yala Adventure Park (Private) Limited
- Cinnamon Hotels & Resorts (Private) Limited
- Wirawila Walk Inn Limited
- Tranquility (Pvt) Ltd
- Cinnamon Hotel Management
- International (Private) Limited
- Beruwala Holiday Resorts (Private) Limited

# Corporate Governance

- Trinco Holiday Resorts (Private) Limited
- Hikkaduwa Holiday Resorts (Private) Limited
- Ahungalla Holiday Resorts (Private) Limited
- Nuwara Eliya Holiday Resorts (Private) Limited
- Cinnamon Holidays (Private) Limited
- Capitol Hotel Holdings Limited

## **N N Mawilmada\***

- Mackinnons Keells Limited
- Infomate Global Business Services (Private) Limited
- Cinnamon Hotel Management Limited
- Ceylon Holiday Resorts Limited
- Habarana Lodge Limited
- Habarana Walk Inn Limited
- International Tourists And Hoteliers Limited
- John Keells Maldivian Resorts (Pte) Limited
- Resort Hotels Limited
- Rajawella Hotels Company Ltd
- Travel Club (Pte) Limited
- Trinco Walk Inn Limited
- Fantasea World Investments (Pte) Limited
- Yala Village (Private) Limited
- Yala Adventure Park (Private) Limited
- Walkers Tours Limited
- Whittall Boustead (Travel) Limited
- Rajawella Holdings Limited
- Cinnamon Hotels & Resorts (Private) Limited
- Wirawila Walk Inn Limited
- Tranquility (Pvt) Ltd
- Cinnamon Hotel Management International (Private) Limited
- Beruwala Holiday Resorts (Private) Limited
- Indra Hotels & Resorts Kandy (Private) Limited

- Trinco Holiday Resorts (Private) Limited
- Hikkaduwa Holiday Resorts (Private) Limited
- Ahungalla Holiday Resorts (Private) Limited
- Nuwara Eliya Holiday Resorts (Private) Limited
- Cinnamon Holidays (Private) Limited
- Waterfront Properties (Private) Limited
- Whittall Boustead (Private) Limited
- Keells Realtors Limited

## **C L P Gunawardane**

- Ceylon Holiday Resorts Limited
- Habarana Lodge Limited
- Habarana Walk Inn Limited
- International Tourists and Hoteliers Limited
- Kandy Walk Inn Limited
- Rajawella Hotels Company Limited
- Trinco Walk Inn Limited
- Wirawila Walk Inn Limited
- Resort Hotels Limited
- Beruwala Holiday Resorts (Private) Limited
- Yala Village (Private) Limited
- Trinco Holiday Resorts (Private) Limited
- Hikkaduwa Holiday Resorts (Private) Limited
- Cinnamon Holidays (Private) Limited
- Ahungalla Holiday Resorts (Private) Limited
- Sentinel Realty (Private) Limited
- Indra Hotels & Resorts Kandy (Private) Limited
- John Keells Maldivian Resorts (Pte) Limited
- Tranquility (Pte) Limited
- Travel Club (Pte) Limited
- Fantasea World Investments (Pte) Limited

- Cinnamon Hotels & Resorts (Private) Limited
- Walkers Tours Limited
- Whittall Boustead (Travel) Limited
- Cinnamon Hotel Management International (Private) Limited
- Nuwara Eliya Holiday Resorts (Private) Limited

## **Board Seats Held in Other Listed Sri Lankan Companies Under JK Group**

### **K N J BALENDRA**

- John Keells Hotels PLC
- Trans Asia Hotels PLC
- Ceylon Cold Stores PLC
- John Keells PLC
- Keells Food Products PLC
- Tea Smallholder Factories PLC\*
- Union Assurance PLC

### **J G A COORAY**

- John Keells Hotels PLC
- Trans Asia Hotels PLC
- Ceylon Cold Stores PLC
- John Keells PLC
- Keells Food Products PLC
- Tea Smallholder Factories PLC\*

### **N N Mawilmada\***

- Trans Asia Hotels PLC
- John Keells Hotels Plc

### **M H Singhawansa\*\***

- Trans Asia Hotels PLC
- John Keells Hotels Plc

### **C L P Gunawardane**

- Trans Asia Hotels PLC

\*Appointed to the Board w.e.f 8 September 2025

\*\*Appointed to the Board w.e.f 6 January 2026

# Risk Management

Asian Hotels and Properties PLC (hereinafter referred to as AHPL/ the Company) operates one of Sri Lanka's leading city hotels in the heart of Colombo, catering to a diverse spectrum of hospitality needs, predominantly within the MICE and leisure segments. With guests originating from across the globe, in addition to from Sri Lanka, and a value chain interconnected with both domestic and international stakeholders, the Company operates within a dynamic business environment exposed to a broad range of internal and external risks.

Accordingly, effective risk management remains integral to AHPL's ability to safeguard operational continuity, preserve stakeholder value, and sustain long-term resilience. The Company recognises that the hospitality sector is inherently sensitive to evolving macroeconomic conditions, geopolitical developments, climate-related events, technological disruptions, changing consumer preferences, public health concerns, and supply chain dynamics, all of which may influence business performance and strategic outcomes.

This Risk Management Report covers the operations of AHPL carried out through Cinnamon Grand Colombo and its Subsidiary Crescat Boulevard. The scope of this report excludes the operations of AHPL's Subsidiary, Trans Asia Hotels PLC (TAH), as the risk management and governance processes of TAH are subject to the dedicated oversight of its own Board of Directors and Board Audit Committee. This governance structure ensures focused and accountable oversight over the distinct risk landscape, operational priorities, and strategic considerations unique to the two listed entities.

## APPROACH TO RISK MANAGEMENT AHPL

The Enterprise Risk Management (ERM) framework of AHPL is designed to support the Company's long-term strategic objectives while strengthening operational resilience and sustainable value creation, across operations of both Cinnamon Grand Colombo and Crescat Boulevard. The framework enables the proactive identification, assessment, prioritisation, and management of risks that may impact the Group's ability to execute its strategy and respond effectively to changing business conditions.

AHPL adopts an integrated, enterprise-wide approach to risk management, embedding risk considerations into strategic planning, operational decision-making, and day-to-day business activities. Risks are continuously monitored and periodically reassessed to ensure their relevance within the evolving internal and external operating landscape.

The Company's risk profile, together with the effectiveness of corresponding mitigation measures, is formally reviewed on a quarterly basis. This process supports the timely identification of emerging risks, evaluation of mitigation effectiveness, and strengthening of risk responses where necessary, while also facilitating ongoing oversight by the Board and the Board Audit Committee.

## ALIGNMENT WITH GROUP RISK MANAGEMENT PRACTICES

The approach to risk management adopted by AHPL is guided and strengthened by the broader risk management philosophy, governance practices, and strategic direction established by its ultimate parent entity, John Keells Holdings PLC (JKH Group). This alignment supports consistency

in risk governance, oversight, and resilience-building practices across the JKH Group, while enabling AHPL to address the unique operational realities of the hospitality sector.

**In order to provide context on how the JKH Group's overarching risk management initiatives and governance structures complement and influence the risk management practices of AHPL, a brief overview is set out below.**

The JKH Group's ERM process is designed to ensure businesses are proactively identifying, assessing, and mitigating risk events. The risk management framework ensures consistency in methodology across diverse businesses and functions and follows both a top-down and bottom-up integrated approach, alongside strategic planning and decision-making. The annual cycle involves business-level risk identification and review on a quarterly basis, which is consolidated upwards at sector and industry group management committees, while JKH Group level risks are reviewed on a quarterly basis by the Group Executive Committee.

# Risk Management

The JKH Group level Enterprise Risk Management process and information flow is portrayed below



## RISK GOVERNANCE

Within the broader JKH Group risk management framework explained above, AHPL also derives strength from the robust risk governance practices established across the Cinnamon Hotels & Resorts sector, which AHPL is connected to. This integrated governance structure supports a disciplined and coordinated approach to identifying, assessing, managing, and monitoring risks across the business.

The Board of Directors of AHPL holds ultimate responsibility for overseeing the Company's risk management framework and ensuring that appropriate systems and controls are in place to safeguard stakeholder interests and support long-term value creation.

## BOARD AUDIT COMMITTEE

The Board is supported in discharging its risk oversight responsibilities by the Board Audit Committee (BAC), for which risk management and internal control oversight form a key component of its Terms of Reference. The BAC regularly reviews the adequacy and effectiveness of the Company's internal control and risk management processes, supported by the John Keells Group Enterprise Risk Management (ERM) Division and the

Group Business Process Review Division (GBPR) and outsourced internal auditors.

Through periodic reviews, evaluations, and recommendations, the BAC provides oversight on the robustness of the Company's internal control environment and risk mitigation mechanisms.

Committee strength: The Committee comprises 3 members, of whom 3 are Independent Non-Executive Directors. Collectively, the members possess a diverse blend of professional expertise, industry knowledge, and governance experience that enables effective oversight of the Company's risk landscape. The Committee is chaired by Ms. A. Nanayakkara.

## SECTOR RISK MANAGEMENT TEAM

At an operational level, the Sector Risk Management Team within Cinnamon Hotels & Resorts is responsible for driving the effective implementation and continuous monitoring of the risk management framework. The team works closely with management across business units – which includes AHPL to identify emerging risks, evaluate mitigation strategies, strengthen risk awareness, and ensure that risk management practices remain aligned with the evolving operational and strategic priorities of the sector.

## THREE LINES OF DEFENCE

The three line of defence of AHPL's risk management is as depicted below.



## RISK MANAGEMENT STRATEGY

AHPL adopts an integrated and enterprise-wide approach to risk management, aligning its risk management practices with the JKH Group Risk policy and the broader Sustainability frameworks of the Group. This approach enables the Company to move beyond conventional financial and operational risk management and incorporate wider Environmental, Social, and Governance (ESG) considerations into its decision-making and governance processes.

Accordingly, the Company's risk management practices encompass a broad spectrum of areas including environmental stewardship, employee wellbeing, stakeholder and community relationships, responsible business practices, and value chain sustainability. This integrated perspective supports the Company's ability to strengthen resilience, safeguard long-term value creation, and respond proactively to evolving stakeholder expectations and emerging sustainability-related risks.

The Sector Risk Management Team, headed by the Industry Group President, periodically reviews the key risks affecting the business to strengthen and validate the effectiveness of risk management processes implemented at Business Unit level. This structured oversight mechanism supports the timely identification, evaluation, and mitigation of risks that may impact the achievement of the Company's strategic objectives.

## RISK MATRIX

The Company's Risk Matrix is built on a dual-factor risk assessment model comprising the following dimensions:

### 1. Impact / Severity of Risk

Assesses the potential extent of impact a risk could have on the Company's operations, financial performance, reputation, stakeholders, or strategic objectives should the risk materialise.

### 2. Likelihood / Probability of Occurrence

Assesses the probability or frequency with which a particular risk may occur within the operating environment of the Company.

Both dimensions are evaluated across five escalating levels, with scores assigned based on the degree of severity and likelihood identified.

As a second step, the combined risk scores are interpreted through a colour-coded risk matrix to determine the relative priority and criticality of each risk. This process enables the Company to categorise risks according to their significance and facilitates focused management attention, monitoring, and mitigation efforts towards higher-priority risks.

## Step 1 – Guideline for risk rating and identification of risk score

Impact / Severity	5	Catastrophic/ Extreme Impact	5	10	15	20	25
	4	Major/ Very High Impact	4	8	12	16	20
	3	Moderate/ High Impact	3	6	9	12	15
	2	Minor Impact	2	4	6	8	10
	1	Low/ Insignificant Impact	1	2	3	4	5
			Rare/ Remote to Occur	Unlikely to Occur	Possible to Occur	Likely to Occur	Almost Certain to Occur
			1	2	3	4	5
Occurrence/ Likelihood							

## Step 2 – Determining the priority level of risks

Occurrence/ Likelihood					
Priority level	5	4	3	2	1
Colour code	Ultra High	High	Medium	Low	Insignificant
Score	13-25	10-12	7-9	3-6	1-2

# Risk Management

## DEDICATED RISK OVERSIGHT COVERING CINNAMON GRAND AND CRESCAT BOULEVARD

As mentioned at the outset, the operations of AHPL are primarily carried out through two distinct business verticals, namely Cinnamon Grand Colombo and Crescat Boulevard, each operating within unique business environments and exposure profiles.

Cinnamon Grand Colombo is a leading five-star city hotel located in the heart of Colombo, catering to a diverse guest profile spanning MICE, leisure, dining, and other hospitality segments, serving both local and international clientele.

Crescat Boulevard, strategically adjoining Cinnamon Grand Colombo, functions as a premium lifestyle and retail destination that complements the overall guest experience offered by the hotel. The mall houses a diverse portfolio of tenants offering shopping, dining, entertainment, and lifestyle experiences, thereby attracting footfall from both hotel guests and the wider public.

Given the distinct nature of operations carried out by these two business verticals, AHPL's risk management framework separately identifies, assesses, manages, and monitors the specific risks relevant to each operation. This enables the Company to adopt more targeted and context-specific risk mitigation strategies, strengthen operational responsiveness, enhance business continuity, and ensure that risk oversight remains aligned with the unique operational, customer, regulatory, and market dynamics associated with each business segment.

## KEY RISKS FOR ASIAN HOTELS AND PROPERTIES PLC AND THEIR RISK PRIORITIES

### Cinnamon Grand Colombo

AHPL has identified a number of risks across broader risk categories within its enterprise risk management framework that apply to Cinnamon Grand. Of these, 13 risks have been reported on in this section, with focus placed on those considered more relevant and carrying High to Medium impact potential to the Group's operations, financial performance, strategic objectives, and stakeholder interests.

The reported risks comprise:

- Risks rated **High** – 3 risks
- Risks rated **Medium** – 6 risks
- Risks rated **Low**, with a likelihood assessed as Possible to occur – 3 risks
- A risk rated **Low**, with a likelihood assessed as Rare/Remote, included due to its connectivity to climate-related considerations – 1 risk

### Cinnamon Grand Risk Register

\*Connected to Climate related risk 1 (CR 1) Energy cost and Transition Risk of AHPL, more details of which are found in the SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2).

### Crescat Boulevard

AHPL has identified a number of risks across broader risk categories within its enterprise risk management framework that apply to the Crescat Boulevard. Of these, 5 risks have been reported on in this section, with focus placed on those considered more relevant and carrying High to Medium impact potential to the Group's operations, financial performance, strategic objectives, and stakeholder interests.

The reported risks comprise:

- One risk rated **High** – 1 risk
- Risks rated **Medium** – 2 risks
- Risks rated **Low**, with a likelihood assessed as Possible to occur – 2 risks

### Crescat Boulevard Risk Register

\*Connected to Climate related risk 1 (CR 1) Energy cost and Transition Risk of AHPL, more details of which are found in the SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2).

## SUSTAINABILITY AND CLIMATE RELATED RISKS AND OPPORTUNITIES

During the year, the Group commenced the implementation of SLFRS S1 and SLFRS S2 sustainability reporting standards, with the support of an international external consultancy firm. This initiative was extended to AHPL as well. As part of this

process, a comprehensive, life cycle-based value chain assessment was conducted covering AHPL to identify key dependencies, impacts, and sustainability and climate-related risks and opportunities.

Based on this assessment, AHPL identified and prioritised its Sustainability-Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs). Given this being the first year of adoption, these were assessed qualitatively, incorporating financial impact parameters and judgement-based financial materiality considerations.

The governance and management of Strategic Risk and Resilience Objectives (SRROs) and Compliance and Regulatory Risk Objectives (CRROs) are aligned to the four pillars of Governance, Strategy, Risk Management, and Metrics and Targets. Further details on AHPL's prioritised SRROs and CRROs, together with the related governance structures and mitigation strategies, are presented in the SLFRS S1 and S2 Disclosure section of this Report from page 193.

During the forthcoming year, aligned to reporting of the Group, AHPL intends to quantitatively assess the financial materiality of SRROs and CRROs and integrate them into the ERM framework, based on impact and likelihood. In parallel, the ERM policy will be updated to incorporate relevant thresholds, and AHPL's risk appetite and tolerance statements will be reviewed to ensure alignment.

Mitigation actions and opportunity realisation plans will be embedded within the existing ERM Risk Register, considering short, medium and long-term horizons. Risk ownership will be assigned to ensure accountability, and SRROs and CRROs will be integrated into the existing risk governance structure.

## Cinnamon Grand Colombo Risk Register 2025/26

Risk Description	Risk responses	Material Matter/s linked	Strategic pillar addressing the risks	Risk Rating
<b>Global Competitiveness</b>				
<p><b>Market Competition</b></p> <p>The hospitality industry remains highly competitive, with increasing pressure arising from new market entrants, evolving guest expectations, aggressive pricing strategies, and continuous enhancements in hospitality offerings across the sector. Failure to maintain service excellence, brand differentiation, and product relevance may impact occupancy levels, customer loyalty, and overall market positioning</p>	<ul style="list-style-type: none"> <li>Continuous monitoring of competitor developments, market trends, and pricing strategies to support responsive and competitive positioning.</li> <li>Periodic refurbishments and renovations undertaken to maintain the appeal, functionality, and competitiveness of the Hotel's offerings and facilities.</li> <li>Continued focus on talent retention to preserve operational expertise, service consistency, and guest experience standards.</li> <li>Ongoing training and development initiatives implemented to strengthen employee capabilities, service excellence, and operational efficiency.</li> <li>Continuous enhancement of products, services, and guest experiences to reinforce Cinnamon Grand's market positioning and value proposition.</li> </ul>	NA	Service excellence	High
<p><b>Consumer behavior</b></p> <p>Failure to adapt to the rapidly evolving traveller needs driven by technological and socio-economic advancements can negatively affect customer satisfaction levels</p>	<ul style="list-style-type: none"> <li>Greater focus placed on revenue management practices to better anticipate evolving customer behaviour and travel patterns.</li> <li>Continued refinement of product offerings and rate positioning to align with the distinctive value proposition of Cinnamon Grand.</li> <li>Sustained guest engagement through satisfaction surveys, social media platforms, and direct interactions, supported by multilingual staff positioned across guest-facing areas.</li> <li>Continued reinforcing confidence among employees and existing and potential guests regarding the Hotel's commitment to safety, wellbeing, and service assurance, including through dedicated communication channels on the Hotel Group's website.</li> </ul>	Product safety & quality	Revenue optimisation	High
<p><b>Talent attraction and retention</b></p> <p>The industry continues to face challenges in attracting, developing, and retaining skilled talent amidst increasing competition for experienced professionals, changing workforce expectations, and overseas employment opportunities. Failure to maintain a motivated and capable workforce may impact service standards, operational continuity, and the ability to consistently deliver the Cinnamon Grand experience</p>	<ul style="list-style-type: none"> <li>Continued investment in employee training and development programmes to strengthen capabilities, service excellence, and long-term career growth.</li> <li>Opportunities facilitated across other business units within the Group to support broader exposure, career progression, and talent retention.</li> <li>Periodic reviews of salary structures and employee benefits conducted with consideration to market conditions and industry benchmarks.</li> <li>Continued fostering of a positive work culture through employee engagement, wellbeing, and staff welfare initiatives.</li> <li>Regular employee feedback surveys conducted to proactively monitor employee satisfaction, engagement, and retention-related concerns.</li> <li>Continued engagement with overseas recruitment agencies and industry networks to support workforce planning and talent pipeline management.</li> </ul>	Talent attraction and retention	Talent management	High

# Risk Management

Risk Description	Risk responses	Material Matter/s linked	Strategic pillar addressing the risks	Risk Rating
<b>Operational Resilience</b>				
<p><b>Legacy Infrastructure and Equipment Resilience</b></p> <p>Given the age and continuous utilisation of certain infrastructure and equipment across hotel operations, there remains a risk of operational disruptions, inefficiencies, safety concerns, and increased maintenance requirements if such assets are not adequately maintained and upgraded in a timely manner</p>	<ul style="list-style-type: none"> <li>Regular audits, inspections, and operational testing carried out to assess the condition, reliability, and safety of infrastructure and equipment.</li> <li>Preventive maintenance programmes implemented to minimise operational disruptions and extend asset lifespan.</li> <li>Ongoing rewiring, re-plumbing, refurbishment, and upgrading of critical infrastructure and operational assets undertaken to strengthen resilience, safety, and operational efficiency.</li> </ul>	NA	Operational excellence and cost optimisation	Medium
<p><b>Fire Safety</b></p> <p>Given the nature of hotel operations and the need to ensure the safety of guests, employees, and property, fire-related incidents remain a critical operational risk requiring continuous monitoring, preparedness, and response capabilities</p>	<ul style="list-style-type: none"> <li>Comprehensive fire detection and firefighting systems maintained across the property to support timely identification and response to fire-related incidents.</li> <li>Regular firefighting training and awareness programmes conducted for associates to strengthen emergency preparedness and response capabilities.</li> <li>Established evacuation procedures maintained and periodic fire drills conducted to reinforce safety readiness across the Hotel.</li> <li>Periodic audits, inspections, and daily monitoring rounds carried out by designated fire safety personnel to ensure ongoing compliance and operational readiness.</li> </ul>	NA	Operational excellence and cost optimisation	Medium
<b>Supply Chain Disruptions</b>				
<p><b>Disruption to Business Due to Fuel Supply Limitations and Interruptions to Continuous Grid Electricity.</b></p> <p>Disruptions to fuel availability and interruptions to grid electricity supply may impact operational continuity, guest experience, and the uninterrupted functioning of critical hotel operations and infrastructure</p>	<ul style="list-style-type: none"> <li>Increased frequency and quantity of fuel purchases maintained to support uninterrupted generator operations during supply disruptions.</li> <li>Higher buffer stock levels maintained for critical operational supplies to minimise the impact of supply chain and utility interruptions.</li> <li>Accommodation facilities provided within hotel premises for critical staff where necessary to support operational continuity during periods of disruption.</li> <li>Alternate suppliers and substitute sourcing arrangements identified to strengthen supply continuity and operational resilience.</li> </ul>	GHG emissions and energy management	Operational excellence and cost optimisation	Medium

Risk Description	Risk responses	Material Matter/s linked	Strategic pillar addressing the risks	Risk Rating
<b>Guest Health, Safety and Food Hygiene</b>				
<p><b>Food Hygiene</b></p> <p>Maintaining high standards of food hygiene and safety remains critical to safeguarding guest wellbeing, protecting the Cinnamon Grand brand reputation, and ensuring compliance with applicable health and safety requirements. Failure to maintain effective food safety practices may result in reputational, operational, and regulatory consequences</p>	<ul style="list-style-type: none"> <li>Continued adherence to FSSC 22000 Food Safety Certification</li> <li>Ongoing monitoring and verification of all Critical Control Points (CCPs), Operational Prerequisite Programmes (OPRPs), and Prerequisite Programmes (PRPs).</li> <li>Regular associate training conducted on food hygiene practices, food safety standards, and proper waste disposal procedures.</li> <li>Periodic internal audits and independent third-party microbiological testing carried out to strengthen food safety assurance.</li> <li>Routine medical check-ups conducted for food handlers to support health and hygiene compliance.</li> <li>Approved and verified supplier lists maintained to ensure quality and food safety standards across the supply chain.</li> <li>Immediate reporting, escalation, and investigation procedures maintained for food-related incidents to support timely response and corrective action.</li> </ul>	Product safety & quality	Operational excellence and cost optimisation	Medium
<b>Financial exposure</b>				
<p><b>Fluctuation of exchange rates</b></p> <p>Fluctuations in foreign exchange rates may impact the cost of imported goods and services, operating margins, pricing dynamics, and overall financial performance, particularly within an environment of global economic uncertainty and currency volatility</p>	<ul style="list-style-type: none"> <li>Continuous monitoring of foreign exchange market movements and related economic developments to support timely decision-making.</li> <li>Regular guidance, updates, and market insights obtained through the Group Treasury function to support effective management of foreign exchange exposures.</li> </ul>	NA	Covered by the overall business strategy	Low
<p><b>Increase in interest rates</b></p> <p>Increases in market interest rates may impact borrowing costs, finance expenses, cash flows, and overall profitability, particularly in periods of tightening monetary conditions and elevated financing costs</p>	<ul style="list-style-type: none"> <li>Continuous monitoring of market interest rate movements and regular engagement with the Group Treasury function regarding lending rate developments and financing strategies.</li> <li>Ongoing renegotiation of credit terms and proactive follow-up on outstanding receivables to support liquidity management and working capital optimisation.</li> </ul>	NA	Covered by the overall business strategy	Low

# Risk Management

Risk Description	Risk responses	Material Matter/s linked	Strategic pillar addressing the risks	Risk Rating
<p><b>Financial Risks: Credit Risk and Liquidity Risk</b></p> <p>Credit and liquidity risks may arise from delays in customer collections, constrained cash flows, changes in financing conditions, and broader economic uncertainties, potentially impacting the Company's ability to meet operational and financial obligations efficiently</p>	<ul style="list-style-type: none"> <li>Regular reviews of debtor balances conducted with defined collection targets to strengthen receivables management and minimise credit exposure.</li> <li>Continued focus placed on maintaining healthy cash flows and adequate liquidity levels to support operational continuity and financial stability.</li> <li>Ongoing monitoring of financing requirements to ensure alignment with the Company's financial objectives and liquidity needs.</li> <li>Credit control and risk management practices strengthened through proactive monitoring and timely follow-up mechanisms.</li> <li>Capital expenditure decisions aligned with available cash flows, debt levels, expected returns, and strategic priorities.</li> <li>Internal audit and compliance processes continued to strengthen governance and financial discipline through timely identification and implementation of corrective actions arising from audit findings.</li> </ul>	NA	Covered by the overall business strategy	Low
<b>Information Technology</b>				
<p><b>Data Privacy and Cyber-security</b></p> <p>Increasing reliance on digital systems, data management platforms, and technology-driven operations exposes the Hotel to risks relating to cyber-security threats, unauthorised access, data breaches, and potential disruptions to business operations and guest information security</p>	<ul style="list-style-type: none"> <li>Access controls strengthened through multi-factor authentication (MFA) and role-based access restrictions to safeguard sensitive systems and information.</li> <li>Regular system updates, software patching, and security enhancements carried out to address vulnerabilities and strengthen cyber resilience.</li> <li>Ongoing employee awareness and training programmes conducted on cyber-security best practices, phishing threats, and responsible data handling procedures.</li> </ul>	NA	Operational excellence and cost optimisation	Medium
<b>Natural Disasters</b>				
<p><b>Climate Change Impact including rising energy cost and transition risk*</b></p> <p>Climate change and the transition towards a lower-carbon economy may result in rising energy costs, operational disruptions, evolving regulatory requirements, and increased pressure to adapt operational practices and infrastructure to changing environmental expectations</p>	<ul style="list-style-type: none"> <li>Integrated energy efficiency initiatives implemented through optimised HVAC maintenance and controls, energy-efficient upgrades including LED lighting improvements, real-time energy monitoring, and employee awareness programmes to improve overall energy performance and reduce consumption.</li> <li>Supply chain diversification strategies adopted to reduce dependency on single regions and strengthen sourcing resilience across different parts of the country.</li> <li>Continued compliance maintained with ISO 14001:2015 Environmental Management System requirements and Environmental Protection Licence (EPL) obligations.</li> <li>Business continuity and recovery preparedness measures maintained to support operational resilience and emergency response capabilities during climate-related and other disruptions.</li> </ul>	NA	ESG considerations	Low

Risk Description	Risk responses	Material Matter/s linked	Strategic pillar addressing the risks	Risk Rating
<b>Macroeconomic and Political Environment</b>				
<p><b>Geo-political unrest impacting revenues</b></p> <p>Geo-political tensions, regional instability, and global uncertainties may adversely impact international travel demand, tourism flows, consumer confidence, and broader economic activity, thereby affecting occupancy levels, revenues, and overall business performance</p>	<ul style="list-style-type: none"> <li>Continued diversification towards regional and domestic markets to reduce dependency on specific source markets.</li> <li>Dynamic pricing strategies and targeted promotional campaigns implemented to support demand generation and revenue optimisation.</li> <li>Distribution channels and strategic partnerships strengthened to enhance market reach and customer access.</li> <li>Flexible booking policies maintained to support customer confidence and booking conversions during uncertain periods.</li> <li>Ongoing monitoring of geopolitical developments and scenario-based planning undertaken to support timely decision-making and operational preparedness.</li> </ul>	NA	Covered by the overall business strategy	Medium

\*Connected to Climate related risk 1 (CR 1) Energy cost and Transition Risk of AHPL, more details of which are found in the SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2).

### Crescat Risk Register 2025/26

Risk Description	Risk responses	Material Matter/s linked	Strategic pillar addressing the risks	Risk Rating
<b>Global Competitiveness</b>				
<p><b>Market Competition</b></p> <p>The retail mall sector remains highly competitive, with evolving consumer preferences, changing shopping behaviours, new retail concepts, and increasing competition from alternative retail and lifestyle destinations potentially impacting footfall, tenant demand, and revenue generation</p>	<ul style="list-style-type: none"> <li>Continuous monitoring of competitor developments, tenant offerings, consumer trends, and market positioning to support proactive decision-making.</li> <li>Periodic review of pricing and leasing strategies to maintain competitiveness, tenant attractiveness, and overall market positioning.</li> </ul>	NA	Service excellence	High
<b>Operational Resilience</b>				
<p><b>Mall lease Rent Recovery and Receivables Management</b></p> <p>Economic pressures, changing consumer spending patterns, and operational challenges faced by tenants may impact rental recoveries, tenant stability, and overall receivables management within the mall</p>	<ul style="list-style-type: none"> <li>Structured payment plans implemented and closely monitored, together with proactive follow-up on collections in line with agreed arrangements.</li> <li>Continuous monitoring of tenant performance and operational stress levels undertaken to identify potential tenant distress at an early stage.</li> <li>Ongoing evaluation of prospective tenants carried out to strengthen tenant quality, occupancy levels, and leasing sustainability within the mall.</li> <li>Collection processes continuously followed up in accordance with tenancy agreements and established credit control procedures."</li> </ul>	NA	Operational excellence and cost optimisation	Medium

# Risk Management

Risk Description	Risk responses	Material Matter/s linked	Strategic pillar addressing the risks	Risk Rating
<b>Financial exposure</b>				
<p><b>Financial Risks:</b></p> <p>Credit Risk and Liquidity Risk Credit and liquidity risks may arise from delays in tenant collections, constrained cash flows, and broader economic uncertainties, potentially impacting the mall's ability to efficiently manage operational and financial commitments</p>	<ul style="list-style-type: none"> <li>• Continuous monitoring and review of debtor balances conducted against defined collection targets, with progressive recovery actions implemented where necessary.</li> <li>• Regular financial performance reviews carried out against approved budget targets to support effective liquidity and cash flow management.</li> <li>• Structured payment arrangements initiated where appropriate, including recovery through refundable deposits where applicable.</li> <li>• Regular reminders, follow-ups, and collection-related communication maintained with tenants to support timely recoveries and receivables management.</li> </ul>	NA	Covered by the overall business strategy	Low
<b>Macroeconomic and Political Environment</b>				
<p><b>Riots and Civil Unrest</b></p> <p>Riots, civil unrest, and periods of socio-political instability may disrupt mall operations, tenant business activities, customer footfall, employee safety, and overall business continuity</p>	<ul style="list-style-type: none"> <li>• Annual evacuation drills conducted to strengthen emergency preparedness and response capabilities.</li> <li>• Continuous monitoring of the political and social environment undertaken to support timely decision-making and risk mitigation measures.</li> <li>• Business Continuity Plans (BCPs) maintained and periodically reviewed, supported by appropriate insurance coverage.</li> <li>• Emergency preparedness and incident response procedures maintained to support operational resilience and stakeholder safety during periods of disruption.</li> </ul>	NA	Covered by the overall business strategy	Medium
<p><b>Instability, Ideology/ Extremism, Breakdown of Law and Order, and Global Terrorism</b></p> <p>Acts of terrorism, ideological extremism, civil instability, and breakdowns in law and order may adversely impact customer confidence, mall operations, employee safety, and overall business continuity</p>	<ul style="list-style-type: none"> <li>• Enhanced security arrangements maintained, including deployment of additional security personnel, strengthened surveillance through CCTV systems, and continuous engagement with government authorities and industry stakeholders.</li> <li>• Security screening measures maintained across premises, including baggage X-ray machines, walk-through metal detectors, explosive detection measures, and vehicle inspection procedures.</li> <li>• Ongoing monitoring and review of security protocols conducted to strengthen preparedness and response capabilities against evolving threats.</li> </ul>	NA	Covered by the overall business strategy	Low

\*Connected to Climate related risk 1 (CR 1) Energy cost and Transition Risk of AHPL, more details of which are found in the SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2).

## SLFRS S1 and SLFRS S2 Disclosures

### SUSTAINABILITY AND CLIMATE-RELATED RISKS AND OPPORTUNITIES, AND THEIR INTERACTIONS WITH THE STRATEGY AND THE BUSINESS MODEL

#### SLFRS S1 and SLFRS S2 Disclosures

##### Basis of Preparation

##### Aligning with the reporting requirements of SLFRS Sustainability Standards S1 and S2

From 1st January 2025, the first 100 listed entities on the Main Board of the Colombo Stock Exchange were required to comply with the requirements of SLFRS Sustainability Standards S1 and S2 issued by CA Sri Lanka. Accordingly, John Keells Holdings PLC adopted a structured approach to its implementation across the John Keells Group (JK Group). Asian Hotels and Properties PLC (AHPL / the Group), as part of the JK Group, was integrated into the JK Group governance and risk management structures established to facilitate compliance with the requirements of SLFRS Sustainability Standards S1 and S2. AHPL also conducted an in-depth analysis of its value chain to identify its material sustainability-related and climate-related risks and opportunities, with detailed disclosures provided in this Annual Report.

##### Basis of preparation of AHPL's SLFRS Sustainability Standards S1 and S2 disclosures

Reporting entity: The Group's SLFRS Sustainability Standards S1 and S2 disclosures presented in this Annual Report have been prepared for Asian Hotels and Properties PLC (AHPL) Cinnamon Grand Colombo and Crescat Boulevard Mall with its Subsidiary, namely Trans Asia Hotels PLC – Cinnamon Lakeside Colombo (collectively referred to as 'the Group'). The sustainability-related financial reporting boundary is aligned with the Group's consolidated financial statements.

Statement of compliance: The Group's SLFRS Sustainability Standards S1 and S2 Disclosures have been prepared in accordance with SLFRS Sustainability Standards S1 and S2 issued by CA Sri Lanka, which is a localised version of the ISSB's Sustainability Standards S1 and S2, enabling the provision of consistent, comparable, and decision-useful information to primary report users assessing the Group's enterprise value.

Commercially sensitive information: In line with SLFRS S1 and S2, the Group has disclosed material sustainability- and climate-related risks that could reasonably be expected to affect its financial performance, financial position, or future prospects. These disclosures are based on management judgement. Where necessary, information has been appropriately aggregated to avoid prejudice to the Group's competitive position or ongoing commercial arrangements, without obscuring the overall nature and direction of the risks and opportunities disclosed.

Connectivity: The Group's sustainability-related financial information is presented for the financial year ended 31st March 2026 and aligns with the reporting period of the Group's consolidated financial statements. The Report draws on information presented in other sections of this Annual Report, including the financial statements and the value creation model, to present a cohesive view of how relevant SRROs and CRROs could impact the Group's financial position, performance and cash flows over the short, medium and long term. Where applicable, sustainability-related metrics are cross-referenced with relevant financial statement line items. All sustainability-related financial information has been presented in Sri Lankan Rupees unless otherwise stated.

Sources of guidance: In preparing its sustainability-related financial information, the Group engaged an independent third-party consultant to support the identification of impact areas following stakeholder engagement, and to conduct a value chain assessment covering the Group's Subsidiaries. The material topics identified were aligned with the integrated reporting capitals, sector-specific SASB standards, and the GRI standards. The Group has referred to and considered the following standards:

- SLFRS Sustainability Standards S1
- SLFRS Sustainability Standards S2
- SASB Standards for Hotels & Lodging, Restaurants, and Real Estate

##### Transition relief:

In preparing this Report, the Group has availed the transition relief available to first-time reporters as follows:

- No comparative information is disclosed for SRROs and CRROs for the previous period.
- Climate-related scenario analysis has not been performed in the current reporting period.
- The Group has adopted a qualitative approach to reporting the current and future impacts of SRROs and CRROs on its financial position, performance and cash flows.

## *SLFRS S1 and SLFRS S2 Disclosures*

### **Assumptions, judgment, and estimates:**

Key assumptions, judgements, and estimates related to the Group's sustainability and climate disclosures are presented within the relevant commentaries in this section. These include assumptions and judgments relating to the identification, assessment, and prioritisation of sustainability and climate-related risks and opportunities, as well as their anticipated impacts. The most significant sources of estimation uncertainty are:

- GHG emissions – Quantification is unavoidably subject to inherent limitations due to the nature of, and methods used for, data collection, determining emission factors, and underlying assumptions. Management judgement was exercised in selecting appropriate location-based emission factors for the calculation of Scope 1 and Scope 2 and Scope 3 GHG emissions.
- Risk assessments – Management judgement was applied in assessing likelihood of occurrence and severity of financial impacts associated with SRROs and CRROs deemed financially material to the Group.

### Value Chain Description and Data Limitations

The Group's value chain encompasses the following activities, all of which are considered in the Double Materiality Assessment:

Upstream – Procurement of goods and services (including food, beverages, technology, and capital goods), inbound logistics and transportation, and energy and water utilities.

Midstream – Hotel operations include reservations, revenue management, front office, housekeeping, food and beverage services, maintenance and engineering, event management, human resources, marketing and communications, information technology, cybersecurity, and facilities management, together with mall operations at Crescat Boulevard.

Downstream – Customers (hotel guests, mall tenants, conference clients and visitors), outsourced service providers, and regulatory bodies.

By incorporating value chain considerations into its risk identification process, the Group enhances its ability to identify material sustainability and climate-related risks and address potential impacts across interconnected business activities.

### Time Horizons

The time horizons considered in this report are:

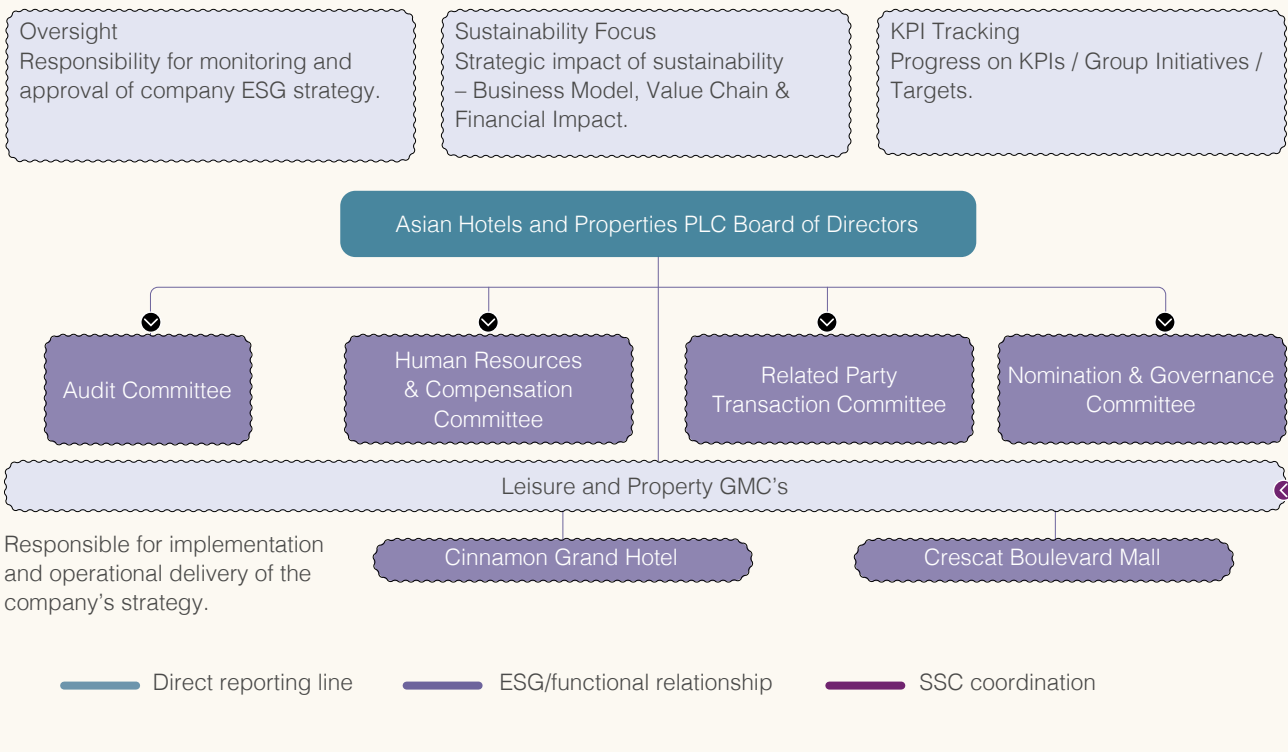
- Short-term: Less than 1 year
- Medium-term: 1 to 5 years
- Long-term: Over 5 years

SUSTAINABILITY GOVERNANCE

ESG Governance Structure



COMPANY LEVEL



# SLFRS S1 and SLFRS S2 Disclosures

## JK Group Level Sustainability and Climate Governance

The Board of Directors of the Group's parent entity, John Keells Holdings PLC (the "Board"), holds ultimate responsibility for overseeing the John Keells Group's sustainability impacts on the economy, environment, and society, together with sustainability and climate-related risks and opportunities (SRROs/CRROs) that could reasonably be expected to affect the Group's financial position, financial performance, and resilience over the short, medium, and long term.

Board oversight is supported by the John Keells Group Executive Committee (GEC), the ESG and Sustainability Steering Committee (ESSC), and Sector level Group Management Committees (GMCs). This governance architecture reflects the requirements of SLFRS S1 and SLFRS S2 through the establishment of clear governance structures, processes, controls, and procedures for monitoring, assessing, and managing sustainability and climate related matters. The same governance framework also supports the management of the Group's broader sustainability impacts on the economy, environment, and society.

## AHP Board Level Responsibility

The Board of Directors of the AHPL (the "AHPL Board") holds responsibility for overseeing the sustainability impacts on the economy, environment, and society, including sustainability and climate related risks and opportunities (SRROs/CRROs) that may reasonably be expected to affect the AHP's financial position, financial performance, cash flows, and long term resilience. This oversight is exercised within the broader governance structure of John Keells Holdings PLC through the Board, Group Executive Committees (GEC's), ESG and Sustainability Steering Committee (ESSC), Leisure and Property Sector Group Management Committees (GMC's), and the AHPL Board and Management.

## Reflection of Responsibilities in Board Charter and Terms of Reference (TORs)

Responsibilities relating to sustainability, climate related governance, risk oversight, and long term value creation are embedded within the AHPL Board Charter and the Terms of Reference

(TORs) of relevant Board Committees. These governance structures support the integration of sustainability and climate related considerations into strategic decision making, enterprise risk management, capital allocation, and oversight processes.

## Capacity Building and Board Competency

The AHPL Board continuously strengthens its oversight capabilities through structured capacity building initiatives, including sustainability and climate related briefings, management updates, knowledge sharing sessions, and engagement with internal and external subject matter specialists. This enables Directors to remain informed of evolving regulatory developments, emerging risks, stakeholder expectations, and industry best practices relevant to sustainability and climate governance.

## Management Level Responsibility

At the management level, oversight and implementation responsibilities are carried out through the Leisure and Property Sector GMC's and the Management of AHPL, who are responsible for integrating sustainability and climate related considerations into operational decision making, business planning, and risk management activities. Climate related risks and opportunities are monitored through the Enterprise Risk Management (ERM) Framework and communicated to the AHPL Board through structured reporting mechanisms, including periodic risk management reports, dashboards, and targeted management briefings.

## Controls, Policies, and Governance Frameworks

The Group follows established governance frameworks, internal controls, policies, and procedures relating to sustainability, environmental management, cybersecurity, data privacy, health and safety, and enterprise risk management, aligned with Group level governance practices and applicable regulatory requirements. These processes support the systematic identification, assessment, monitoring, and management of material sustainability and climate related risks and opportunities across the business.

## Integration of Climate and ESG KPIs into Remuneration

AHPL has not integrated climate related or ESG related Key Performance Indicators (KPIs) into executive remuneration or performance evaluation frameworks during the current reporting period, as the Group's climate ambitions, targets, and transition pathways are still being progressively formalised. The AHPL Board, together with the relevant management and governance committees, will evaluate the future integration of sustainability and climate related performance metrics into remuneration frameworks once measurable targets and implementation mechanisms are finalised. Accordingly, the proportion of executive remuneration linked to climate related or ESG related performance remains nil for the current reporting period.

The Board of AHPL oversees climate related risks and opportunities through the Enterprise Risk Management Framework, integrating them into strategy, major transactions, and risk based decision making. Climate considerations are assessed alongside financial, operational, and strategic factors, including capital allocation and investment decisions, with due consideration of trade offs between short term performance and long term resilience, sustainability commitments, regulatory requirements, and stakeholder expectations. These are embedded within risk assessment processes and aligned with the Group's risk appetite and strategic objectives.

Sustainability related and climate related information is captured at business unit level and escalated through a defined governance structure to the Sector GMCs, the ESSC, the GEC, and the Board. Material matters are assessed based on both impact and financial materiality in line with the Group's sustainability and ERM framework. Oversight is supported by the Sustainability Management Framework, integrated ESG systems, internal audit assurance, cross functional coordination, and standardised risk reporting processes, ensuring consistent governance and effective escalation across the Group.

Please refer to the Corporate Governance section of this Annual Report for the detailed ESG governance structure.

## Sustainability and Climate-related Risks and Opportunities

As at the reporting date, the AHPL has not identified any sustainability or climate related opportunities that are considered financially material to the business over the short, medium, or long term. The Company will continue to monitor evolving sustainability and climate related developments and assess potential opportunities as part of its ongoing strategic planning and enterprise risk management processes.

Type	Risk / Opportunity	Time Horizon	Position in Value Chain
Climate-related Transition Risk - Market & Technological	Climate Related Risk 1 (CR 1): Energy Cost & Transition Risk  Rising temperatures will escalate cooling demand, driving up operating costs. Energy risks are compounded by volatile tariffs, grid instability, and efficiency gaps. Together, these pressures increase financial exposure and elevate Scope 1, 2 emissions, intensifying both cost and transition risks.	Short to Long-term	Own operations – midstream
Sustainability-related risk	Sustainability Related Risk 1 (SR 1): Talent Retention / Skills Availability Risk  Risk of decline in service quality due to difficulties in retaining skilled service staff, leading to operational inefficiencies, increased recruitment and training costs, and potential reputational impact.	Short and medium term	Own operations – midstream
Sustainability-related risk	Sustainability Related Risk 2 (SR 2): Guest Food Safety Risk  Failures in meeting food safety compliance (dietary, allergen, and certification) that could lead to guest harm, legal liabilities, regulatory breaches, and reputational damage.	Short and medium term	Own operations and upstream activities
Sustainability-related risk	Sustainability Related Risk 3 (SR 3): Data Privacy & Cybersecurity Risk  Rising cybersecurity threats could heighten exposure to unauthorised access, system breaches, and operational disruptions, including those involving guest payment systems and personal data, potentially resulting in legal and regulatory consequences, reputational harm, and erosion of guest trust.	Short and medium term	Own operations – midstream
Sustainability-related risk	Sustainability Related Risk 4 (SR 4): Waste and Wastewater Management Risk  Risks arising from transport constraints due to fuel shortages, limited capacity of solid waste collectors and disposal sites and tighter regulations, may disrupt solid waste collection resulting in operational and compliance impacts. Additionally, regulatory requirements for wastewater treatment in the future may require capital expenditure for a treatment plant within hotel premises.	Short and medium term	Own operations – and downstream activities

# SLFRS S1 and SLFRS S2 Disclosures

## Energy Cost & Transition Risk

### Risk Description

High energy demand across AHPL's hotel operations including the Courtyard Wingtogether with dependence on grid electricity and fossil fuels, has increased operating costs, reduced short-term financial flexibility, and pressured margins and working capital. As the global economy moves toward net-zero emissions, the hotel sector faces additional financial risks from policy shifts toward renewable energy, technological changes, and shifting market expectations. Guests are increasingly choosing eco-friendly accommodations, and destinations viewed as unsustainable may see a drop in visitors.

In tropical regions like Sri Lanka, rising temperatures lead to increased energy demand, particularly in energy-heavy hotel operations such as HVAC, kitchens, laundry, backup generators, and grid connections. Ongoing energy price volatility, grid instability, and efficiency gaps in high-load systems are raising

operating expenses and elevating Scope 1 and Scope 2 emissions, further intensifying both cost and transition risks.

This risk is concentrated within energy-intensive hotel buildings, including the Courtyard Wing, where reliance on grid electricity, fossil fuels, and ageing mechanical systems drives exposure to rising utility costs and regulatory requirements. In the value chain, concentration is highest in midstream Operations facilities management, where HVAC systems, generators, lighting, and electrical infrastructure constitute key asset categories.

### Strategy

Energy costs and transition pressures are driving the business model toward greater efficiency and resilience. The strategy focuses on transitioning toward a lower-carbon operating model by expanding renewable energy adoption and strengthening energy management practices.

Current direct mitigation efforts include energy audits and monitoring systems,

improving the efficiency of HVAC, lighting, and equipment, optimising fuel usage, and gradually reducing reliance on diesel and furnace oil while transitioning towards renewable and low-carbon energy. Resource allocation encompasses investments in plant upgrades, HVAC and lighting improvements, renewable energy projects, and staff energy-awareness programmes.

The strategy relies on three levers:

- Lever 1: Enhancing energy efficiency across all operational systems
- Lever 2: Transitioning to renewable energy sources
- Lever 3: Raising awareness and engaging stakeholders throughout the value chain

Indirect efforts include engaging with energy suppliers to secure reliable supply, benchmarking energy use against industry standards, and collaborating with facility managers to optimise operational schedules.

Please refer to pages 106 to 116 for the detailed strategies implemented.

## Current and Anticipated Financial Impact

	Impacts on Financial Position	Impacts on Financial Performance	Impacts on Cashflow	Impacts on Cost of Capital
Current (FY ended 31 Mar 2026)	No material impact identified during the reporting period.	No material impact identified during the reporting period.	No material impact identified during the reporting period.	No material impact identified during the reporting period.
Short Term	Continued energy price volatility and efficiency investments may maintain pressure.	Ongoing utility cost increases may affect margins.	Continued elevated cash outflows expected.	Gradual increase in perceived financing and insurance risk from transition exposure.
Medium Term	Additional investments may be required for renewable energy, energy efficient technologies, and infrastructure upgrades, increasing capital expenditure and asset related costs.	Ongoing energy cost pressures, carbon reduction initiatives, and compliance with climate related requirements may continue to impact profitability.	Continued investments in energy efficiency projects and sustainable infrastructure may increase operating and capital cash outflows.	Stronger sustainability practices and energy transition initiatives may improve stakeholder, lender, and investor confidence over time.
Long Term	Modernised and energy efficient infrastructure may reduce long term operational risk and support a more sustainable asset base.	Improved energy efficiency and reduced dependence on fossil fuels may help stabilise operating costs and support long term profitability.	Cash flows are expected to become more stable through lower energy consumption, improved operational efficiency, and reduced exposure to energy price volatility.	Effective energy transition strategies and stronger environmental performance may enhance access to sustainability linked financing and support long term capital availability.

## Talent Retention / Skills Availability Risk

### Risk Description

Industry-wide skill shortages are impacting service consistency and increasing recruitment and training costs across hotel operations. Although Cinnamon Grand Colombo has been able to gradually increase retention through a high focus on colleague experience, the effects are most pronounced in frontline and guest-facing roles where service quality is labour-intensive and relies on trained hospitality capability. Repeated hiring cycles and accelerated onboarding place pressure on midstream operations, affecting day-to-day execution and increasing supervisory load and cost volatility.

This risk is concentrated across midstream hotel operations, particularly within service delivery functions that are highly dependent on skilled and experienced teams. Frontline guest interaction roles and operational departments with high service intensity are most exposed.

If skills scarcity persists, the cost base is expected to rise further through wage pressure, recurring recruitment expenses, and sustained training investment. Over time, capability gaps have the potential to increase operational fragility, constraining service quality, slowing scale-up, and making it harder to maintain consistent brand standards within Cinnamon Grand Colombo.

### Strategy

Our growth response is anchored in building capability and protecting continuity, strengthening the talent pipeline, creating an environment where people stay, thrive, and perform, and reinforcing governance to reduce structural exposure to workforce instability. Decision-making prioritises workforce development, targeted training investments, and retention-oriented employment practices in critical departments and service roles.

Progress to date includes strengthening a structured talent pipeline through targeted training programmes that reinforce Cinnamon Grand Colombo's position as a leading hospitality training ground. This has been anchored by the Cinnamon

Hospitality Academy and the Cinnamon Management Trainee Programme, complemented by broader leadership and progression initiatives including the ISH Management Development Programme, structured internal succession planning pathways, and scaled capability-building through the Cinnamon Online Academy and Managerial Core Skills Framework. Workforce monitoring mechanisms track training impact, colleague engagement outcomes, and guest satisfaction feedback to identify emerging capability gaps and guide timely interventions. Strategic partnerships with hospitality training institutes, alongside strengthened recruitment channels, continue to support near-term workforce requirements and build longer-term pipeline sustainability.

Key trade-offs centre on balancing higher short-term operating and capital expenditure – such as investments in talent development infrastructure, recruitment outreach programmes, and colleague facilities – against long-term gains in service stability. While these investments may elevate near-term costs and execution complexity, they are expected to mitigate longer-term operational fragility and protect service standards.

## Current and Anticipated Financial Impact

	Impacts on Financial Position	Impacts on Financial Performance	Impacts on Cashflow	Impacts on Cost of Capital
Current (FY ended 31 Mar 2026)	No material impact identified during the reporting period.	No material impact identified during the reporting period.	No material impact identified during the reporting period.	No material impact identified during the reporting period.
Short Term	Continued energy price volatility and efficiency investments may maintain pressure.	Ongoing utility cost increases may affect margins.	Continued elevated cash outflows expected.	Gradual increase in perceived financing and insurance risk from transition exposure.
Medium Term	Continued investments in employee welfare, capability development, accommodation, and training infrastructure may increase expenditure and impact the asset base.	Wage inflation, competition for skilled employees, and talent shortages may continue to impact profitability and operational efficiency.	Sustained salary increases and employee retention initiatives may increase recurring operating cash outflows.	Improved workforce stability and stronger people management practices may support lender and investor confidence.
Long Term	A more stable and sustainable workforce structure may support long term operational resilience despite a structurally higher employee cost base.	Financial performance is expected to stabilise through improved employee retention, productivity, service consistency, and workforce planning.	Cash flows are expected to become more predictable as employee turnover declines and operational productivity improves.	Strong talent management, succession planning, and human capital governance may positively support stakeholder confidence and long term access to capital.

# SLFRS S1 and SLFRS S2 Disclosures

## Guest Food Safety Risk

### Risk Description

Food safety non-compliance can create immediate operational disruption, reputational damage, regulatory penalties, legal claims, and unplanned costs that strain working capital and reduce guest confidence. Failures in meeting food safety compliance – including dietary, allergen, and certification requirements can lead to guest harm, legal liabilities, regulatory breaches, and reputational damage.

Within the value chain, impacts are concentrated in Food & Beverage outlets, kitchens, food preparation areas, banqueting spaces, and guest-accessible facilities, where compliance, safe handling, and hygiene are essential for service delivery. Risk concentration is greatest across all operating hotel locations, involving food inventory, kitchen equipment, guest facilities, and high-guest-contact activities responsible for food handling and guest services.

In the medium term, repeated food safety-related incidents may increase compliance costs, insurance premiums, and necessary investment in food safety systems, facilities, and staff training.

### Strategy

The entity's strategic response focuses on strengthening food safety governance through the upgrade to FSSC 22000 V6.0 (Food Safety System Certification) standards, expanding staff training on food safety, allergens, HACCP, TACCP (Threat Assessment and Critical Control Points), and VACCP (Vulnerability Assessment and Critical Control Points), and enforcing preventive maintenance and regular inspections.

Internal Quality and Safety Audits: Progress includes the successful upgrade from ISO 22000:2018 to FSSC 22000 V6.0, enhanced frequency of internal and external food safety audits, strengthened preventive maintenance processes, and improved staff engagement in safe kitchen and guest-area practices. Sustaining HACCP, ISO 22000, or FSSC 22000 frameworks strengthens

internal controls and allocates additional resources for audits, training, and compliance monitoring.

Supply Chain Quality Assurance: Supplier assurance has been strengthened through specification requirements, audit programmes, and certification checks. Traceability has been improved through better documentation, supplier oversight, and corrective-action commitments.

Employee Training and Capacity Building: A continuous training programme for food handlers has been established. A dedicated team for health & hygiene has been appointed to engage with food handlers and suppliers.

Key trade offs include balancing increased investment in food safety certification, training, and infrastructure upgrades against short-term cost pressures, and the added procurement cost of stricter supplier compliance requirements, accepted as necessary to reduce long-term regulatory, safety, and reputational exposure.

## Current and Anticipated Financial Impact

	Impacts on Financial Position	Impacts on Financial Performance	Impacts on Cashflow	Impacts on Cost of Capital
Current (FY ended 31 Mar 2026)	No material impact identified during the reporting period.	No material impact identified during the reporting period.	No material impact identified during the reporting period.	No material impact identified during the reporting period.
Short Term	Exposure to claims, compliance requirements, and corrective investments may maintain pressure on financial position.	Compliance and reputational risk may continue to affect revenue and operating costs.	Cash outflows expected from remediation, compliance, and operational enhancements.	Insurance and risk-related costs may remain elevated, with potential gradual upward pressure on financing costs.
Medium Term	Investments in upgraded safety, security, and compliance systems may increase capitalised expenditure and depreciation costs.	Ongoing compliance, monitoring, and brand recovery initiatives may continue to impact operating margins.	Continued investments in compliance upgrades, employee training, and monitoring systems may increase operating and capital cash outflows.	Additional compliance and safety investments may require increased financing, while lenders may place greater emphasis on operational risk management practices.
Long Term	Strengthened compliance and control systems may reduce long term liability exposure and support a more resilient operational asset base.	Effective compliance management and stronger guest confidence may support more stable long term profitability and brand value.	Cash flows are expected to stabilise as compliance risks, claims, and operational disruptions are better managed and reduced over time.	A strong compliance and safety track record may improve lender and insurer confidence, supporting more stable financing access and insurance costs.

## Data Privacy and Cybersecurity Risk

### Risk Description

Rising cybersecurity threats heighten exposure to unauthorised access, system breaches, and operational disruptions, including those involving guest payment systems and personal data. This risk is concentrated in data centres, IT infrastructure, reservation systems, and payment systems across activities of the value chain, particularly within reservation systems, digital infrastructure, data governance processes, and hotel operational IT systems that store or transmit sensitive guest and payment information.

Cybersecurity incidents may trigger immediate operational disruption, system downtime, regulatory notifications, fines, legal costs, and customer compensation requirements, affecting short-term financial performance and guest trust. Looking ahead, the business model may require sustained investment in IT security upgrades, monitoring tools, penetration testing, and employee training. Over time,

the evolution of cyber threats, greater regulatory scrutiny, and increasing technological complexity may result in more severe or large-scale incidents, heightening risks to operational continuity and customer confidence.

### Strategy

Strategic decisions prioritise increased allocation of financial and human resources to IT security, digital infrastructure upgrades, system-monitoring tools, and strengthened cyber governance. The entity addresses data privacy and cybersecurity risk by strengthening data governance, enhancing encryption and access controls, and applying strict third-party due diligence for digital vendors and platforms. Privacy and security requirements are embedded into decisions on new systems and digital initiatives.

Progress includes implementation of upgraded infrastructure, software patching, strengthening of system

resilience, and workforce cyber-awareness training. The organisation has improved vendor due-diligence processes, integrated cyber-insurance coverage, and increased coordination with technology partners to align with evolving security standards and regulatory expectations.

The organisational structure is further supported by a Data Protection function whose responsibilities include informing and advising internal departments on their data protection obligations, assisting in the supervision of regulatory compliance, and serving as a point of contact for stakeholders on all privacy-related matters.

Trade-offs relate to the need for sustained investment in IT upgrades, monitoring tools, and cyber training, which increase medium-term costs but significantly reduce exposure to breaches, legal liabilities, and operational disruptions. The transition away from legacy systems requires capital expenditure and change management but lowers long-term risk.

## Current and Anticipated Financial Impact

	Impacts on Financial Position	Impacts on Financial Performance	Impacts on Cashflow	Impacts on Cost of Capital
Current (FY ended 31 Mar 2026)	No material impact identified during the reporting period.	No material impact identified during the reporting period.	No material impact identified during the reporting period.	No material impact identified during the reporting period.
Short Term	Cyber incidents may lead to impairment indicators, increased provisions, regulatory penalties, and security upgrade investments.	Potential booking disruptions, reputational impacts, and higher forensic, compliance, and IT security costs may affect profitability.	Possible reduction in cash inflows from cancellations, with higher outflows for remediation, regulatory response, and system upgrades.	Cyber risk may marginally increase insurance and borrowing costs due to heightened risk perception.
Medium Term	Accelerated obsolescence of legacy systems may require continued investment in digital infrastructure, increasing capital expenditure and depreciation costs.	Ongoing cybersecurity, monitoring, and compliance expenditure may continue to place pressure on operating margins.	Continued investments in cybersecurity systems, monitoring tools, and compliance infrastructure may increase recurring operating and capital cash outflows.	Financing requirements for digital resilience investments may increase, while lenders and insurers may apply stricter assessments relating to cybersecurity governance and data protection practices.
Long Term	Modernised and resilient IT systems may reduce long term impairment risk and strengthen the Group's digital infrastructure despite continued depreciation from recurring upgrades.	Strong cybersecurity controls and improved guest confidence may support stable revenues, operational continuity, and long-term profitability.	Cash flows are expected to stabilise as preventive controls reduce the frequency and severity of cyber incidents over time.	

# SLFRS S1 and SLFRS S2 Disclosures

## Waste and Wastewater Management Risk

### Risk Description

Disruptions to solid waste collection arising from fuel shortages, limited contractor capacity, and constrained disposal site availability may create operational inefficiencies and compliance risks. Tightening regulations may further increase exposure, particularly across contractor-managed collection and waste handling operations within Engineering and Facilities Management.

The absence of on-premises wastewater treatment infrastructure also presents a potential capital expenditure risk. Future regulatory requirements for wastewater treatment may require significant investment in treatment facilities, including civil works, equipment, monitoring systems, and sludge handling. Proactive planning and ongoing regulatory engagement will be important to manage potential financial exposure.

### Strategy

Waste collection disruptions and the absence of on-premises wastewater treatment infrastructure affect operational continuity and increase compliance exposure across midstream hotel operations, particularly within Engineering, Facilities Management, kitchens, F&B outlets, and housekeeping areas. Tightening regulations and potential future wastewater treatment requirements are expected to necessitate capital investment and increase compliance obligations over the medium to long term, while circular economy initiatives are anticipated to progressively reduce disposal costs.

Strategic decision-making accounts for risks arising from transport constraints, limited solid waste collector capacity, disposal site limitations, and tightening regulations. Planning further incorporates the possible need to install wastewater treatment infrastructure within the hotel premises, should future regulatory requirements necessitate such capital expenditure.

Progress to date includes diversification of waste collector contracts to reduce dependency on single providers. Routine effluent quality testing and monitoring automation have been embedded into operations, and preventive maintenance programmes strengthened. Staff training on waste handling practices, active supplier engagement, and contractor compliance monitoring have improved operational consistency and regulatory preparedness.

Key trade-offs include balancing the costs of engaging multiple waste collectors and specialised contractors against short-term financial pressures, while maintaining service continuity and compliance standards. Should future wastewater regulations come into effect, the potential capital expenditure required for an on-premises treatment plant installation would need to be weighed against competing investment priorities, with early preparedness planning considered prudent to minimise regulatory exposure and operational disruption.

## Current and Anticipated Financial Impact

	Impacts on Financial Position	Impacts on Financial Performance	Impacts on Cashflow	Impacts on Cost of Capital
Current (FY ended 31 Mar 2026)	No material impact identified during the reporting period.	No material impact identified during the reporting period.	No material impact identified during the reporting period.	No material impact identified during the reporting period.
Short Term	Increased provisioning for operating costs including chemical dosing, energy use for treatment processes, sludge handling, and waste disposal via licensed contractors.	Higher costs and potential investments in improved waste segregation and system controls may increase operating expenses.	Increased operating cash outflows for waste management and compliance, with potential capital outflows for system upgrades.	Weak waste governance may marginally increase regulatory risk perception and associated cost of capital.
Medium Term	Investment may be required in improved segregation and contractor controls, Impairment indicators may emerge for inefficient waste storage or waste handling systems requiring additional investments on upgrades	Increased costs in Monitoring and effluent testing, Consent condition upgrades, License fee renewal costs, Capital & Infrastructure Expenditure	Cash outflows from Investment required to strengthen waste and wastewater management system	Stronger waste management and governance may improve lender confidence
Long Term	Strengthened compliance systems reduce liability exposure and create a more resilient, compliance aligned asset base	Better waste control may gradually mitigate cost escalation and protect long term margins	Improved waste management systems may stabilise cash flows in the long run	Stronger waste management mechanisms and system may position the hotel favourably for green financing

## Climate Resilience

During the current reporting year, the entity did not conduct a climate-related scenario analysis. Accordingly, the entity is not providing climate-resilience disclosures based on scenario analysis for this reporting period.

## Transition Plan

The company currently lacks a formal climate-related transition plan, and no related assumptions or dependencies have been developed. The importance of such planning is acknowledged, and an appropriate transition plan will be considered in the future.

## Property Development – Crescat

As at the reporting date, the AHPL has not identified any sustainability or climate related opportunities that are considered financially material to the business over the short, medium, or long term. The Company will continue to monitor evolving sustainability and climate-related developments and assess potential opportunities as part of its ongoing strategic planning and enterprise risk management processes.

Type	Risk / Opportunity	Time Horizon	Position in Value Chain
Climate-related Transition Risk	Climate Related Risk 1 (CR 1): Climate Risk - Rising Temperature and Cooling Demand Risk  This climate risk arises from rising temperatures that increase cooling demand, placing pressure on operational efficiency and infrastructure. This transition risk may require ongoing adaptation through energy-efficient technologies and resilient building practices to maintain sustainable operations.	Short to Long-term	Own operations – midstream

## Rising Temperature and Cooling Demand Risk

### Risk Description

Crescat is actively responding to increased cooling demand by strengthening its operational resilience and efficiency. While higher temperatures have led to greater reliance on HVAC systems, the organisation is well-positioned to address these challenges through the adoption of energy-efficient technologies, smart cooling solutions, and enhanced operational practices. These initiatives are expected to improve overall performance while supporting sustainable energy use over time.

This risk is particularly concentrated within Crescat's operational assets where mechanical cooling systems/ assets are heavily relied upon, especially as the building is located in a warmer part of the country. Increased dependence on such systems may elevate operating costs, strain asset performance, and heighten the risk of system failures if not

adequately maintained or upgraded. As cooling demand intensifies, these assets may require targeted interventions and capital investment to maintain service reliability, manage energy consumption, and ensure consistent operational performance across the value chain.

### Strategy

Crescat's business model is currently evolving in response to increased cooling demand, with a growing emphasis on optimising cooling systems and strengthening asset management and facilities operations. This has driven greater focus on enhancing infrastructure performance, particularly HVAC systems, and improving overall operational efficiency.

In response to rising temperatures, Crescat is proactively adapting its business model by integrating energy-efficient technologies and advancing building design standards. Looking ahead, the company is well-positioned to expand its focus on sustainable asset

development, retrofit existing properties, and embed climate resilience into both operations and tenant engagement practices.

Crescat is actively implementing direct measures, including the upgrade of energy-efficient HVAC systems, installation of shading solutions, and optimisation of cooling performance. Going forward, the adoption of smart cooling technologies and passive design strategies is expected to further enhance efficiency, reduce cooling demand, and strengthen resilience to changing climate conditions.

In addition, Crescat is promoting energy-conscious behaviour among tenants and fostering greater awareness of sustainable practices across its facilities. These efforts are expected to strengthen over time, supporting a broader transition toward sustainable energy use and reinforcing climate-resilient operations across the portfolio.

# SLFRS S1 and SLFRS S2 Disclosures

## Current and Anticipated Financial Impact

	Impacts on Financial Position	Impacts on Financial Performance	Impacts on Cashflow	Impacts on Cost of Capital
Current and short term	Increased provisioning for direct operating costs such as Chemical dosing, Energy consumption for aeration, pumping, and UV treatment & Sludge dewatering, disposal, and haulage via licensed contractors	Impairment indicators for inefficient storage and waste systems and Investment in improved segregation and contractor controls may escalate cost	Increased operating cash outflows for waste handling and compliance requirements, Capital outflows for storage and waste system improvements may be required	Poor waste governance may increase regulatory risk premiums
Medium Term	Investment may be required in improved segregation and contractor controls, Impairment indicators may emerge for inefficient waste storage or waste handling systems requiring additional investments on upgrades	Increased costs in Monitoring and effluent testing, Consent condition upgrades, License fee renewal costs, Capital & Infrastructure Expenditure	Cash outflows from Investment required to strengthen waste and wastewater management system	Stronger waste management and governance may improve lender confidence

## Risk Management

AHPL has established a comprehensive Enterprise Risk Management (ERM) framework to ensure robust processes for risk identification, assessment, and mitigation. Sustainability-related risks and opportunities (SRROs) and climate-related risks and opportunities (CRROs) assessed as material were incorporated into the quarterly Risk Committee agenda, where they were formally presented and reviewed. These risks are now fully integrated into the Company's broader risk management systems and are assessed with the same rigour as operational, financial, and compliance risks.

To ensure comprehensive coverage, AHPL conducted a detailed mapping of each stage of its value chain and performed a structured assessment of sustainability- and climate-related risks and opportunities, drawing on inputs from relevant internal and external stakeholders.

## Process for Climate-Related Risks

AHPL's processes for identifying, assessing, prioritising, and monitoring sustainability and climate-related risks and opportunities are carried out within an integrated Enterprise Risk Management Framework (ERMF). This framework is applied consistently across the organisation and is aligned to the AHPL risk assessment methodology and governance structure. (Refer Risk Management Report on page 182.) Sustainability and climate-related risks are embedded within the Group's broader risk governance structure rather than being managed in isolation, ensuring that climate and sustainability considerations are evaluated alongside strategic, operational, financial, and compliance-related risks.

AHPL's risk management framework is supported by structured inputs and parameters that ensure comprehensive and consistent risk identification across its diversified operations.

## Current and Anticipated Financial Impact

Risk Pillar	Risk Areas	Inputs	Range of Parameters / Risk Characterisation	Key Controls	Monitoring Metrics
Natural Disasters	Natural disasters, and acute physical risks of climate change impacting operations	Revenue Loss Disruption to operations Occupational Health and Safety incidents	Scale of Loss of revenue, Complete disruption to operations of a few hours to few days, Minor health and safety incidents to staff to major incidents with fatalities.	Asset resilience programmes; insurance coverage; business continuity planning, early warning systems and weather monitoring  Emergency preparedness planning and evacuation drills; engagement with disaster management authorities	Asset downtime; insured losses; extreme weather disruption incidents
Macroeconomic and Political Environment	<ul style="list-style-type: none"> <li>Geopolitical unrest</li> <li>Pandemic risk</li> <li>Political Instability, breakdown of law and order, corruption, civil unrest and riots</li> </ul>	Revenue Loss Disruption to operations	Scale of Loss of revenue, Complete disruption to operations of a few hours to few days	Continuously monitoring the political and regulatory environment and maintains structured business continuity plans to support operational resilience. Adequate insurance coverage and emergency preparedness plans are in place to mitigate and respond to potential disruptions, while strict compliance with public health authority guidelines ensures the safety of guests, employees, and stakeholders.	Quarterly monitoring of key political and regulatory developments  Business Continuity Planning (BCP) % of critical functions covered by tested BCPs  Insurance Coverage Insurance adequacy ratio (insured value vs. asset replacement cost)  Emergency Preparedness Number of emergency drills conducted annually
Regulatory Environment and Operational Integrity	Ambiguous and outdated and restrictive laws and regulations, ad hoc changes in legislation and corruption  <ul style="list-style-type: none"> <li>Risk of breakdown of internal controls</li> </ul>	Revenue loss Management time expended Reputation loss Regulatory and legal action	Scale of Loss of revenue and profitability, management time expended, Customer complaints, negative social media reviews, widespread negative reviews, warnings, fines, temporary suspension of license, revocation of license.	Regulatory monitoring; compliance monitoring frameworks; internal audit; whistleblowing policy  Internal audits; management supervision and regular compliance checks; insurance policy and fidelity cover; spot checks and internal audit procedures	Regulatory compliance metrics, audit findings; complaint trends; Compliance assessment

## SLFRS S1 and SLFRS S2 Disclosures

Risk Pillar	Risk Areas	Inputs	Range of Parameters / Risk Characterisation	Key Controls	Monitoring Metrics
Financial Exposure, in Particular Exchange Rate and Interest Rate Volatility	<ul style="list-style-type: none"> <li>• Volatile and high interest rates</li> <li>• Exposure to foreign exchange fluctuations</li> <li>• Financial risks – credit risk &amp; liquidity risk</li> </ul>	Liquidity exposure	Impact on cash flows, solvency, cost of capital, covenant compliance; financial volatility.	<p>Central treasury controls; credit management policies; capital planning processes</p> <p>Market monitoring and regular Group Treasury engagement; credit control and liquidity management; capex prioritisation aligned with cash flow and ROI; internal audit and governance frameworks</p>	Liquidity ratios; Net Debt/EBITDA; credit loss metrics
Environment and Biodiversity	<p>Energy cost and transition risk - including energy volatility and low carbon transition with Climate Change Impact</p> <ul style="list-style-type: none"> <li>• Water scarcity and deterioration of water quality</li> <li>• Challenges in waste disposal and meeting EPR requirements</li> <li>• Risk of accidental environmental pollution events (air, water, soil emissions)</li> <li>• Environment Pollution due to process or system failure</li> <li>• Waste and wastewater management risk</li> </ul>	<p>Revenue loss</p> <p>Disruption to operations</p> <p>Reputation loss</p> <p>Regulatory and legal action</p>	<p>Scale of Loss of revenue and profitability, Complete disruption to operations of a few hours to few days, Customer complaints, negative social media reviews, widespread negative reviews, Warnings, fines, temporary suspension of license, revocation of license</p> <p>Escalating energy costs and increased Scope 1 &amp; 2 emissions; operational and compliance impacts from waste collection disruptions; potential capital expenditure for wastewater treatment infrastructure</p>	<p>Transition roadmap; regulatory monitoring; capex reallocation to low-carbon initiatives; Sustainability governance and management framework; supplier sustainability guidelines; community engagement programmes</p> <p>Adherence to environmental legal frameworks and certifications (CEA/EPL/ISO 14001:2015); KPI tracking on waste, water and carbon footprint; waste management through approved collectors; integrated energy efficiency strategy including real-time energy monitoring; waste collector contract diversification; regulatory monitoring for wastewater treatment requirements</p>	<p>Regulatory compliance metrics</p> <p>Scope 1–2 emissions; supplier sustainability audits; waste and water performance; social impact indicators</p> <p>Waste collection continuity metrics; wastewater regulatory compliance tracking; energy cost variance tracking</p>

Risk Pillar	Risk Areas	Inputs	Range of Parameters / Risk Characterisation	Key Controls	Monitoring Metrics
Global Competitiveness	<ul style="list-style-type: none"> <li>Inability to keep pace with globalisation and adoption of new technology</li> <li>Consumer behaviour</li> <li>Market competition</li> </ul>	<p>Revenue loss</p> <p>Reputation loss</p>	<p>Scale of Loss of revenue and profitability, Customer complaints, negative social media reviews, widespread negative reviews, Warnings, fines, temporary suspension of license, revocation of license</p>	<p>Strategic review committees; Capital planning processes; Due-diligence frameworks</p> <p>Competitor monitoring and pricing strategy reviews; periodic refurbishments and product upgrades; technology audits and innovation budgeting; revenue management and customer engagement initiatives</p>	<p>Market share; NPS; integration scorecards; Digital adoption KPIs</p>
Human Resources, Talent Management and Employee Health and Safety	<p>Talent retention and skills availability risk - Attrition and inability to retain talent</p> <ul style="list-style-type: none"> <li>Insufficient competence and skills in staff</li> <li>Industrial unrest and trade union action</li> <li>Risk of occupational health and safety incidents</li> <li>Employee and Guest Health and Safety including food poisoning and guest food safety risk</li> <li>Sexual harassment at workplace</li> <li>Labour disputes</li> </ul>	<p>Staff impacts such as morale, recruitment and attrition levels</p>	<p>Impact to staff morale, sustained high attrition levels, staff complaints, poor staff engagement scores, Trade union action</p> <p>Service quality decline, increased recruitment and training costs; guest harm, legal liabilities and regulatory breaches from food safety failures</p>	<p>Talent attraction/ retention initiatives; strengthened training and capability-building programmes; workforce development plans; integrated into ERM</p> <p>Development training programmes and cross-exposure opportunities; employee feedback surveys and open-door grievance handling; fire life safety systems and evacuation procedures; workplace safety inspections and ISO 45001:2018 certification; sexual harassment policy and whistleblowing mechanisms; food safety certifications (FSSC 22000) and sanitation controls; allergen management procedures</p>	<p>Employee turnover; absenteeism; average training hours and effectiveness; retention metrics</p> <p>Service quality scores; recruitment cost metrics; food safety compliance metrics; allergen incident tracking</p>

## SLFRS S1 and SLFRS S2 Disclosures

Risk Pillar	Risk Areas	Inputs	Range of Parameters / Risk Characterisation	Key Controls	Monitoring Metrics
Information Technology	<ul style="list-style-type: none"> <li>Data privacy and cybersecurity risk</li> <li>Unauthorised access to critical assets</li> <li>Loss of data due to IT system failure</li> </ul>	<p>Revenue loss</p> <p>Media mentions</p> <p>Reputation loss</p> <p>Regulatory and legal action</p>	<p>Scale of loss of revenue, media inquiries to extensive negative media coverage</p> <p>Unauthorised access and system breaches, legal and regulatory consequences, reputational harm and erosion of guest trust</p>	<p>Data protection procedures; IT infrastructure controls; cyber security frameworks</p> <p>Multi-factor authentication and role-based access controls; regular system patching and vulnerability management; IT business continuity and disaster recovery plans; continuous threat monitoring and antivirus maintenance</p>	<p>Compliance assessment outcomes; data privacy audit results; cyber incident metrics</p>
Reputation and Brand Image	<p>Risk of Group IP and trademark violation</p> <ul style="list-style-type: none"> <li>Risk of non-adherence to set processes by staff</li> <li>Unethical and malicious media coverage</li> <li>Negative public and stakeholder perception</li> <li>Poor management of critical incidents</li> <li>Risk of deviations from SOPs leading to product quality, safety and labelling incidents</li> </ul>	<p>Revenue Loss</p> <p>Media mentions</p> <p>Reputation loss</p>	<p>Scale of Loss of revenue, media inquiries to extensive negative media coverage, Customer complaints, negative social media reviews, widespread negative reviews</p>	<p>Quality management systems; operational QC controls; compliance monitoring frameworks; Strategic review committees; due-diligence frameworks</p> <p>Continuous social media monitoring; maintenance of brand and health and safety standards; associate satisfaction programmes</p>	<p>Product defect rates; audit findings; complaint trends; compliance non-conformance; Market share; NPS; integration scorecards</p>

Risk Pillar	Risk Areas	Inputs	Range of Parameters / Risk Characterisation	Key Controls	Monitoring Metrics
Supply Chain Disruptions	Environmental, labour and human rights violations by supply chain partners <ul style="list-style-type: none"> <li>Disruption to Supply Chain due to acute physical climate events</li> <li>Supply chain issues / Supply Chain shortages</li> <li>Quality, environmental &amp; social performance &amp; health &amp; safety of suppliers</li> <li>Disruption to Business Due to Fuel Supply Limitations and Interruptions to Continuous Grid Electricity</li> </ul>	Revenue Loss  Disruption to operations  Reputation loss	Scale of Loss of revenue, Complete disruption to operations of a few hours to few days, Customer complaints, negative social media reviews, widespread negative reviews	Due-diligence frameworks; supplier sustainability guidelines; Quality management systems; compliance monitoring frameworks  Supplier diversification and backup supplier arrangements; supplier audits and code of conduct communication; fuel buffer stock maintenance and alternate supply sourcing	Supplier sustainability audits; extreme weather disruption incidents; audit findings; complaint trends
Operational Resilience	Fire-related incidents <ul style="list-style-type: none"> <li>LPG Gas Explosion risk causing significant damage to property</li> <li>Legacy Infrastructure and Equipment Resilience</li> </ul>	Revenue Loss  Disruption to operations  Occupational Health and Safety incidents	Disruption to operations, loss of life/injury, damage to property, hindrance to business continuity	Comprehensive BCP reviewed quarterly; adequate insurance coverage; fire detection and fighting equipment; regular fire drills and audits; physical security enhancements and 24/7 surveillance; preventive maintenance programmes and regular infrastructure audits	Asset downtime; incident reports; BCP test outcomes; insurance claims

The nature of risk is identified through detailed risk descriptions that link the risk event to specific operational exposures, environmental dependencies, and broader sustainability-related impacts. The likelihood of occurrence is evaluated using a structured qualitative scoring scale, informed by expert judgement, historical incident experience, climate-related factors, external conditions, and the effectiveness of existing mitigation measures. A net risk rating is derived by combining the assessed likelihood and severity scores, ensuring comparability across diverse risk types and enabling prioritisation within the enterprise risk framework.

# SLFRS S1 and SLFRS S2 Disclosures

In addition to likelihood and severity assessments, AHPL evaluates the magnitude of the potential financial and operational effects of identified climate-related risks. This includes consideration of direct cost impacts (such as increased operating costs, capital expenditure requirements, asset impairment, and revenue disruptions), as well as indirect impacts arising from supply chain disruptions, regulatory changes, reputational effects, and shifts in customer demand. The magnitude assessment is informed, where feasible, by historical data, forward-looking assumptions, and management judgement, allowing the Group to distinguish between risks with comparable likelihood but differing potential impacts. This enables more effective prioritisation, supports capital allocation decisions, and strengthens the integration of climate-related considerations into strategic and financial planning processes.

At present, AHPL does not use climate-related scenario analysis to inform the identification of climate-related risks. However, the Group recognises the importance of such tools and is actively evaluating the adoption of scenario analysis methodologies.

During the current reporting period, AHPL has further strengthened and refined its risk identification and assessment processes to enhance the integration of climate-related considerations within the ERMF. Key enhancements include improved articulation of climate-related risk drivers within risk descriptions, greater alignment of risk assessment parameters with sustainability and environmental factors, and the incorporation of more explicit linkages between operational exposures and broader climate and sustainability impacts. While the overall governance structure and core methodology remain unchanged, these refinements reflect a progressive approach towards embedding climate-related risk management within existing processes. AHPL will continue to evolve its methodologies, including the potential adoption of climate-related scenario analysis, to further enhance the robustness and forward-looking nature of its risk management practices.

## Processes for Climate-Related Opportunities

Potential opportunities are identified through monitoring of market developments, emerging regulatory requirements, technological advancements, and shifts in stakeholder expectations. Identified possibilities are then evaluated for viability and commercial potential by the relevant governance bodies, including the GEC, considering financial viability alongside environmental and social benefits such as emissions reductions, energy cost savings, resource conservation, and community wellbeing.

As risk and opportunity management processes continue to mature, more detailed assessments are expected to be undertaken to enable identification, assessment, prioritisation, management, and monitoring to become part of routine business processes across all business units.

## Integration into overall Risk Management Metrics and Targets

### GHG Emissions

Scope 1: AHPL measures Scope 1 greenhouse gas (GHG) emissions based on direct emissions arising from Company-controlled sources. The measurement approach follows ISO 14064-1, the GHG Protocol, and GRI 305, and includes quantifying fossil fuel consumption and fugitive emissions across relevant operations.

Scope 2: Emissions are calculated using electricity consumption across all operational locations. AHPL applies the location-based method to quantify indirect emissions associated with purchased electricity.

Scope 3: Scope 3 emissions are disclosed in the current reporting period in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Scope 3 emissions encompass indirect emissions across the Group's value chain, including upstream and downstream activities outside of direct operational control.

AHPL uses reasonable and supportable assumptions based on recognised methodologies, including fuel-use conversion factors, grid emission factors, and other emission factors aligned with IPCC AR6, and Department for Environment, Food and Rural Affairs (DEFRA) guidelines. Relevant grid emission factors are based on the most recent Sri Lanka Energy Balance Report issued by the Sustainable Energy Authority.

The selected assumptions and inputs reflect the most material and reliably measurable emission sources, ensuring accurate and consistent quantification using available operational data and globally accepted best-practice methodologies.

Carbon Footprint by Scope and Category (tCO<sub>2</sub>e)

Company Performance (Includes Cinnamon Grand Colombo and Crescat Boulevard Mall)	2025/26	2024/25
Direct GHG Emissions Scope 1 (MT)	2,576	4,219
Indirect GHG Emissions Scope 2 (MT)	5,036	4,977
Indirect GHG Emissions Scope 3*(MT) (Excludes Crescat Boulevard Mall due to non availability of figures))		
Category 3: Indirect emissions from Transportation	565	565
Category 4: Indirect emissions from services used by the organization	33	31
Category 5: Indirect emissions from other sources	460	452
	<b>1,058</b>	<b>1,048</b>
<b>Total Carbon Footprint (MT)</b>	<b>8,670</b>	<b>10,244</b>

### Remuneration

AHPL has not yet integrated ESG or climate-related key performance indicators (KPIs) into executive performance evaluation or remuneration frameworks. However, AHPL will consider the possibility of integrating such ESG KPIs into future remuneration structures. The Board, through the Human Resources & Compensation Committee, shall review and approve the integration of such metrics into remuneration policies when the Group's climate ambitions and transition pathways are finalised.

### Industry Based Metrics

The applicable SASB industry standards for AHPL are Hotels & Lodging, Restaurants, and Real Estate, reflecting the activities across hotel operations, guest services, and management. Below are the relevant KPIs aligned to each standard.

### SASB – Hotels & Lodging Sustainability Accounting Standard

Entity covered by the standard: **Asian Hotels and Properties PLC (Cinnamon Grand Colombo)**

**Table 1: Sustainability Disclosure Topics & Metrics**

Topic	Metric	Code	Unit of Measure	Value
Energy Management	Total energy consumed	SV-HL-130a.1	Gigajoules (GJ)	61,239
	Percentage grid electricity		Percentage (%)	62
	Percentage renewable		Percentage (%)	-
Water Management	Total water withdrawn	SV-HL-140a.1	Thousand cubic metres (m <sup>3</sup> )	159
	Total water consumed		Thousand cubic metres (m <sup>3</sup> )	34
	Percentage of total water withdrawn in regions with High or Extremely High Baseline Water Stress		Percentage (%)	Based on the World Resources Institute Aqueduct Water Risk Atlas, the Group's operations are located in regions classified as medium to high baseline water stress (20%–40%). Accordingly,
	Percentage of total water consumed in regions with High or Extremely High Baseline Water Stress		Percentage (%)	no water is withdrawn or consumed from areas classified as high or extremely high baseline water stress during the reporting period.
Ecological Impacts	Number of lodging facilities located in or near areas of protected conservation status or endangered species habitat	SV-HL-160a.1	N/A	Cinnamon Hotels & Resorts maintains a Sustainability Management Framework guided by an overarching Sustainability policy, Environmental, Biodiversity, and Wildlife Interaction policies, with the environmental policy aligned with ISO 14001 principles. These policies apply across operations to minimise resource use, pollution, and waste, while protecting habitats, restoring ecosystems, and supporting responsible sourcing. Site-level biodiversity assessments and action plans, along with controls on wildlife interaction, help preserve ecosystem services including water quality, climate regulation, and cultural and ecological value.

## SLFRS S1 and SLFRS S2 Disclosures

Topic	Metric	Code	Unit of Measure	Value
Ecological Impacts	Description of environmental management policies and practices to preserve ecosystem services	SV-HL-160a.2	N/A	Refer Biodiversity and Ecosystem Stewardship section of the Natural Capital Review for further information on initiatives – Page 113
Labour Practices	Voluntary turnover rate for lodging facility employees	SV-HL-310a.1	Percentage (%)	15
	Involuntary turnover rate for lodging facility employees		Percentage (%)	5
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	SV-HL-310a.2	Presentation currency (Rs.)	1.8 million
	Describe the nature, context and any corrective actions taken because of monetary losses		N/A	Relates to a court judgement or legal order issued following the conclusion of a disciplinary process, which resulted in the termination of employment.
	Average hourly wage	SV-HL-310a.3	Presentation currency (Rs.)	256.35
	percentage of lodging facility employees earning minimum wage, by region		Percentage (%)	8
	Description of policies and programmes to prevent worker harassment	SV-HL-310a.4	N/A	<p>Cinnamon Hotels &amp; Resorts maintains a zero-tolerance approach to workplace harassment, supported by a comprehensive Code of Conduct, a dedicated Policy Against Sexual Harassment, and whistleblower mechanisms aligned with International Labour Organization principles. These policies prohibit all forms of harassment and discrimination, extend to third-party staff through supplier standards, and include clear, confidential reporting channels with non-retaliation safeguards and defined investigation and disciplinary procedures.</p> <p>Preventive programmes include mandatory employee training, annual refresher sessions, and leadership-focused capacity building to identify and address risks early. Given the customer-facing nature of operations, Cinnamon also promotes staff empowerment to manage guest-related incidents. Ongoing awareness initiatives, employee feedback mechanisms, and internal monitoring processes support continuous improvement and reinforce a safe, respectful, and inclusive workplace culture.</p> <p>Refer Diversity, Equity and Inclusion section of the Human Capital Review for further information – Page 77</p>
Climate Change Adaptation	Number of lodging facilities located in 100-year flood zones	SV-HL-450a.1	Number	1

**Table 1a: Activity Metrics**

Topic	Code	Unit of Measure	Value
Number of available room-nights	SV-HL-000.A	Number	98,596
Average occupancy rate	SV-HL-000.B	Rate	68%
Total area of lodging facilities	SV-HL-000.C	Square meters (m <sup>2</sup> )	68,277
Number of lodging facilities	SV-HL-000.D	Number	1
Percentage that are			
1. Managed			1 -
2. Owned and leased	SV-HL-000.D	Percentage (%)	2-100
3. Franchised			3 -

**SASB – Restaurants Sustainability Accounting Standard****Entity covered by the standard: Asian Hotels and Properties PLC (Cinnamon Grand Colombo)****Table 2: Sustainability Disclosure Topics & Metrics**

Topic	Metric	Code	Unit of Measure	Value
Energy Management	Total energy consumed	FB-RN-130a.1	Gigajoules (GJ)	61,239
	Percentage grid electricity		Percentage (%)	62
	Percentage renewable		Percentage (%)	-
Water Management	Total water withdrawn	FB-RN-140a.1	Thousand cubic meters (m <sup>3</sup> )	159
	Total water consumed		Thousand cubic meters (m <sup>3</sup> )	34
	Percentage of total water withdrawn in regions with High or Extremely High Baseline Water Stress		Percentage (%)	-
	Percentage of total water consumed in regions with High or Extremely High Baseline Water Stress		Percentage (%)	-
Food and Packaging Waste Management	Total amount of waste	FB-RN-150a.1	Metric tonnes (t)	501.7
	Percentage food waste		Percentage (%)	83
	Percentage diverted		Percentage (%)	90
	Total weight of packaging	FB-RN-150a.2	Metric tonnes (t)	This metric is not currently disclosed due to limitations in data availability.
	Percentage made from recycled or renewable materials		Percentage (%)	
Percentage that is recyclable, reusable, or compostable		Percentage (%)		
Food Safety	Percentage of restaurants inspected by a food safety oversight body	FB-RN-250a.1	Percentage (%)	100
	Percentage receiving critical violations		Percentage (%)	-
	Number of recalls issued	FB-RN-250a.2	Number	-
	Total amount of food product recalled		Metric tonnes (MT)	-
	Number of confirmed foodborne disease outbreaks	FB-RN-250a.3	Number	-
Percentage resulting in public health authority investigation	Percentage (%)		-	

## SLFRS S1 and SLFRS S2 Disclosures

Topic	Metric	Code	Unit of Measure	Value	
Nutritional Content	Percentage of meal options consistent with dietary guidelines	FB-RN-260a.1	Percentage (%)	Data for these metrics is not currently available, as menus are dynamic and rotate frequently across à la carte and buffet offerings, limiting consistent classification against dietary guidelines. However, allergen information is provided. The relevant business units are assessing approaches to strengthen classification and enable future disclosure.	
	Revenue from these options		Presentation currency (Rs.)		
	Percentage of children's meal options consistent with dietary guidelines for children	FB-RN-260a.2	Percentage (%)		
	Revenue from these options		Presentation currency (Rs.)		
	Percentage of advertising impressions made on children	FB-RN-260a.3	Percentage (%)		The businesses abide by the applicable laws including regulations published under the Food Act. Food (Labelling and Advertising) Regulation published by the Ministry of Health, prohibits the promotion of any food directly or indirectly to children under twelve (12) years of age. In line with the regulatory requirement, businesses do not market any products to children below the age of 12 years. There is no established mechanism to track impressions on children and therefore there is no published data available, to report under this metric.
	Percentage of advertising impressions made on children promoting products that meet dietary guidelines for children		Percentage (%)		
Labour Practices	Voluntary turnover rate for restaurant employees	FB-RN-310a.1	Percentage (%)	15	
	Involuntary turnover rate for restaurant employees		Percentage (%)	5	
	Average hourly wage, by region	FB-RN-310a.2	Presentation currency	256.35	
	Percentage of restaurant employees earning minimum wage, by region		Percentage (%)	8	
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	FB-RN-310a.3	Presentation currency (Rs.)	1.8 million	
	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination			0	
	Describe the nature, context and any corrective actions taken because of monetary losses		N/A	N/A	

Topic	Metric	Code	Unit of Measure	Value
Supply Chain Management and Food Sourcing	Percentage of food purchased that meets environmental and social sourcing standards	FB-RN-430a.1	Percentage (%) by cost	Not reported for the current year, as the Group does not currently maintain a formal mechanism to collect these specific supplier-level metrics as there has not been a mandatory reporting requirement to do so. The Group recognises the relevance of these disclosures and is evaluating the feasibility of integrating the required data points into the annual food supplier review framework, in coordination with the audit partner. Accordingly, the Group intends to develop an appropriate data collection mechanism to enable disclosure in future reporting periods.
	Percentage of food purchased that is certified to third-party environmental or social standards		Percentage (%) by cost	
	Percentage of eggs that originated from a cage-free environment	FB-RN-430a.2	Percentage (%) by number	
	Percentage of pork that was produced without the use of gestation crates		Percentage (%) by weigh	
	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	FB-RN-430a.3	N/A	

**Table 2a: Activity Metrics – Restaurants**

Activity Metric	Code	Unit of Measure	Value
Number of entity-owned restaurants	FB-RN-000.A	Number	8
Number of franchise restaurants		Number	-
Number of employees at entity-owned	FB-RN-000.B	Number	407
Number of employees at franchise locations		Number	N/A

**SASB – Real Estate Sustainability Accounting Standard**

Entity covered by the standard: Crescat Boulevard Mall

**Table 3: Sustainability Disclosure Topics & Metrics**

Topic	Metric	Code	Unit of Measure	Value
Sustainability Services	Revenue from energy and sustainability services	IF-RS-410a.1	Presentation currency (Rs.)	-
	Floor area under management provided with energy and sustainability services	IF-RS-410a.2	Square metres (m <sup>2</sup> )	-
	The number of buildings for which it provided energy and sustainability-related services	IF-RS-410a.2	Number	-
	Floor area under management that obtained an energy rating	IF-RS-410a.3	Square metres (m <sup>2</sup> )	N/A
	Number of buildings under management that obtained an energy rating	IF-RS-410a.3	Number	N/A

## SLFRS S1 and SLFRS S2 Disclosures

Topic	Metric	Code	Unit of Measure	Value
Transparent Information and Management of Conflict of Interest	Brokerage revenue from dual agency transactions	IF-RS-510a.1	Presentation currency (Rs.)	N/A
	Discussion on how it manages potential conflicts of interest in dual agency transactions		N/A	N/A
Transparent Information and Management of Conflict of Interest	Revenue from transactions associated with appraisal services	IF-RS-510a.2	Presentation currency (Rs.)	N/A
	Discussion on how it manages potential conflicts of interest in appraisals		N/A	N/A
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	IF-RS-510a.3	Presentation currency (Rs.)	-

**Table 3a: Activity Metrics**

Activity Metric	Code	Unit of Measure	Value
Number of property management clients, categorised by Tenants	IF-RS-000.A	Number	69
Number of property management clients, categorised by: Real estate owners		Number	1
Floor area under management with owner operational control	IF-RS-000.B	Square metres (m <sup>2</sup> )	145,196
Number of buildings under management with owner operational control	IF-RS-000.C	Number	N/A
Number of leases transacted, categorised by Tenants	IF-RS-000.D	Number	35
Number of leases transacted, categorised by Real estate owners	IF-RS-000.D	Number	-
Number of appraisals provided	F-RS-000.E	Number	-

### Metrics Set by the Entity

AHPL has identified the following metrics per each of its material matters.

Material Impact Topic	Metrics
GHG emissions and energy management	Total energy consumption within the organisation. Total carbon footprint (Scope 1 and Scope 2). Emissions from Ozone Depleting Substances. Energy and Carbon intensity. Reduction of energy and GHG emissions. Percentage of renewable energy and grid electricity consumed.
Human rights	Incidents of discrimination and corrective actions taken.
Health & Safety	Number of fatalities as a result of work-related injury. Number of recordable and high-consequence work-related injuries (for employees and contract workers).
Diversity & Equal opportunity	Total number of incidents of discrimination. Gender and age diversity.

Material Impact Topic	Metrics
Talent attraction and retention	Voluntary and involuntary turnover rate. Total amount of monetary losses because of legal proceedings associated with labour law violations. Average hourly wage. Percentage of lodging facility employees earning minimum wage. Average hours of training. Total new hires and new hire attrition. Total rate of employee turnover.
Business conduct and ethics	Total number and nature of confirmed incidents of corruption. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption. Total number of business units assessed for the risk of corruption.
Corporate governance	Details related to boundaries, governance and leadership structures, workforce and business relationships, ethics and compliance, stakeholder engagement, policies and strategy.
Transparency in disclosures	Integrated reporting and external assurance.
Water management	Total water withdrawal from all areas and total water consumed. Percentage water withdrawn and consumed. Water discharge. Number of incidents of non-compliance with effluent discharge limits.
Waste management	Total weight of waste generated. Total weight of waste diverted from disposal. Total weight of waste directed to disposal. Total food waste generated. Total weight of packaging and percentage made from recycled or renewable materials.
Privacy and data security	Total number of substantiated complaints received concerning breaches of customer privacy. Total number of identified leaks, thefts, or losses of customer data.
Community relations and empowerment	Total volunteer hours. Investment in community programmes. Total number of people directly/indirectly impacted.
Supply chain management	Proportion of spending on local suppliers. Total cost of food and percentage of food ingredients sourced certified to third-party environmental or social standards.
Product safety & quality	Total number of restaurants, percentage inspected for food safety by an authority, and percentage receiving critical violations. Number of confirmed foodborne disease outbreaks.
Biodiversity	Proximity and size of operational sites to biodiversity hotspots.
Tax strategy	Total government taxes paid.

### Targets Set by the Entity

AHPL has not yet established formal climate-related targets. However, recognising the growing importance of climate resilience within the hotel sector and its property management arm Crescat Boulevard Mall, the Group is in the process of developing appropriate targets to support future mitigation and adaptation efforts.

The Group is in the early stages of developing a comprehensive climate-related targets framework. While foundational measurement processes for GHG emissions, climate-related risks, and governance indicators have been established, the Group recognises the need for more robust, data-driven methodologies to support long-term climate strategy. As part of this ongoing work, the Group is strengthening its data systems and assessing areas such as energy use, emissions intensity, water efficiency, and waste reduction to determine suitable future performance indicators.

Once established, progress against these targets will be monitored by management using relevant operational metrics and reviewed periodically by the governance body.

## *SLFRS S1 and SLFRS S2 Disclosures*

Cross Industry Metrics (S2 Para 29) are mandatory climate-specific disclosures required of every entity reporting under SLFRS S2, regardless of industry. They focus specifically on:

- (a) GHG emissions - Please refer the Natural Capital section from pages 110 for comprehensive disclosures on the Group's GHG emissions related disclosures.
- (b) Climate-related financial exposure – i.e. climate related physical risks, climate related transition risk, climate related opportunities and capital expenditure. AHPL has identified exposure to transition risks concentrated in energy-intensive hotel operations and physical risks across all hotel and Crescat Boulevard Mall properties, given Sri Lanka's tropical climate and susceptibility to extreme weather. As AHPL is in the early stages of developing its climate risk quantification capabilities, the percentage of assets and activities subject to climate related physical risks and climate related transition risks has not yet been quantified. The Group intends to develop quantitative assessments as its data systems and analytical capabilities mature. The Group has not yet quantified the amount and percentage of assets or business activities aligned with climate related opportunities as well, as of the end of the reporting period. There is no specific capital expenditure incurred or planned for the future as of the end of this reporting period.
- (c) Internal carbon price used in decision-making - AHPL has not implemented an internal carbon pricing mechanism and does not currently apply a carbon price in decision-making or capital allocation. The Group continues to monitor relevant regulatory developments in Sri Lanka to determine the appropriate timing for adoption. A price per metric tonne of GHG emissions is therefore not applicable for the current reporting period.
- (d) Executive remuneration linked to climate considerations - AHPL has not yet integrated climate-related KPIs into executive performance evaluation or remuneration frameworks. As permitted under SLFRS S1 transition reliefs, no climate-linked remuneration metrics have been introduced for the current reporting period. The Board, through the HRCC, will evaluate integration of such metrics once the Group's climate ambitions and transition pathways are finalised. The proportion of executive remuneration linked to climate-related considerations is nil for the current reporting period.

# *Elegance* that Strengthens



At Asian Hotels and Properties PLC, financial strength is built through measured management and responsible stewardship. This section presents the results of the year, reflecting how our performance, investment and operational focus came together to support stability, resilience and the continued creation of value.

*Financial  
Information*

# Financial Calendar

Interim Reports for 2025/26	
1st Quarter	30-Jul-25
2nd Quarter	04-Nov-25
3rd Quarter	28-Jan-26
4th Quarter	26-May-26

Audited Financial Statements	
2024/25	27-May-25
2025/26	26-May-26

Annual General Meetings	
31st Annual General Meeting	26-Jun-25
32nd Annual General Meeting	25-Jun-26

# Financial Reports

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# Annual Report of the Board of Directors

The Directors have the pleasure of presenting the 32nd annual report of Asian Hotels and Properties PLC “Company” together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of Asian Hotels and Properties PLC and its subsidiary (“AHP Group”) for the year ended 31st March 2026.

This Report satisfies the relevant requirements of the Companies Act No. 7 of 2007 (Companies Act), the relevant listing rules of the Colombo Stock Exchange (CSE), recommended reporting and corporate governance best practices, including the Code of Best Practices on Related Party Transactions (2013) issued by the Securities and Exchange Commission of Sri Lanka (SEC), Code of Best Practice on Corporate Governance (2023) jointly advocated by the SEC and CA Sri Lanka to the extent of business exigency as required by the Company and recommended accounting practices.

## PRINCIPAL ACTIVITIES

The Company is engaged in the business of hoteliering, property development and management. Trans Asia Hotels PLC (the owner of Cinnamon Lakeside Colombo) is the subsidiary of the Company, which is incorporated in Sri Lanka, and its principal activity is hoteliering. There has been no material change in the activities of the AHP Group during the period under review.

## REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The financial and operational performance, during the year ended 31st March 2026 and future business development of the Company and the AHP Group, is provided in the Chairperson’s message and reports on Management Discussion & Analysis and Financial Review.

These reports form an integral part of the Annual Report of the Board of Directors, together with the Audited Financial Statements, state of affairs of the Company and the AHP Group.

## FINANCIAL STATEMENTS AND AUDITORS’ REPORT

The Financial Statements, duly signed by the Directors, are provided on pages 229 to 280 and Independent Auditors’ Report on the Financial Statements is provided on pages 226 to 228 of this Annual Report.

## CORPORATE GOVERNANCE

A comprehensive report on Corporate Governance practices and principles with respect to the management and operations of the Company are set out on page 118.

## SEGMENT REPORTING

Segment-wise contribution to AHP Group revenue, results, assets and liabilities are provided in Note 33 to the Financial Statements.

## REVENUE

Revenue generated by the Company amounted to Rs.6,523Mn (Rs.5,896 Mn in 2025) whilst the AHP Group revenue amounted to Rs.11,435 Mn (Rs.10,362 Mn in 2025). Contribution to AHP Group revenue, from the different business segments, is provided in Note 5 to the Financial Statements.

## RESULTS AND APPROPRIATIONS

The loss after tax of the Company was Rs. 7Mn (Rs.108 Mn in 2025) whilst the AHP Group Profit attributable to the Owners of the Company, for the year was Rs.133 Mn (Loss-Rs.45 Mn in 2025). A detailed description of the AHP Group results and appropriations are given below.

# Annual Report of the Board of Directors

For the year ended 31st March In Rs. '000s	2026	2025
Profit before tax for the year after providing for expenses including depreciation on property, plant and equipment was:	698,047	307,761
	(287,152)	(222,438)
From which income tax has been reversed/(deducted): Leaving thereafter a Net Profit after tax of:	410,895	85,323
	(278,355)	(130,126)
The amount attributable to Minority Interest which has been deducted is: Leaving a Profit available to the Group of:	132,540	(44,803)
The brought forward Profit after adjustments is:	4,869,529	4,851,535
	21,235	21,991
Transferred to Revenue Reserve of:		
Other Comprehensive Income/(Expenditure):	95,942	(3,997)
Final Dividend Paid at Rs. 0.50 per share in 2026 (2024/25)	(221,388)	-
Leaving an un-appropriated balance to be carried forward: (adjusted)	4,765,318	4,869,529

## ACCOUNTING POLICIES

All the significant accounting policies adopted by the Company and the AHP Group are mentioned in the Notes to the Financial Statements. The Financial Statements, which comprise the Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows, together with the accounting policies and notes ('The Financial Statements') have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by CA Sri Lanka and the requirement of the Companies Act. The changes to accounting policies have been applied consistently to all financial periods presented in these Financial Statements, unless otherwise indicated. The accounting policies adopted in preparation of the Financial Statements are given from pages 236 to 279 of this report.

There have been no changes in the accounting policies adopted by the AHP Group during the year under review. For all periods up to and including the year ended 31 March 2026, the Company and the AHP Group prepared its financial statements in accordance with Listing Rules 7.5.a (1)-The Annual Report, shall be prepared in accordance with applicable regulatory requirements and shall include, inter alia, a) Audited Financial Statements which are prepared and published in accordance with the Sri Lanka Accounting Standards, audited in accordance with Sri Lanka Auditing Standards; and b) Disclosures which are prepared and published in accordance with the Sri Lanka Sustainability Disclosure Standards have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

## RESPONSIBILITY OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the Financial Statements so that they present a true and fair view of the state of affairs of the Company. The Directors are of the view that these Financial Statements have been prepared in conformity Listing Rules 7.5.a (1)-The Annual Report, shall be prepared in accordance with applicable regulatory requirements and shall include, inter alia, a) Audited Financial Statements which are prepared and published in accordance with the Sri Lanka Accounting Standards, audited in accordance with Sri Lanka Auditing Standards; and b) Disclosures which are prepared and published in accordance with the Sri Lanka Sustainability Disclosure Standards

The Statement of Directors' Responsibility for financial reporting is given on page 225 and forms an integral part of this Annual Report of the Board of Directors

## DIVIDENDS

The Board of Directors has declared a final dividend of Rs. 0.50 per share for the Financial Year ended 31 March 2026. This final dividend will be paid on or before 25th June 2026 to those shareholders on the register as of 06 June 2026.

As required by Section 56(2) of the Companies Act No 7 of 2007, the Board of Directors have confirmed that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act No 7 of 2007, and has obtained certificates from the auditors, prior to declaring all dividends.

## PROPERTY, PLANT AND EQUIPMENT

The book value of Property, Plant and Equipment of the Company as at the reporting date amounted to Rs. 37,292 Mn (2025 - Rs. 36,287 Mn) and for the AHP Group amounted to Rs. 42,663 Mn (2025 - Rs. 41,293 Mn).

Capital expenditure for the Company and the AHP Group amounted to Rs. 360 Mn (2025 - Rs. 972 Mn) and Rs. 555 Mn (2025 - Rs. 1,176 Mn) respectively.

Total Freehold Land available - Asian Hotels and Properties PLC - Eight Acres and Five Decimal Naught Eight Perches (A8. R00 P05.08).

Total Leasehold Land available - Trans Asia Hotels PLC - Seven Acres, One Rood and Twenty-Four Decimal Two Eight Perches (A07. R01. P24.28).

Details of Land and Buildings with net book values including details of Property, Plant and Equipment of the Company and the AHP Group and their movements are given in Note 12 to the Financial Statements.

## MARKET VALUE OF PROPERTIES

All buildings owned by the Company and its subsidiary were last revalued as at 31st December 2025. The valuation was carried out by M/s P. B. Kalugalagedara and Associates, Chartered Valuation Surveyor.

All properties classified as investment property were also revalued as at 31st December 2025 in accordance with the requirements of LKAS 40. This valuation too was carried out by M/s P. B. Kalugalagedara and Associates, Chartered Valuation Surveyor.

Details of property valuations, including the valuation methods are provided in Note 12 to the Financial Statements.

## INVESTMENT PROPERTIES

In accordance with LKAS 40-Investment Property, the net book value of properties held to earn rental income, and properties held for capital appreciation have been classified as Investment Properties. The details of Investment Properties are explained in Note 12 to the Financial Statements.

## INVESTMENT IN SUBSIDIARY

Company	Number of Shares	% Holding
Trans Asia Hotels PLC (Quoted)	86,823,028	43.41

## STATED CAPITAL

The Stated Capital of the Company as at 31st March 2026 Rs.3,345 Mn (2025 - Rs. 3,345 Mn) comprising of 442,775,300 ordinary shares.

## SHARE INFORMATION

The market value of an ordinary share of the Company as at 31st March 2026 was Rs. 53.80 (31st March 2025 - Rs. 53.00).

The distribution and composition of shareholders and the information relating to earnings, dividend, net assets, and market value per share is given in the Information to Shareholders and Investors and Financial Review section of this annual report.

## INFORMATION TO SHAREHOLDERS

The Board strives to be transparent and provide accurate information to shareholders in all published material.

The quarterly financial information and relevant announcements have been sent to the CSE in a timely manner.

## EQUITABLE TREATMENT OF ALL SHAREHOLDERS

The Company has made every endeavour to ensure the equitable treatment of all shareholders and has adopted adequate measures to prevent information asymmetry.

## MAJOR SHAREHOLDERS

Listing Rule 7.6 iii The names and the number of shares held by the 23 largest holders of voting and non-voting shares denominated in LKR or any Other Class of Shares denominated in Foreign Currency and the percentage of such shares held .refer Annual Report on page 284.

## RESERVES

Total reserves as at 31st March 2026 for the Company and the AHP Group amounted to Rs. 25,439 Mn (2025 - Rs. 24,850 Mn) and Rs. 28,005 Mn (2025 - Rs. 27,164 Mn) respectively.

The movements in Other Components of Equity Revenue Reserve of the Company are shown in the Statement of Changes in Equity on page 232 of this report.

## CONTINGENT LIABILITIES & CAPITAL COMMITMENTS

Commitments made for capital expenditure as at 31st March 2026 and the contingent Liabilities as at that date are given in Note 34 and 35 to the Financial Statements.

## DIRECTORS

The Board of Directors of the Company as at 31st March 2026 and brief profiles of each Director are given in the Board of Directors section of this Annual Report.

The Directors of the Company who held offices during the year under review are set out below:

# Annual Report of the Board of Directors

Mr. K. N. J. Balendra- Chairperson  
Mr. J. G. A. Cooray  
Mr. C L P Gunawardane  
Ms. A Nanayakkara  
Mr. J Durairatnam  
Mr. A S De Zoysa  
Mr. N. N. Mawilmada\*  
Mr. M. H. Singhawansa\*\*  
Mr. M. R. Svensson\*\*\*  
Mr. S. Rajendra\*\*\*\*

\*Appointed to the Board w.e.f 8 September 2025

\*\*Appointed to the Board w.e.f 6 January 2026

\*\*\*Resigned w.e.f 31 August 2025

\*\*\*\*Resigned w.e.f 31 December 2025

The Board consists of eight (8) Directors comprising five (5) Non-Executive Non- Independent Directors (NED/NID) and three (3) Non-Executive Independent Directors (NED/ID).

In accordance with the criteria for 'Independence' specified by section 9.8.3 of the listing rules of the CSE and as identified by the Code of Best Practice on Corporate Governance jointly advocated by the SEC and CA Sri Lanka, the Board affirms that the aforesaid NED/IDs satisfy the criteria for independence and have satisfied Rule 9.8.5 (a)

The Directors of the subsidiary, Trans Asia Hotels PLC who held office during the year under review are set out below:

Mr. K. N. J. Balendra- Chairperson  
Mr. J. G. A. Cooray  
Mr. C L P Gunawardane  
Ms. S.A. Atukorale  
Mr. H. De S. Wijeyeratne  
Mr. C.P.R Perera  
Mr. N.L. Gooneratne  
Mr. N. N. Mawilmada\*  
Mr. M. H. Singhawansa\*\*  
Mr. M. R. Svensson\*\*\*  
Mr. S. Rajendra\*\*\*\*

\*Appointed to the Board w.e.f 8 September 2025

\*\*Appointed to the Board w.e.f 6 January 2026

\*\*\*Resigned w.e.f 31 August 2025

\*\*\*\*Resigned w.e.f 31 December 2025

## RESPONSIBILITY OF THE BOARD

Details of responsibilities of the Board and the manner in which those responsibilities were discharged during the year are disclosed in the Corporate Governance section of this annual report.

## RETIREMENT AND RE-ELECTION OF DIRECTORS

In accordance with Article 84 of the Articles of Association of the Company, Ms. A Nanayakkara will retire by rotation and being eligible, offers herself for re-election. Further, in accordance with Article 91 of the Articles of Association of the Company, Mr. N N Mawilmada and Mr. M H Singhawansa will retire by rotation, being eligible, offer themselves for re-election. Brief profiles of Ms. A Nanayakkara, Mr. N N Mawilmada and Mr. M H Singhawansa are contained on page 18 of this Annual Report.

## BOARD SUB – COMMITTEES

Information relating to members of the Audit Committee, Human Resources and Compensation Committee, Nominations and Governance Committee and Related Party Transactions Review Committee including reports of each of the committees, where applicable, and attendance of Directors for each of the committee meetings, are disclosed in the Corporate Governance section of the Annual Report.

### Project Risk Assessment Committee

The Project Risk Assessment Committee of JKH, the ultimate parent company, functions as the Project Risk Assessment Committee of the Company. The Project Risk Assessment Committee members of JKH during the year ended 31st March 2026 were as follows.

S S H Wijayasuriya - Chairperson  
K N J Balendra  
J G A Cooray  
A. Cabraal

## INTERESTS REGISTER

The Company and its subsidiary have maintained Interests Registers as contemplated by the Companies Act. In compliance with the requirements of the Companies Act, this annual report also contains particulars of entries made in the interest register of its subsidiary which is a Public Listed Company as permitted by Section 30 of the Companies Act. The Interest Register is available at the Registered office of the Company, in keeping with the requirement of the Section 119

(1) (d) of the Companies Act.

Particulars of entries in the Interests Register of the Company for the Financial Year 2025/26 are as follows.

### a. Directors Interests in Contracts

All the Directors have made a general disclosure to the Board of Directors as permitted by Section 192 (2) of the Companies Act and no additional interests have been disclosed by any Director of the Company.

## b. Share Dealings

There have been no disclosures of share dealings during the financial year ended as at 31st March 2026.

## c. Indemnities and Directors' Remuneration

1. Mr. M R Svensson and Mr. S Rajendra, Non-Independent Non-Executive Directors, stepped down from the Board of Directors of the Company, consequent to their retirements from the John Keells Group on 31 August 2025 and 31 December 2025 respectively.
2. Mr. N N Mawilmada and Mr. M H Singhawansa were appointed as Non-Independent Non-Executive Directors to the Board with effect from 8 September 2025 and 6 January 2026 respectively at the standard Non-Executive fees approved by the Board for Non-Executive Directors, which fees are commensurate with the market complexities of the Company. The fees payable to the Nominee Directors of John Keells Holdings PLC are paid to John Keells Holdings PLC and not to individual Directors.

## Particulars of entries in the Interests Register of the Subsidiary

Trans Asia Hotels PLC has maintained an Interests Register as contemplated by the Companies Act No.7 of 2007.

### a) Interests in contracts

The Directors have all made a general disclosure to the Board of Directors as permitted by Section 192 (2) of the Companies Act and no additional interests have been disclosed by any Director of TAH

### b) Share Dealings

- c) Other than for the following entry, no share dealings were reported during the period under review.

### d) Mr. N L Gooneratne (Director) Sale of 95,131 shares

### e) Indemnities and remuneration

1. Mr. M R Svensson and Mr. S Rajendra, Non-Independent Non-Executive Directors, stepped down from the Board of Directors of the Company, consequent to their retirements from the John Keells Group on 31 August 2025 and 31 December 2025 respectively.
2. Mr. N N Mawilmada and Mr. M H Singhawansa were appointed as Non-Independent Non-Executive Directors to the Board with effect from 8 September 2025 and 6 January 2026 respectively at the standard Non-Executive fees approved by the Board for Non-Executive Directors, which fees are commensurate with the market complexities of the Company. The fees payable to the Nominee Directors of John Keells Holdings PLC are paid to John Keells Holdings PLC and not to individual

## Directors.

3. The contract and standard Director fees of the following Non-Executive Directors have been approved/ renewed by the Board. The Director fees are commensurate with the market complexities associated with the Company:-
4. Ms. S A Athukorale
5. Mr. N L Gooneratne

## DIRECTORS' SHAREHOLDINGS OF THE COMPANY

The shares held by Directors and their spouses in the Company as of 31st March 2026 are as follows.

Full Name	Shares as at 31st March 2026	Shares as at 31st March 2025
Mr. Krishan Niraj Jayasekara Balendra	Nil	Nil
Mr. Joseph Gihan Adisha Cooray	10,600	10,600
Mr. Jegatheesan Durairatnam	Nil	Nil
Mr. Ashan Suresh De Zoysa	Nil	Nil
Mr. Changa Lashantha Poojitha Gunawardane	Nil	Nil
Mr. N.N. Mawilmada	Nil	Nil
Mr. M.H. Singhawansa	Nil	Nil

## EMPLOYEE SHARE OPTION PLAN (ESOP)

The Company does not offer its shares under an ESOP Scheme. Employees of the Company receive remuneration in the form of share-based payment under the John Keells Group's ESOP Scheme. Share options of the parent Company JKH are granted to senior executives of the Company, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of the employee services received in respect of the shares or share options granted is recognised in the Income Statement over the period that employees provide services, from the time when the award is granted up to the vesting date of the options. The overall cost of the award is calculated using the number of share options expected to vest and the fair value of the options at the date of grant. The Company has not directly or indirectly provided funds to its employees to purchase shares under ESOP Scheme.

The employee remuneration expense resulting from the John Keells Group's ESOP scheme to the employees of the Company is recognised in the Income Statement of the Company. This transaction does not result in a cash outflow to the Company and expense recognised is met with a corresponding equity reserve increase, thus having no impact on the Statement of Financial Position (SOPF). The fair value of the share options is estimated

# Annual Report of the Board of Directors

at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The valuation takes into account factors such as stock price, expected time to maturity, exercise price, expected volatility of share price, expected dividend yield and risk-free interest rate.

## DIRECTORS' MEETINGS

Details of the meetings of the Directors are given on page 130.

## DIRECTORS' DECLARATIONS

### (i) Chairperson's declaration

The Chairperson declares that there were no departures from any of the provisions of the Code of Business Conduct and Ethics.

### (ii) Directors' declarations The Directors declare that;

- a) the Company and its subsidiary have complied with all applicable laws and regulations in conducting its business.
- b) they have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.
- c) the Company has made all endeavours to ensure equitable treatment of shareholders.
- d) the business is a going concern with supporting assumptions or qualification as necessary,
- e) they have conducted a review of internal control covering financial, operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence herewith.
- f) the Company has a Code of Business Conduct and Ethics for Directors and members of the senior management team and that all Directors and members of the senior management team have complied with this Code.
- g) the Company being listed on the CSE is compliant with the rules on Corporate Governance under the Listing Rules of the CSE with regard to the composition of the Board and its Sub- Committees.

Code of Best Practice on Corporate Governance (2023) jointly advocated by the SEC and CA Sri Lanka to the extent of business exigency as required by the Company and recommended accounting practices.

TAH has not complied with the Minimum Public Holding Requirement prescribed under Rule 7.13.1(i)(b) – Option 1 of the Listing Rules of the Colombo Stock Exchange applicable to companies listed on the Diri Savi Board, for a continuous period of one month commencing from 17 November 2025, and is accordingly deemed non-compliant as at 17 December 2025. This non-compliance arose solely due to a decline in the Company's share price, which resulted in the float adjusted market capitalisation falling below the prescribed threshold of Rs. 1 billion.

TAH continues to proactively pursue its business strategies with a view to capitalising on available opportunities and enhancing stakeholder value, while closely monitoring the situation to restore compliance with the Minimum Public Holding requirement in accordance with the Listing Rules of the Colombo Stock Exchange.

## SUSTAINABILITY

The Company is conscious of the need to preserve the environment and its natural resources and has taken specific steps, particularly in ensuring the conservation of its natural resources and environment as well as addressing material issues highlighted by its stakeholders. Every endeavour has been made to minimise adverse effects on the environment to ensure sustainable continuity of natural resources.

## HUMAN RESOURCES

The Company continued to implement appropriate human resource management policies to develop employees and optimise their contribution towards the achievement of corporate objectives. The policies and procedures ensure the equitable treatment of all employees.

## EMPLOYMENT

The Company has an equal opportunity policy in respect of employment, and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Company, in line with the JKH Group policy, practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability.

The number of persons employed by the Company and the AHP Group as at 31st March 2026 was 778 (817 in 2025) for the company and 1,394 (1,436 in 2025) for the AHP Group respectively.

There have been no material issues pertaining to employees and industrial relations of the Company and the AHP Group during the financial year 2025/26.

## SUPPLIER POLICY

The Company, in line with the JKH Group's policies, applies an overall policy of agreeing and clearly communicating terms of payment as part of the commercial agreements negotiated with suppliers and endeavours to pay for all items properly charged in accordance with these agreed terms. As at 31st March 2026, the trade and other payables of the Company and AHP Group amounted to Rs. 882. Mn (2025 – Rs 887 Mn) and Rs. 1470 Mn (2025 - Rs. 1,443 Mn) respectively.

## ENVIRONMENTAL PROTECTION

The Company is in compliance with the relevant environmental laws, regulations and endeavours to comply with best practices applicable in the Country. The Company has not engaged in any activity that is harmful to the environment.

## STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its Subsidiary, all contributions, levies and taxes payable on behalf of, and in respect of the employees of the Company and its Subsidiary, and all other known statutory dues that were due and payable by the Company and its Subsidiary as at the Balance Sheet date have been paid or, where relevant provided for, except as specified in Note 34 to the Financial Statements, covering Contingent Liabilities.

## ENTERPRISE RISK MANAGEMENT

The Board confirms that there is an ongoing process of identifying, evaluating and managing any significant risks faced by the Company, where annual risk reviews are carried out by the Enterprise Risk Management Division and the risks are further reviewed each quarter by the Company. The headline risks are presented to the Board Audit Committee for review by the respective business units. The details of the Risks Report and Risk Management Process are set out on page 179.

## INTERNAL CONTROL

The Board, through the involvement of the Group Business Process Review (Group BPR) Division, takes steps to gain assurance on the effectiveness of internal control systems in place. The Audit Committee receives regular reports on the adequacy and effectiveness of internal controls in the Company. These includes compliance with laws, regulations and established policies and procedures of the Company.

The head of the Group BPR Division has direct access to the Chairperson of the Audit Committee. Reports of the outsourced Internal Auditors are also reviewed by the Audit Committee on matters pertaining to the Company.

The Directors acknowledged their responsibility for the Company's systems of Internal Controls. The statement of Corporate Governance from page 117 to 178 sets out in detail the Company's system of internal controls.

## RELATED PARTY TRANSACTIONS

There were no related party transactions required to be disclosed under the Listing Rules of the CSE, other than as disclosed under Note 28 of the financial statements.

The Company's transactions with Related Parties, given in Note 30 to the Financial Statements, have complied with CSE Listing Rule 9 and the Code of Best Practices on Related Party Transactions under the SEC Directive dated 12th December 2013.

## DONATIONS

Total donations made by the Company and AHP Group during the year amounted to Rs5.2 Mn (2025 - Rs. . 3.7 Mn) and Rs. 8.5 Mn (2025 - Rs. 5.7 Mn) respectively.

## EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Except for the matters disclosed in Note 36 to the Financial Statements and there were no material events that require adjustments or disclosure in the Financial Statements.

## GOING CONCERN

The Company has prepared the Financial Statements for the year ended 31st March 2026 on the basis that it will continue to operate as a going concern.

In determining the basis of preparing the Financial Statements for the year ended 31st March 2026, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Company and the appropriateness of the use of the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Company's ability to continue to operate as a going concern. The management has formed the judgement that the Company has adequate resources to continue in operational existence for the foreseeable future, driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans along with the financial strength of the Company.

In determining the above significant management judgements, estimates and assumptions, the impact of the macroeconomic uncertainties, including supply chain disruptions, power interruptions and distribution challenges on account of the prevailing foreign exchange market limitations have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

Having presented the outlook for the Company and subsidiary to the AHP Board, the Directors are satisfied that the Company and its subsidiary have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these Financial Statements.

## AUDITORS

The Audit Committee reviews the appointment of the Auditors, their effectiveness, independence, and relationship with the Company, including the level of audit. As far as the Directors are aware, the Auditors, Messrs. KPMG, Chartered Accountants, do not have any relationship or interest in the Company and its Subsidiaries. Messrs. KPMG, Chartered Accountants have indicated their willingness to continue as Auditors of the

# Annual Report of the Board of Directors

Company, and accordingly, a resolution proposing their re-appointment as Auditors will be proposed at the Annual General Meeting. Details of the Audit Fees paid to the Auditors are set out in Note 7 to the Financial Statements of this report.

Further details of the work of the Auditor and the Audit Committee are set out in the Audit Committee Report on page 133.

## ANNUAL REPORT

The Board of Directors approved the Consolidated Financial Statements on 26th May 2026. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board as required.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held as a virtual meeting on 25th June 2026 at 10.30 am.

This Annual Report is signed for and on behalf of the Board of Directors.

By Order of the Board



Director



Director



Keells Consultants (Private) Limited

Secretaries

26th May 2026

# Statement of Directors' Responsibility

The responsibility of the Directors, in relation to the Financial Statements of Asian Hotels and Properties PLC (the "Company") and the Consolidated Financial Statements of the Company and its Subsidiary (AHP Group) is set out in this Statement. This Statement of Directors' Responsibility is to be read in conjunction with the Report of the Auditors and is made to distinguish the respective responsibilities of the Directors and the Auditors in relation to the Financial Statements contained in this Annual Report.

As per the provisions of the Companies Act No. 07 of 2007 (Companies Act), the Directors are required to prepare, for each financial year and place before a general meeting, financial statements which comprise of:

- Statement of profit or loss, statement of comprehensive income of the Company and AHP Group, which present a true and fair view of the financial performance of the Company and AHP Group for the respective financial year.
- Statement of financial position, which represents a true and fair view of the state of affairs of the Company and AHP Group as at the end of the financial year:
- A statement of changes in equity; and
- A cash flow statement for the year ended 31st March 2026 together with notes to the financial statements.

The Board of Directors have ensured that the Financial Statements of the Company and of the AHP Group for the year ended 31 March 2026 presented in the report have been prepared :

- using appropriate accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained;
- in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and that reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and
- provide the information required by and otherwise comply with the Companies Act, the Listing Rules of the Colombo Stock Exchange (CSE), the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Code of Best Practice on Corporate Governance (2023) jointly advocated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC).

In preparing the Financial Statements, the Board of Directors have ensured that the Company has adequate resources to continue in operation to justify applying the going concern basis.

After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the Corporate Governance Code, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the financial statements. Additionally, the Board Directors have a responsibility to;

- Ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and of the AHP Group; and
- Take all reasonable steps expected of them to safeguard the assets of the Company and of the AHP Group to establish appropriate systems of internal controls to prevent, deter and detect any fraud, misappropriation or other irregularities.

The Board of Directors have taken all reasonable steps to ensure that the Company and its subsidiaries maintain adequate and accurate accounting books of record, which reflect the transparency of transactions and provide an accurate disclosure of the financial position of the Company and of the AHP Group.

Further in the event of a dividend distribution, as required by Section 56 (2) of the Companies Act, and based on the information available, the Board of Directors will ensure that the Company has satisfied the solvency test immediately after the distribution of any dividends in accordance with Section 57 of the Companies Act and have obtained a certificate from the auditors, prior to declaring such dividends.

The Board of Directors is required to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider appropriate for the purpose of enabling them to give an independent Audit Report.

The Board of Directors is of the view that they have discharged their responsibilities as set out in this Statement.

The Board of Directors approved the Annual Report on 26th May 2026. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board as required.

## COMPLIANCE REPORT

The Directors confirm that, to the best of their knowledge, all taxes and levies payable by the Company and AHP Group, and all contributions, levies and taxes payable on behalf of the employees of the Company and AHP Group, and all other known statutory obligations as at the reporting date, have been paid or provided for, except as specified in Note 34 to the Financial Statements covering Contingent Liabilities.

The Board of Directors confirm that the Company and AHP Group have complied with the Para 23 of the LKAS 24, and all related party transactions are carried out at "arm's length" basis.

By Order of the Board



ASIAN HOTELS AND PROPERTIES PLC

Keells Consultants (Private) Limited

Secretaries

26th May 2026

# Independent Auditors' Report



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
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## TO THE SHAREHOLDERS OF ASIAN HOTELS AND PROPERTIES PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Asian Hotels and Properties PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at March 31, 2026, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 229 to 279 of this annual report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as of March 31, 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and the Company Financial Statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### 01. Management assessment of the Company's ability to continue as going concern.

#### Risk Description

The Company incurred net loss of Rs. 7.1 Mn for the year ended 31st March 2026. Further, the Company's current liabilities exceeded its current assets by Rs 2,135 Mn as at the reporting date.

However, these financial statements have been prepared on a going concern basis. In adopting the going concern basis in preparation of the financial statements, the directors have reviewed the Company's cash flow projections, prepared by the management. The cash flow projections were based on management's assumptions and estimation of future cash inflows and outflows.

We identified management assessment of the Company's ability to continue as going concern and related disclosures as a key audit matter because the cash flow projections referred to above involves consideration of future events and circumstances which are inherently uncertain, and effect of those uncertainties may significantly impact the resulting accounting estimates. Therefore, the assessment requires the exercise of significant management judgement in assessing future cash inflows and outflows which could be subject to potential management bias.

#### Our Response

Our audit procedures included:

- Obtaining and evaluating the appropriateness of management assessment of going concern.
- Obtaining the cash flow projections and evaluating the key assumptions used in preparing the projections
- Assessing adequacy of disclosures in the financial statements Note 2 (g), in relation to company's ability to continue as going concern.

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T.J.S. Rajakarier FCA  
W.K.D.C. Abeyratne FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
R. G. H. Raddella ACA

W.W.J.C. Perera FCA  
G.A.U. Karunaratne FCA  
R.H. Rajan FCA  
A.M.R.P. Alahakoon ACA

Ms. S. Joseph FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad ACA, FCMA (UK), FCIT, K Somaseundaram ACMA (UK), Ms. D. Corea Dharmaratne

## 02. Valuation of the land and buildings (Property, Plant and Equipment and Investment Property) – the Group and the Company

Refer to note 12 and 14 to the financial statements	
Risk Description	Our Response
<p>As at 31st March 2026, the Group's Land and Buildings stated at fair value, classified as Property, Plant and Equipment and Investment Properties amounted to Rs. 40 Bn and Rs. 6 Bn respectively and in the Company: Rs. 35.6 Bn and Rs. 2.5 Bn respectively.</p> <p>The Group has engaged an independent professional Valuer with appropriate expertise to determine the fair value of these properties in accordance with recognized industry standards.</p> <p>Estimating the fair value is a complex process which involves a significant degree of judgment and estimates in respect of price per perch of the land, capitalization rates, value per square feet, fair market rental and diversity of locations and nature of the land and buildings and investment properties.</p> <p>We identified this as a key audit matter because of the significance of the value of these properties to the Financial Statements and significant judgement/estimation involves in the valuation.</p>	<p>Our audit procedures included:</p> <p>Discussions with management and the external valuer and comparison of the key assumptions used against externally published market comparable or industry data where available and challenging the reasonableness of key assumptions based on our knowledge of the industry.</p> <p>Discussions with management and the external valuer in relation to the possible impact on the key assumptions.</p> <p>Assessing the key inputs used in the valuation by the independent external valuer against our expectations based on our experience, externally published market comparable and our knowledge of property market, consultation with internal valuation specialist.</p> <p>Assessing the objectivity, independence, competence and qualifications of the external valuer.</p> <p>Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates.</p>

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

# Independent Auditors' Report



## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2,599.

Colombo, Sri Lanka  
26 May 2026

# Statement of Profit on Loss

For the year ended 31st March In Rs.'000s	Note	GROUP		COMPANY	
		2026	2025	2026	2025
<b>Continuing operations</b>					
Revenue from contracts with customers	5	11,434,851	10,362,110	6,523,134	5,896,420
Cost of sales		(6,466,708)	(5,800,005)	(3,824,043)	(3,374,963)
<b>Gross Profit</b>		4,968,143	4,562,105	2,699,091	2,521,457
Dividend income	11	-	-	73,800	36,900
Other operating income	6	132,197	77,005	100,871	73,712
Selling and Distribution expenses		(558,303)	(427,799)	(276,702)	(226,994)
Administrative expenses		(3,194,667)	(2,992,547)	(2,072,191)	(1,924,990)
Other operating expenses		(691,959)	(768,305)	(268,368)	(357,681)
<b>Results from operating activities</b>	7	655,411	450,459	256,501	122,404
Finance cost		(207,079)	(196,569)	(143,735)	(95,570)
Finance income		11,243	19,845	7,974	15,499
Net Finance Cost	8	(195,836)	(176,724)	(135,761)	(80,071)
Change in fair value of investment property	14	238,472	34,026	19,408	(26,208)
Profit before tax		698,047	307,761	140,148	16,125
Income tax expense	9	(287,152)	(222,438)	(147,332)	(123,853)
Profit/(Loss) for the year		410,895	85,323	(7,184)	(107,728)
Attributable to:					
Equity holders of the parent		132,540	(44,803)	(7,184)	(107,728)
Non-controlling interest		278,355	130,126	-	-
		410,895	85,323	(7,184)	(107,728)
		Rs.	Rs.	Rs.	Rs.
Earnings/(Loss) per share - Basic/Diluted	10	0.30	(0.10)	(0.02)	(0.24)
Dividend per share	11.3	-	-	0.50	-

Figures in brackets indicate deductions

The accounting policies and notes as set out in pages 236 to 279 form an integral part of these Financial Statements.

## Statement of Other Comprehensive Income

For the year ended 31st March In Rs.'000s	Notes	GROUP		COMPANY	
		2026	2025	2026	2025
Profit/(Loss) for the year		410,895	85,323	(7,184)	(107,728)
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to Income Statement in subsequent periods</b>					
Revaluation of land and buildings	12	1,602,415	1,055,357	1,202,900	606,442
Re-measurement gain/(loss) on defined benefit plans	26.1.1	(70,325)	82,398	(38,442)	39,801
		1,532,090	1,137,755	1,164,458	646,243
Deferred tax effect on actuarial valuation		21,097	(24,719)	11,533	(11,940)
Deferred tax effect on land & building revaluation		(480,725)	(316,607)	(360,870)	(181,933)
Tax on other comprehensive income		(459,628)	(341,326)	(349,337)	(193,873)
<b>Other comprehensive income not to be reclassified to Income Statement in subsequent periods, net of tax</b>		1,072,462	796,429	815,121	452,370
<b>Total comprehensive income for the year, net of tax</b>		1,483,357	881,752	807,937	344,642
<b>Attributable to :</b>					
Equity holders of the parent		1,059,373	556,924	807,937	344,642
Non-controlling interests		423,984	324,828	-	-
		1,483,357	881,752	807,937	344,642

Figures in brackets indicate deductions

The accounting policies and notes as set out in pages 236 to 279 form an integral part of these Financial Statements.

# Statement of Financial Position

As at 31st March In Rs.'000s	Note	GROUP		COMPANY	
		2026	2025	2026	2025
<b>ASSETS</b>					
<b>Non current assets</b>					
Property, plant and equipment	12	42,662,613	41,293,429	37,292,222	36,287,136
Right-of-use asset	13	1,152,390	682,220	228,956	-
Investment property	14	5,997,435	5,756,648	2,476,049	2,454,326
Intangible assets	15	38,869	50,873	19,217	25,450
Investment in subsidiary	16	-	-	660,045	660,045
Non current financial assets	17	17,034	12,877	12,686	6,305
Other non current assets	18	3,019	4,486	1,142	1,798
<b>Total non current assets</b>		<b>49,871,360</b>	<b>47,800,533</b>	<b>40,690,317</b>	<b>39,435,060</b>
<b>Current assets</b>					
Inventories	19	289,319	256,418	175,614	151,611
Trade and other receivables	20	618,586	568,279	406,722	320,775
Dividend Receivable	11.1	-	-	73,800	36,900
Amounts due from related parties	30.2	127,797	65,069	80,918	58,910
Other current assets	21	318,816	220,193	195,533	139,891
Cash in hand and at bank		382,927	268,477	169,845	174,933
<b>Total current assets</b>		<b>1,737,445</b>	<b>1,378,436</b>	<b>1,102,432</b>	<b>883,020</b>
<b>Total assets</b>		<b>51,608,805</b>	<b>49,178,969</b>	<b>41,792,749</b>	<b>40,318,080</b>
<b>EQUITY &amp; LIABILITIES</b>					
<b>Equity</b>					
<b>Stated capital</b>	22	<b>3,345,117</b>	<b>3,345,117</b>	<b>3,345,117</b>	<b>3,345,117</b>
Revenue reserves		4,765,318	4,869,529	3,024,470	3,279,951
Other components of equity	23	23,239,546	22,294,421	22,414,456	21,569,674
<b>Equity attributable to owners of the company</b>		<b>31,349,981</b>	<b>30,509,067</b>	<b>28,784,043</b>	<b>28,194,742</b>
<b>Non-controlling interest</b>		<b>4,160,467</b>	<b>3,862,444</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>35,510,448</b>	<b>34,371,511</b>	<b>28,784,043</b>	<b>28,194,742</b>
<b>Non current liabilities</b>					
Lease Liabilities	13.2	341,410	-	156,552	-
Deferred tax liabilities	25	10,593,424	9,987,459	9,325,423	8,969,569
Employee benefit liabilities	26	521,012	396,873	288,708	232,240
<b>Total non current liabilities</b>		<b>11,455,846</b>	<b>10,384,332</b>	<b>9,770,683</b>	<b>9,201,809</b>
<b>Current liabilities</b>					
Trade and other payables	27	1,469,854	1,442,826	882,446	887,295
Amounts due to related parties	30.3	398,863	323,346	295,563	246,308
Income tax liabilities	28	38,661	39,570	33,202	34,111
Short Term Borrowings	24	649,154	355,072	649,154	205,072
Lease Liabilities	13	114,056	-	56,691	-
Other current liabilities	29	575,290	412,664	375,878	289,570
Dividend Payable	11.2	1,367	63,100	-	-
Bank overdrafts		1,395,266	1,786,548	945,089	1,259,173
<b>Total current liabilities</b>		<b>4,642,511</b>	<b>4,423,126</b>	<b>3,238,023</b>	<b>2,921,529</b>
<b>Total liabilities</b>		<b>16,098,357</b>	<b>14,807,458</b>	<b>13,008,706</b>	<b>12,123,338</b>
<b>Total equity and liabilities</b>		<b>51,608,805</b>	<b>49,178,969</b>	<b>41,792,749</b>	<b>40,318,080</b>

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.

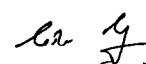


C.L.P. Gunawardane  
Director/ Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.



K.N.J. Balendra  
Chairperson



J.G.A. Cooray  
Director

The accounting policies and notes as set out in pages 236 to 279 form an integral part of these financial statements.

26 May, 2026  
Colombo

## Statement of Changes in Equity

GROUP	Note	Attributable to equity holders of the parent				Total	Non controlling interest	Total Equity
		Stated Capital	Revaluation Reserve	Other Capital Reserve	Revenue Reserve			
In Rs.'000s								
<b>As at 1st April 2024</b>		3,345,117	21,572,948	179,177	4,851,535	29,948,777	3,600,350	33,549,127
<b>Total comprehensive income</b>								
Profit/(Loss) for the year		-	-	-	(44,803)	(44,803)	130,126	85,323
Other comprehensive income		-	560,921	-	40,806	601,727	194,702	796,429
Total comprehensive income		-	560,921	-	(3,997)	556,924	324,828	881,752
Transactions with owners of the company		-	-	-	-	-	-	-
Transferred to revenue reserve (Note a)		-	(21,991)	-	21,991	-	-	-
<b>Subsidiary Final dividend to Non-controlling Interest -2024/2025</b>		-	-	-	-	-	(63,100)	(63,100)
<b>Share based payments</b>	23.2			3,366		3,366	366	3,732
<b>As at 31st March 2025</b>		3,345,117	22,111,878	182,543	4,869,529	30,509,067	3,862,444	34,371,511
<b>As at 1st April 2025</b>		3,345,117	22,111,878	182,543	4,869,529	30,509,067	3,862,444	34,371,511
Total comprehensive income								
Profit for the year		-	-	-	132,540	132,540	278,355	410,895
Other comprehensive income		-	963,430	-	(36,598)	926,832	145,630	1,072,462
<b>Total comprehensive income</b>		-	963,430	-	95,942	1,059,372	423,985	1,483,357
Transactions with owners of the company								
Transferred to revenue reserve Note (a)			(21,235)	-	21,235	-	-	-
Subsidiary Final dividend to Non-controlling Interest -2024/2025		-	-	-	-	-	(126,200)	(126,200)
Final Dividend Paid 2024/2025		-	-	-	(221,388)	(221,388)	-	(221,388)
<b>Share based payments</b>	23.2			2,930		2,930	238	3,168
<b>As at 31st March 2026</b>		3,345,117	23,054,073	185,473	4,765,318	31,349,981	4,160,467	35,510,448

Note (a) - According to the Sri Lanka Accounting Standard - 16 "Property, Plant and Equipment", when the revalued asset is used by an entity, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the assets' original cost is transferred from revaluation surplus to retained earnings amounting Rs.21.23 Mn. (Rs.21.99 Mn in 2025).

Figures in brackets indicate deductions.

The Notes to the Financial Statements from Pages 236 to 279 form an integral part of these Financial Statements.

COMPANY		Stated Capital	Revaluation Reserve	Other Capital Reserve	Revenue Reserve	Total Equity
In Rs.'000s	Note					
<b>As at 1st April 2024</b>						
<b>Total comprehensive income</b>		3,345,117	20,974,635	167,445	3,359,649	27,846,846
Adjustment on revenue reserve		-	-	-	169	169
Loss for the year		-	-	-	(107,728)	(107,728)
Other comprehensive income		-	424,509	-	27,861	452,370
Total comprehensive income		-	424,509	-	(79,698)	344,811
Transactions with owners of the company						
Share based payments	23.2	-	-	3,085	-	3,085
<b>As at 31st March 2025</b>		3,345,117	21,399,144	170,530	3,279,951	28,194,742
<b>As at 1st April 2025</b>		3,345,117	21,399,144	170,530	3,279,951	28,194,742
<b>Total comprehensive income</b>						
Loss for the year		-	-	-	(7,184)	(7,184)
Other comprehensive income			842,030		(26,909)	815,121
Total comprehensive income		-	842,030	-	(34,093)	807,937
Share based payments	23.2	-	-	2,752	-	2,752
Final Dividend Paid - 2024/25	11	-	-	-	(221,388)	(221,388)
<b>As at 31st March 2026</b>		3,345,117	22,241,174	173,282	3,024,470	28,784,043

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 236 to 279 form an integral part of these Financial Statements.

# Statement of Cash Flows

For the year ended 31st March In Rs. '000s	Note	GROUP		COMPANY	
		2026	2025	2026	2025
<b>Operating Activities</b>					
Profit before tax		698,047	307,761	140,148	16,125
<b>Adjustments for:</b>					
Finance Income	8	(11,243)	(19,845)	(7,974)	(15,499)
Finance Cost	8	207,079	196,569	143,735	95,570
Dividend Income	11	-	-	(73,800)	(36,900)
Change in Fair Value of Investment Property	14	(238,472)	(34,026)	(19,408)	26,208
Depreciation of property, plant and equipment	12	778,966	701,524	551,349	478,409
Profit on disposal of property, plant & equipment	6	(13,965)	(7,329)	(7,484)	(5,753)
Amortisation of right-of-use assets	13	112,441	12,404	36,633	-
Amortisation of intangible assets	15	12,004	8,940	6,233	5,757
Provision /(reversal) for doubtful debts	20	(20,061)	54,233	(2,470)	39,559
Employee benefit provision and related costs		93,752	89,752	46,053	51,850
Share based payment expenses/(reversal)	23.2	3,168	3,732	2,752	3,085
Reversal made on slow moving Inventory	19	(2,351)	(48)	(2,079)	-
Provision for net realisable value	19	(3,028)	1,487	(3,028)	1,487
Unrealised (gain)/ loss on foreign exchange	7	(91)	(55)	(91)	115
Written back of unutilised credits		(42,592)	-	(20,241)	
<b>Operating Profit Before Working Capital Changes</b>		<b>1,573,654</b>	<b>1,315,099</b>	<b>790,328</b>	<b>660,013</b>
(Increase) / Decrease in Inventories		(27,522)	70,152	(18,897)	55,104
(Increase) / Decrease in Trade and Other Receivables		(35,186)	688,074	(88,417)	316,916
(Increase) / Decrease in Amounts Due from Related Parties		(62,730)	42,677	(22,008)	29,825
(Increase) / Decrease in Other Current Assets		(98,623)	4,464	(55,641)	(28,572)
Increase / (Decrease) in Trade and Other Payables		27,601	(47,802)	(4,851)	(34,109)
Increase / (Decrease) in Amounts Due to Related Parties		75,516	(16,905)	49,256	(9,449)
Increase / (Decrease) in Other Current Liabilities		184,408	(41,247)	86,309	(16,330)
<b>Cash Generated from Operations</b>		<b>1,637,118</b>	<b>2,014,512</b>	<b>736,079</b>	<b>973,398</b>
Finance Cost Paid		(204,742)	(196,273)	(141,399)	(95,274)
Dividend received		-	-	36,899	-
Tax Paid		(141,724)	(152,287)	(141,724)	(132,125)
Gratuity Paid		(39,938)	(84,294)	(28,027)	(64,758)
<b>Net Cash Flows From Operating Activities</b>		<b>1,250,714</b>	<b>1,581,658</b>	<b>461,828</b>	<b>681,241</b>

For the year ended 31st March In Rs. '000s	Note	GROUP		COMPANY	
		2026	2025	2026	2025
<b>Cash Flows From / (Used) In Investing Activities</b>					
Purchase / Transfers and Construction of Property, Plant and Equipment	12	(555,429)	(1,175,584)	(359,793)	(971,812)
Addition / Transfers to Investment Property	14	(2,315)	(1,641)	(2,315)	(1,641)
Addition to Intangible Assets	15	-	(57,640)	-	(30,663)
Finance Income Received	8	11,243	19,276	7,974	15,499
Proceeds from Sale of Property, Plant & Equipment		23,659	17,094	13,742	6,160
Proceeds from/ (Repayment of) Other Assets (Net)		(2,691)	27,360	(5,725)	16,994
<b>Net Cash Flows used in Investing Activities</b>		<b>(525,533)</b>	<b>(1,171,135)</b>	<b>(346,117)</b>	<b>(965,463)</b>
<b>Financing Activities</b>					
Repayment Short Term Borrowings	24	(854,776)	(1,030,516)	(704,776)	(126,359)
Proceeds from Short Term Borrowings	24	1,146,225	804,776	1,146,225	204,776
Repayment of lease liabilities		(101,575)	-	(26,776)	-
Dividend Paid to Equity Holders of Parent / Company		(221,388)	-	(221,388)	-
Dividend Paid to Non Controlling Interest Sahreholders		(187,935)	-	-	-
<b>Net Cash Flows from/(Used in) Financing Activities</b>		<b>(219,449)</b>	<b>(225,740)</b>	<b>193,285</b>	<b>78,417</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>505,732</b>	<b>184,783</b>	<b>308,996</b>	<b>(205,805)</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>		<b>(1,518,071)</b>	<b>(1,702,854)</b>	<b>(1,084,240)</b>	<b>(878,435)</b>
<b>Cash and Cash Equivalents at the end of the Year</b>		<b>(1,012,339)</b>	<b>(1,518,071)</b>	<b>(775,244)</b>	<b>(1,084,240)</b>
<b>Analysis of Cash and Cash Equivalents</b>					
<b>Favourable Balances</b>					
Cash at Bank		367,568	234,744	160,971	149,298
Cash in Hand		15,359	33,733	8,874	25,635
<b>Unfavourable Balances</b>					
Bank Overdrafts		(1,395,266)	(1,786,548)	(945,089)	(1,259,173)
<b>Cash and Cash Equivalents</b>		<b>(1,012,339)</b>	<b>(1,518,071)</b>	<b>(775,244)</b>	<b>(1,084,240)</b>

### Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdraft.

Figures in brackets indicate deductions

The accounting policies and notes as set out in pages 236 to 279 form an integral part of these Financial Statements.

# Notes to the Financial Statements

## 1 CORPORATE INFORMATION

### Reporting Entity

Asian Hotels and Properties PLC is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and principal place of business of the Company is located at No.77, Galle Road, Colombo 03.

The company's controlling entity and ultimate parent undertaking is John Keells Holdings PLC which is incorporated in Sri Lanka.

### Group Information

#### Consolidated financial statements

The consolidated financial statements of the Company as at and for the year ended 31st March 2026 comprise the financial information of the Company and its subsidiary; Trans Asia Hotels PLC (together referred to as the 'Group' and individually as 'Group entities').

#### Approval of financial statements

The financial statements for the year ended 31st March 2026 were authorised for issue by the Board of Directors on 26th May 2026.

#### Principal activities and nature of operations

The principal activities of the Company and the Group during the year were hoteliering and property development. There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

The Group had 1,289 (2025 – 1,298) employees and the Company had 646 (2025- 836) employees excluding industrial trainees as at the reporting date.

#### Responsibility for financial statements

The responsibility of the Board of Directors in relation to the financial statements is set out in the Statement of Directors' Responsibility Report in the Annual report.

## 2 BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements which comprise the statement of profit or loss, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.

### (b) Statement of presentation

The Financial Statements of the Company have been presented in compliance with the requirements of the companies Act No. 7 of 2007 and provide appropriate disclosures as required by the listing rules of Colombo Stock Exchange.

### (c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for followings items, which are measured on an alternative basis on each reporting date.

- Freehold land and buildings which are measured at cost, at the time of acquisition are subsequently recognised at revalued amounts which are the fair values at the date of revaluation less accumulated depreciation and impairment cost if any.
- Investment properties which are stated at fair values.
- Defined benefit obligations are measured at its present value, based on an actuarial valuation as explained in Note 26.

### (d) Presentation and functional currency

The Financial Statements are presented in Sri Lankan Rupees, the Group's functional and presentation currency, which is the currency of the primary economic environment in which the Group operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency. All values are rounded to the nearest Sri Lankan Rupees thousand (Rs.'000) unless otherwise indicated.

### (e) Use of estimates and judgements

In preparing of the Financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

### i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Consolidation: whether the Group has de facto control over an investee - Note 16

### ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2026 is included in the following notes:

Measurement of Freehold land & buildings - Note 12

Measurement of Investment Properties - Note 14

Measurement of Defined Benefit Plans - key actuarial assumptions - Note 26

Impairment test: key assumptions underlying recoverable amounts – Note 20

Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources – Note 34

Recognition of deferred tax assets; availability of future taxable profits against which deductible temporary differences and tax losses carried forward can be utilised - Note 25

**(f) Measurement of fair values:**

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group's Audit Committee. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- I. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- II. Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- III. Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**(g) Going concern**

The company has recorded a net loss of Rs.7.1 Mn (Rs.107.7 Mn - 2025) for the year ended 31st March,2026, and as at that date, current liabilities exceeded its current assets by Rs.2,135 Mn (Rs.2,039 Mn - 2025).

The Board of Directors has conducted a comprehensive review of the Company's affairs including, but not limited to:

The cash flow forecast of the Company for the period up to next 12 months.

The Company's ability of settling the statutory payables and other liabilities when they fall due and payable.

Further, management believes that the repayment of the short-term interest bearing loans and borrowings, and bank overdraft facilities will be met out of operating cash flows and the mitigation actions taken such as the management's evaluation of resilience of its businesses considering a wide range of factors such as current and expected profitability, expected revenue streams, ability to defer non-essential capital expenditure and strong reserve position. Moreover, the Board of Directors have no plans to liquidate the Company or cease operations in the near future.

As a consequence, in view of the above, the Management continue to have a reasonable expectation that the Company has adequate resources to continue in operations for at least the next 12 months that the going concern basis of accounting remains appropriate. Management firmly believe that the Company will be able to continue as a going concern into the foreseeable future and, accordingly, the Financial Statements of the Company have been prepared on a going concern basis without making adjustments that may be required to the recorded assets and the classification of liabilities if the Company is unable to continue as a going concern.

**(h) Comparative information**

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES**

Summary of material accounting policies have been disclosed along with the relevant individual notes in the subsequent pages and those accounting policies presented with each note, have been applied consistently by the Group and the Company.

Other material accounting policies not covered with individual notes.

The following accounting policies, which have been applied consistently by the Company and the Group, are considered to be material but not covered in any other sections.

**3.1 Basis of consolidation****(i) Business combinations**

Business combinations are accounted for using the acquisition method as at the acquisition date - i.e. when control is transferred to the Group, control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, a input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

**(ii) Non-controlling interests (NCI)**

NCI are measured at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**(iii) Subsidiaries**

Subsidiaries are those enterprises controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the

# Notes to the Financial Statements

ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### (iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### (v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

### 3.2 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is recognised as current when it is:

Expected to be realised or intended to be sold or consumed in normal operating cycle

Held primarily for the purpose of trading

Expected to be realised within twelve months after the reporting period, or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is recognised as current when:

It is expected to be settled in normal operating cycle

It is held primarily for the purpose of trading

It is due to be settled within twelve months after the reporting period

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 3.3 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and

liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in statement of profit or loss.

### 3.4 Non financial assets impairment

The carrying amounts of the Group/Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset or Cash Generating Unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (Group of CGUs) on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.5 Financial instruments

#### (i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### Financial Assets

##### Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI)

debt investment; fair value through other comprehensive income (FVOCI)

equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Groups' consolidated financial assets classified and measured at amortised cost are limited to its trade debtors, related party receivables, short term investments and cash & cash equivalents.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Group's investment in equity investments are classified as Fair Value through OCI (FVOCI).

#### Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

#### Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

# Notes to the Financial Statements

## Financial assets - Subsequent measurement and gains and losses

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method.

The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

## Financial Liabilities

### Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

### (i) De-recognition

#### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

#### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### (ii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### (iii) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the Group's effective interest rate.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## 3.6. Changes in Material Accounting Policies

There were no new or amended standards and interpretations that were required to be incorporated into the Financial Statements with effect from January 01, 2025..

These Accounting Policies have been applied consistently by the Group and there were no changes to Material Accounting Policies. The Group has adopted Sustainability Disclosure Standard – SLFRS S1 on “General Requirements for Disclosure of Sustainability-related Financial Information” (SLFRS S1) and SLFRS S2 on “Climate-related Disclosures” (SLFRS S2) during the year. As these are Disclosure Standards, the related disclosures have been disclosed in the relevant sections of this Annual Report as appropriate and they do not form part of these Financial Statements.

## 4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following amendments and improvements are not expected to have a significant impact on the Company's and the Group's financial statements.

- Amendments to LKAS 21: Lack of Exchangeability
- Amendments to SLFRS 9 and SLFRS 7: Classification and Measurement of Financial Instruments
- SLFRS 19 Subsidiaries without public accountability: Disclosure

### Standards issued but not yet effective

SLFRS 18 Presentation and disclosure in Financial Statements

The Group is currently assessing the potential impact of SLFRS 18 on its financial statements and related disclosures. A comprehensive evaluation, including transition planning and implementation activities, is expected to be completed prior to the adoption of the standard.

## 5 REVENUE

### ACCOUNTING POLICY

#### Contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

#### Performance obligations and significant judgements

The Group's performance obligations and significant judgements are summarised below:

The revenue for providing the services are usually recognised at or after the guests' departure, over the period of stay or at the point of arrival of guests. The entity identifies the services under each contract as one performance obligation. The revenue is accounted based on the output method. Since revenue will be based on the final good or service provided, the output method will provide a faithful depiction in recognising revenue. Accordingly revenue is recognised on the rooms occupied on daily basis and food and beverages and hotel related sales are accounted for at the time of sale and rental income is recognised on an accrual basis.

When obtaining destination management service (travel agents), the entity acts as the principal. Customer receives and consumes the benefits of the entity's performance, as and when the service is performed. Therefore, revenue is recognized at gross over the period, based on the output method. The timing and the amount of cashflow will vary according to the agreements. Transaction price shall comprise of supplier fee and company mark-up, summing up to be the gross service fee. The advance payments are recognized as a liability. Upon provision of the services, the liability is set off and revenue is recognized over the period

For the year ended 31st March In Rs. '000s	GROUP		COMPANY	
	2026	2025	2026	2025
<b>REVENUE</b>				
Rooms	3,265,710	3,151,072	1,677,307	1,659,022
Food & Beverage	6,016,966	6,042,212	3,126,145	3,561,022
Other Revenue (Note 5.1)	1,803,168	845,469	1,437,577	415,310
	11,085,844	10,038,753	6,241,029	5,635,354
<b>RENTAL INCOME</b>				
Rental Income from Investment Property	349,007	323,357	282,105	261,066
Total Revenue	11,434,851	10,362,110	6,523,134	5,896,420

#### 5.1 Other Revenue

Other revenue mainly includes hotel rental income from shops and income generated from minor departments such as flower sales, guest valet services, gym fees, and similar services. Revenue from these sources is recognized at the point in time when the related goods or services are provided to customers.

#### 5.2 Contract balances

##### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

##### Contract liabilities

Contract liabilities are the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services and short-term advances received to render certain services.

## Notes to the Financial Statements

For the year ended 31st March In Rs.'000s	Note	GROUP		COMPANY	
		2026	2025	2026	2025
<b>Contract assets presented under:</b>					
- Trade receivables	20	844,600	794,588	400,538	319,507
		844,600	794,588	400,538	319,507
<b>Contract liabilities presented under:</b>					
- Other current liabilities	29	257,726	196,203	165,138	138,635
		1,102,326	990,791	565,676	458,142
<b>Set out below is the amount of revenue recognised from:</b>					
Amounts included in contract liabilities at the beginning of the year		196,203	190,224	138,635	127,582

## 6 OTHER OPERATING INCOME

### ACCOUNTING POLICY

Other income is recognised on an accrual basis. Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non current assets, including investments, are accounted for in the statement of profit or loss, after deducting the proceeds from disposal, the carrying amount of such assets and the related selling expenses. Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

For the year ended 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Exchange Gain	2,036	-	1,623	-
Net gain on disposal of property, plant and equipment	13,965	7,329	7,484	5,753
Car park income	11,407	15,628	11,407	15,628
Promotional income	9,327	2,986	9,327	2,986
Taxi line commission	3,333	3,643	3,333	3,643
Insurance claim	20,000	7,850	20,000	7,850
Sundry income (Note 6.1)	72,129	39,569	47,697	37,852
	132,197	77,005	100,871	73,712

### 6.1 Sundry Income

For the year ended 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Engineering Sales	10,137	12,644	10,137	12,644
Other Income (Note 6.1.1)	61,992	26,925	37,560	25,208
Total Sundry Income	72,129	39,569	47,697	37,852

**6.1.1** Other income mainly includes valet parking income, promotional income, reversal of unutilized gift vouchers, and reversal of unclaimed refundable deposits and advances.

## 7 RESULTS FROM OPERATING ACTIVITIES

### ACCOUNTING POLICY

#### Expenditure recognition

Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of profit or loss.

For the purpose of presentation of the statement of profit or loss, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the Company’s and Group’s performance.

#### Profit/ (Loss) before tax is stated after charging all expenses including the following;

For the year ended 31st March In Rs. '000s	Note	GROUP		COMPANY	
		2026	2025	2026	2025
Remuneration to Non-executive Directors	30.5	20,600	19,477	7,340	8,900
Remuneration to Executive Directors	30.5	3,100	2,772	3,100	2,772
<b>Remuneration to Auditors</b>					
Audit		3,260	3,054	2,000	1,890
Non Audit		2,254	1,884	1,152	1,197
<b>Cost of defined employee benefits</b>					
Defined benefit plan cost		79,198	89,752	46,053	51,850
Defined contribution plan cost - EPF and ETF		221,004	206,622	127,733	122,247
Staff Expenses		2,800,913	2,688,505	1,563,313	1,481,859
Depreciation of property, plant and equipment	12	778,966	701,524	551,349	478,409
Amortisation of right of use assets	13	112,441	12,404	36,633	-
Donations/CSR		8,507	5,737	5,221	3,725
Amortisation of intangible assets	15	12,004	8,940	6,233	5,757
Provision /(reversal) for impairment losses on trade and other receivables	20.1	(20,061)	54,233	(2,470)	39,559
Provision for slow moving inventory	19	(2,351)	(48)	(2,079)	-
Provision/(reversal) for Net Realisable Value		(3,028)	1,487	(3,028)	1,487
Profit on Disposal of Property, Plant & Equipment		(13,965)	(7,329)	(7,484)	(5,753)
Share based payment expenses	23.2	3,168	3,732	2,752	3,085
Foreign exchange (gain)/ loss		(91)	(55)	(91)	115

## 8 FINANCE INCOME AND FINANCE COSTS

### ACCOUNTING POLICY

#### Finance income

Finance income comprises interest income derived on funds invested as Fixed Deposits and Savings. Interest income is recorded as it accrues using the effective interest rate (EIR).

# Notes to the Financial Statements

## Finance cost

### ACCOUNTING POLICY

Finance costs comprise interest expense on borrowings, overdraft and exchange loss on borrowings, interest on lease liability. Interest expenses are recognised using the effective interest method.

## Borrowing cost

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent the borrowing costs that are directly attributable to the acquisition or construction of an asset that takes a substantial period of time to get ready for its intended use, and are capitalized as part of that asset.

For the year ended 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
<b>Finance income</b>				
Interest income on loans to employees	2,528	4,251	1,034	2,022
Exchange gain on short term borrowings	-	569	-	-
Income from short term investments/ Savings	8,715	15,025	6,940	13,477
Total finance income	11,243	19,845	7,974	15,499
<b>Finance cost</b>				
Interest expense on short term borrowings	12,801	37,686	11,598	8,304
Interest expense on Lease liability	41,362	-	14,348	-
Interest expense on bank overdrafts	152,916	158,883	117,789	87,266
Total finance costs	207,079	196,569	143,735	95,570
<b>Net finance Costs</b>	<b>(195,836)</b>	<b>(176,724)</b>	<b>(135,761)</b>	<b>(80,071)</b>

## 9 INCOME TAX EXPENSE

### ACCOUNTING POLICY

Income tax expenses comprise of current tax and deferred tax. It is recognised in profit or loss except items recognised directly in equity or in Other Comprehensive Income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes and are therefore accounted for under LKAS 37 provision for contingent liabilities and contingent assets.

## Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax assets and liabilities are offset only if certain criteria are met.

The subsidiary was liable for taxation at the rate of 30%, as per the Inland Revenue (Amendment) Act No. 45 of 2022. In accordance with BOI agreement dated 11th March 1994 the profits and income of the Company were exempt from taxation until 2014 and at the expiry of said period the following options were available for the Company.

- Income tax payable for the year of assessment shall be computed at 2% of the turnover of the Company or
- To adapt the provisions of the Inland Revenue Laws for the time being imposed

The Board of the Company resolved to compute the income tax at 2% of the turnover of the Company with effective from 01st April 2014. The Group is liable for Income Tax on any other income at 30% as per the new rates legislated as per the Inland Revenue (Amendment) Act No 45 of 2022.

The Group has complied with the arms' length principles relating to transfer pricing as prescribed in the Inland Revenue Act.

For the year ended 31st March In Rs. '000s	GROUP		COMPANY	
	2026	2025	2026	2025
<b>Income tax expense</b>				
Current tax charge (Note 9.1)	140,815	131,715	140,815	131,715
(Reversal)/Charge for deferred tax (Note 9.2)	146,337	90,723	6,517	(7,862)
	287,152	222,438	147,332	123,853

### 9.1 Reconciliation between Income Tax Expense and the Accounting Profit

For the year ended 31st March In Rs. '000s	GROUP	
	2026	2025
<b>COMPANY</b>		
Taxable Revenue	6,624,452	5,972,027
Income Tax charged at		
Standard rate of 30%	5,433	8,443
Concessionary rate of 2%	132,127	118,932
Under provision on Income tax for previous years	3,255	4,341
<b>Current income tax charge</b>	140,815	131,715
<b>SUBSIDIARY</b>		
Profit Before Tax	631,700	328,529
Income not liable for Income Tax	(1,547)	(2,389)
Accounting profit chargeable to income taxes	630,153	326,140
Disallowable expenses	390,282	317,569
Aggregate Allowable expenses	(527,490)	(502,144)
Tax losses utilised during the year	(492,945)	(141,565)
Taxable Income	-	-
Income Tax charged at		
Standard rate of 30%	-	-
(Under)/Over provision on income tax for previous years	-	-
<b>Current income tax charge</b>	-	-
Deferred tax charge	139,820	98,585
<b>Total Tax Expense</b>	139,820	98,585
<b>Effective Tax Rate</b>	22%	30%

# Notes to the Financial Statements

## 9.2 Provision for Deferred Tax

For the year ended 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
<b>Deferred Tax arising from</b>				
Change in fair value of investment property	10,683	470	6,517	(7,862)
Benefit arising from tax losses and other credits	151,814	43,355	-	-
Accelerated depreciation for tax purposes	(13,897)	(5,491)	-	-
Others (Trade receivables etc)	8,473	57,898	-	-
Employee benefits	(10,736)	(5,509)	-	-
<b>Total deferred tax (reversal)/charge</b>	<b>146,337</b>	<b>90,723</b>	<b>6,517</b>	<b>(7,862)</b>

Deferred tax has been computed at the tax rate of 30% as per the Inland Revenue (Amendment) Act No.45 of 2022.

## 9.3 Tax Losses Carried Forward

For the year ended 31st March In Rs.'000s	GROUP	
	2026	2025
At the beginning of the year	564,819	709,336
Adjustment to tax loss brought forward	(13,102)	(2,952)
Tax losses utilised during the year	(492,945)	(141,565)
<b>Balance at the end of the year</b>	<b>58,772</b>	<b>564,819</b>

The uncertainty over income tax treatments are disclosed in Note 34.

## 10 EARNINGS /(LOSS) PER SHARE

### ACCOUNTING POLICY

"Basic EPS is calculated by dividing the Profit/(Loss) for the year attributable to equity holders of the Group and Company by the weighted average number of ordinary shares outstanding during the year. The basic earnings/(loss) per share is based on the Profit/(Loss) attributable to the Group and the Company.

Diluted EPS is calculated by dividing the Profit/(Loss) attributable to ordinary equity holders of the parent (after adjusting outstanding share option scheme and warrants) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year/previous year. Therefore diluted earnings/(Loss) Per share is the same as basic earnings/(Loss) per share.

For the year ended 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Net Profit/(Loss) attributable to equity holders (Rs.'000s)	132,540	(44,803)	(7,184)	(107,728)
Number of ordinary shares (In'000s)	442,775	442,775	442,775	442,775
Basic/Diluted Earning/(Loss) per share (Rs.)	0.30	(0.10)	(0.02)	(0.24)

## 11 DIVIDEND INCOME

### ACCOUNTING POLICY

Dividend income is recognised when right to receive the payment is established.

For the year ended 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Interim Dividend from Trans Asia Hotels PLC	-	-	73,800	36,900
Total Dividends	-	-	73,800	36,900

### 11.1 Dividend Receivable

For the year ended 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Dividend receivable from Trans Asia Hotels PLC	-	-	73,800	36,900
	-	-	73,800	36,900

### 11.2 Dividend Payable

#### ACCOUNTING POLICY

For the year ended 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Dividend Payable by subsidiary-(Transasia Hotels PLC) to Non Controlling Interest	1,367	63,100	-	-
	1,367	63,100	-	-

### 11.3 Dividend per share

The Company declared a final dividend of Rs.0.50 per share for the financial year ended 31st March 2026 (Rs.0.50 per share 2025) and it is disclosed under Note 36

The dividend declared and paid during the year is subject to Advance Income Tax at the rate of 15% in accordance with the applicable tax regulations. The related withholding tax has been accounted for as part of the dividend distribution and settled with the tax authorities.

For the year ended 31st March In Rs.'000s	COMPANY	
	2026	2025
<b>Dividends paid</b>		
Equity dividend on ordinary shares declared and paid during the year		
Final Dividend( Previous year's final dividend paid in this year)	221,388	-
Total Dividend	221,388	-

# Notes to the Financial Statements

## 12 PROPERTY, PLANT AND EQUIPMENT

### ACCOUNTING POLICY

#### Basis of recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

#### Basis of measurement

All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued at fair value. The Group applies cost model to property, plant and equipment except for land and buildings and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

#### Revaluation of land and buildings

The Group uses the revaluation model of measurement of land and buildings. The Group engaged independent expert valuers to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuations are based on open market prices, adjusted for any difference in the nature, location, or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The date of the most recent revaluation was carried out on 31st December 2025

#### Depreciation

Depreciation is calculated by using straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets. The estimated useful life of assets is as follows:

Assets	Years
Buildings	75
Plant and Machinery	10-20
Motor Vehicles	4-10
Vessel of Floating Restaurant	18
Furniture, Furnishings Equipment	5-15
Computers	5
Base Stock/Circulating Assets	3-10
Outdoor Carpark Development	10

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Buildings of the subsidiary are depreciated using straight line method in order to depreciate over the balance lease period of 54 years.

Depreciation of an assets ceases at the earlier of the date that the asset is classified as held for sale and the date that asset is de-recognised.

#### Capital work-in-progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred on property, plant and equipment, awaiting capitalization.

When an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

When an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in their considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

#### De-recognition

An item of property, plant and equipment is de-recognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognised.

**12.1 GROUP**

As at 31st March	Freehold Land	Buildings	Outdoor Carpark Development	Plant & Machinery	Base Stock & Circulating Assets	Furniture, Fittings & Equipment	Motor Vehicles	Capital Work In Progress	Total 2026	Total 2025
<b>In Rs. '000s</b>										
<b>Cost or Valuation</b>										
At the beginning of the year	25,806,000	12,909,290	11,783	1,837,910	2,044,620	3,573,892	68,905	-	46,252,400	44,454,946
Additions	-	26,757	-	143,628	119,379	126,840	15,676	123,149	555,429	1,175,584
Disposals	-	(482)	-	(17,421)	(35,208)	(50,862)	-	-	(103,973)	(195,302)
Revaluations gain	802,000	800,415	-	-	-	-	-	-	1,602,415	1,055,357
Depreciation adjustment on revaluation	-	(315,080)	-	-	-	-	-	-	(315,080)	(238,185)
Transfers from work in progress	-	109,331	-	3,589	70	10,159	-	(123,149)	-	-
At the end of the year	26,608,000	13,530,231	11,783	1,967,706	2,128,861	3,660,029	84,581	-	47,991,191	46,252,400
<b>Accumulated Depreciation</b>										
At the beginning of the year	-	128,060	11,783	1,086,831	1,623,682	2,058,204	50,411	-	4,958,971	4,681,171
Charge for the year	-	312,383	-	86,075	155,956	221,205	3,347	-	778,966	701,524
Disposals	-	(20)	-	(17,244)	(28,890)	(48,125)	-	-	(94,279)	(185,539)
Depreciation adjustment on revaluation	-	(315,080)	-	-	-	-	-	-	(315,080)	(238,185)
At the end of the year	-	125,343	11,783	1,155,662	1,750,748	2,231,284	53,758	-	5,328,578	4,958,971
<b>Carrying Value</b>										
As at 31st March 2026	26,608,000	13,404,888	-	812,044	378,113	1,428,745	30,823	-	42,662,613	-
As at 31st March 2025	25,806,000	12,781,230	-	751,079	420,938	1,515,688	18,494	-	-	41,293,429

Note-12.1 (a) Freehold Land and Buildings of the Group were valued by M/s. P.B. Kalugalagedara & Associates, an independent Chartered Valuer as at 31st December 2025, and the book values were written up to correspond with the valuation. Further there is no significant value change as at 31st March 2026.

Note-12.1 (b) Had the revalued buildings of the Group been included at cost, the carrying value of the said asset would amount to Rs 5,301 Mn. (Rs.5.694 Mn in 2025) had the revalued Land of Group been included at cost, the carrying value of the said asset would amount to Rs.470 Mn (Rs.470 Mn in 2025). (Details of the fair Value hierarchy is given in note 12.3)

Note-12.1 (c) Details of Groups' Land and Building stated at valuation are indicated below

## Notes to the Financial Statements

Property	Land /Building Extent	Location	Fair Value as at 31.12.2025 In Rs. '000s
<b>Freehold Land and Building</b>			
Company	Land (I)	A06 - R2- P22.21	26,608,000
	Land (II)	A01 - R1- P22.87	
	Building- Stage(I)	350,237 Sq. Ft	
	Building- Stage (II) & (III)	299,975 Sq. Ft	
	Life style Building	49,280 Sq.Ft	
	New Associate Life Style Building	36,859 Sq. Ft	
		No 77, Galle Road, Colombo 03	8,940,000
<b>Investment Properties</b>			
Company	Building	145,196 Sq. Ft	Note 14
Subsidiary	Building	55,548 Sq. Ft	
	Land	A01 - R02- P30.0	
		No 89, Galle Road, Colombo 03	
		No. 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02.	
		No. 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02.	
<b>Lease hold Properties</b>			
Subsidiary	Building	344,383 Sq. Ft	4,522,723
	Land	A05 - R02- P34.28	Note 13
		No. 115, Sir Chittampalam A. Gardiner Mawatha, Colombo 02.	
		No. 115, Sir Chittampalam A. Gardiner Mawatha, Colombo 02.	

Note-12.1 (d) The cost of the fully depreciated assets in the Group which are still in use of the Group amounting Rs.2,906 Mn (Rs.2,536Mn in 2025).

Note-12.1 (e) There are no assets pledged as at the reporting date that require disclosure in the Group.

Note-12.1 (f) There are three buildings owned by the company.

**12.2 COMPANY**

As at 31st March	Freehold Land	Buildings	Outdoor Carpark Development	Plant & Machinery	Base Stock & Circulating Assets	Furniture, Fittings & Equipment	Motor Vehicles	Capital Work In Progress	Total 2026	Total 2025
<b>In Rs. '000s</b>										
<b>Cost or Valuation</b>										
At the beginning of the year	25,806,000	8,692,759	11,783	1,060,347	1,057,851	2,541,359	3,450	-	39,173,549	37,903,014
Additions	-	-	-	82,547	66,916	87,181	-	123,149	359,793	971,812
Disposals	-	-	-	(6,534)	(19,121)	(37,673)	-	-	(63,328)	(69,534)
Revaluations gain	802,000	400,900	-	-	-	-	-	-	1,202,900	606,442
Depreciation adjustment on revaluation	-	(236,128)	-	-	-	-	-	-	(236,128)	(238,185)
Transfers from work in progress	-	109,331	-	3,589	70	10,159	-	(123,149)	-	-
At the end of the year	26,608,000	8,966,862	11,783	1,139,949	1,105,716	2,601,026	3,450	-	40,436,786	39,173,549
<b>Accumulated Depreciation</b>										
At the beginning of the year	-	68,833	11,783	674,133	768,039	1,360,175	3,450	-	2,886,413	2,715,316
Charge for the year	-	232,265	-	54,267	101,761	163,056	-	-	551,349	478,409
Disposals	-	-	-	(6,534)	(13,771)	(36,765)	-	-	(57,070)	(69,127)
Depreciation adjustment on revaluation	-	(236,128)	-	-	-	-	-	-	(236,128)	(238,185)
At the end of the year	-	64,970	11,783	721,866	856,029	1,486,466	3,450	-	3,144,564	2,886,413
<b>Carrying Value</b>										
As at 31st March 2026	26,608,000	8,901,892	-	418,083	249,687	1,114,560	-	-	37,292,222	-
As at 31st March 2025	25,806,000	8,623,926	-	386,214	289,812	1,181,184	-	-	-	36,287,136

Note-12.2 (a) Freehold Land and Buildings of Asian Hotels and Properties PLC were valued by M/s. P.B. Kalugalagedara & Associates, an independent Chartered Valuer as at 31st December 2025, and the book values were written up to correspond with the valuation. Valuation Method used is direct capital comparison approach. Further there is no significant value change as at 31st March 2026.

Note-12.2 (b) Had the revalued Buildings of the company been included at cost, the carrying value of the said asset would amount to Rs.3,571Mn. (Rs.3,911 Mn in 2025) Had the revalued Land been included at cost, the carrying value of the said asset would amount to Rs.470 Mn (Rs.470 Mn in 2025).

Note-12.2 (c) The cost of the fully depreciated assets which are still in use of the Company amounting Rs.1,569 Mn (Rs.1,316 Mn in 2025).

Note-12.2 (d) There are no assets pledged as at the reporting date that require disclosure in the Company.

## Notes to the Financial Statements

### 12.3 Details of Group's land, building and other properties stated at valuation are indicated below;

	Method of valuation	Effective date of valuation"	Property valuer
Buildings on leasehold land of Trans Asia Hotels PLC.	Direct Capital Comparison Method	31-Dec-25	P B Kalugalagedara, Chartered Valuation Surveyor
Land and building of Asian Hotels and Properties PLC.	Direct Capital Comparison Method	31-Dec-25	P B Kalugalagedara, Chartered Valuation Surveyor

#### (i) Fair value hierarchy

The fair value of property was determined by external independent property values having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for all of properties has been categorised as level 03 fair value based on the input to the valuation technique used.

#### (ii) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of property, as well as the significant unobservable inputs used.

Valuation Technique	Significant Unobservable Inputs	Estimates for unobservable inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
<b>GROUP</b>			
Direct Capital Comparison Method	Estimated price per square feet of building	Rs.13,000/- per sq. ft. Rs.6,500/- per sq. ft. Rs.8,500/- per sq. ft. Rs.700/- per sq. ft. Rs.500/- per sq.ft.	Estimated fair value will increase /(decrease) if the price per square feet for building Increase/ (Decrease)
	Capitalisation rate	6.25% & 3% for 54 years	Estimated fair value will increase /(decrease) if the capitalization rate ( Increase)/ Decrease
<b>COMPANY</b>			
Direct Capital Comparison Method	Estimated price per square feet of building	Rs.16,500/- per sq. ft. Rs.14,000/- per sq. ft. Rs.13,000/- per sq. ft. Rs. 7,500/- per sq. ft. Rs. 6,000/- per sq. ft. Rs. 4,000/- per sq. ft. Rs. 3,500/- per sq. ft.	Estimated fair value will increase /(decrease) if the price per square feet for building Increase/ (Decrease)
	Estimated cost per perch of land	Rs.21.5 Mn per perch Rs.21 Mn per perch Rs.19 Mn per perch	Estimated fair value will increase /(decrease) if the cost per perch of land Increase/(Decrease)

#### (iii) Summary description of valuation methodologies

##### Direct capital comparison method

This method may be adopted when the rental value is not available from the property concerned, but there are evidences of sale price of properties as a whole. In such cases, the capitalised value of the property is fixed by direct comparison with capitalised value of similar property in the locality.

## 13 RIGHT OF USE ASSET

### ACCOUNTING POLICY

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
At the beginning of the year	682,220	694,624	-	-
Additions to right-of-use assets	581,611	-	265,589	-
Depreciation charge for the year	(112,441)	(12,404)	(36,633)	-
<b>Carrying amount</b>	<b>1,152,390</b>	<b>682,220</b>	<b>228,956</b>	<b>-</b>

Leasehold property is the land which the hotel (Trans Asia Hotels) is located. The leasehold land is on a 99 years long term lease agreement entered with the Urban Development Authority, Sri Lanka, which commenced from 7th August 1981 and is being amortised on a straight line basis over a period of 94 years which commenced from 1st April 1986.

### 13.1 DETAILS OF LEASEHOLD PROPERTY

As at 31st March In Rs.'000s	Name of the lease owner	Land /Building	Lease period	GROUP		COMPANY	
				2026	2025	2026	2025
Trans Asia Hotels PLC, Colombo (In Acres)	Urban Development Authority	A07 - R01 - P24.28	99 years from 7th August 1981	669,816	682,220	-	-
Trans Asia Hotels PLC, Colombo (In m2)	Srimaal Advertising (Private) Limited	1,104 m2	5 Years from 1st April 2025	253,618	-	-	-
				<b>923,434</b>	682,220	<b>-</b>	<b>-</b>
Asian Hotels properties PLC (In m2)	Million Laugh Entertainment (Pvt) Ltd	743.49 m2	5 Years from 1st July 2025	228,956	-	228,956	-
<b>Total</b>				<b>1,152,390</b>	<b>682,220</b>	<b>228,956</b>	<b>-</b>

### 13.2 Lease Liability

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
At the beginning of the year		-	-	-
Additions	560,971	-	243,949	-
Finance Charge on Lease Liabilities	41,362	-	14,348	-
(-) Repayments - Principal	(101,575)	-	(26,776)	-
- Interest	(39,870)	-	(12,856)	-
(-) Transfer	(5,422)	-	(5,422)	-
Balance at the end of the year	<b>455,466</b>	<b>-</b>	<b>213,243</b>	<b>-</b>
Non Current	341,410	-	156,552	-
Current	114,056	-	56,691	-
	<b>455,466</b>	<b>-</b>	<b>213,243</b>	<b>-</b>

## Notes to the Financial Statements

### 13.3 Amounts Recognised in Statement of Profit or Loss

For the year ended 31 March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Depreciation of right - of - use assets	112,441	12,404	36,633	-
Interest on lease liabilities	41,362	-	14,348	-
	153,803	12,404	50,981	-

### 13.4 Amounts Recognised in Statement of Cash Flows

For the year ended 31 March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Cash outflow for lease liabilities	101,575	-	26,776	-
	101,575	-	26,776	-

## 14 INVESTMENT PROPERTY

### ACCOUNTING POLICY

#### Basis of recognition

Investment properties are measured initially at cost, including transaction costs.

#### Basis of measurement

The carrying value of an investment properties includes the cost of replacing part of an existing investment properties, at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to- day servicing of the investment properties. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise. Fair values are revaluated at least every 3 years by an accredited external, independent valuer. The most recent revaluation was carried out on 31 December 2025.

#### Derecognition

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the income statement in the year of retirement or disposal.

#### Transfer of Investment properties

Transfers are made to or from investment properties only when there is a change in use for a transfer from investment property to owner occupied property or inventory (WIP), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property or inventory (WIP), the Company and the Group account for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted for using accounting policy for property, plant and equipment.

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
At the beginning of the year	5,756,648	5,720,981	2,454,326	2,478,893
Additions	2,315	1,641	2,315	1,641
Net gain/(loss) from fair value remeasurement	238,472	34,026	19,408	(26,208)
At the end of the year	5,997,435	5,756,648	2,476,049	2,454,326
Freehold property	2,476,049	2,454,326	2,476,049	2,454,326
Leasehold property	3,521,386	3,302,322	-	-
	5,997,435	5,756,648	2,476,049	2,454,326

#### 14.1 Valuation details of investment property

Investment properties of the Group were valued by a qualified professional valuer as at 31st December 2025, details of which are as follows;

In order to adopt the Fair Value model on Investment Property, as per Sri Lanka Accounting Standard 40 "Investment Property" the Land & Building classified as Investment Property of Asian Hotels and Properties PLC which includes Crescat Boulevard was valued by Mr. P.B. Kalugalagedera, a Chartered Valuation Surveyor using Investment/Income method of valuation on 31st December 2025.

The Commercial Centre of Trans Asia Hotels PLC was valued by Mr. P.B. Kalugalagedera, a Chartered Valuation Surveyor using the direct capital comparison method on 31st December 2025.

Changes in the values are recognised as gains in Statement of profit or loss. All gain are unrealised. Further there is no significant value change as at 31st March 2026 as per Valuer's statement.

Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

Rental Income earned from Investment Property by the Company and Group amounted to Rs.282 Mn (Rs. 261 Mn in 2025) and Rs. 349 Mn (Rs. 323 Mn in 2025) respectively. Direct Operating Expenses incurred by the Company and Group amounted to Rs.143 Mn (Rs. 160 Mn in 2025) and Rs.154 Mn (Rs.173 Mn in 2025) respectively.

The methods used by the valuer are as follows;

Property	Method of Valuation	Fair Value as at 31.12.2025 In Rs. '000s
Asian Hotels and Properties PLC. Crescat Boulevard, Colombo 3	Investment Income Method	2,476,049
Trans Asia Hotels PLC. Commercial Centre, Colombo 2	Direct Capital Comparison Method	3,521,386

##### (i) Fair Value Hierarchy

The fair value of property was determined by external independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value measurement for all of properties has been categorised as level 03 fair value based on the input to the valuation technique used.

##### (ii) Valuation Technique and Significant Unobservable Inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used:

## Notes to the Financial Statements

Valuation Technique	Significant Unobservable Inputs	Estimates for unobservable inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurement
Direct Capital Comparison Method	Capitalisation rate	6.25% & 3% for 54years	Estimated fair value will increase /(decrease) if the capitalisation rate (Increase)/Decrease
	Estimated price per square feet	Rs. 7,250/- per sq. ft	Estimated fair value will increase /(decrease) if the price per square feet Increase/(Decrease)
	Estimated price per perch	Rs. 18 Mn per perch	Estimated fair value will increase /(decrease) if the price per perch Increase/(Decrease)
Investment/Income method	Annual rent income	Rs. 158 Mn	Estimated fair value will increase /(decrease) if the annual rent income Increase/(Decrease)
	Capitalisation rate	6.00%	Estimated fair value will increase /(decrease) if the capitalisation rate (Increase)/Decrease

### 15 INTANGIBLE ASSETS

#### ACCOUNTING POLICY

##### Basis of Recognition

An intangible asset is an identifiable non monetary asset without physical substance held for use in the production or supply goods or other services, rental to others or for administrative purposes. An intangible asset is initially recognised at cost, if it is probable that future economic benefit will flow to the enterprise, and the cost of the asset can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

##### (i) Computer software

All computer software costs incurred, licensed for use by the Group, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category intangible assets and carried at cost less accumulated amortisation and any accumulated impairment losses.

##### (ii) Amortisation

Intangible assets with finite lives are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets are amortised on a straight line basis in the Statement of profit or loss from the date on which the asset was available for use, over the best estimate of its useful life. The estimated useful life of software is 5 years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year- end.

Amortisation shall cease at the earlier of the date that the asset is classified as held for sale or the date that asset is de-recognised.

**(iii) De-recognition**

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from its use and subsequent disposal.

As at 31st March In Rs. '000s	GROUP		COMPANY	
	2026	2025	2026	2025
<b>Computer Software</b>				
<b>Cost</b>				
At the beginning of the year	70,183	12,543	38,403	7,740
Additions	-	57,640	-	30,663
At the end of the year	70,183	70,183	38,403	38,403
<b>Accumulated Amortization</b>				
At the beginning of the year	19,310	10,370	12,953	7,196
Amortisation	12,004	8,940	6,233	5,757
At the end of the year	31,314	19,310	19,186	12,953
<b>Carrying value</b>				
As at 31 March	38,869	50,873	19,217	25,450

The Company's intangible assets with a cost of Rs.6 Mn (2025- Rs.6 Mn) have been fully amortised and continue to be in used by the Company.

**16 INVESTMENT IN SUBSIDIARY****ACCOUNTING POLICY**

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the statement of profit or loss. After the initial recognition, Investments in subsidiaries are carried at cost less any accumulated impairment losses.

As at 31st March In Rs. '000s	COMPANY	
	2026	2025
<b>Carrying value</b>		
Investments in subsidiary at cost	660,045	660,045
	660,045	660,045

		Number of shares	Effective holding %	Cost of Investment	Market Value
Trans Asia Hotels PLC. (Quoted)	2026	86,823,028	43.41%	660,045	4,514,797
	2025	86,823,028	43.41%	660,045	3,429,510

## Notes to the Financial Statements

### Power and exposure, or rights, to variable returns

Trans Asia Hotels PLC (the owner of Cinnamon Lakeside Colombo) is a subsidiary of the Company, and its principal activity is Hoteliering. There has been no material change in the activities of the subsidiary during the period under review. Asian Hotels & Properties PLC (AHP) consider Trans Asia Hotels PLC (TAH) as a subsidiary since the AHP has power and exposure, right to variable return and ability to use its powers over TAH, based on the factors mentioned below even though it has only 43.41% ownership.

It is AHP that strategizes the marketing, positioning and sales of TAH, thereby, affecting the operating return, in addition to the dividend. This duly approved operating model established for AHP and TAH is driven by AHP as the lead.

AHP is exposed to variable returns from its involvement with TAH as a result of its performance. In addition AHP has quantitative, and qualitative, returns that are not available to other interest holders, due to its ability to use TAH's assets in combination with its own to achieve economies of scale, cost savings and other synergies in their mutual interest.

In addition to having the lead of the operating model, AHP also has the right to nominate directors to the TAH board. JKH had assigned the power to AHP in order to nominate Directors to TAH.

### Non Controlling Interest in subsidiary

The following table summarizes the information relating to the Group's subsidiary that has NCI.

As at 31st March In Rs. '000s	2026	2025
<b>NCI percentage</b>	<b>56.59%</b>	56.59%
Non current assets	9,841,091	9,025,516
Current assets	726,076	577,859
Non current liabilities	(1,685,158)	(1,182,520)
Current liabilities	(1,495,561)	(1,584,039)
<b>Net assets</b>	<b>7,386,448</b>	6,836,816
<b>Net assets attributable to NCI Before Advance Income Tax</b>	<b>4,179,991</b>	3,868,954
<b>Advance Income Tax on dividend payable to Asian Hotels and Properties</b>	<b>(13,024)</b>	(6,510)
<b>Net Assets attributable to NCI</b>	<b>4,166,967</b>	3,862,444
Revenue	4,911,717	4,465,690
Profit	491,880	229,944
Other comprehensive income	257,341	344,058
<b>Total Comprehensive income</b>	<b>749,221</b>	574,002
Profit allocated to NCI	278,355	130,126
<b>OCI allocated to NCI</b>	<b>145,629</b>	194,702
	<b>423,984</b>	324,828
Cash flow from operating activities	470,882	517,546
Cash flow from investing activities	(105,101)	(124,388)
Cash flow from financing activities	(254,448)	(172,122)
<b>Net increase in cash and cash equivalents</b>	<b>111,333</b>	221,036

## 17 NON CURRENT FINANCIAL ASSETS

### Loans to executives

Refer Note 32.1.2

As at 31st March In Rs. '000s	GROUP		COMPANY	
	2026	2025	2026	2025
At the beginning of the year	18,422	43,957	9,952	28,069
Loans granted	15,087	2,667	13,300	1,076
Recoveries	(8,856)	(28,202)	(5,171)	(19,193)
At the end of the year	24,653	18,422	18,081	9,952
Receivable within one year (Note 20)	7,619	5,545	5,395	3,647
Receivable between one and five years	17,034	12,877	12,686	6,305
	24,653	18,422	18,081	9,952

## 18 OTHER NON CURRENT ASSETS

As at 31st March In Rs. '000s	GROUP		COMPANY	
	2026	2025	2026	2025
Prepaid cost of staff motor vehicle loan	3,019	4,486	1,142	1,798

## 19 INVENTORIES

### ACCOUNTING POLICY

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

As at 31st March In Rs. '000s	GROUP		COMPANY	
	2026	2025	2026	2025
Food & Beverage	166,540	152,994	99,673	89,012
General	53,336	50,217	22,477	26,089
Diesel/ Furnace/ Gas	34,557	19,918	34,557	19,919
Engineering	35,140	38,922	18,907	21,698
Provision/(Reversal) for net realisable value	-	(3,028)	-	(3,028)
Provision for slow moving inventory (Note 19.1)	(254)	(2,605)	-	(2,079)
Amount at the end of the year	289,319	256,418	175,614	151,611

As at 31st March In Rs. '000s	GROUP		COMPANY	
	2026	2025	2026	2025
<b>19.1 Slow moving inventory</b>				
At the beginning of the year	2,605	2,653	2,079	2,079
Provision for the year	-	-	-	-
Reversal	(2,351)	(48)	(2,079)	-
At the end of the year	254	2,605	-	2,079

## Notes to the Financial Statements

### 20 TRADE AND OTHER RECEIVABLES

#### ACCOUNTING POLICY

Refer note 3.5 for accounting policy of financial instruments

The Group has obtained customer deposit from major customers by reviewing their past performance and credit worthiness, as collateral. The requirement for an impairment is analysed at each reporting date on an individual basis for major customers and uses a provision matrix to calculate Expected Credit Loss (ECL) for the balance. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix was initially based on the Group's historical observed default rates. The group calibrates the matrix to adjust the historical credit loss experiencing with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group considers a financial asset to be in default when contractual payments are more than 180 days past due. This represents a rebuttal of the rebuttable presumption under IFRS 9 that default occurs when contractual payments are 90 days past due. Based on historical collection experience and the absence of significant deterioration in credit quality prior to 180 days past due, the Group has concluded that a default period of 180 days is more appropriate for trade receivables.

However, in certain circumstances, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to collect the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows, either in whole or in part.

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Trade receivables	844,600	794,588	400,538	319,507
Other receivables	105,135	126,975	63,154	62,456
Loans to executives (Note 17)	7,619	5,545	5,395	3,647
Impairment (Note 20.1)	(338,768)	(358,829)	(62,365)	(64,835)
	618,586	568,279	406,722	320,775

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
<b>20.1 Impairment</b>				
At the beginning of the year	358,829	304,596	64,835	25,276
Provision for the year	179	61,020	179	46,346
Reversal	(20,240)	(6,787)	(2,649)	(6,787)
At the end of the year	338,768	358,829	62,365	64,835

### 21 OTHER CURRENT ASSETS

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Prepayments and non cash receivables	142,380	99,091	125,681	81,636
Tax Receivable	69,644	48,853	22,889	13,831
VAT Refund	52,899	52,900	40,280	40,281
Advance to Creditors	53,893	19,349	6,683	4,143
	318,816	220,193	195,533	139,891

## 22 STATED CAPITAL

The ordinary shares of Asian Hotels and Properties PLC are quoted in the Colombo Stock Exchange. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are eligible for one vote per share at Annual General Meetings of the Company.

As at 31st March	2026		2025	
	Number of shares	Value of shares	Number of shares	Value of shares
In Rs.'000s				
Issued and fully paid ordinary shares	442,775	3,345,117	442,775	3,345,117

## 23 OTHER COMPONENTS OF EQUITY

As at 31st March	In Rs.'000s	Note	GROUP		COMPANY	
			2026	2025	2026	2025
Revaluation reserve		23.1	23,054,073	22,111,878	22,241,177	21,399,144
Share based payments/Reversal		23.2	185,473	182,543	173,282	170,530
			23,239,546	22,294,421	22,414,459	21,569,674

### 23.1 Revaluation Reserve

As at 31st March	In Rs.'000s	GROUP		COMPANY	
		2026	2025	2026	2025
At the beginning of the year		22,111,878	21,572,948	21,399,144	20,974,635
Revaluation gain on freehold land & buildings		1,376,333	801,316	1,202,903	606,442
Transferred to revenue reserve		(21,239)	(21,991)	-	-
Deferred tax on land & building		(412,899)	(240,395)	(360,870)	(181,933)
At the end of the year		23,054,073	22,111,878	22,241,177	21,399,144

The Revaluation Reserve relates to revaluation of land and buildings and comprises the cumulative increase in the fair value of the property at the date of revaluation and related deferred tax adjustments. Further, it includes transfer from revaluation surplus to retained earnings, as per the LKAS 16 – Property plant and equipment, when the revalued asset is used by an entity, the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

### 23.2 Share-based payment plans -Group

#### ACCOUNTING POLICY

In accounting for employee remuneration in the form of shares, SLFRS 2 – Share based payments, is effective for the Company's parents entity John Keells Holdings PLC, from the financial year beginning 2013/14.

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments of the Parent entity John Keells Holdings PLC (equity settled transactions). The cost of the employee services received in respect of the shares or share options granted is recognised in the statement of profit or loss over the period that employees provide services, from the time when the award is granted up to the vesting date of the options. The overall cost of the award is calculated using the number of share options expected to vest and the fair value of the options at the date of grant.

The employee remuneration expense resulting from the John Keells Holdings PLC's share option scheme to the employees of Asian Hotels and Properties PLC is recognised in the statement of profit or loss of the company. This transaction does not result in a cash outflow to the company and expense recognised is met with a corresponding equity reserve increase, thus having no impact on the Statement of Financial Position (SOPF). The fair value of the options granted is determined by the John Keells Holdings PLC using an option model and the relevant details are communicated by the John Keells Holdings PLC to all applicable subsidiary companies.

## Notes to the Financial Statements

### Accounting judgements, estimates and assumptions

Estimating fair value for share-based payment transactions require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The John Keells Group measures the cost of equity settled transactions with employees relevant to the entire Group by reference to the fair value of the equity instruments on the date at which they are granted. The same assumptions have been used by the Company as John Keells Group's Employee Share Option Scheme applies to the Company.

The expected life of the share options is based on the historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

The following information were used and results were generated using binomial model for ESOP.

As at 31st March	2026	2025	2024		2023	2022
	Plan No 12 Award 1	Plan No 11 Award 3	Plan No 11 Award 2.1	Plan No 11 award 2	Plan No 11 award 1	Plan No 10 award 3
Dividend yield (%)	1.00	1.46	2.07	2.54	2.9	3.28
Expected volatility (%)	22.71	24.54	25.05	24.99	24.15	22.37
Risk free interest rate (%)	9.56	12.76	14.49	26.92	23.1	8.87
Expected life of share options (Years)	5	5	5	5	5	5
Weighted average share price at the grant date (Rs)	22.93	194.00	158.36	137.83	119.85	132.63
Weighted average remaining contractual life for the share options outstanding (Years)	3	3	3	3	3	3
Weighted average fair value of options granted during the year (Rs)	7.64	64.67	52.79	45.94	39.95	44.21
Exercise price for options outstanding at the end of the year (Rs)	218	200.74	145.59	137.86	121.91	136.64
Exercise price for options outstanding at the end of the year (Rs)	21.8	20.03	14.53	13.76	12.17	13.64

### Employee Share Option Scheme

Under the John Keells Group's Employees Share Option scheme (ESOP), share options of the parent are granted to senior executives of the Company with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vest over a period of four years and is dependent on a performance criteria and a service criteria. The performance criteria being a minimum performance achievement of "Met Expectations" and service criteria being that the employee has to be in employment at the time the share options vest. The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The contractual term for each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

The expense recognised for employee services received during the year is shown in the following table:

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
At the beginning of the year	182,543	179,177	170,530	167,445
Expense arising from equity-settled share-based payment transactions	3,168	3,732	2,752	3,085
At the end of the year with non- controlling interest	185,711	182,909	-	-
Non-controlling interest at the end of the year	(238)	(366)	-	-
<b>At the end of the year</b>	<b>185,473</b>	<b>182,543</b>	<b>173,282</b>	<b>170,530</b>

### Movements during the year - Group

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2026		2025	
	No.	WAEP	No.	WAEP
Outstanding as at 1st April	2,587,098	14.53	247,600	135.72
Granted during the year	85,000	21.80	40,000	20.03
Lapses/Forfeited during the year	(31,073)	13.76	(26,400)	13.76
Adjusted - sub division during the year	-	-	2,356,971	-
Exercised during the year	(1,098,838)	13.32	(31,073)	13.76
Transfers out	(711,429)	17.23	-	-
Outstanding as at 31st March	830,758	14.58	2,587,098	14.53
Exercisable as at 31st March	528,245	13.76	1,096,082	13.44

### Movements During the Year - Company

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2026		2025	
	No.	WAEP	No.	WAEP
Outstanding as at 1st April	2,276,366	14.63	213,500	135.38
Granted during the year	85,000	21.80	40,000	20.03
Lapses/Forfeited during the year	-	-	(26,400)	13.76
Adjusted - sub division during the year	-	-	2,049,266	-
Exercised during the year	(1,067,765)	13.31	-	-
Transfers out	(711,429)	17.23	-	-
Outstanding as at 31st March	582,172	14.93	2,276,366	14.63
Exercisable as at 31st March	372,879	13.76	971,789	13.40

### Fair value of the share option and assumptions

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The valuation takes into account factors such as stock price, expected time to maturity, exercise price, expected, volatility of share price, expected dividend yield and risk free interest rate.

## Notes to the Financial Statements

### 24 SHORT TERM BORROWINGS

#### ACCOUNTING POLICY

Borrowings are initially recognised at fair value less any directly attributable transaction costs. Subsequently, they are stated at amortised cost, any difference between the proceeds (net of transaction cost) and the repayable amount (including interest) is recognised in Statement of profit or loss over the period of the loan using effective interest method.

Refer note 3.5 for accounting policy of financial liabilities

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
At the beginning of the year	355,072	581,085	205,072	126,359
Loans obtained	1,146,226	804,776	1,146,226	204,776
Repayments	(854,776)	(1,030,516)	(704,776)	(126,359)
Accrued interest	2,632	296	2,632	296
Exchange difference	-	(569)	-	-
At the end of the year	649,154	355,072	649,154	205,072
<b>Repayable within one year</b>	<b>649,154</b>	<b>355,072</b>	<b>649,154</b>	<b>205,072</b>
<b>Repayable after one year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>649,154</b>	<b>355,072</b>	<b>649,154</b>	<b>205,072</b>

#### Security and repayment terms

In Rs.'000s	Nature of facility	Interest rate	Repayment terms	Security	2026		2025	
					Face value	Carrying value	Face value	Carrying value
<b>Company</b>								
Invoice	1 month - 9.25 %	Repayable within in 3 months	None	19,521	19,521	64,962	64,962	
Financing Facility	2 months -9.25 % 3 months -9 %							
Short term revolving loan	AWPLR + 0.65% Revised monthly	Repayable within in 6 months	None	502,633	502,633	-	-	
Short term revolving loan	AWPLR + 1% Revised monthly	Each sub-loan granted under the facility should be repaid in full within one year	None	-	-	140,110	140,110	
Short term revolving loan	AWPLR Revised monthly	Each sub-loan granted under the facility should be repaid in full within one year	None	127,000	127,000			
<b>Company Total</b>					<b>649,154</b>	<b>649,154</b>	<b>205,072</b>	<b>205,072</b>
<b>Subsidiary</b>								
Short Term Loan (LKR)	AWPLR + 1.75%	To be settled within a maximum period of 3 months from the date of drawdown. Interest to be serviced monthly.	None	-	-	150,000	150,000	
<b>Group Total</b>					<b>649,154</b>	<b>649,154</b>	<b>355,072</b>	<b>355,072</b>

The Group and the Company continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Constant dialogue between Companies and banks regarding financing requirements, ensures that availability within each single borrower limit is optimised by efficiently reallocating under-utilised facilities within the Company. The daily cash management processes at the business units include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings.

## 25 DEFERRED TAXATION

### ACCOUNTING POLICY

Deferred taxation is provided using the Statement of Financial Position liability method providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the reporting date. Deferred tax assets including those related to tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

As at 31st March In Rs. '000s	GROUP		COMPANY	
	2026	2025	2026	2025
<b>25.1 Present the DT Movement</b>				
At the beginning of the year	9,987,459	9,555,409	8,969,569	8,783,558
Recognised in statement of profit or loss	146,337	90,723	6,517	(7,862)
Recognised in other comprehensive income	459,628	341,327	349,337	193,873
At the end of the year	10,593,424	9,987,459	9,325,423	8,969,569

Income tax and Deferred tax have been provided as per the new rates legislated by the Inland Revenue (Amendment) Act No 45 of 2022

The closing deferred tax liability arrives as follows;

As at 31st March In Rs. '000s	GROUP		COMPANY	
	2026	2025	2026	2025
<b>25.2 Present the Composition of DT Liability</b>				
Revaluation of land	7,841,400	7,600,800	7,841,400	7,600,800
Revaluation of buildings	2,299,980	2,059,856	1,690,533	1,570,263
Accelerated depreciation for tax purposes	733,112	747,008		-
Employee Benefit Liability	(69,280)	(37,448)	407	11,940
Losses and other credits available for offset against future taxable income	(17,632)	(169,446)	-	-
Revaluation of investment property	(152,700)	(163,383)	(206,917)	(213,434)
Others	(41,456)	(49,929)	-	-
	10,593,424	9,987,459	9,325,423	8,969,569

The Group has recognised deferred tax on revaluation of its buildings classified as investment property (Investment assets) as per the Inland Revenue (Amendment) Act No 45 of 2022. Accordingly the Company has recognised deferred tax asset of Rs. 207 (2025 - Rs.213) Mn as at 31st March 2026 on the revaluation loss reported during the year.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for Subsidiary.

## 26 EMPLOYEE BENEFIT LIABILITIES

### ACCOUNTING POLICY

#### (i) Defined Contribution Plans - EPF/ETF

Employees' Provident Fund and Employees' Trust Fund (EPF & ETF) are recognised as incurred.

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations.

## Notes to the Financial Statements

The Company and the Group contribute 3% of gross emoluments of employees to the Employees' Trust Fund.

The company contributes 15% of the gross emoluments of the employees as of September 30, 2022, and 12% of the employees hired after October 1, 2022, to the Employees' Provident Fund. The subsidiary contributes 12% of the gross emoluments of employees to the Employees' Provident Fund.

### (ii) Defined benefit plans - Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company and the Group are liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983.

The liability recognised in the statement of financial position is the present value of the defined benefit obligation as at 31st March 2026.

The defined benefit obligation is calculated by a qualified actuary as at 31st March 2026 using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. Such actuarial valuations will be carried out every year.

The liability is not externally funded. All Actuarial gains or losses are recognised immediately in the other comprehensive income. Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five-years of continued service.

When the benefits or a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### 26.1

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Employee defined benefit plan - Gratuity (Note 26.1.1)	509,303	396,873	288,708	232,240
Other long term employee benefits (Note 26.1.2)	11,709	-	-	-
At the end of the year	521,012	396,873	288,708	232,240

#### 26.1.1 Employee defined benefit plan - Gratuity

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
At the beginning of the year	396,873	473,813	232,240	284,949
Current service cost	35,542	32,894	20,506	17,656
Interest cost on benefit obligation	43,656	56,858	25,547	34,194
Payments	(25,699)	(76,951)	(16,501)	(56,309)
(Gain)/Loss arising from changes in assumptions	70,325	(82,398)	38,442	(39,801)
Transfers	(11,394)	(7,343)	(11,526)	(8,449)
At the end of the year	509,303	396,873	288,708	232,240

#### 26.1.2 Other long term employee benefits

Ex-gratia expenses incurred during the year have been recognized as part of employee benefit expenses.

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Current Service cost	14,553	-	-	-
Payments	(2,844)	-	-	-
At the end of the year	11,709	-	-	-

The employee benefit liability of the Company and Group is based on the actuarial valuations carried out as at 31st March 2026 by Mr. P.Gunasekera, AIAA, Messrs. Smiles Global (Pvt) Ltd and Mr. M. Poopalanathan, AIA, Messrs. Actuarial & Management Consultant (Pvt) Ltd; firms of professional actuaries respectively.

The principal assumptions used in determining the cost of employee benefits were:

	GROUP		COMPANY	
	2026	2025	2026	2025
Discount rate	10%	11%	10%	11%
Future salary increases	7%	6%	7%	6%

The actuarial valuation involves making assumptions about discount rates and future salary increases. Due to the complexity of the valuation and the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Management tested several scenarios based calculations on possible changes of the assumptions due to the prevailing macroeconomic conditions. Based on those calculations, the management has concluded that there is no material impact to retirement benefit obligations liability of the Company and its Subsidiary.

A long term treasury bond rate of 10% per annum (2025 :11%) has been used to discount the future liability by taking into consideration of remaining working life of eligible employees.

### 26.1.3 Sensitivity of assumptions used

If one percentage point change in the assumed discount rate would have the following effects:

In Rs.'000s	2026		2026	
	Discount rate		Salary increment	
	GROUP	COMPANY	GROUP	COMPANY
Increase by one percentage point	(6,530)	(9,382)	7,624	10,870
Decrease by one percentage point	7,008	10,055	(7,205)	(10,305)

### 26.1.4 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years

In Rs.'000s	2026		2025	
	GROUP	COMPANY	GROUP	COMPANY
Within the next 12 months	48,667	9,704	25,779	3,440
Between 1-2years	67,631	6,974	35,223	6,116
Between 2-5years	342,632	272,030	293,389	222,684
Between 5-10 years	40,044	-	35,447	-
Beyond 10 years	10,329	-	7,035	-
Total	509,303	288,708	396,873	232,240

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.49 years.

## 27 TRADE AND OTHER PAYABLES

### ACCOUNTING POLICY

Trade payables are the aggregate amount of obligations to pay for goods or services, that have been acquired in the ordinary course of business. Trade payable are classified as current liabilities if payment is due within one year and initially recognised at Fair Value and subsequently measured at amortised cost using the effective interest method.

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Trade Payables	476,970	663,796	343,448	510,599
Retention on Construction	22,755	24,856	5,915	11,694
Accrued Expenses	463,160	356,712	150,458	76,159
Other Creditors ( Note 27.1)	506,969	397,462	382,625	288,843
	1,469,854	1,442,826	882,446	887,295

## Notes to the Financial Statements

### 27.1 Other Creditors

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Staff Payables	92,752	88,973	72,126	66,208
Utility Payables	216,286	187,068	154,246	132,410
Professional Fee	23,347	18,134	9,706	9,807
Other Payables	174,584	103,287	146,547	80,418
	<b>506,969</b>	<b>397,462</b>	<b>382,625</b>	<b>288,843</b>

### 28 INCOME TAX LIABILITIES

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
At the beginning of the year	39,570	60,196	34,111	34,575
Charge for the year	137,560	127,320	137,560	127,320
Payments, adjustments and set off against refunds	(141,724)	(152,287)	(141,724)	(132,125)
Under provision	3,255	4,341	3,255	4,341
At the end of the year	<b>38,661</b>	<b>39,570</b>	<b>33,202</b>	<b>34,111</b>

### 29 OTHER CURRENT LIABILITIES

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Contract liabilities	257,726	196,203	165,138	138,635
Other Advances	116,450	101,598	100,919	87,030
Other tax payables	201,114	114,863	109,821	63,905
	<b>575,290</b>	<b>412,664</b>	<b>375,878</b>	<b>289,570</b>

### 30 RELATED PARTY DISCLOSURES

#### Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

#### Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2025 audited financial statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

#### Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2025 audited financial Statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Group carried out transactions in the ordinary course of its business on an arm's length basis with parties who are defined as related parties as per LKAS 24 "Related Party Disclosure".

#### 30.1 Parent and Ultimate Controlling Party

The Company's Ultimate Parent undertaking and controlling party is John Keells Holdings PLC (JKH PLC).

The amounts receivable from and payable to related parties as at 31st March 2026, are presented below,

### 30.2 Amounts due from related parties

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Parent-John Keells Holdings PLC(JKH PLC)	24,377	10,636	8,420	2,665
Subsidiary-Trans Asia Hotels PLC	-	-	18,601	41,703
Companies under common control of JKH PLC	103,420	54,433	53,897	14,542
	127,797	65,069	80,918	58,910

### 30.3 Amounts due to related parties

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Parent-John Keells Holdings PLC (JKH PLC)	39,451	30,117	31,706	16,654
Subsidiary-Trans Asia Hotels PLC	-	-	1,332	3,837
Companies under common control of JKH PLC	359,412	293,229	262,525	225,817
	398,863	323,346	295,563	246,308

### Provision for Related Party Receivables

No provision has been made in respect of related party receivables and no Guarantees provided for third party on behalf of related party payables.

### 30.4 Transactions with Related Parties

The Group and Company carried out transactions with the following related parties.

For the year ended 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
<b>(a) Transactions with Parent Company</b>				
The company's parent is John Keells Holdings PLC	31,815	19,083	13,905	4,792
Rendering of services	157,858	146,097	81,318	84,751
Receiving of Services	41,308	37,957	6,540	6,461
Rent Received	-	-	-	-
<b>(b) Transactions with Subsidiary - Trans Asia Hotels PLC</b>				
Rendering of services	-	-	4,868	60,980
Receiving of services	-	-	5,464	31
Dividend Income	-	-	73,800	36,900
<b>(c) Transaction with companies Under common control of JKH PLC</b>				
Purchase of Goods	163,953	108,584	99,602	56,901
Rendering of services	211,472	269,701	128,991	152,452
Receiving of services	659,785	685,626	372,448	415,006
Rent Received	70,920	70,873	37,433	40,384
<b>(d) Transactions with Equity Accounted Investees of JKH PLC</b>				
Rendering of services	42,203	34,523	30,017	26,412
Receiving of services	2,060	29,631	1,818	29,471
Interest Paid	1,878	15,631	-	-

# Notes to the Financial Statements

## 30.5 Compensation of key management personnel

For the year ended 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Remuneration to Non-executive Directors	20,600	19,477	7,340	8,900
Remuneration to Executive Directors	3,100	2,772	3,100	2,772

## 31 FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATION AND FAIR VALUES OF THE GROUP

### 31.1 Financial Assets and Liabilities by Categories - Group

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

As at 31st March In Rs.'000s	Note	Financial assets at amortised cost		Financial liabilities measured at amortised cost	
		2026	2025	2026	2025
<b>Financial instruments in non-current assets/non-current liabilities</b>					
Non-current financial assets	17	17,034	12,877	-	-
Other non-current assets	18	3,019	4,486	-	-
Lease Liabilities	13	-	-	341,410	-
<b>Financial instruments in current assets/current liabilities</b>					
Trade and other receivables / payable	20 & 27	618,586	568,279	1,469,854	1,442,826
Amounts due from/ due to related parties	30.2-30.3	127,799	65,069	398,863	323,346
Short Term Borrowings	24	-	-	649,154	355,072
Lease Liabilities	13	-	-	114,056	-
Cash in hand and at bank		382,927	268,477	-	-
Bank overdrafts		-	-	1,395,266	1,786,548
<b>Total</b>		<b>1,149,365</b>	<b>919,188</b>	<b>4,368,603</b>	<b>3,907,792</b>

The management assessed that the fair value of cash at bank, short term deposits, trade receivables, other payables, bank overdrafts and other current financial liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. Accordingly the fair value hierarchy does not apply.

### 31.2 Financial Assets and Liabilities by Categories - Company

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

As at 31st March In Rs.'000s	Note	Financial assets at amortised cost		Financial liabilities measured at amortised cost	
		2026	2025	2026	2025
<b>Financial instruments in non-current assets</b>					
Other non-current financial assets	17	12,686	6,305	-	-
Other non-current assets	18	1,142	1,798	-	-
Lease Liabilities	13	-	-	156,552	-
<b>Financial instruments in current assets</b>					
Trade and other receivables / payable	20 & 27	406,722	320,775	882,446	887,295
Amounts due from/ due to related parties	30.2-30.3	80,918	58,910	295,563	246,308
Short Term Borrowings	24	-	-	649,154	205,072
Lease Liabilities	13	-	-	56,691	-
Cash in hand and at bank		169,845	174,933	-	-
Bank overdrafts		-	-	945,089	1,259,173
<b>Total</b>		<b>671,313</b>	<b>562,721</b>	<b>2,985,475</b>	<b>2,597,848</b>

The management assessed that the fair value of cash at bank, short term deposits, trade receivables, other payables, bank overdrafts and other current financial liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. Accordingly the fair value hierarchy does not apply.

## 32 FINANCIAL RISK MANAGEMENT

### Objectives and Policies

Financial instruments held by the Group, principally comprise of cash at bank, short-term deposits, other non current assets, amounts due from/ due to related parties, trade receivables, trade payables, bank overdrafts, borrowings and other current financial liabilities. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group.

Financial risk management of the Group is carried out based on guidelines established by its parent company's central treasury department (Group Treasury) which comes under the purview of the Group Executive Committee (GEC) of the parent company.

Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The parent company provides guidelines for overall risk management, as well, covering specific areas such as credit risk, investment of excess liquidity, interest rate risk and foreign currency risk.

The Group has established guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and related controlling. The guidelines upon which the Group's risk management processes are based are designed to identify and analyse these risks throughout the Group, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted to changes in markets and products. The Group manages and monitors these risks primarily through its operating and financing activities.

The Audit Committee of John Keells Holdings PLC, the parent Company, oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### 32.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognised, credit worthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents, Trade receivables, Related party receivables and investments in fixed deposits, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure the counterparties fulfil their obligations.

The individual receivable balances were re-assessed, specific provisions were made wherever necessary, existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect the different rearrangement of homogeneous groups. Receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low, whilst the improved operating environment resulted in improved collections during the financial year although there could be stresses in the ensuing year on account of the macroeconomic uncertainty and related impacts to our customers on account of elevated inflation and interest rates and the possible impact on consumer discretionary spend.

#### 32.1.1 Risk exposure

Credit risk is the risk of financial loss to the Group, if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and placements in deposits with banking institutions.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Following table shows the maximum risk positions.

# Notes to the Financial Statements

As at 31st March In Rs. '000s Risk exposure Group	2026					2025					% of allocation	
	Other non current financial assets	Cash in hand and at bank	Trade and other receivables	Amounts due from related parties	Total	% of allocation	Other non current financial assets	Cash in hand and at bank	Trade and other receivables	Amounts due from related parties		Total
Loans to executives	17,034	-	-	-	17,034	1%	12,877	-	-	-	12,877	1%
Trade and other receivables	-	-	618,586	-	618,586	54%	-	-	568,279	-	568,279	62%
Amounts due from related parties	-	-	-	127,797	127,797	11%	-	-	-	65,069	65,069	7%
Cash in hand and at bank	-	382,927	-	-	382,927	33%	-	268,477	-	-	268,477	29%
Total credit risk exposure	17,034	382,927	618,586	127,797	1,146,344	100%	12,877	268,477	568,279	65,069	914,702	100%

As at 31st March In Rs. '000s Risk exposure Company	2026					2025					% of allocation	
	Other non current financial assets	Cash in hand and at bank	Trade and other receivables	Amounts due from related parties	Total	% of allocation	Other non current financial assets	Cash in hand and at bank	Trade and other receivables	Amounts due from related parties		Total
Loans to executives	12,686	-	-	-	12,686	2%	6,305	-	-	-	6,305	1%
Trade and other receivables	-	-	406,722	-	406,722	61%	-	-	320,775	-	320,775	57%
Amounts due from related parties	-	-	-	80,918	80,918	12%	-	-	-	58,910	58,910	11%
Cash in hand and at bank	-	169,845	-	-	169,845	25%	-	174,933	-	-	174,933	31%
Total credit risk exposure	12,686	169,845	406,722	80,918	670,171	100%	6,305	174,933	320,775	58,910	560,923	100%

### 32.1.2 Loans to executives

Loans to executives portfolio is largely made up of vehicle loans which are given to staff at manager level and above. The respective business units have obtained the necessary Power of Attorney as collateral for the loans granted.

### 32.1.3 Trade and other receivables

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Neither past due nor impaired	121,787	190,350	65,231	94,222
<b>Past due but not impaired</b>				
0-30 days	280,653	281,633	167,808	154,217
31-60 days	152,270	125,870	79,882	82,609
61-90 days	54,674	60,764	43,002	22,295
91-120 days	26,888	-4,769	20,843	5,051
121-180 days	42,390	9,826	39,913	8,506
> 181 days	278,691	263,434	52,408	18,710
<b>Gross carrying value</b>	<b>957,352</b>	<b>927,108</b>	<b>469,087</b>	<b>385,610</b>
Less: impairment provision				
Individually assessed impairment provision	(338,768)	(358,829)	(62,365)	(64,835)
<b>Total</b>	<b>618,585</b>	<b>568,279</b>	<b>406,722</b>	<b>320,775</b>

#### 32.1.3.1 Company

In Rs.'000s	2026			2025		
	Hotel	Property	Total	Hotel	Property	Total
Neither past due nor impaired	50,654	14,577	65,231	121,923	(27,701)	94,222
<b>Past due but not impaired</b>						
0-30 days	137,077	30,731	167,808	128,584	25,633	154,217
31-60 days	60,525	19,357	79,882	58,291	24,318	82,609
61-90 days	17,181	25,821	43,002	4,456	17,839	22,295
91-120 days	4,818	16,025	20,843	(4,112)	9,163	5,051
121-180 days	31,378	8,535	39,913	(1,705)	10,211	8,506
> 181 days	2,995	49,413	52,408	(20,755)	39,465	18,710
<b>Gross carrying value</b>	<b>304,628</b>	<b>164,459</b>	<b>469,087</b>	<b>286,682</b>	<b>98,928</b>	<b>385,610</b>
Less: impairment provision						
Individually assessed impairment provision	(7,803)	(54,562)	(62,365)	(54,382)	(10,453)	(64,835)
<b>Total</b>	<b>296,825</b>	<b>109,897</b>	<b>406,722</b>	<b>232,300</b>	<b>88,475</b>	<b>320,775</b>

The Group has obtained customer deposit from major customers by reviewing their past performance and credit worthiness, as collateral. The requirement for an impairment is analysed at each reporting date on an individual basis for major customers and uses a provision matrix to calculate Expected Credit Loss (ECL) for the balance. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix was initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group considers a financial asset to be in default when contractual payments are more than 180 days past due. This represents a rebuttal of the rebuttable presumption under IFRS 9 that default occurs when contractual payments are 90 days past due. Based on historical collection experience and the absence of significant deterioration in credit quality prior to 180 days past due, the Group has concluded that a default period of 180 days is more appropriate for trade receivables.

However, in certain circumstances, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to collect the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows, either in whole or in part.

## Notes to the Financial Statements

### 32.1.4 Amounts due from related parties

The Group's amounts due from related party mainly consists from Parent, Subsidiary and other related entities.

### 32.1.5 Credit risk relating to cash and cash equivalents

In order to mitigate settlement and operational risks related to cash and cash equivalents, the Company and group use several banks with acceptable rating for its deposits.

The Group and the Company held cash in hand and at bank of Rs.383 Mn (2025 Rs.268 Mn) and Rs.170Mn (2025 Rs.175 Mn) respectively excluding bank overdrafts as at 31 March 2026.

Cash and cash equivalents include the following cash balances held at banks.

As at 31st March	BANK	Fitch Ratings	GROUP				COMPANY			
			2026		2025		2026		2025	
			Rs.000	%	Rs.000	%	Rs.000	%	Rs.000	%
	DFCC Bank	A(Ika)	96,252	26	27,567	11.74	77,703	48	27,553	18.46
	Hatton National Bank	AA-(Ika)	106,544	29	129,018	54.96	41,629	26	96,881	64.89
	Commercial Bank	AA-(Ika)	1,284	0.0	2,034	0.87	1,161	1	1,957	1.31
	Deutsche Bank	A -*	78,117	21	1,068	0.45	2,101	1	496	0.33
	City Bank	AAA(Ika)	26,126	7	43,048	18.34	1	0.0	2	0.00
	Bank of Ceylon	AA-(Ika)	9,535	3	5,630	2.40	9,535	6	5,630	3.77
	Nation Trust Bank	A(Ika)	33,527	9	22,206	9.46	27,346	17	15,756	10.55
	HSBC	AA-	2,465	0.7	1,391	0.59	1,035	1	1,024	0.69
	Sampath Bank PLC	AA-(Ika)	13,258	3.8	2,781	1.18	-	-	-	-
	Seylan	A+(Ika)	460	0.0	-	-	460	0	-	-
			367,568	100	234,743	100	160,971	100	149,299	100

\* Deutsche Bank was rated as "A" in 2025.

### 32.2 Liquidity Risk

Liquidity risk is the risk that will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

#### 32.2.1 Net debt

As at 31st March	In Rs.'000s	GROUP		COMPANY	
		2026	2025	2026	2025
	Cash in hand and at bank	382,927	268,477	169,845	174,933
	<b>Total liquid assets</b>	<b>382,927</b>	<b>268,477</b>	<b>169,845</b>	<b>174,933</b>
	Non current lease liabilities	341,410	-	156,552	-
	Current lease liabilities	114,056	-	56,691	-
	Short term borrowings	649,154	355,072	649,154	205,072
	Bank overdrafts	1,395,266	1,786,548	945,089	1,259,173
	<b>Total liabilities</b>	<b>2,499,886</b>	<b>2,141,620</b>	<b>1,807,486</b>	<b>1,464,245</b>
	<b>Net debt</b>	<b>2,116,960</b>	<b>1,873,143</b>	<b>1,637,641</b>	<b>1,289,312</b>

### 32.2.2 Liquidity risk management

The Group's approach to managing liquidity is to as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group maintains a portion of its assets in highly liquid form in order to meet its contractual obligations during the normal course of its operations.

The Group monitors the level of expected cash flows on trade and other receivables together with expected cash outflow on trade and other payables and it expected a significant portion of trade receivables as at the reporting date would mature within a shorter period of time, given the historical trends, which enable to meet its contractual obligations.

The Group has implemented a mixed approach that combines elements of the cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against the combination of contractual cash inflows plus other inflows that can be generated through the sale of assets and other secured borrowings.

The Group continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Constant dialogue between Group companies and banks regarding financing requirements, ensures that availability within each single borrower limit is optimised by efficiently reallocating under-utilised facilities within the Group.

The daily cash management processes at the business units include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings.

#### Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities at 31st March 2026 based on contractual undiscounted payments.

In Rs. '000s	Carrying Value	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total 2026
Short term borrowings	649,154	649,154	-	-	-	-	-	649,154
Trade and other payables	1,469,854	1,469,854	-	-	-	-	-	1,469,854
Amounts due to related parties	398,863	398,863	-	-	-	-	-	398,863
Lease liabilities	114,056	151,255	143,893	143,891	99,408	-	-	538,447
Bank overdrafts	1,395,266	1,395,266	-	-	-	-	-	1,395,266
	4,027,193	4,064,392	143,893	143,891	99,408	-	-	4,451,584

The table below summarises the maturity profile of the Group's financial liabilities at 31st March 2025 based on contractual undiscounted payments.

In Rs. '000s	Carrying Value	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total 2025
Short term borrowings	355,072	355,072	-	-	-	-	-	355,072
Trade and other payables	1,442,826	1,442,826	-	-	-	-	-	1,442,826
Amounts due to related parties	323,346	323,346	-	-	-	-	-	323,346
Bank overdrafts	1,786,548	1,786,548	-	-	-	-	-	1,786,548
	3,907,792	3,907,792	-	-	-	-	-	3,907,792

## Notes to the Financial Statements

### Maturity analysis - Company

The table below summarises the maturity profile of the Company financial liabilities at 31st March 2026 based on contractual undiscounted payments.

In Rs. '000s	Carrying Value	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total 2026
Short term borrowings	355,072	649,154	-	-	-	-	-	649,154
Trade and other payables	1,442,826	882,446	-	-	-	-	-	882,446
Amounts due to related parties	323,346	295,563	-	-	-	-	-	295,563
Lease liabilities	56,691	72,430	65,067	65,067	46,859	-	-	249,423
Bank overdrafts	1,786,548	945,089	-	-	-	-	-	945,089
	3,964,483	2,844,682	65,067	65,067	46,859	-	-	3,021,675

The table below summarises the maturity profile of the Company financial liabilities at 31st March 2025 based on contractual undiscounted payments.

In Rs. '000s	Carrying Value	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total 2025
Short term borrowings	205,072	205,072	-	-	-	-	-	205,072
Trade and other payables	887,295	887,295	-	-	-	-	-	887,295
Amounts due to related parties	246,308	246,308	-	-	-	-	-	246,308
Bank overdrafts	1,259,173	1,259,173	-	-	-	-	-	1,259,173
	2,597,848	2,597,848	-	-	-	-	-	2,597,848

### 32.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices

Market prices comprise four types of risk:

- Interest rate risk
- Currency risk
- Commodity price risk
- Equity price risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### 32.3.1 Foreign Currency risk

Foreign currency risk that the fair value or future cash flows of a financial instrument will fluctuate, due to changes in foreign exchange rates.

The Group as at the reporting date, do not hold significant "Financial Instruments" denominated in currencies other than its functional/ reporting currency, hence do not get significantly exposed to currency risk from transaction of such balances in to the functional/ reporting currency, which is Sri Lankan Rupees.

The annual average US Dollar receipts of the Company and the Group are approximately USD 4.4 and 7.4 Mn respectively.

However, Company engages in transactions associated with foreign currencies in its ordinary course of operations, hence exposed to 'Currency risk'.

Across the industry, the hotel rates targeting the foreign tourists are quoted in US Dollar terms. However a fluctuation in the exchange rate will not have a significant impact since majority of the quotes are converted to local currency at the point of invoicing. The company attempt to mitigate the exposure to currency risk arising from its transactions.

The Group adopted prudent measures, as and when required, to manage the financial impacts arising from the liquidity constraints and currency fluctuations by matching liabilities with corresponding inflows. At a Group level, the translation risk on foreign currency debt is largely hedged "naturally" as a result of the conscious strategy of maintaining US Dollar cash balances at the holding company whilst also ensuring obligations can be managed through US Dollar denominated revenue streams.

The table below illustrates the Group's and the Company's profit before tax sensitivity to a reasonably possible change in exchange rates, with all other variables held constant.

	Increase/(Decrease) in exchange rate USD	Effect on profit before tax	
		Rs.000's	
		GROUP	COMPANY
2026	+5.20%	50,457	1,981
	-5.20%	(50,457)	(1,981)
2025	+1.48%	11,722	870
	-1.48%	(11,722)	(870)

### 33.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group has managed the risk of volatile interest rates by having a balanced portfolio of borrowings at fixed and variable rates while interest rate swap agreements are in place for a significant portion of the Group's foreign currency borrowing portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and the Company's profit before tax.

	Increase/(decrease) in basis points Rupee borrowings	Other currency borrowings	Effect on profit before tax	
			Rs.000's	
			GROUP	COMPANY
2026	+72	-	(7,909)	(4,674)
	-72	-	7,909	4,674
2025	266	72	20,732	4,792
	-266	-72	(20,732)	(4,792)

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment and changes to base rates such as AWPLR and LIBOR. The Company has a fixed rate of interest as of the reporting date.

### 32.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, have a rights issue or buy back of shares.

As at 31st March In Rs.'000s	GROUP		COMPANY	
	2026	2025	2026	2025
Total liabilities	16,098,357	14,807,458	13,008,706	12,123,338
Less: cash and fixed deposits	382,927	268,477	169,845	174,933
Adjusted net debt	15,715,430	14,538,981	12,838,861	11,948,405
Total equity	35,510,448	34,371,511	28,784,043	28,194,742
Adjusted net debt to adjusted equity ratio	44.26%	42.30%	44.60%	42.38%

## Notes to the Financial Statements

### 33 OPERATING SEGMENT INFORMATION

#### ACCOUNTING POLICY

A segment is a distinguishable component of the Company that is engaged either in providing products or services which are subject to risks and rewards that are different from those of other segments.

The Group has the following two strategic divisions, which are its reportable segments.

The following summary describes the operations of each reportable segment.

Reportable Segments	Operations
Hotel	Provide hoteliering services to local and foreign tours
Property	Property Development and rent out premises

For the year ended 31st March In Rs.'000s	HOTELS		PROPERTY		Group Total	
	2026	2025	2026	2025	2026	2025
External revenue	11,152,746	10,038,752	282,105	323,358	11,434,851	10,362,110
Inter segment revenue	(66,901)	(62,292)	66,901	62,292	-	-
Total Segment Revenue	11,085,845	9,976,460	349,006	385,650	11,434,851	10,362,110
Segment Operating Profit Before Finance Expenses	667,167	376,906	73,287	130,298	740,454	507,203
Inter Company Dividends	(73,800)	(36,900)	-	-	(73,800)	(36,900)
Finance Expenses	(188,024)	(176,415)	(19,055)	(20,154)	(207,079)	(196,569)
Change in Fair Value of Investment Properties						
Company	-	-	19,408	(26,207)	19,408	(26,207)
Commercial Centre of Subsidiary	-	-	219,064	60,233	219,064	60,233
Profit Before Taxation	405,343	163,591	292,704	144,170	698,047	307,761
Income Tax Expense	(271,351)	(216,160)	(15,801)	(6,278)	(287,152)	(222,438)
Profit/ (Loss) After Taxation	133,992	(52,569)	276,903	137,892	410,895	85,323
Non-Controlling Interest	126,917	33,837	151,438	96,289	278,355	130,126
Profit/ (Loss) attributable to equity owners	7,075	(86,406)	125,465	41,603	132,540	(44,803)

As at 31st March In Rs.'000s	HOTELS		PROPERTY		Group Total	
	2026	2025	2026	2025	2026	2025
<b>Assets</b>						
Segment Assets	41,289,285	39,335,820	11,070,630	10,585,633	52,359,915	49,921,453
Elimination	-	-	-	-	(751,110)	(742,484)
<b>Total Assets</b>	<b>41,289,285</b>	<b>39,335,820</b>	<b>11,070,630</b>	<b>10,585,633</b>	<b>51,608,805</b>	<b>49,178,969</b>
<b>Liabilities</b>						
Segment Liabilities	15,914,369	14,686,856	275,054	203,043	16,189,422	14,889,899
Elimination	-	-	-	-	(91,064)	(82,441)
<b>Total Liabilities</b>	<b>15,914,369</b>	<b>14,686,856</b>	<b>275,054</b>	<b>203,043</b>	<b>16,098,358</b>	<b>14,807,458</b>

## 34 CONTINGENT LIABILITIES

### ACCOUNTING POLICY

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

The contingent liability of subsidiary as at 31st March 2026, relates to the following:

#### Income Tax Assessments

This pertains to years of assessments 2012/13 to 2017/2018. The Subsidiary has lodged appeals against the assessments and is contesting these under appellate procedure. Having discussed with independent legal and tax experts and based on the information available, the contingent liability as at 31st March 2026 is estimated at Rs.183.3 Mn.

#### CMC Tax matter

In the year 2009, Colombo Municipal Council (CMC) imposed a trade tax on the hotel revenue for all the hotels within the city limits with subsequent gazetted amendments. However, the hoteliers together with Tourist Hotels Association of Sri Lanka (THASL) are in the process of negotiations with CMC through court, for which the resolution is still pending. Accordingly, the Company has made a provision in the financial statements amounting to Rs. 3 million per year based on the guidelines issued by THASL.

As at 31st March 2026, the cumulative provision recognised in respect of the Colombo Municipal Council trade tax matter amounts to Rs.36 Mn (2025 — Rs.33 Mn).

The management is confident that the ultimate resolution of the above contingencies are unlikely to have a material adverse effect on the financial position of the company.

## 35 CAPITAL AND OTHER COMMITMENTS

There are no capital and other commitments pertaining to the Company where as the Group has the following capital and other commitments as at the reporting date.

Guarantee	Amount (In Rs.)	Purpose
Airport and Aviation Services	3,438,075	Security deposit for the rental
Sri Lanka Ports Authority	4,401,600	Security deposit for the rental

## 36 EVENTS SUBSEQUENT TO THE REPORTING DATE AND OTHER MATTERS

The Board of Directors of the Company has declared a final dividend of Rs. 0.50 per share for the financial year ended 31 March 2026.

As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act No.07 of 2007, and has obtained a certificate from auditors, prior to declaring a final dividend which is to be paid on or before 24 June 2026.

In accordance with LKAS 10, Events after the reporting period, the final dividend has not been recognised as a liability in the financial statements as at 31 March 2026.

Other than the contingent liabilities and commitments referred to in Note 34 and 35 to the Financial Statements and the final declaration of Dividend for 2025/2026, there have been no events subsequent to the reporting date which would have any material effect on the Company and the Group.

## 37 DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Please refer to the page 225 for the Statement of Director's Responsibility for Financial Reporting.

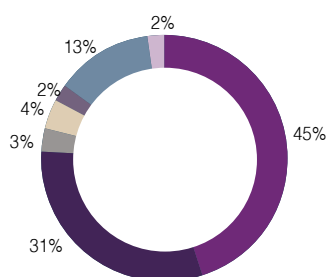
# Consolidated Value Added Statement

at asset.

	2026	2025
In Rs.'000s		
Revenue	11,434,851	10,362,110
Adjustment for Change in Fair Value of Investment Property	238,472	34,026
Adjustment for Finance Income	11,243	19,845
Adjustment for other Income	132,197	77,005
	11,816,763	10,492,986
Less : Cost of Materials & Services purchased from external sources	5,593,139	(4,696,404)
Value Added	6,223,624	5,796,582

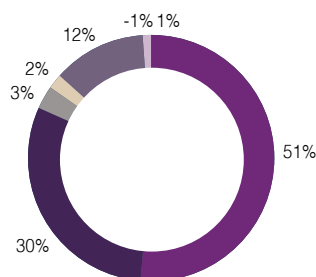
In Rs.'000s	2026	%	2025	%
Distributed as follows:				
To Employees as Remuneration	2,800,913	45%	2,984,877	51%
To the Government as Taxes	1,899,567	31%	1,765,189	30%
To the Providers of Capital				
as Interest on Loans & Borrowings LA	207,079	3%	196,569	3%
as Minority Interest	278,355	4%	130,126	2%
To Shareholders as Dividends	126,200	2%	63,100	1%
Retained within the business				
as Depreciation	778,970	13%	701,524	12%
as Reserves	132,540	2%	(44,803)	(-1%)
	6,223,624	100	5,796,582	100

2025/26



- To Employees as Remuneration
- To the Government as Taxes
- as Interest on Loans
- as Minority Interest
- as Depreciation
- as Reserves
- To Shareholders as Dividends

2024/25



- To Employees as Remuneration
- To the Government as Taxes
- as Interest on Loans
- as Minority Interest
- as Depreciation
- as Reserves
- To Shareholders as Dividends

# *Brilliance* that Endures



As the future unfolds and the hospitality industry changes, we at Asian Hotels and Properties PLC remain brilliant – making every second count and every detail matter to those whom we serve. As we reflect on a year of success, we do so with gratitude for every decision made and every step taken, that allowed us to create and take forth elegance that endures.

*Supplementary  
Information*

## 10 Year Financial Review of The Group

	2025/26 Rs '000	2024/25 Rs '000	2023/24 Rs '000	2022/23 Rs '000	2021/22 Rs '000	2020/21 Rs '000	2019/20 Rs '000	2018/19 Rs '000	2017/18 Rs '000	2016/17 Rs '000
Revenue	11,434,851	10,362,110	10,771,758	8,416,558	4,094,672	1,790,116	5,559,550	7,658,470	8,628,053	9,066,959
Profit after taxation	410,895	85,323	77,657	(332,763)	(507,847)	(2,244,002)	105,919	1,077,935	2,185,746	2,779,116
Profit/(Loss) attributable to equity owners	132,540	(44,803)	(20,310)	(277,589)	(510,167)	(1,780,674)	(49,828)	811,157	1,685,950	2,265,412
<b>Share Capital &amp; Reserves</b>										
Stated Capital	3,345,117	3,345,117	3,345,117	3,345,117	3,345,117	3,345,117	3,345,117	3,345,117	3,345,117	3,345,117
Other Components of Equity	23,239,546	22,294,421	21,752,126	20,613,338	23,093,391	22,287,036	22,151,217	21,532,409	20,415,314	22,139,389
Revenue reserves	4,765,318	4,869,529	4,851,535	4,916,727	5,187,893	5,673,539	7,445,171	7,907,652	7,977,471	7,624,291
	31,349,982	30,509,067	29,948,777	28,875,182	31,626,401	31,305,692	32,941,505	32,785,178	31,737,902	33,108,797
Minority Interest	4,160,465	3,862,444	3,600,350	3,362,706	3,332,915	3,307,203	3,750,825	3,646,757	3,499,028	3,399,725
Total Shareholders' Fund	35,510,447	34,371,511	33,549,127	32,237,888	34,959,316	34,612,895	36,692,330	36,431,935	35,236,930	36,508,522
<b>Assets &amp; (Liabilities)</b>										
Current Assets	1,737,446	1,378,436	2,145,026	1,680,911	1,316,880	788,058	2,033,169	2,457,373	2,284,129	3,405,078
Current Liabilities	(4,642,514)	(4,423,126)	(4,802,953)	(4,090,138)	(3,096,157)	(2,081,448)	(1,617,135)	(1,906,545)	(1,805,411)	(1,774,608)
Net Current Assets / (Liabilities)	(2,905,068)	(3,044,690)	(2,657,927)	-2,409,227	(1,779,277)	(1,293,390)	416,034	550,828	478,718	1,630,470
Non Current Assets	44,571,581	47,800,533	46,236,276	44,230,736	41,191,770	40,080,874	40,548,653	40,066,525	38,863,818	35,786,694
Non Current Liabilities	(11,455,843)	-10,384,332	-10,029,222	(9,583,621)	(4,453,177)	(4,174,589)	(4,272,357)	(4,185,418)	(4,105,606)	(908,642)
	30,210,669	34,371,511	33,549,127	32,237,888	34,959,316	34,612,895	36,692,330	36,431,935	35,236,930	36,508,522

Ratio Analysis	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Earnings per Share (Rs)	0.30	(0.10)	(0.05)	0.63	(1.15)	(4.02)	(0.11)	1.83	3.81	5.12
Net Assets per Share (Rs)	70.80	68.90	67.64	65.21	71.43	70.70	74.40	74.04	71.68	74.78
Current Ratio (Times)	0.37	0.31	0.45	0.41	0.43	0.38	1.26	1.28	1.27	1.92
After Tax Return on Net Assets (%)	0.42	-0.15%	-0.07%	-0.96%	-1.61%	-5.69%	-0.15%	2.47%	5.31%	6.84%
Dividend Per Share (Rs)*	-	-	-	-	-	-	1.00	2	3.00	4
P/E Ratio (Times)	179.73	(523.78)	(1,220.00)	(70.18)	(32.11)	(9.30)	(257.70)	22.87	13.18	10.85
Dividend Payout Ratio*	1.67	-	-	-	-	-	(8.89)	1.09	0.79	0.78

\* Final Dividend declared for the financial year ended 31st March 2026.

## 10 Year Financial Summary Property Development Division

	2025/26 Rs '000	2024/25 Rs '000	2023/24 Rs '000	2022/23 Rs '000	2021/22 Rs '000	2020/21 Rs '000	2019/20 Rs '000	2018/19 Rs '000	2017/18 Rs '000	2016/17 Rs '000
Revenue	282,105	261,066	273,801	174,932	39,011	83,479	255,031	355,038	349,837	349,872
Cost of Sales	(143,177)	(160,184)	(143,397)	(91,562)	(48,969)	(73,530)	(102,006)	(108,693)	(99,958)	(114,056)
Gross Profit/(Loss)	138,927	100,882	130,404	83,370	(9,958)	9,949	153,025	246,345	249,879	235,816
Net Finance and Other Income	13,681	14,915	2,841	(4,389)	11,344	53,341	75,021	80,183	81,621	74,771
Administration & Other Overheads	(112,249)	(115,573)	(124,174)	(94,318)	(88,496)	(106,193)	(136,279)	(126,047)	(99,644)	(110,682)
Change in Fair Value of Investment Property	19,408	(26,207)	(184,959)	(59,909)	(42,374)	(349,236)	(9,410)	(39,351)	180,138	155,761
Profit/(Loss) before tax	59,767	(25,983)	(175,888)	(75,246)	(129,484)	(392,139)	82,357	161,130	411,994	355,666

# 10 Year Financial Summary

## Cinnamon Grand Colombo Hotel

	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
<b>Revenue</b>										
Rooms	1,677,307	1,659,022	1,816,392	1,173,976	509,745	38,918	1,077,116	1,899,741	2,370,490	2,677,204
Food	3,613,052	3,159,747	3,302,068	2,768,480	1,398,746	689,331	1,479,204	1,993,705	2,081,894	2,161,764
Beverage	486,907	401,275	446,457	388,306	179,229	108,122	237,819	338,664	360,002	357,311
Food & Beverage Others	87,073	83,941	106,328	122,768	68,541	8,808	3,104	16,861	20,157	21,084
Telephone	0	23	83	197	9	3	316	532	1,107	2,023
Rental Income	83,887	56,080	32,494	21,865	15,202	6,939	22,212	27,983	25,073	22,532
Other Operating Income	292,803	275,265	332,291	197,009	66,964	43,548	156,153	200,521	220,642	224,127
<b>Total Revenue</b>	<b>6,241,029</b>	<b>5,635,354</b>	<b>6,036,113</b>	<b>4,672,601</b>	<b>2,238,436</b>	<b>895,669</b>	<b>2,975,924</b>	<b>4,478,007</b>	<b>5,079,365</b>	<b>5,466,045</b>
<b>Expenses</b>										
Room	539,162	484,249	443,477	306,298	172,706	130,879	305,939	399,502	483,530	458,653
Food Cost	1,423,594	1,262,192	1,334,311	1,171,552	559,211	284,007	527,123	782,792	803,421	820,476
Beverage Cost	140,937	113,552	134,322	130,547	57,384	36,542	66,041	105,968	121,068	130,376
Food & Beverage Other	1,288,973	1,073,523	1,070,572	994,792	639,196	538,305	745,206	810,446	799,777	696,180
Telephone	18,536.85	8,116	6,074	5,458	4,089	3,787	4,163	4,330	4,876	4,855
Other	269,662.62	273,146	314,602	185,496	65,692	43,730	136,676	174,831	182,654	184,091
<b>Total Expenses</b>	<b>3,680,865</b>	<b>3,214,779</b>	<b>3,303,358</b>	<b>2,794,143</b>	<b>1,498,278</b>	<b>1,037,250</b>	<b>1,785,148</b>	<b>2,277,869</b>	<b>2,395,327</b>	<b>2,294,631</b>
<b>Gross Operating Income/ (Expense)</b>	<b>2,560,164</b>	<b>2,420,575</b>	<b>2,732,755</b>	<b>1,878,458</b>	<b>740,158</b>	<b>(141,581)</b>	<b>1,190,776</b>	<b>2,200,138</b>	<b>2,684,039</b>	<b>3,171,414</b>
<b>Expenses</b>										
Administration & General	676,338	693,474	595,150	484,187	283,225	298,634	414,744	443,507	447,787	415,982
Advertising & Sales Promotion	262,304	211,643	207,531	141,836	64,771	77,771	137,314	142,066	130,026	116,048
Heat, Light & Power	262,837	350,307	604,764	458,579	198,232	165,041	240,112	287,212	301,367	263,709
Repair & Maintenance	343,776	300,010	318,145	239,624	120,771	98,921	151,562	170,055	186,049	170,916
<b>Total Deductions</b>	<b>1,545,254</b>	<b>1,555,434</b>	<b>1,725,589</b>	<b>1,324,226</b>	<b>666,999</b>	<b>640,367</b>	<b>943,732</b>	<b>1,042,840</b>	<b>1,065,229</b>	<b>966,655</b>
<b>Gross Operating Profit/ (Loss)</b>	<b>1,014,910</b>	<b>865,141</b>	<b>1,007,166</b>	<b>554,232</b>	<b>73,159</b>	<b>(781,948)</b>	<b>247,044</b>	<b>1,157,298</b>	<b>1,618,810</b>	<b>2,204,759</b>
Interest Income	7,313	15,365	7,026	7,532	1,802	8,755	49,273	77,213	100,099	174,425
Dividend Income	73,800	36,900	-	-	-	-	43,412	74,668	273,493	234,422
Sundry Income	68,798	27,294	30,832	32,077	100,578	168,311	64,979	10,481	14,662	15,765
	<b>1,164,820</b>	<b>944,701</b>	<b>1,045,024</b>	<b>593,841</b>	<b>175,539</b>	<b>(604,882)</b>	<b>404,708</b>	<b>1,319,660</b>	<b>2,007,064</b>	<b>2,629,371</b>
Insurance	26,922	32,457	36,743	19,544	20,108	15,090	11,048	9,999	9,641	11,262
Interest Expenses	124,681	75,417	124,173	161,770	52,416	7,497	-	-	-	-
Rates	20,280	20,280	20,280	17,658	16,784	16,784	16,784	16,884	16,784	12,939
Operating/ Marketing Fee	318,358	290,571	312,385	223,820	93,745	35,860	135,237	240,647	288,384	333,126
Depreciation	594,198	483,869	397,193	336,208	327,203	351,437	385,052	393,262	351,873	323,058
	<b>1,084,439</b>	<b>902,594</b>	<b>890,775</b>	<b>759,000</b>	<b>510,256</b>	<b>426,668</b>	<b>548,121</b>	<b>660,792</b>	<b>666,682</b>	<b>680,386</b>
<b>Profit/(Loss) before tax</b>	<b>80,381</b>	<b>42,107</b>	<b>154,249</b>	<b>(165,159)</b>	<b>(334,717)</b>	<b>(1,031,550)</b>	<b>(143,413)</b>	<b>658,868</b>	<b>1,340,381</b>	<b>1,948,985</b>

# Information to Shareholders & Investors

## STOCK EXCHANGE LISTING

The Issued Ordinary Shares of Asian Hotels and Properties PLC are listed with the Colombo Stock Exchange of Sri Lanka. The Audited Financial Statements of the Company and the Consolidated Financial Statements for the year ended 31st March 2026 have been submitted to the Colombo Stock Exchange.

From	To	31.03.2026			31.03.2025		
		Number of Shareholders	Shares held	Percentage of Shareholdings	Number of Shareholders	Shares held	Percentage of Shareholdings
1	1,000	2,674	693,126	0.2	2,531	667,553	0.2
1,001	10,000	844	3,006,316	0.7	885	3,203,819	0.7
10,001	100,000	241	7,080,992	1.6	248	6,943,150	1.6
100,001	1,000,000	48	13,906,597	3.1	41	13,366,502	3.0
1,000,001	and above	11	418,088,269	94.4	10	418,594,276	94.5
		3,818	442,775,300	100.0	3,715	442,775,300	100.0

## ANALYSIS OF SHAREHOLDERS

### Categories of Shareholders

	31.03.2026		31.03.2025	
	Shares held	%	Shares held	%
Individual	18,087,022	4.08	15,604,287	2.73
Institutions	424,688,278	95.92	427,171,013	97.27
	442,775,300	100.00	442,775,300	100.00
Resident	435,227,597	98.30	439,188,470	99.20
Non Resident	7,547,703	1.70	3,586,830	0.80
	442,775,300	100.00	442,775,300	100.00
Public	94,940,508	21.44	94,940,508	21.44
Non Public*	347,834,792	78.56	347,834,792	78.56
	442,775,300	100.00	442,775,300	100.00

\*Includes shareholdings of Parent Company, Directors & Spouses.

### Public shareholding

	2026	2025
The Public Shareholding (%)	21.44	21.44
Number of Public Shareholders	3,116	3,713
Compliant under option 3, Float adjusted market capitalisation (LKR Bn)	5.11	5.03

		Date	2026	Date	2025
<b>Market Value</b>					
Highest Market Price per share	Rs.	03-09-2025	73.00	03-05-2024	75.00
Lowest Market Price per share	Rs.	23-03-2026	49.00	10-09-2024	50.00
Last Traded Market Price per share as at	Rs.	31-03-2026	53.80	31-03-2025	53.00

**TOP TWENTY THREE SHAREHOLDERS**

	As at 31.03.2026		As at 31.03.2025	
	Shares held	Shareholdings Percentage	Shares held	Shareholdings Percentage
John Keells Holdings PLC	347,824,192	78.56	347,824,192	78.56
Employee's Provident Fund	44,077,530	9.95	45,249,798	10.22
Bank of Ceylon A/C Ceybank Unit Trust	5,344,657	1.21	8,753,884	1.98
M.N.Wijesuriya Muthukuda Nahil	3,653,298	0.83	2,945,455	0.67
J.B.Cocoshell (Pvt) Ltd	3,642,114	0.82	2,009,766	0.45
Dr. S. Yaddehige	3,415,200	0.77	3,415,200	0.77
Seylan Bank PLC/ARRC Capital (Pvt) Ltd	3,251,845	0.73	-	-
Bank of Ceylon-No. 2 A/C (BOC PTF)	2,481,053	0.56	2,481,053	0.56
Bank of Ceylon-No. 1 Account	1,781,733	0.40	2,367,741	0.53
Merchant Bank of Sri Lanka & Finance PLC/S.A.A.Hasitha	1,500,000	0.34	1,547,187	0.35
Commercial Bank of Ceylon PLC/A.N.Weerakkody	1,116,647	0.25	556,560	0.13
Employee Trust Fund Board	767,478	0.17	767,478	0.17
Akbar Brothers (Pvt) Ltd A/C No 1	740,000	0.17	750,000	0.17
Sampath Bank PLC/Anadaradeniya Estate Private Limited	733,712	0.17	733,712	0.17
Peoples' Leasing and Finance PLC/L.P.Hapangama	680,764	0.15	-	-
Mr. M. Mannawarajan	650,124	0.15	650,124	0.15
Richard Pieris & Co Ltd - Account No. 01	639,400	0.14	639,400	0.14
Commercial Bank of Ceylon PLC/W.Jinadasa	600,000	0.14	600,000	0.14
Bank of Ceylon A/C Ceybank Century Growth Fund	494,502	0.11	744,502	0.17
Dawi Investment Trust (Pvt) Ltd	491,530	0.11	-	-
	423,885,779	95.73	422,036,052	95.32

## GRI content index

Company as at the reporting date as follows.

Statement of use	Asian Hotels and Properties PLC has reported with reference to the GRI Standards for the period 01 April 2025 to 31 March 2026
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not Applicable

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S)	Reason	Explanation
Omitted					
<b>General disclosures</b>					
GRI 2: General Disclosures 2021	2-1 Organisational details	9			
	2-2 Entities included in the organisation's sustainability reporting	3			
	2-3 Reporting period, frequency and contact point	3			
	2-4 Restatements of information	3			
	2-5 External assurance	3			
	2-6 Activities, value chain and other business relationships	20 to 22			
	2-7 Employees	72 to 73			
	2-8 Workers who are not employees	72			
	2-9 Governance structure and composition	122 to 125			
	2-10 Nomination and selection of the highest governance body	137			
	2-11 Chair of the highest governance body	126			
	2-12 Role of the highest governance body in overseeing the management of impacts	126			
	2-13 Delegation of responsibility for managing impacts	123			
	2-14 Role of the highest governance body in sustainability reporting	191, 192			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S)	Reason	Explanation
			Omitted		
	2-15 Conflicts of interest	126			
	2-16 Communication of critical concerns	162, 163			
	2-17 Collective knowledge of the highest governance body	124			
	2-18 Evaluation of the performance of the highest governance body	131			
	2-19 Remuneration policies	136			
	2-20 Process to determine remuneration				
	2-21 Annual total compensation ratio			Information unavailable/incomplete	This ratio is not currently calculated. It will be calculated going forward
	2-22 Statement on sustainable development strategy	38 to 42			
	2-23 Policy commitments	40			
	2-24 Embedding policy commitments	40			
	2-25 Processes to remediate negative impacts	80			
	2-26 Mechanisms for seeking advice and raising concerns	80			
	2-27 Compliance with laws and regulations	175			
	2-28 Membership associations	91			
	2-29 Approach to stakeholder engagement	24			
	2-30 Collective bargaining agreements	81			
<b>Material topics</b>					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	43			
	3-2 List of material topics	45 to 47			

## GRI content index

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S)	Reason	Explanation
Omitted					
<b>Economic performance</b>					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	280			
	201-2 Financial implications and other risks and opportunities due to climate change	189			
	201-3 Defined benefit plan obligations and other retirement plans	266			
	201-4 Financial assistance received from government		201-4 Financial assistance received from government	Not applicable	Company did not receive financial assistance from the government during the year
<b>Indirect economic impacts</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	43			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	101 to 104			
	203-2 Significant indirect economic impacts	11			
<b>Procurement practices</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	43			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	100			
<b>Anti-corruption</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	162			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S)	Reason	Explanation
			Omitted		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	162			
	205-2 Communication and training about anti-corruption policies and procedures	162			
	205-3 Confirmed incidents of corruption and actions taken		205-3	Not applicable	There were no identified of corruption or actions taken
<b>Tax</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	150 to 151			
GRI 207: Tax 2019	207-1 Approach to tax	150 to 151			
	207-2 Tax governance, control, and risk management	150 to 151			
	207-3 Stakeholder engagement and management of concerns related to tax	31			
	207-4 Country-by-country reporting			Not applicable	
<b>Energy</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	110			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	110			
	302-2 Energy consumption outside of the organisation		302-2	Information unavailable/incomplete	This is beyond the scope of current energy management policy
	302-3 Energy intensity	110			
	302-4 Reduction of energy consumption	110			
	302-5 Reductions in energy requirements of products and services		302-5	Information unavailable/incomplete	This information was not captured in last financial year.

## GRI content index

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S)	Reason	Explanation
Omitted					
<b>Water and effluents</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	111 to 112			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	111 to 112			
	303-2 Management of water discharge-related impacts	111 to 112			
	303-3 Water withdrawal	111 to 112			
	303-4 Water discharge	111 to 112			
	303-5 Water consumption	111 to 112			
<b>Emissions</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	206			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	207			
	305-2 Energy indirect (Scope 2) GHG emissions	207			
	305-3 Other indirect (Scope 3) GHG emissions		305-3	Not applicable	This is beyond the scope of our current energy monitoring system.
	305-4 GHG emissions intensity	207			
	305-5 Reduction of GHG emissions	207			
	305-6 Emissions of ozone-depleting substances (ODS)		305-6	Not applicable	As a service organisation, we do not generate significant amount of these substances.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		305-7	Not applicable	"As a service organisation, we do not generate significant amount of these substances.

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S)	Reason	Explanation
Omitted					
<b>Waste</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	112			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	112			
	306-2 Management of significant waste-related impacts	112			
	306-3 Waste generated	112			
	306-4 Waste diverted from disposal	112			
	306-5 Waste directed to disposal	112			
<b>Supplier environmental assessment</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	100			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	100			
	308-2 Negative environmental impacts in the supply chain and actions taken	101			
<b>Employment</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	71			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	73			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	75			
	401-3 Parental leave	78			

## GRI content index

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S)	Reason	Explanation
Omitted					
<b>Labour/management relations</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	81			
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	81			
<b>Occupational health and safety</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	78 to 79			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	78 to 79			
	403-2 Hazard identification, risk assessment, and incident investigation	78 to 79			
	403-3 Occupational health services	78 to 79			
	403-4 Worker participation, consultation, and communication on occupational health and safety	78 to 79			
	403-5 Worker training on occupational health and safety	76			
	403-6 Promotion of worker health	78 to 79			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	78 to 79			
	403-8 Workers covered by an occupational health and safety management system	78 to 79			
	403-9 Work-related injuries	79			
	403-10 Work-related ill health	79			

GRI Standard/ Other Source	Disclosure	Location	Omission	
			Requirement(S)	Reason Explanation
Omitted				
<b>Training and education</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	75		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	75		
	404-2 Programs for upgrading employee skills and transition assistance programs	76		
	404-3 Percentage of employees receiving regular performance and career development reviews	74		
<b>Diversity and equal opportunity</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	77		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	125, 72		
	405-2 Ratio of basic salary and remuneration of women to men	77		
<b>Non-discrimination</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	77		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	77		
<b>Child labour</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	81		
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	81		

## GRI content index

GRI Standard/ Other Source	Disclosure	Location	Omission	
			Requirement(S)	Reason
				Explanation
			Omitted	
<b>Local communities</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	101 to 102		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	102 to 104		
	413-2 Operations with significant actual and potential negative impacts on local communities	No such operations		
<b>Customer health and safety</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	98		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	98 to 99		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	99		
<b>Marketing and labelling</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	99		
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	99		
	417-2 Incidents of non-compliance concerning product and service information and labelling	99		
	417-3 Incidents of non-compliance concerning marketing communications	99		
<b>Customer privacy</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	99		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	99		

# SASB Content Index

## Hotels & Lodging - Sustainability Accounting Standard

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	PAGE NO/ RELATED DISCLOSURES
Energy Management	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	SV-HL-130a.1	100
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m <sup>3</sup> ), Percentage (%)	SV-HL-140a.1	103
Ecological Impacts	Number of lodging facilities located in or near areas of protected conservation status or endangered species habitat	Quantitative	Number	SV-HL-160a.1	None
	Description of environmental management policies and practices to preserve ecosystem services	Discussion and Analysis	n/a	SV-HL-160a.2	105 to 108
Labour Practices	(1) Voluntary and (2) involuntary turnover rate for lodging facility employees	Quantitative	Percentage (%)	SV-HL-310a.1	69
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations 1	Quantitative	Presentation currency	SV-HL-310a.2	Nil
	(1) Average hourly wage and (2) percentage of lodging facility employees earning minimum wage, by region	Quantitative	Presentation currency, Percentage (%)	SV-HL-310a.3	71
	Description of policies and programmes to prevent worker harassment	Discussion and Analysis	n/a	SV-HL-310a.4	51, 67
Climate Change Adaptation	Number of lodging facilities located in 100- year flood zones	Quantitative	Number	SV-HL-450a.1	None

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE	PAGE NO
Number of available room-nights	Quantitative	Number	SV-HL-000.A	25
Average occupancy rate	Quantitative	Rate	SV-HL-000.B	25
Total area of lodging facilities	Quantitative	Square metres (m <sup>2</sup> )	SV-HL-000.C	74,932m <sup>2</sup>
Number of lodging facilities and the percentage that are: (1) managed, (2) owned and leased, (3) franchised	Quantitative	Number, Percentage (%)	SV-HL-000.D	(1) Nil (2) 1 - 100% (3) Nil

# Assurance on Non-Financial Reporting



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## INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF ASIAN HOTELS AND PROPERTIES PLC

### REPORT ON SELECTED INDICATORS INCLUDED IN ASIAN HOTELS AND PROPERTIES PLC'S INTEGRATED ANNUAL REPORT FOR THE YEAR ENDED MARCH 31, 2025/26

#### Conclusion

We have performed a limited assurance engagement on whether the selected sustainability related indicators as defined in annexure A ("Subject matter Information" or "SMI") in Asian Hotels and Properties PLC's ("the Hotel") Integrated annual report for the year ended March 31, 2026 have been prepared with reference to the selected Global Reporting Initiative Standards 2021 as mentioned in Annexure A ("Criteria").

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the selected sustainability related indicators as defined in annexure A of Asian Hotels and Properties PLC for the year ended 31st March 2026 are not prepared, in all material respects, with reference to the Criteria.

The SMI subject to our limited assurance engagement are listed in Annexure A. The assured sustainability information is marked with Italic font and marked with "LA" in the Integrated Annual Report, and the corresponding GRI indicators are also provided in Annexure A.

Our conclusion on the SMI as defined in annexure A does not extend to other information that accompanies or contains the SMI as defined in annexure A and our assurance report.

#### Basis for conclusion

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the Institute of Chartered Accountants of Sri Lanka. Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

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Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
R. G. H. Raddella ACA

W. W. J. C. Perera FCA  
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R. H. Rajan FCA  
A.M.R.P. Alahakoon ACA

Ms. S. Joseph FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.I. Perera FQMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad ACA, FQMA (UK), FQIT, K. Somasundaram ACMA (UK), Ms. D. Corea Dharmaratne



We have complied with the independence and other ethical requirements of the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics).

Our firm applies Sri Lanka Standard on Quality Management (SLSQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for limited assurance conclusion.

### Intended use or purpose

We have been engaged by the Management of Asian Hotels and Properties PLC to provide limited assurance on whether the selected SMI as defined in annexure A have been prepared with reference to the Criteria

### Restriction on use or distribution

This report has been prepared for the Board of Directors of Asian Hotels and Properties PLC for the purpose of providing an assurance conclusion on whether the selected SMI in the Asian Hotels and Properties PLC's Integrated Annual Report for the Year ended 31st March 2026 has been prepared with reference to the Criteria and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than Asian Hotels and Properties PLC, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Asian Hotels and Properties PLC, for any purpose or in any other context. Any party other than Asian Hotels and Properties PLC who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Asian Hotels and Properties PLC for our work, for this independent assurance report, or for the conclusions we have reached.

### Our conclusion is not modified in respect of this matter.

Responsibilities of Management for the SMI.

The management of the Hotel are responsible for:

- Designing, implementing and maintaining internal control relevant to the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

- Selecting or developing suitable criteria for preparing the Subject Matter Information and appropriately referring to or describing the criteria
- Preventing and detecting fraud and ensuring the Hotel's compliance with applicable laws and regulations to its activities.
- Ensuring that staff involved in preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units; and
- Preparing the Subject Matter Information with reference to the criteria
- The maintenance and integrity of Asian Hotels and Properties PLC's website, including the presentation of our independent limited assurance report on the website is the responsibility of the Asian Hotels and Properties PLC's management. Management is responsible for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Asian Hotels and Properties PLC's website.

Those charged with governance are responsible for overseeing the reporting process for the Hotel's SMI.

### Inherent limitations

The preparation of SMI is subject to inherent limitations arising from the nature of non-financial data, including the use of estimates, assumptions, and third-party information. In addition, due to the inherent limitations of any internal control system, errors or irregularities may occur and not be detected.

Our engagement was not designed to detect internal control weaknesses because the procedures were performed on a test basis and not continuously throughout the period.

### Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained;
- reporting our conclusion to the Board of Directors of Asian Hotels and Properties PLC.

Summary of the work we performed as the basis for our conclusion

## Assurance on Non-Financial Reporting



We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our procedures selected depended on our understanding of the SMI, other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- interviewed senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- enquired management to gain an understanding of the Hotel's processes for determining material issues for the Hotel's key stakeholder groups;
- enquired relevant staff at corporate and selected site level responsible for the preparation of the SMI in the Integrated Annual Report of Asian Hotels and Properties PLC for the year ended 31st March 2026;
- enquired about the design and implementation of the systems and methods used to collect and report the SMI in the Integrated Annual Report of the Asian Hotels and Properties PLC for the year ended 31st March 2026, including the aggregation of the reported information;
- compared the SMI in the Integrated Annual Report of Asian Hotels and Properties PLC for the year ended 31st March 2026 to relevant underlying sources on a sample basis to determine whether the relevant information has been appropriately included in the Report; and was not designed to test the completeness of the relevant data collection systems.
- recalculated the Information subject to Limited Assurance based on the criteria;

- read the SMI in the Integrated Annual Report of Asian Hotels and Properties PLC for the year ended 31st March 2026 presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Hotel; and
- read the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

CHARTERED ACCOUNTANTS  
Colombo

26th May 2026

## ANNEXURE A TO OUR LIMITED ASSURANCE REPORT DATED 22ND MAY 2026

The numbers in this annexure have been included in the Integrated Annual Report prepared by the Management.

Our reporting boundary is limited to the Hotel's operations in Sri Lanka

GRI Standard (The criteria relevant to the information)		Reporting Boundary	Information subject to limited assurance	Point in time or period subject to assurance	Page numbering
Disclosure 2-7 Employees	2-7 a 2-7 b (i & iv) 2-7 c 2-7 d 2-7 e	Hotel's operations in Sri Lanka	Employees Related Metrics	For the year ended 31st March 2026	69
Disclosure 2-25 Processes to remediate negative impacts	2-25 b	Hotel's operations in Sri Lanka	Processes to remediate negative impacts	For the year ended 31st March 2026	74
Disclosure 2-26 Mechanisms for seeking advice and raising concerns	2-26 a	Hotel's operations in Sri Lanka	Mechanisms for seeking advice and raising concerns	For the year ended 31st March 2026	74
Disclosure 2-28 Membership associations	2-28 a	Hotel's operations in Sri Lanka	Membership associations	For the year ended 31st March 2026	85
Disclosure 2-30 Collective bargaining agreements	2-30 a 2-30 b	Hotel's operations in Sri Lanka	Collective bargaining agreements	For the year ended 31st March 2026	75
Disclosure 201-1 Direct economic value generated and distributed	201-1 a 201-1 b	Hotel's operations in Sri Lanka	Direct economic value generated and distributed	For the year ended 31st March 2026	59
Disclosure 201-2 Financial implications and other risks and opportunities due to climate change	201-2 a	Hotel's operations in Sri Lanka	Financial implications and other risks and opportunities due to climate change	For the year ended 31st March 2026	97
Disclosure 203-1 Infrastructure investments and services supported	203-1 a	Hotel's operations in Sri Lanka	Infrastructure investments and services supported	For the year ended 31st March 2026	94, 95
Disclosure 204-1 Proportion of spending on local suppliers	204-1 a	Hotel's operations in Sri Lanka	Proportion of spending on local suppliers	For the year ended 31st March 2026	94
Disclosure 302-1 Energy consumption within the organization	302-1 a 302-1 e 302-1 f 302-1 g	Hotel's operations in Sri Lanka	Energy consumption within the organization	For the year ended 31st March 2026	100
Disclosure 302-3 Energy Intensity	302-3 a 302-3 b 302-3 c 302-3 d	Hotel's operations in Sri Lanka	Energy Intensity	For the year ended 31st March 2026	101

## Assurance on Non-Financial Reporting

GRI Standard (The criteria relevant to the information)		Reporting Boundary	Information subject to limited assurance	Point in time or period subject to assurance	Page numbering
Disclosure 302 -4 Reduction of energy consumption	302 -4 a 302 -4 b 302 -4 c 302 -4 d	Hotel's operations in Sri Lanka	Reduction of energy consumption	For the year ended 31st March 2026	100
Disclosure 302-5 Reductions in energy requirements of products and services	302-5 a 302-5 b 302-5 c	Hotel's operations in Sri Lanka	Reductions in energy requirements of products and services	For the year ended 31st March 2026	96
Disclosure 303-1 Interactions with water as a shared resource	303-1 c	Hotel's operations in Sri Lanka	Interactions with water as a shared resource	For the year ended 31st March 2026	103
Disclosure 303-3 Water withdrawal	303-3 a 303-3 c 303-3 d	Hotel's operations in Sri Lanka	Water withdrawal	For the year ended 31st March 2026	103
Disclosure 303-4 water discharge	303-4 a 303-4 b	Hotel's operations in Sri Lanka	water discharge	For the year ended 31st March 2026	103
Disclosure 303-5 Water consumption	303-5 a 303-5 d	Hotel's operations in Sri Lanka	Interactions with water as a shared resource	For the year ended 31st March 2026	103
Disclosure 306-2 Management of significant waste related impacts	306-2 a 306-2 b 306-2 c	Hotel's operations in Sri Lanka	Management of significant waste related impacts	For the year ended 31st March 2026	105
Disclosure 306-3 Waste generated	306-3 a 306-3 b	Hotel's operations in Sri Lanka	Waste generated	For the year ended 31st March 2026	104, 105
Disclosure 306-4 Waste diverted from disposal	306-4 a 306-4 b 306-4 c 306-4 d 306-4 e	Hotel's operations in Sri Lanka	Waste diverted from disposal	For the year ended 31st March 2026	104, 105
Disclosure 306-5 Waste directed to disposal	306-5 a 306-5 b 306-5 c 306-5 d 306-5 e	Hotel's operations in Sri Lanka	Waste directed to disposal	For the year ended 31st March 2026	104, 105
Disclosure 308-1 New suppliers that were screened using environmental criteria	308-1 a	Hotel's operations in Sri Lanka	New suppliers that were screened using environmental criteria	For the year ended 31st March 2026	94
Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken	308-2 a 308-2 b	Hotel's operations in Sri Lanka	Negative environmental impacts in the supply chain and actions taken	For the year ended 31st March 2026	94

GRI Standard (The criteria relevant to the information)		Reporting Boundary	Information subject to limited assurance	Point in time or period subject to assurance	Page numbering
Disclosure 401-1 New employee hires and employee turnover	401-1 a 401-1 b	Hotel's operations in Sri Lanka	New employee hires and employee turnover	For the year ended 31st March 2026	69
Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	401-2 a 401-2 b	Hotel's operations in Sri Lanka	Benefits provided to full-time employees that are not provided to temporary or parttime employees	For the year ended 31st March 2026	71
Disclosure 401-3 Parental Leave	401-3 a 401-3 b 401-3 c 401-3 d 401-3 e	Hotel's operations in Sri Lanka	Parental leave	For the year ended 31st March 2026	76
Disclosure 402-1 Minimum notice periods regarding operational changes	402-1 a 402-1 b	Hotel's operations in Sri Lanka	Minimum notice periods regarding operational changes	For the year ended 31st March 2026	75
Disclosure 403-1 Occupational health and safety management system	403-1 a 403-1 b	Hotel's operations in Sri Lanka	Occupational health and safety management system	For the year ended 31st March 2026	73, 74
Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	403-2 a 403-2 b 403-2 c 403-2 d	Hotel's operations in Sri Lanka	Hazard identification, risk assessment, and incident investigation	For the year ended 31st March 2026	73, 74
Disclosure 403-3 Occupational health services	403-3 a	Hotel's operations in Sri Lanka	Occupational health services	For the year ended 31st March 2026	73, 74
Disclosure 403-6 Promotion of worker health	403-6 a 403-6 b	Hotel's operations in Sri Lanka	Promotion of worker health	For the year ended 31st March 2026	73, 74
Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	403-7 a	Hotel's operations in Sri Lanka	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	For the year ended 31st March 2026	73, 74
Disclosure 403-8 Workers covered by an occupational health and safety management system	403-8 a 403-8 b 403-8 c	Hotel's operations in Sri Lanka	Workers covered by an occupational health and safety management system	For the year ended 31st March 2026	73, 74
Disclosure 403-9 Work-related injuries	403-9 a 403-9 b 403-9 c 403-9 d 403-9 g	Hotel's operations in Sri Lanka	Work-related injuries	For the year ended 31st March 2026	73, 74

## Assurance on Non-Financial Reporting

GRI Standard (The criteria relevant to the information)		Reporting Boundary	Information subject to limited assurance	Point in time or period subject to assurance	Page numbering
Disclosure 403-10 Work-related ill health	403-10 a 403-10 b 403-10 c 403-10 d 403-10 e	Hotel's operations in Sri Lanka	Work-related ill health	For the year ended 31st March 2026	73, 74
Disclosure 404-1 Average hours of training per year	404-1 a	Hotel's operations in Sri Lanka	Average hours of training per year	For the year ended 31st March 2026	72
Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	404-3 a	Hotel's operations in Sri Lanka	Percentage of employees receiving regular performance and career development reviews <sup>1</sup>	For the year ended 31st March 2026	71
Disclosure 405-1 Diversity of governance bodies and employees	405-1 a 405-1 b	Hotel's operations in Sri Lanka  Hotel's operations in Sri Lanka	Diversity of governance bodies and employees	For the year ended 31st March 2026	68, 114
Disclosure 405-2 Ratio of basic salary and remuneration of women to men	405-2 a	Hotel's operations in Sri Lanka	Ratio of basic salary and remuneration of women to men	For the year ended 31st March 2026	76
Disclosure 406-1 Incidents of discrimination and corrective actions taken	406-1 a 406-1 b	Hotel's operations in Sri Lanka	Incidents of discrimination and corrective actions taken	For the year ended 31st March 2026	75
Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labour	408-1 a 408-1 b 408-1 c	Hotel's operations in Sri Lanka	Operations and suppliers at significant risk for incidents of child labor	For the year ended 31st March 2026	68
Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	413-1 a	Hotel's operations in Sri Lanka	Operations with local community engagement, impact assessments, and development programs	For the year ended 31st March 2026	94, 95
Disclosure 416-1 Assessment of the health and safety impacts of product and service categories	416-1 a	Hotel's operations in Sri Lanka	Assessment of the health and safety impacts of product and service categories	For the year ended 31st March 2026	92
Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	416-2 a 416-2 b	Hotel's operations in Sri Lanka	Incidents of non-compliance concerning the health and safety impacts of products and services	For the year ended 31st March 2026	92

GRI Standard (The criteria relevant to the information)		Reporting Boundary	Information subject to limited assurance	Point in time or period subject to assurance	Page numbering
Disclosure 417-1 Requirements for product and service information and labeling	417-1 b	Hotel's operations in Sri Lanka	Requirements for product and service information and labeling	For the year ended 31st March 2026	89
Disclosure 417-2 Incidents of non-compliance concerning product and service information and labeling	417-2 a 417-2 b	Hotel's operations in Sri Lanka	Incidents of non-compliance concerning product and service information and labeling	For the year ended 31st March 2026	92
Disclosure 417-3 Incidents of non-compliance concerning marketing communications	417-3 a 417-3 b	Hotel's operations in Sri Lanka	Incidents of non-compliance concerning marketing communications	For the year ended 31st March 2026	92
Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1 a 418-1 b 418-1 c	Hotel's operations in Sri Lanka	Substantiated complaints concerning breaches of customer privacy and losses of customer data	For the year ended 31st March 2026	92

# Glossary of Financial Terms

## Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

## Accrual Basis

Recognising the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

## Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

## Average Room Rate (ARR)

Hotel room revenue divided by the number of rooms sold.

## Booking Engine

Application which helps the travel and tourism industry to support reservation through the Internet. It helps guests to book hotel services online.

## Capital Employed

Shareholders' funds plus debt.

## Cash Equivalents

Short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Contingencies

A condition or situation existing at Balance Sheet date where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events.

## Current Ratio

Current assets divided by current liabilities.

## Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

## Capital expenditure

The total additions to property, plant and equipment.

## Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of an entity, the supervision of executive actions and accountability to owners and others.

## Debt/Equity Ratio

Debt as a percentage of shareholders' funds.

## Deferred Tax

Sum set aside in the Financial Statements for taxation that may become payable in a financial year other than the current financial year.

## Dividend Yield

Dividend earned per share as a percentage of its market value.

## Dividend Cover

The ratio of company's earnings (net income) over the dividend paid to shareholders, calculated as earnings per share divided by the dividend per share.

## Dividend Per Share (DPS)

The total dividends paid out over an entire year (including interim dividends but not including special dividends) divided by the number of outstanding ordinary shares issued.

## Dividend Payout Ratio

The percentage of earnings paid to a shareholder as dividends.

## Earnings Per Share (EPS)

Profit attributable to equity holders divided by the weighted average number of ordinary shares in issue during the period.

## EBIT

Earnings before interest and tax (includes other operating income). EBIT includes interest income, depreciation and fair value gains/losses on investment property, but excludes exchange gain or loss.

## EBITDA

Earnings before interest, tax, depreciation and amortisation. EBITDA includes interest income and fair value gains/losses on investment property, but excludes exchange gain or loss.

## Effective Tax Rate

Provision for taxation for the year divided by the profit before tax.

## EPS Growth

Percentage increase in the EPS over the previous year.

## Equity Assets Ratio

Total assets divided by shareholder's equity.

**Fair Value**

Fair value is the amount for which an asset could be exchanged between knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction.

**Gross Profit Margin**

Gross profit is how much total profit a company makes after deducting the cost of goods sold. Gross profit margin is the profit a company makes expressed as a percentage

**Impairment**

This occurs when recoverable amount of an asset is less than its carrying amount.

**Intangible Asset**

An intangible asset is an identifiable non- monetary asset without physical substance.

**Interest Cover**

Profit before interest and tax over finance expenses.

**Key Management Personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

**Materiality**

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of financial Statements.

**Market Value Per Share**

The price at which an Ordinary share can be purchased in the stock market.

**Market Capitalisation**

Number of shares in issue at the end of period multiplied by the market price at end of period.

**Net Assets**

Total assets minus current liabilities minus long term liabilities.

**Net Assets Per Share**

Shareholders' funds divided by the weighted average number of ordinary shares.

**Occupancy**

The number of rooms occupied at a given time at the Hotel

**Operational Risk**

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

**Pre-Tax Return on Capital Employed (ROCE)**

Profit before interest and tax as a percentage of average capital employed at year end.

**Price Earnings Ratio**

Market price per share over Earnings per Share.

**Prudence**

Inclusion of a degree of caution in the exercise of judgement needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

**Quick Asset Ratio**

The quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets and is calculated by deducting the inventories from the current assets and comparing with the current liabilities.

**Related Parties**

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

**Return on Equity (ROE)**

Profit attributable to shareholders as a percentage of average shareholders' funds.

**Room Night**

One hotel room occupied for one night; a statistical unit of occupancy.

**Shareholders' Funds**

Stated capital, other components of equity and revenue reserves.

**Total Debt**

Long term loans plus short-term loans and overdrafts

# Corporate Information

## NAME OF COMPANY

Asian Hotels and Properties PLC

## LEGAL FORM

A Public Limited Liability Company incorporated in Sri Lanka in 1993 and registered with the Board of Investment of Sri Lanka under Section 17 of the Board of Investment Law No. 4 of 1978.

The Company was re-registered as per the New Companies Act No. 7 of 2007 on 15th June 2007.

## STOCK EXCHANGE LISTING

The issued Ordinary shares of the Company are listed on the Main Board of the Colombo Stock Exchange of Sri Lanka

## COMPANY REGISTRATION NO.

PQ 2

## BOARD OF DIRECTORS

Mr. Krishan Niraj Jayasekara Balendra - Chairperson  
Mr. Joseph Gihan Adisha Cooray  
Mr. Jegatheesan Durairatnam  
Mr. Ashan Suresh De Zoysa  
Mr. Changa Lashantha Poojitha Gunawardane  
Ms. Aroshi Nanayakkara  
Mr. Nayana Nadeesha Mawilmada - Managing Director  
(Date of Appointment - 08 September 2025)  
Mr. Mohamed Hishan Singhawansa  
(Date of Appointment - 06 January 2026)  
Mr. Mikael Roland Svensson (Date of Resignation - 31 August 2025)  
Mr. Suresh Rajendra (Date of Resignation - 31 December 2025)

## AUDIT COMMITTEE

Ms. A Nanayakkara – Chairperson  
Mr. J Durairatnam  
Mr. A S De Zoysa

## HUMAN RESOURCES AND COMPENSATION COMMITTEE

Mr. J Durairatnam – Chairperson  
Mr. A S De Zoysa  
Mr. J G A Cooray

## NOMINATIONS AND GOVERNANCE COMMITTEE

Mr. A S De Zoysa - Chairperson  
Mr. K N J Balendra  
Mr. J Durairatnam

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Ms. A Nanayakkara - Chairperson  
Mr. J Durairatnam  
Mr. A S De Zoysa

## COMPANY SECRETARIES

Keells Consultants (Private) Limited  
117, Sir Chittampalam A. Gardiner Mawatha, Colombo 2.

## REGISTERED OFFICE

No.77, Galle Road, Colombo 03.  
Tel: +94 112 437 437 Fax: +94 11 5547555  
E-mail: grand@cinnamonhotels.com

## AUDITORS

Messrs. KPMG  
Chartered Accountants  
32A, Sir Mohamed Macan Markar Mawatha  
Colombo 03.

## BANKERS

Deutsche Bank AG  
Seylan Bank  
Hongkong & Shanghai Banking Corporation.  
Nations Trust Bank  
DFCC Bank  
CITI Bank N.A  
Bank of Ceylon  
Commercial Bank of Ceylon  
Hatton National Bank

# Notice of Meeting

Notice is hereby given that the Thirty Second Annual General Meeting ("Meeting") of Asian Hotels and Properties PLC (the 'Company') will be held as a virtual meeting on Thursday, 25 June 2026 at 10.30 a.m.

The business to be brought before the Meeting will be to:

1. To read the Notice convening the Meeting.
2. receive and consider the Annual Report and Financial Statements for the Financial Year ended 31 March 2026 with the Report of the Auditors thereon.
3. re-elect as a Director, Ms. A Nanayakkara who retires in terms of Article 84 of the Articles of Association of the Company. A brief profile of Ms. A Nanayakkara is contained in the Board of Directors section of the Annual Report.
4. To re-elect as a Director, Mr. N N Mawilmada who retires in terms of Article 91 of the Articles of Association of the Company. A brief profile of Mr. N N Mawilmada is contained in the Board of Directors section of the Annual Report.
5. To re-elect as a Director, Mr. M H Singhawansa who retires in terms of Article 91 of the Articles of Association of the Company. A brief profile of Mr. M H Singhawansa is contained in the Board of Directors section of the Annual Report.
6. re-appoint Auditors, Messrs. KPMG, Chartered Accountants, and to authorise the Directors to determine their remuneration.
7. consider any other business of which due notice has been given in terms of the relevant laws and regulations.

The Annual Report of Asian Hotels and Properties PLC for 2025/26, is accessible via:

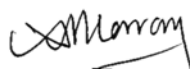
(1) The Corporate Website – <a href="https://keells.com/resource/reports/group-annual-reports/Asian-Hotels-and-Properties-PLC.pdf">https://keells.com/resource/reports/group-annual-reports/Asian-Hotels-and-Properties-PLC.pdf</a>		(2) The Colombo Stock Exchange (CSE)– <a href="https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=AHPL.N0000">https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=AHPL.N0000</a>	
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(3) The above QR Code (accessible through mobile devices):

Should Members wish to obtain a hard copy of the Annual Report 2025/26, they may send a request to the Company by filling the Form of Request attached to the Form of Proxy. A printed copy of the Annual Report will be forwarded by the Company within eight (8) market days from the date of receipt of the request, subject to the circumstances prevailing at the time, unless collected in person.

By Order of the Board

Asian Hotels and Properties PLC



Keells Consultants (Private) Limited  
Secretaries

26 May 2026

## NOTES:

- i. A Member unable to attend the Meeting is entitled to appoint a Proxy to attend and vote in their place.
- ii. A Proxy need not be a Member of the Company.
- iii. A Member wishing to vote by Proxy at the Meeting may use the Form of Proxy enclosed herein.
- iv. Members are encouraged to vote by Proxy, through the appointment of a member of the Board of Directors, to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the Meeting, in the Form of Proxy.
- v. In order to be valid, the completed Form of Proxy must be lodged at No 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02 or forwarded to the email address: keellsconsultants@keells.com not less than 48 hours before the Meeting.
- vi. A vote can be taken on a show of hands or by a poll. If a poll is demanded, each share is entitled to one vote. Votes can be cast in person, by proxy or corporate representatives. In the event an individual Member and their Proxy holder are both present at the Meeting, only the Member's vote is counted. If the Proxy holder's appointor has indicated the manner of voting, only the appointor's indication of the manner to vote will be used.
- vii. Instructions as to attending the virtual Meeting are attached.







# Form of Proxy

I/We.....of  
 .....being  
 a member/s of Asian Hotels and Properties PLC hereby appoint.....  
 ..... of  
 ..... or failing him/her

Mr. Krishan Niraj Jayasekara Balendra or failing him  
 Mr. Joseph Gihan Adisha Cooray or failing him  
 Mr. Nayana Nadeesha Mawilmada or failing him  
 Mr. Changa Lashantha Poojitha Gunawardane or failing him  
 Mr. Mohomed Hishan Singhawansa or failing him  
 Ms. Aroshi Nanayakkara or failing her  
 Mr. Jegatheesan Durairatnam or failing him  
 Mr. Ashan Suresh De Zoysa

as my/our proxy to represent me/us and vote on my/our behalf at the Thirty Second Annual General Meeting of the Company to be held on 25 June 2026 at 10.30 a.m.; and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

I/We, the undersigned, hereby direct my/our proxy to vote for me/us and on my/our behalf on the specified Resolution as indicated by the letter 'X' in the appropriate cage:

	FOR	AGAINST	ABSTAINED
1. To re-elect as a Director, Ms. A Nanayakkara who retires in terms of Article 84 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director, Mr. N N Mawilmada who retires in terms of Article 91 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as a Director, Mr. M H Singhwansa who retires in terms of Article 91 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Auditors Messrs. KPMG, Chartered Accountants and to authorise the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this ..... day of ..... Two Thousand and Twenty-Six

Signature/s of shareholder/s

Note: INSTRUCTIONS AS TO THE COMPLETION OF THE FORM OF PROXY ARE NOTED ON THE REVERSE.

## Form of Proxy

### INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

1. Please perfect the Form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at No. 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 2 or e-mailed to keellsconsultants@keells.com, no later than 48 hours before the time appointed for the convening of the Meeting.
1. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
2. If the appointor is a company or corporation, the Form of Proxy should be executed under its Common Seal or by a duly authorised officer of the company or corporation in accordance with its Articles of Association or Constitution.
3. If this Form of Proxy is returned without any indication of how the person appointed as Proxy shall vote, then the Proxy shall exercise their discretion as to how they vote or, whether or not they abstain from voting.

Please fill in the following details:

Name : .....

Address : .....

.....

.....

Jointly with : .....

Share Folio No./CDS account No.: .....

National Identity Card No.: .....

Designed & produced by

**emagewise**

**Asian Hotels and Properties PLC**  
No.77, Galle Road, Colombo 03  
Tel: +94 11 2497205 Fax: +94 11 5547555  
E-mail: [grand@cinnamonhotels.com](mailto:grand@cinnamonhotels.com)