HOTEL DEVELOPERS

(LANKA) LTD

Enduring Stature

Annual Report 2025

Contents

Enduring Stature

A top-down perspective of our flagship property reveals far more than sweeping architecture and beautiful landscapes. It showcases an undisputed stronghold in Sri Lanka's commercial capital. Over the past three decades, Hotel Developers Lanka Ltd has built a resilient, dynamic enterprise capable of mastering shifting market landscapes. Our historic water gardens stand as a quiet testament to that longevity, yet our corporate engine is anything but static. The enduring stature of our flagship property serves as a highly stable financial and operational foundation. It provides the platform from which we launch our future ambitions. Backed by 39 years of proven market dominance, we possess the operational muscle and strategic agility to pioneer the next era of innovative hospitality. We are ensuring our investments continue to compound in value and relevance.

About Us

Hotel Developers (Lanka) Ltd (HDL) was incorporated in 1983 with the purpose of owning and managing one of Sri Lanka's most valuable hospitality assets, Hilton Colombo. The Company is a State Owned Enterprise with 100% of it shares vested with the Treasury of Sri Lanka. Over four decades, HDL has built and preserved a significant asset base anchored at Echelon Square, Colombo 01, commanding a prime land extent of 6.2 acres in the heart of the city's central business district, one of the most strategically located and commercially valuable real estate footprints in Sri Lanka. HDL's business model combines the stability of a prime real estate property with the commercial dynamism of a globally branded luxury hotel operation, positioning the Company as a distinctive and resilient enterprise within Sri Lanka's hospitality and investment landscape.

AT A GLANCE

1983	6.2ac	368	39yr	100%
Est.	**Prime**	**Rooms**	**Partnership**	**State**
Year incorporated	Land in Colombo 01	Guest rooms & suites	With Hilton Worldwide	Government owned

COMPANY OVERVIEW & STRATEGIC PARTNERSHIP

Company overview	Strategic partnership - Hilton Worldwide
The Hilton Colombo property spans 4.4 acres of prime real estate in the heart of Colombo's central business district, complemented by an additional 1.8 acres along Lotus Road, Colombo 01, designated for the development and operation of world-class recreational and wellness facilities. A 99-year lease agreement for this adjacent land parcel is currently being finalised, further consolidating HDL's real estate footprint. HDL was originally a publicly listed entity on the Colombo Stock Exchange. In 2011, the Company became a fully state-owned enterprise with 100% of its issued share capital vested in the Secretary to the Treasury of Sri Lanka positioning HDL as a key national asset within the Government's portfolio of strategic state enterprises.	Since first signed in 1984, HDL's Management Agreement with Hilton Worldwide has endured for four decades making it, one of the hospitality industry's most longstanding owner-operator partnerships. Hilton Worldwide, which operates more than 8,800 properties across 140 countries, brings world-class brand equity, proven operational expertise, and globally benchmarked standards to every facet of the hotel's management. Through this partnership, delivers a compelling dual value proposition combining the commercial performance of a globally branded luxury hotel with the broader economic contribution of a strategically significant national enterprise, driving revenue growth, asset appreciation, and sustainable stakeholder returns. What the partnership delivers: • Access to Hilton's global brand, Hilton Honors loyalty ecosystem & worldwide distribution • Globally benchmarked operating systems, technology platforms & service standards • Global talent management, L&D & HR frameworks • Revenue optimisation, strategic marketing & global sales capabilities • Compliance, risk management & crisis response protocols

About Us

PROPERTY HIGHLIGHTS - HILTON COLOMBO

Hilton Colombo stands as Sri Lanka's flagship luxury city hotel, prominently located in the heart of Colombo's central business district. The property serves a broad and distinguished clientele including international and domestic business travellers, leisure tourists, and event delegates offering a seamlessly integrated luxury hospitality experience that consistently meets and exceeds global standards,

Accommodation

- 368 elegantly appointed guest rooms and suites
- Presidential & Junior Presidential Suites
- Contemporary design with superior comfort
- Executive Lounge with premium services
- Fully refurbished to Hilton brand standards

Dining & Entertainment

- Seven distinctive dining & entertainment venues
- Casual to fine dining across all cuisine styles
- Indoor, open-air settings
- Signature outlets: Graze Kitchen, Emperor's Wok
- LAB, SunsetBlu & Café Kai for social occasions

Meetings & Events

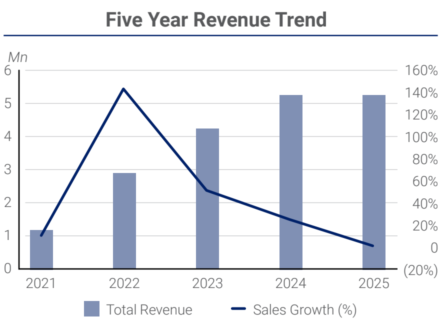
- Grand Ballroom with adjoining pre-function area
- 17 fully equipped meeting rooms
- Flexible configurations for all event types
- State-of-the-art AV & conferencing technology
- Preferred venue for MICE, weddings & exhibitions

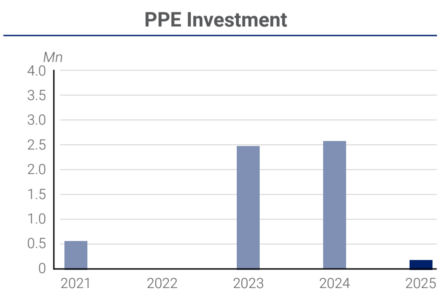
Wellness & Recreation

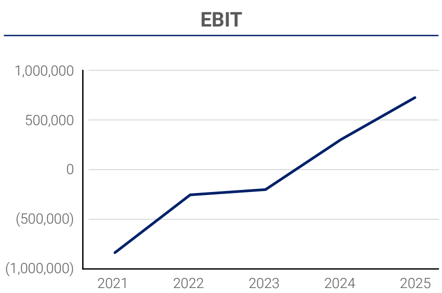
- Dedicated wellness & lifestyle complex (1.8 acres)
- State-of-the-art gymnasium
- Outdoor swimming pool
- Holistic spa, sauna & steam rooms
- Squash courts & children's facilities

Financial Highlights

	2025	2024
Room Revenue LKR '000	1,823,949	1,848,222
F&B Revenue LKR'000	3,362,594	3,342,408
Other Revenue LKR '000	51,871	56,153
Social Security Levy LKR '000	146,133	146,306
Total Revenue LKR '000	5,384,547	5,393,089
Gross Profit LKR '000	2,899,864	2,684,204
Gross Profit Margin %	54%	50%
Gross Operating Profit LKR '000	1,220,151	872,082
Gross Operating Profit %	23%	16%
Profit/(Loss)before Tax LKR'000	139,074	(268,347)
Profit After Tax LKR'000	48,498	(339,837)
Total Comprehensive Income for the Period LKR '000	91,923	(351,638)
Earning/(Loss) per share LKR	0.02	(0.17)
Average Room Rate LKR	26,255	31,691
Occupancy %	57%	51%
Long Term Interest Bearing Borrowings LKR'000	3,248,210	3,354,136
Short Term Debt	2,488,354	2,255,220
Total Equity LKR '000	12,007,179	11,915,257
Debt/Equity %	47.78%	47.08%
Total Assets LKR '000	21,315,220	21,426,589
Debt /Total Assets %	26.91%	26.18%
Current Assets LKR'000	1,004,470	872,837
Current Lliabilities LKR'000	4,203,331	4,462,726
Current Ratio (times)	0.24	0.20
Quick Assets Ratio (times)	0.21	0.17







Operational Highlights

Our Facilities

The main hotel property is on 4.5 acres land in prime location of Colombo

GUEST ROOMS
368

FOOD AND BEVERAGE OUTLETS
07

CONFERENCE & EVENTS SPACES
17

SPORT CENTER AND OTHER RECREATIONAL FACILITIES ON
1.87 acres land

Our Team

OUR TEAM
601 Employees (2024: 605)

TRAINING AND DEVELOPMENT HOURS
64,315 Annual Trainee Hours (2024: 65,098)

PAYMENTS TO EMPLOYEES (INCLUDING SERVICE CHARGE)
Rs. 1,159 Mn (2024: Rs. 1,262 Mn)

Health & Saftey Certificates

FOOD & SAFTEY MANAGEMENT SYSTEMS

- Food Safety Management Systems (ISO 22000:2018)
- HACCP


SGS

Certificate LK11/771042043

The management system of

Hilton COLOMBO

No 02, Sir Chipttampalam A. Gradiner Mawatha, Colombo, Sri Lanka.

has been assessed and certified as meeting the requirements of

ISO 22000:2018

For the following activities

Preparation and Serving of Food & Beverages.

Food Category -E - Catering

This certificate is valid from 11 July 2023 until 05 July 2026 and remains valid subject to satisfactory surveillance audits.

Issue 6. Certified since 05 July 2011

Last certificate expiry date 05 July 2023

Recertification audit date 22 June 2023

Authorised by

Jonathan Hall

Global Head - Certification Services

SGS United Kingdom Ltd

Rossmore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK

IAF

Page 1 / 1


SGS

Certificate LK17/711041237

The management system of

Hilton COLOMBO

No 02, Sir Chipttampalam A. Gradiner Mawatha, Colombo, Sri Lanka.

has been assessed and certified as meeting the requirements of

HACCP Certification (Hazard Analysis and Critical Control Point) Based upon Codex Alimentarius General Principles of Food Hygiene CXC 1-1969 (2020)

For the following activities

Preparation and Serving of Food & Beverages.

Food Category: E - Catering

This certificate is valid from 16 September 2023 until 16 September 2026 and remains valid subject to satisfactory surveillance audits.

Issue 3. Certified since 03 July 2017

Authorised by

Chamika Wimalasiri

SGS Lanka Ltd.

Page 1 / 1

World Travel Awards

- Sri Lanka's Leading Conference Hotel 2025


CELEBRATING TRAVEL EXCELLENCE
SINCE 1993

32ND ANNUAL WORLD TRAVEL AWARDS

Sri Lanka's Leading Conference Hotel 2025

Hilton Colombo

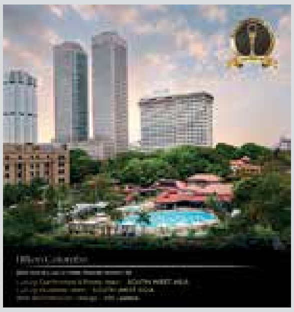
This certifies that the holder has been voted the winner of this award by the voters of the 32nd annual World Travel Awards.

GRAHAM E. COOKE
Founder

worldtravelawards.com

World Luxury Hotel Awards

- Best Architectural Design in Sri Lanka
- Best Luxury Business Hotel in South West Asia
- Best Luxury Conference & Event Hotel in South West Asia




WORLD LUXURY HOTEL
AWARDS

This is to certify that

Hilton Colombo

is hereby declared the

2025 Winner

for

Best Architectural Design

in

Sri Lanka

This award serves as recognition of sustained commitment to excellence and outstanding achievement in the luxury hospitality industry. World Luxury Hotel Awards hereby certifies the participation of the winner in the 2025 awards and congratulates them on this accomplishment.

Jana Stoman
Executive Manager

Brandon Lourens
Founder and CEO


WORLD LUXURY HOTEL
AWARDS

This is to certify that

Hilton Colombo

is hereby declared the

2025 Winner

for best

Luxury Business Hotel

in

South West Asia

This award serves as recognition of sustained commitment to excellence and outstanding achievement in the luxury hospitality industry. World Luxury Hotel Awards hereby certifies the participation of the winner in the 2025 awards and congratulates them on this accomplishment.

Jana Stoman
Executive Manager

Brandon Lourens
Founder and CEO


WORLD LUXURY HOTEL
AWARDS

This is to certify that

Hilton Colombo

is hereby declared the

2025 Winner

for best

Luxury Conference & Event Hotel

in

South West Asia

This award serves as recognition of sustained commitment to excellence and outstanding achievement in the luxury hospitality industry. World Luxury Hotel Awards hereby certifies the participation of the winner in the 2025 awards and congratulates them on this accomplishment.

Jana Stoman
Executive Manager

Brandon Lourens
Founder and CEO

Operational Highlights

India's Best Awards 2025 by Travel and Leisure India

- Best Family Hotel/Resort - International Hotels category

LMD Superbrands

- Recognized as a LMD Superbrand in the Hotels and Resorts category for 2025

Great Place to Work Awards 2025 - Hilton Colombo as part of Hilton Sri Lanka

- Best Workplace in Asia
- Best Multi-National Corporation
- Best Workplace in Sri Lanka (Large Category)
- Industry Excellence Award - Hospitality, Travel & Tourism
- 5-Year Legend Award


Hilton

Key Milestones

1

1983

Incorporation

Hotel Developers (Lanka) Ltd incorporated and listed on the Colombo Stock Exchange, establishing its mandate as the owner of Hilton Colombo.

2

1984

Management Agreement

First Management Agreement signed with Hilton International, marking the beginning of a four-decade global partnership.

3

1987

Hotel Opening

Hilton Colombo opens as Sri Lanka's premier luxury city hotel, redefining the standard of hospitality in the nation's capital.

4

2011

State Ownership

HDL transitions to a 100% state-owned enterprise, with shareholding fully vested in the Secretary to the Treasury of Sri Lanka.

5

2012

MA renegotiated

Management Agreement renegotiated on improved terms, management fees restructured from 33% of GOP to 11.75% of GOP, delivering substantial long-term value to HDL.

6

2015

Refurbishment commences

HDL launches a comprehensive multi-phase refurbishment programme to modernise and elevate Hilton Colombo's accommodation and guest facilities.

7

2018

Phase 1 completed

Successful completion of Phase 1, encompassing full renovation of public areas and significant augmentation of guest-facing services and operational infrastructure.

8

2019

MA renewed

Management Agreement renewed with Hilton Worldwide for a further five years, reaffirming the strength and strategic value of the long-standing partnership.

9

2023

MA extended

Management Agreement extended on a temporary basis until 2026 to ensure continuity of operations and brand standards pending completion of negotiations.

10

2024

Refurbishment completed

Phase 2 refurbishment completed - 264 guest rooms fully restored to the highest Hilton brand standards, restoring the hotel to its full operational capacity of 368 rooms.

11

2025

Profit milestone

Hilton Colombo records its first net profit in Seven years, delivering its strongest financial performance since 2017 - a landmark achievement reflecting the cumulative impact of strategic investments and operational turnaround.

Chairman’s Review

“The year 2025 marks a defining milestone in our Company’s journey. I am pleased to report that, for the first time since 2017, we have returned to profitability, recording a Profit After Tax of Rs. 48.5 Mn following a Seven-year interval. This achievement reflects not only a strong financial recovery but also the successful transformation of our business through disciplined strategy, operational focus, and consistent execution.”

Dear Shareholder,

On behalf of the Board of Directors, I am honored to present the Annual Report and Audited Financial Statements of Hotel Developers (Lanka) Ltd for the financial year ended 31st December 2025.

The Company achieved a commendable recovery and improved financial performance during the year under review, recording a profit after a lapse of seven years. This performance reflects the strength of our strategic direction, disciplined execution, and our unwavering commitment to the core values that continue to guide our decisions and long-term vision.

Global Tourism Outlook

In 2025, the global tourism sector maintained a steady recovery, driven by strong travel demand, enhanced air connectivity, and the gradual return of international mobility. Most destinations reported growth in both international arrivals and tourism revenues, reflecting the resilience of the industry.

Europe remained the world's largest tourism destination, welcoming approximately 793 Mn international visitors, reflecting sustained strength across Western and Southern Mediterranean Europe. The Americas recorded modest growth overall, with strong performances in South and Central America, although some Caribbean destinations were affected by extreme weather events during the latter part of the year.

Africa delivered one of the strongest regional performances, with international arrivals increasing by 8%, driven largely by robust growth in North Africa. The Middle East continued to demonstrate remarkable resilience, with visitor numbers approaching 100 Mn and significantly exceeding pre-pandemic levels. Meanwhile, Asia and the Pacific maintained its recovery trajectory, with international arrivals rising by 6%, supported by strong growth in North-East Asia and a full recovery in South Asia.

The recovery in global travel was also reflected in broader industry indicators. International tourism receipts reached an estimated USD 1.9 Tn in 2025, contributing to total tourism export revenues of approximately USD 2.2 Tn, while global accommodation occupancy levels remained stable.

Looking ahead, global tourism is projected to grow by 3% to 4% in 2026, surpassing 1.5 Bn international arrivals, supported by sustainability initiatives, AI - enabled personalization, wellness travel, and rising demand for authentic and less congested destinations

Sri Lanka Tourism Outlook - 2025 and Beyond

Sri Lanka's tourism sector recorded strong growth in 2025, with international arrivals increasing to 2,362,521, compared to 2,053,465 in 2024, reflecting a 15.1% year on year increase and surpassing the all-time high arrivals in 2018. This performance highlights the continued recovery of the sector, supported by growing traveller confidence, improved destination appeal, enhanced air connectivity, and sustained promotional efforts.

Monthly performance trends indicate broad-based growth throughout the year. The early part of the year recorded strong increases, with January showing 21.4% growth, followed by steady gains in February and March, reflecting strong winter demand from key long-haul markets. Growth remained encouraging during the mid-year period, with April, May, and June registering notable increases, suggesting improved management of shoulder-season travel. While July recorded comparatively moderate growth, arrivals strengthened significantly during the latter part of the year, with September recording the highest growth at 30.2%. December continued to be a strong month in terms of total arrivals, although growth moderated due to the impact of Cyclone Ditwah.

Europe and Asia-Pacific remain Sri Lanka's dominant source regions, together accounting for more than 90% of arrivals in 2025. India remained the largest source market, contributing over 532,000 visitors, followed by the United Kingdom and Russia, while markets such as Australia, France, Bangladesh, and the Netherlands demonstrated notable growth.

Leisure travel continues to dominate visitor motivation, accounting for over 70% of arrivals across most major markets, supported by Sri Lanka's strong appeal as a destination for beaches, culture, heritage, and nature-based experiences.

By the end of the year, total arrivals reached approximately 2.3 Mn, generating around USD 3.2 Bn in tourism earnings. This performance underscores tourism's continued importance as a key contributor to foreign exchange inflows and broader macroeconomic stability, while placing the country on a promising trajectory toward its target of 3 Mn arrivals by 2026.

"Hilton Colombo: A Year of Strategic Transformation and Growth"

Financial performance

The year 2025 marks a defining milestone in our Company's journey. I am pleased to report that, for the first time since 2017, we have returned to profitability, recording a Profit After Tax of Rs. 48.5 Mn following a Seven year interval. This achievement reflects not only a strong financial recovery but also the successful transformation of our business through disciplined strategy, operational focus, and consistent execution.

Total revenue for the year amounted to Rs. 5.38 Bn, remaining broadly consistent with Rs. 5.39 Bn recorded in the previous year. Despite stable revenue levels, the Company achieved a meaningful improvement in gross profit, which increased to Rs. 2.90 Bn compared to Rs. 2.68 Bn in 2024. This improvement was primarily driven by higher room

Chairman's Review

occupancy levels, supported by enhanced cost management and improved operational efficiencies across the Company's properties.

Operating performance strengthened significantly during the year, with EBITDA increasing to Rs. 1.22 Bn, compared with Rs. 872 Mn in the previous year, reflecting improved operating margins and disciplined cost control. After accounting for depreciation and amortization of Rs. 474 Mn, the Company recorded an operating profit of Rs. 746 Mn, more than doubling the Rs. 311 Mn reported in 2024.

Finance charges remained a significant cost component during the year, amounting to Rs. 623 Mn, reflecting the Company's existing financing structure. During the third quarter, the Company successfully refinanced its borrowing facilities on more favorable terms, strengthening its financial position. This restructuring is expected to gradually reduce finance costs, improve profitability, and enhance cash flows, supporting the Company's strategy for long-term debt sustainability.

Consequently, the Company recorded a profit after tax of Rs. 48.5 Mn compared to a loss of Rs.340 Mn and total comprehensive income of Rs. 91.9 Mn, supported by a revaluation surplus, underscoring a decisive financial turnaround. These results highlight the strength of our operational strategies, disciplined cost management, and solid financial foundation, positioning the Company for sustainable growth in the years ahead.

Robust Operational Progress

For the first time since 2015, the Hotel has returned to its full inventory of 368 guest rooms following the successful completion of the comprehensive guest room renovation programme in late 2024. This milestone represents a key step in our strategic repositioning. With a fully refurbished product offering, the Hotel is well positioned to meet rising market demand and compete effectively in an increasingly dynamic hospitality landscape.

The availability of full room inventory and refurbished guest rooms has been instrumental in strengthening financial performance in 2025, contributing to a notable improvement in the Gross Operating Profit. Enhanced product quality, disciplined cost management, and targeted revenue strategies have accelerated recovery and reinforced the Hotel's market positioning.

In its first full post renovation year, Hilton leveraged favorable market conditions, recording strong momentum in the leisure segment during peak holidays and major events. This trend is expected to continue through the upcoming Lunar New Year season, supporting occupancy growth and rate optimization, while corporate and group demand is anticipated to recover steadily in the second quarter. Business travel has remained resilient, and MICE segments are forecasted to rebound progressively as market confidence strengthens.

Innovation and service excellence remain central to our transformation. Initiatives including the evolution of the Hilton Honors programme with the Diamond Reserve tier, and AI - driven operational enhancements, are designed to deepen guest loyalty, optimize distribution, and personalize experiences.

Operational improvements, coupled with strengthened Food and Beverage performance, have expanded growth prospects. Planned upgrades to the grand ballroom and the anticipated opening of the Sri Lankan restaurant "Curry Leaf" in late 2026 are expected to unlock new revenue streams.

Having concluded 2025 on a strong footing, we approach the future with cautious optimism, confident in the Hotel's ability to sustain momentum and deliver long-term value to shareholders.

Looking Forward

The stable economic and political environment, supported by prudent fiscal and monetary policies under the IMF - backed reform programme, is expected to guide the country toward moderate economic growth and improved investor confidence.

I am confident that Sri Lanka is exceptionally well-positioned to strengthen its reputation as a premier destination for MICE (Meetings, Incentives, Conferences, and Exhibitions) tourism. The country's strategic location, expanding infrastructure, and growing appeal to international business travelers provide a strong foundation to capture rising global demand for business events, particularly from key regional markets such as India.

In response to rising regional opportunities, the Company is sharpening its focus on stronger performance, higher profitability, sustainable debt serviceability, and an upgraded hotel property, enabling us to compete effectively, deliver lasting guest experiences, and build enduring shareholder value. As part of this strategy, Hilton is enhancing its regional presence by relocating its reporting office to India, effective from 1 January 2026. This strategic move will enable closer engagement with key markets, strengthen regional partnerships, and better capitalize on the increasing demand for business and high-value travel from the region.

In parallel, the Company is in the process of finalizing negotiations to extend the operating term of the Management Agreement with Hilton Management Corporation, incorporating performance-based conditions aimed at improving operational efficiency, enhancing profitability, and delivering greater value to shareholders.

Our Colombo property, located in the heart of the Central Business District with convenient access to Colombo Port City and the Elevated Highway, is uniquely positioned to attract business travelers and event organizers. Supported by fully renovated guest rooms and enhanced amenities, Hilton Colombo offers an ideal setting for seamless connectivity to commercial, governmental, and tourism hubs.

The Government's proactive initiatives, including the planned development of state-of-the-art convention facilities within Colombo Port City, underscore its commitment to enhancing Sri Lanka's competitiveness in the global MICE sector. These investments are expected to expand the country's event-hosting capacity, strengthen its appeal to regional markets, and create new opportunities in high-value segments such as destination weddings, particularly targeting Indian travelers.

Further strategic priorities, including the expansion of airport terminal capacity to accommodate higher passenger volumes and attract international carriers, will enhance Sri Lanka's connectivity and unlock the full potential of its tourism sector. A coordinated approach by the Government and stakeholders will be critical to achieving the national goal of over 3 million tourist arrivals, supporting broader economic growth and positioning Sri Lanka as a leading destination for business and Leisure tourism.

Appreciation

As we reflect on the year, I extend my sincere appreciation to my fellow Directors for their guidance and sound counsel and to our valued shareholder for the continued confidence and support from our long-term vision. I also acknowledge the contributions of my predecessors, whose efforts laid a strong foundation for our progress. My gratitude goes to the Senior Management team and all Hilton Colombo Team Members for their dedication and commitment and to Hilton International Management Corporation for their ongoing support. Finally, I thank our guests for their trust and loyalty as we remain committed to delivering exceptional experiences.

Pravir Samarasinghe
Chairman

Chief Operating Officer’s Review

Dear Stakeholders,

The Chairman has eloquently outlined the strategic significance of FY2025 and the Board’s long-term vision for the Company. I would like to complement that perspective by highlighting the operational achievements that underpinned our performance during the year and the collective efforts that translated strategy into tangible results.

Delivering Performance Through Operational Excellence

The return to profitability in 2025 was the outcome of disciplined execution, operational resilience, and a shared commitment to operational excellence. During the year, the Company generated revenue of Rs. 5.38 billion despite a challenging operating environment, including the impact of Cyclone Ditwah during the final quarter, which resulted in event cancellations and softer guest arrivals during what is traditionally one of our strongest trading periods.

Against this backdrop, The Company delivered a net profit of Rs. 48.5 million and EBITDA of Rs. 1.22 billion, reflecting the strength and adaptability of our operating model.

A key contributor to this performance was our continued focus on cost discipline. Cost of sales declined by 8.2% year-on-year despite ongoing inflationary pressures. This achievement was realised without compromising our quality or service standards and was driven by more effective procurement practices, enhanced inventory management, and sustained efforts to reduce waste across our food and beverage operations. As a result, gross profit margin improved to 53.9%, representing the strongest margin performance achieved in recent years.

Our People: The Foundation of Our Success

Our achievements in 2025 would not have been possible without the dedication, professionalism, and resilience of the Hilton Colombo team. Guided by the operational frameworks and values of Hilton Worldwide, our team members continue to embody the service excellence that defines the Hilton brand.

Throughout the year, our people demonstrated remarkable adaptability and commitment, consistently delivering exceptional guest experiences despite a dynamic operating environment. Their passion for hospitality and pride in their work remain among our greatest strengths.

We also continued to invest in our workforce through structured learning and development programmes, performance recognition initiatives, and a workplace culture founded on diversity, equity, inclusion, and well-being. Building a high-performance, people - centred organization is a long-term commitment, and one that remains central to sustaining our operational success and future growth.

Operational Highlights

A significant milestone in the Company's journey was achieved with the full restoration of Hilton Colombo's accommodation inventory following the completion of the refurbishment of 264 guest rooms in late 2024. Consequently, 2025 marked the first full year in over a decade that all 368 rooms were available for commercial operations.

All refurbished rooms now fully comply with Hilton Worldwide's brand standards, offering the quality, comfort, and consistency expected by our guests. Market response has been highly encouraging, reflected in stronger occupancy levels and improved guest satisfaction metrics. Our Booking.com rating increased to 8.8 from 8.6 in the previous year, underscoring the positive impact of the refurbishment programme on the guest experience.

Occupancy increased to 57%, compared with 51% in the previous year, validating the strategic rationale behind the investment and demonstrating the property's enhanced competitiveness in the market.

Our food and beverage operations continued to be a key pillar of performance, generating revenue of Rs. 3.36 billion and contributing the majority of total revenue. The strength of our dining and events offerings, supported by a vibrant calendar of corporate functions, MICE events, cultural celebrations, and community initiatives, reinforced Hilton Colombo's position as a leading hospitality destination in Colombo.

Looking Ahead

Our priorities for 2026 are clear and focused.

First, we remain committed to sustaining and building upon the momentum achieved in 2025. Encouragingly, performance during the early months of 2026 is tracking ahead of budget, providing a strong foundation for continued growth.

Second, we will focus on the successful delivery of key capital investment projects, including the renovation of the Grand Ballroom and the launch of a dedicated Sri Lankan restaurant. These strategic initiatives are expected to further strengthen our revenue platform and enhance the guest experience.

Third, we will continue to work closely with Hilton Worldwide toward the successful renewal of the Management Agreement, ensuring continuity of brand strength, global distribution capabilities, and operational expertise that remain integral to our long-term success.

In parallel, we remain committed to the ongoing optimisation of our workforce structure. This is not an exercise in workforce reduction, but rather a disciplined approach to enhancing organisational effectiveness, eliminating structural inefficiencies, and ensuring that our human resources are aligned with the operational requirements of a fully refurbished and high-performing hotel. Through improved productivity, greater cost efficiency, and the optimal deployment of talent, we aim to strengthen profitability while preserving the exceptional service standards that distinguish Hilton Colombo.

In Closing

I am immensely proud of what the Hilton Colombo team has accomplished in 2025. The year's achievements are a testament to the dedication of our employees, the expertise of our management team, and the guidance and support of our Board of Directors.

On behalf of the management team, I extend my sincere gratitude to our guests, business partners, shareholders, and every member of the Hilton Colombo family. Their continued trust and commitment have been instrumental in our success.

As we look ahead, we do so with confidence, strengthened by the progress we have made and inspired by the opportunities that lie before us. Together, we will continue to build a stronger, more resilient, and more profitable Hilton Colombo for the benefit of all our stakeholders.

Shamahil Mohideen
Chief Operating Officer

Board of Directors

Mr. P D Samarasinghe
Chairman

Mr. Samarasinghe is the Director/ Chief Executive Officer of Overseas Realty (Ceylon) PLC, the premier real estate investment, development, and management company listed on the Colombo Stock Exchange. He is a Fellow Member of both the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants (UK), and holds a Master's Degree in Business Administration.

With over 38 years of professional and commercial experience, including 23 years in senior leadership roles, Mr. Samarasinghe brings comprehensive expertise across the real estate, industrial, services, retail, plantation, and export sectors. He serves on the Boards of several publicly listed companies and chairs a number of board sub-committees, with a strong emphasis on corporate governance and strategic oversight.

Mr. Samarasinghe has held several key industry leadership roles, including serving as Past Chairman of the Sri Lanka Institute of Directors, Employers' Federation of Ceylon, Industrial Association of Sri Lanka, Condominium Developers Association of Sri Lanka, and the EFC Affiliated Group of Companies. He is also a Past President of the Chartered Institute of Management Accountants - Sri Lanka Division, and a former Council Member of CIMA (UK). Additionally, he served as a Board Member of the Ceylon Chamber of Commerce and the Sri Lanka Accounting and Auditing Standards Monitoring Board and has been exposed to a number of executive development programs conducted by internationally recognized institutions such as the National University of Singapore, Harvard University (Harvard International Program), and the Australian Institute of Directors.

Ms. D S Ameresekera
Director

Ms. Ameresekere holds a Bachelor of Science in Business Administration with a specialization in International Marketing from American University, Washington, D.C., USA, and a Bachelor of Science in Travel Industry Management with a specialization in Hotel Management from the University of Hawai'i, USA. With extensive experience in the hospitality sector, Ms. Ameresekere serves as the Managing Director of The Theva Residency and The Theva Cuisine, an award-winning boutique hotel and fine-dining restaurant located in Kandy, Sri Lanka. Under her leadership, both establishments have achieved continuous international recognition over the past 16 years. Recent accolades include the "TripAdvisor Travelers' Choice Award 2025" , 12 Best Hotels to Visit Sri Lanka 2025 by Timeout Sri Lanka" and multiple honors from the South Asian Travel Awards over the years.

In addition to her work in the private sector, she is actively engaged with the Geoffrey Bawa Trust, where she oversees the operational management of Bawa's architectural properties in Colombo-namely, Number 11 and De Saram House. She is also a dedicated advocate for community development in Sri Lanka's hill country, actively engaging in programs that empower women and children. As an ambassador for The T.E.A. Project's Children's Empowerment Centre, she contributes to the organization's mission of providing training, empowerment, and awareness to vulnerable children. Additionally, she serves as the Project Manager for the Sizuku Sri Lanka Pads Forward initiative, addressing period poverty in tea plantation communities by ensuring access to menstrual hygiene products and education.

Mr. K J D G Perera
Director

Mr. Perera is an accomplished professional with over a decade of experience as the Founder and CEO of IKON Group of Companies, coupled with equal years of expertise in branding, digital transformation, and finance. He has served as a corporate professional and branding consultant for numerous local and global entities, contributing to their growth and strategic initiatives.

In addition to his leadership roles, he serves as a member of the board of directors for People's Leasing and Finance PLC and People's Insurance PLC and also serves as the Chairman of People's Micro Commerce Ltd, all the while rendering his active participation in multiple other roles. He further serves as a member of the Gambling Regulatory Authority, Ministry of Finance.

Mr. Perera holds a Bachelor of Engineering in Chemical and Process Engineering from the University of Moratuwa and an MBA from the University of the West of Scotland. He is a Chartered Global Management Accountant (CGMA) and an Associate in the Chartered Institute of Management Accountants ACMA, (UK), a Member of the Chartered Institute of Marketing (MCIM), and a Member of the Institute of Chartered Professional Managers in Sri Lanka (MCPM). He is also accredited as Certified In Risk and Information Systems Control from ISACA - USA.

Mr. U D C Priyantha
Director

Mr. Chamil Udawatte is a seasoned professional in the travel and aviation sector, with over 30 years of industry experience spanning strategic business development, international agency relations, and operational leadership. He currently serves as a Director at Hayleys Travels and Aviation (since 1994) and is also a Director of the Sri Lanka Export Development Board, contributing to national trade and tourism initiatives.

Throughout his career, Mr. Udawatte has demonstrated expertise in strategic planning, budget management, stakeholder engagement, and project execution. His deep understanding of global travel markets and regulatory frameworks has enabled him to lead numerous successful initiatives, including international market expansion and participation in global tourism exhibitions.

He has played a key role in aligning operational performance with corporate goals, while ensuring compliance with international standards and managing industry specific risks. Mr. Udawatte's leadership continues to support innovation and growth in Sri Lanka's travel and aviation landscape, while promoting international trade and tourism development through his public and private sector roles.

Mr. B. A. T. Rodrigo
Director

Mr. B. A. T. Rodrigo is Sri Lanka Accountant's Service Special Grade Officer, currently serving as the Director General of the Department of Public Enterprises (PED), General Treasury, Ministry of Finance, Sri Lanka, with effect from 19 December 2025.

Board of Directors

He brings over three decades of distinguished service in the public sector, with extensive experience in Treasury functions, including public financial management, accounting and reporting, asset management, corporate affairs, and the oversight of State-Owned Enterprises (SOEs). Mr. Rodrigo commenced his public service career in 1995 as an Audit Examiner at the Auditor General's Department, which laid a strong foundation for his expertise in public finance and governance.

Over the course of his career, he has held several key positions across multiple government institutions. These include serving as Accountant at the Divisional Secretariat, Madawachchiya, Assistant Director at the Ministry of Foreign Affairs, Second Secretary at the Sri Lanka Deputy High Commission in Chennai, and senior leadership roles at the Department of State Accounts, Comptroller General's Office, and the Ministry of Finance. He has also served as Chief Executive Officer of the Local Loan and Development Fund, under the Ministry of Provincial Councils and Local Government.

Academically, Mr. Rodrigo holds a Bachelor of Commerce (First Class) degree and a Master of Public Management (Project Management) from the Sri Lanka Institute of Development Administration (SLIDA). He is a Fellow Member of the Association of Public Finance Accountants of Sri Lanka (APFA) and a Chartered Public Finance Accountant (CPFA) of the public sector wind of Institute of Chartered Accountants of Sri Lanka and a qualified accountant member of the Chartered Institute of Public Finance and Accountancy (CIPFA), UK.

At present, Mr. Rodrigo serves as a Director on the Boards of several government institutions and contributes significantly to public-sector governance by chairing and supporting Audit Committees. His professional career reflects strong leadership, sound financial expertise, and a commitment to strengthening accountability and performance within Sri Lanka's public enterprise sector.

Mr. M U A Reyal
Director

Mr. Uzmaan is a finance professional with over seven years of experience in financial strategy, risk management, and business valuation. He currently serves as the Chief Financial Officer of the IKON Group of Companies, where he oversees financial operations and contributes to strategic decision-making and organizational growth. He also holds the position of Finance Manager at Derwant Services (Pvt) Ltd, focusing on financial planning, trade finance, and forecasting.

His academic background includes a Master of Business Administration from the University of West London, and he is a passed finalist of the Chartered Institute of Management Accountants (CIMA), UK, bringing both theoretical insight and practical expertise to his roles. Early in his career, Mr. Uzmaan served at KPMG Sri Lanka, within the Internal Audit, Risk & Compliance Services (IARCS) division, gaining valuable exposure to internal control systems, audit processes, and corporate risk frameworks.

In addition to his corporate responsibilities, he is a lecturer at Imperial College of Business Studies, where he shares his industry knowledge with aspiring finance professionals.

Ms. R C M Jayawardena
Director

Ms. Roshika Jayawardena is a seasoned professional with over 35 years of experience in the hospitality and travel sectors, specializing in banquet sales, event management, and corporate relations. She began her career at Superlink Travels and later advanced to managerial roles at Access Travels, where she handled international group tours and business development initiatives.

In 2004, she joined Waters Edge during its pre-opening phase as Head of Banquet Sales. She was instrumental in positioning the property as a premier events venue, leading large-scale corporate functions and weddings, while driving revenue through strategic sales planning. She later joined Regent Banqueting and Resorts as General Manager - Sales & Marketing, playing a key role in launching Reefs Edge Hotel and implementing long-term revenue strategies.

Recognized for her leadership, she was invited back to Waters Edge in 2018 as Director - Banquet Sales, where she led a senior sales team, developed client-focused campaigns, and ensured consistent financial performance. She also conducted training programs to uphold service excellence.

Ms. Jayawardena currently serves as a Business Consultant for a luxury villa, applying her expertise in hospitality management, marketing strategy, and client engagement to new ventures, continuing to contribute to the industry's growth.

Mr. D V K M Algama

Director

Mr. Manoj Algama is an accomplished business leader with over 30 years of international experience in strategic management, financial planning, and digital transformation. He holds a Master of Business Administration from the University of Southern Queensland, Australia.

Mr. Algama has held senior leadership roles at prominent institutions including HSBC, DFCC, and Ernst & Young, where he played a key role in driving financial restructuring, strategic transformation, and operational excellence. His expertise spans global banking operations, wealth management, and core banking solutions. He has successfully led complex change initiatives and introduced digital innovations that enhanced efficiency and customer experience across diverse markets.

His experience managing high- performing teams across regions such as the UK, Middle East, North Africa, and South Asia provides him with a strong global perspective. He brings deep insight into aligning corporate vision with evolving market dynamics, supporting long- term growth and competitiveness.

Mr. Algama's consulting background at Ernst & Young further strengthens his capabilities in digital transformation, business process reengineering, and strategic risk management. A strong advocate for leadership development, he promotes a culture of continuous learning, collaboration, and performance excellence.

Board of Directors

Mr. A G S Senadeera *(Cesased to be Director w.e.f 11 May 2026)*

Director

Mr. A.G.S. Senadeera is an accomplished corporate trainer, business strategist, and leadership coach with over 20 years of experience in organizational development, capacity building, and executive education. He currently serves as the Chairman and Chief Executive Officer of the IBMC Group of Companies, with operations in Sri Lanka and the UAE, spanning corporate training, advertising, publishing, and business consultancy.

He holds a B.Sc. in Business Administration (Special Hons.) from the University of Sri Jayewardenepura and a Postgraduate Diploma in Business Management from the University of Colombo. He is also a CIMA- qualified professional and a Master Practitioner in Neuro- Linguistic Programming (NLP) and Life Coaching, bringing a multidisciplinary approach to leadership and team development.

Mr. Senadeera has conducted over 1,200 corporate workshops and partnered with more than 180 organizations, delivering programs focused on motivation, strategic leadership, and performance enhancement. His professional affiliations include AITD, MAAT, and certification in Psychology & Counselling, along with recognition as a certified Yoga Shiromani and Justice of the Peace. Renowned for his dynamic and transformative training methodologies, Mr. Senadeera continues to play a vital role in shaping high-performance cultures and supporting corporate growth through human capital development and strategic advisory services.

Senior Management

Mr. Shamahil Mohideen

Chief Operating Officer

Mr. Shamahil Mohideen is a seasoned finance professional and a member of the Chartered Institute of Management Accountants (CIMA), UK. With over 25 years of post-qualifying experience, he has held senior managerial roles in leading companies both locally and internationally.

Prior to joining Hotel Developers (Lanka) Plc, Mr. Mohideen served as Director and Vice President at Aitken Spence Power, a subsidiary of the Aitken Spence Group. In this capacity, he led the financial and operational management of large-scale infrastructure projects, demonstrating strong project management skills in planning, execution, risk mitigation, and stakeholder coordination.

Mr. Mohideen's expertise in managing complex projects, combined with his deep financial acumen, enables him to drive efficiency and value creation across diverse business operations.

Mr. Jude Wickramaratne

Chief Financial Officer

Mr. Jude Wickramaratne is an experienced finance professional with over 15 years of expertise in accounting, financial management, and strategic planning. He is an Associate Member of the Chartered Institute of Management Accountants (CIMA), UK, and holds a Master of Business Administration (MBA) from the Postgraduate Institute of Management, University of Sri Jayewardenepura.

He began his career at a multinational infrastructure company operating in Sri Lanka, where he gained valuable exposure to international financial practices and large-scale project environments. In 2012, he joined the Company as an Accountant and steadily progressed through roles of increasing responsibility. In 2022, he was appointed Chief Financial Officer.

Value Creation Model

Our Purpose

Our Vision
"To stand supreme with sustainable excellence in the hospitality business."

Our Mission
"To deliver exceptional value to all stakeholders by fostering innovation and excellence in hospitality, driving sustainable growth, and elevating Sri Lanka as a premier global travel destination while enhancing shareholder returns and positively impacting the community."

Value Creation Process

Inputs - Six Capitals

Financial Capital
- Shareholder equity Rs. 12.0Bn
- Total assets Rs. 21.3Bn
- Revenue Rs. 5.38Bn
- Debt refinancing executed

Manufactured Capital
- 327 rooms + 41 suites
- 17 meeting rooms + Grand Ballroom
- 6.2 acres prime CBD land
- Smart BMS/GRMS infrastructure

Intellectual Capital
- Hilton brand & global systems
- Hilton Honors loyalty network
- Proprietary operating standards
- Digital transformation platforms

Human Capital
- Skilled team member base
- HWW talent frameworks
- L&D & ethics programmes
- DEI & wellness culture

Social and Relationship Capital
- Hilton Worldwide partnership
- Government & regulatory ties
- Corporate & MICE clients
- Community & charity engagement

Natural Capital
- Energy & water resources
- ESG & sustainability agenda
- Energy-efficient HVAC systems
- Waste & carbon initiatives

Value Creation Engine

- Management Agreement
- Since First Signed in 1984
- 39 Years of Partnership

HOTEL DEVELOPERS (LANKA) LTD

Asset owner & strategic principal

100% government-owned

- Set vision, goals & performance expectations
- Strategic oversight & governance
- Financial oversight & capex decisions
- Compliance with local laws & MA terms
- Execution of MA & power of attorney to HWW
- Major strategic decisions - renovations, development

HILTON WORLDWIDE CORPORATION

International operator & brand custodian

Global Expertise 8,800+ Properties - Worldwide

- Strategic planning & global brand leverage
- Day-to-day operations to international standards
- Revenue forecasting, budgeting & reporting
- Branding, marketing & global distribution
- Compliance, risk & crisis management
- Full HR management under power of attorney

Revenue Optimization | Talent Management
Operational Excellence | ESG Considerations
Service Excellence | Innovative F&B Concepts

Value Creation Process

Value Creation Process

Outputs & Stakeholder Value

Financial Value
- Net profit Rs. 48.5Mn - first in 7 years
- EBITDA Rs. 1.22Bn (+39.9%)
- Gross margin 53.9%

Guest Value
- Booking.com rating 8.8 (up from 8.6)
- 264 Rooms Refurbished
- Occupancy improved to 57%
- Premium F&B & event experiences

Team Member Value
- World-class L&D & career growth
- DEI & well-being programmes
- Ethical & compliant workplace
- Hilton global career pathways

Societal Value
- Tourism & forex contribution
- Charity & community initiatives
- Cultural celebrations & heritage

Environmental Value
- Energy efficiency initiatives
- Reduced carbon footprint
- Waste minimisation programmes
- ESG reporting & targets

Government & Shareholder Value
- 100% state-owned enterprise
- Asset value Rs. 21.3Bn preserved
- Tax contribution to state
- SOE reform readiness

Strategic outcomes - FY 2025 milestones

Best Results Since 2017
First profit in 7 years

264 Rooms Refurbished
Decade-long programme complete

South Asia Region
Elevated to key Hilton market

EBITDA YoY Growth: 39.9%
Rs. 1.22Bn achieved

MICE Opportunity
India market pipeline

Value Creation Process

Value Creation Process

Stakeholder Engagement

STAKEHOLDER ANALYSIS

At Hotel Developers (Lanka) Ltd, stakeholder engagement is a cornerstone of our governance framework and strategic decision-making process. We recognise that the individuals, institutions, and communities who influence, or are influenced by, our operations bring diverse perspectives, expectations, and interests that must be understood, respected, and meaningfully addressed.

Our stakeholder analysis provides a structured approach to identifying key stakeholder groups, assessing their interests and potential impact on our business, and determining the appropriate level of engagement required to build and sustain productive relationships. This process enables us to uncover opportunities for collaboration and value creation, anticipate risks, and allocate resources where they will generate the greatest positive impact, for both HDL and its stakeholders.

Since stakeholder expectations and influence dynamics evolve in line with changes in the business environment, our stakeholder analysis is reviewed and updated on a regular basis to ensure its continued relevance and effectiveness.

KEY STAKEHOLDER GROUPS, INTERESTS & ENGAGEMENT MECHANISMS

Stakeholder	Key interests	Influence	Impact on HDL	Engagement mechanisms
Government & Shareholder (Secretary to the Treasury)	Asset value, SOE performance, compliance, national economic contribution	High	Strategic direction, capital allocation, divestiture	Annual reports, board meetings, regulatory submissions, SOE reviews corporate plan
Hilton Worldwide Corporation	MA compliance, brand standards, revenue, GOP, operational excellence	High	Operations, brand equity, global distribution, talent	Management committee meetings, performance reviews, brand audits, MA negotiations
Guests & Visitors	Premium experience, comfort, safety, value for money, service excellence	High	Revenue, occupancy, reputation, repeat business	Guest surveys, Hilton Honors, online review monitoring, in-stay engagement
Corporate & MICE Clients	Flexible event spaces, competitive pricing, seamless service, technology	High	F&B and events revenue, MICE positioning	Account management, site inspections, RFP responses, dedicated events team
Team Members	Job security, career development, fair compensation, safe environment, DEI	Medium-High	Service quality, operational efficiency, guest satisfaction	Training, performance reviews, recognition schemes, team briefings, L&D
Suppliers & Contractors	Timely payments, clear contracts, long-term partnerships, fair procurement	Medium	Cost management, operational continuity, quality	Contract management, performance reviews, procurement audits
Lenders & Financial Institutions	Debt serviceability, financial performance, covenant compliance	High	Liquidity, refinancing, capital structure	Financial reporting, covenant updates, quarterly briefings
Regulatory Bodies (SLTDA, local authorities)	Regulatory compliance, licensing, safety standards, environmental obligations	High	Operating licence, legal compliance, reputational risk	Regulatory submissions, inspections, licence renewals, compliance reporting

Stakeholder	Key interests	Influence	Impact on HDL	Engagement mechanisms
Media & Analysts	Accurate reporting, ESG performance, financial results, strategic developments	Medium	Public perception, reputation, investor sentiment	Press releases, media briefings, annual report, site visits
Community & Civil Society	Employment, community investment, environmental responsibility, cultural respect	Medium	Social licence to operate, reputational capital	CSR initiatives, community events, charity partnerships, cultural programmes

STAKEHOLDER ENGAGEMENT MATRIX

Meaningful engagement goes beyond the transmission of information - it requires active listening, the building of trust, and the creation of genuine dialogue. HDL is committed to involving stakeholders early in strategic and operational decision-making processes, enabling the Company to surface insights, anticipate risks, and co-create solutions that are practical, credible, and aligned with stakeholder expectations.

The depth and frequency of engagement varies according to each stakeholder group's level of influence and interest. Relationships that carry significant strategic or operational weight require close and continuous interaction, while others are served through regular updates and structured feedback mechanisms. Across all relationships, HDL prioritises transparency, responsiveness, and accountability - because stakeholders must see that their input is valued and that commitments are honoured.

Stakeholder	Engagement type	Frequency	Key metrics / KPIs
Government & Shareholder	Board reporting, SOE submissions, strategic briefings	Quarterly / Annual	Asset value, net profit, ROE, compliance
Hilton Worldwide	Management committee, brand audits, performance reviews, MA negotiations	Monthly / Annual	GOP%, occupancy, RevPAR, brand compliance
Guests & Visitors	Guest satisfaction surveys, Hilton Honors, online review monitoring	Continuous	Guest satisfaction score, Booking.com 8.8, NPS
Corporate & MICE Clients	Account management, RFP responses, post-event reviews	Ongoing	Event revenue, repeat bookings, client satisfaction
Team Members	Training, performance reviews, recognition, team briefings	Continuous	Retention rate, training hours, safety incidents
Suppliers & Contractors	Contract reviews, procurement audits, performance assessments	Ongoing	On-time delivery, quality scores, payment compliance
Lenders & Financial Institutions	Financial reporting, covenant updates, refinancing discussions	Quarterly	Interest coverage 1.20x, D/E 0.48x, debt serviceability
Regulatory Bodies	Regulatory submissions, licence renewals, compliance audits	Annual / As required	Compliance rate, licence status, audit findings
Media & Analysts	Press releases, media briefings, annual report	Quarterly	Media sentiment, coverage accuracy
Community & Civil Society	CSR projects, charity events, community consultations	Bi-annual	CSR events, charitable contributions, local employment

Stakeholder Engagement

VALUE ADDED TO STAKEHOLDERS - FY 2025

The table below illustrates how HDL's strategy is designed to generate positive and measurable outcomes for each of its key stakeholder groups, reflecting the Company's commitment to holistic and sustained value creation across all dimensions of its business.

Value for stakeholder	Value for HDL	Key indicator	Outcome	2025	2024	Change
World-class hospitality; fully refurbished rooms; premium F&B and events	Enhanced reputation; guest loyalty; higher revenue and occupancy	Booking.com rating Guest satisfaction	8.8%	8.8	8.6	+0.2 ▲
		Occupancy rate Revenue performance	57%	57%	51%	+11.76pp ▲
Competitive returns; asset value preservation; SOE reform progress	Shareholder confidence; access to capital; strategic continuity	Net profit (Rs. M) Profitability turnaround	48.5	48.5	(339.8)	▲ Turnaround
		Total assets (Rs. B) Asset preservation	21.3	21.3	21.4	Stable
Favourable financing; improved serviceability; Rs. 45-65M annual savings	Reduced finance costs; stronger balance sheet; improved margins	Interest coverage Debt management	1.20x	1.20x	0.53x	+6.7x ▲
		Net debt / EBITDA Leverage improvement	4.50x	4.50x	6.31x	-1.81x ▲
Career development; inclusive workplace; competitive remuneration	Engaged workforce; service excellence; operational efficiency	Training & DEI Workforce capability	Active	Active	Active	Enhanced
Timely payments; fair procurement; long-term partnerships	Operational continuity; cost efficiency; quality standards	Payment compliance Supplier relations	On schedule	On schedule	On schedule	Maintained
Tourism & economic impact; cultural engagement; community support	Social licence; reputational capital; community goodwill	CSR & charity events Community value	2 major events	2 major events	-	New ▲

Operating Environment

KEY MACROECONOMIC INDICATORS - 2025

GDP growth 2025	5%	All four quarters positive
Tourist arrivals 2025	2.36M	Surpassing 2018 peak (+15.1% YoY)
Tourism earnings 2025	USD 3.2B	+1.6% YoY
Services account surplus	USD 3.7B	Up from USD 3.4B in 2024
CCPI headline inflation	2.1%	December 2025 (moderate)
Overnight policy rate	7.75%	Reduced by 25bps in May 2025
USD/LKR (Dec 2025)	309.99	Depreciated 5.6% YoY
Industrial sector growth	7.8%	Manufacturing & construction led

SRI LANKA TOURISM INDUSTRY PERFORMANCE

Sri Lanka's tourism sector delivered a landmark performance in 2025, recording tourist arrivals of 2.36 million - surpassing the previous peak recorded in 2018 and representing year-on-year growth of 15.1%. This exceptional result reflects the sustained strengthening of international confidence in Sri Lanka as a premier travel destination, supported by improved macroeconomic stability, easing travel disruptions, and enhanced air connectivity across key source markets.

India continued to assert its position as Sri Lanka's dominant source market, underpinned by strong regional connectivity and robust short-haul travel demand - a trend that carries particular strategic significance for Hilton Colombo given its recent reassignment to Hilton Worldwide's South Asia region and the active pipeline of India-sourced MICE opportunities being directed towards the property. The United Kingdom, Russia, China, and Germany remained important contributors to arrival volumes, while growing visitor flows from Australia, France, and Japan further underscored the broadening international visibility and diversification of Sri Lanka's tourism appeal.

Tourism earnings amounted to USD 3.2 billion in 2025, reflecting marginal growth of 1.6% compared to the prior year. The divergence between strong arrival growth and more modest earnings growth is largely attributable to evolving traveller behaviour - specifically, a downward trend in average duration of stay (8.3 nights in 2025 vs 10.8 nights in 2018) and average daily expenditure (USD 166.5 in 2025). This dynamic underscores the strategic imperative for premium city hotels such as Hilton Colombo to focus on yield optimisation, guest spend enhancement, and the targeted attraction of high-value travellers through MICE, corporate, and premium leisure segments.

While geopolitical disruptions affecting key international transit routes began to influence travel flows towards March 2026, particularly across certain long-haul markets, the broader industry outlook remains constructive. Sri Lanka is well positioned to sustain its tourism growth trajectory, supported by its competitive destination appeal, growing recognition as an events hub, and strengthening air connectivity across the region.

Operating Environment

SRI LANKA ECONOMIC PERFORMANCE

Sri Lanka's economy demonstrated a meaningful and broad-based recovery in 2025, recording GDP growth of 5.0% - a significant achievement reflecting the cumulative impact of structural reforms, macroeconomic stabilisation measures, and growing business and investor confidence. All four quarters contributed positively to this growth, providing a strong foundation for continued expansion.

Industrial activity led the expansion with robust growth of 7.8%, while the services sector grew by 3.3%, supported in part by heightened momentum across tourism-related services on the back of record arrival volumes. The agricultural sector also made a positive contribution, with performance in 2025 outpacing that of the prior year.

The overall economic environment benefited from a convergence of supportive factors, including easing inflationary pressures, declining interest rates, improved foreign exchange conditions, and greater financial system stability. The continuation of the International Monetary Fund's (IMF) Extended Fund Facility (EFF) programme, combined with ongoing structural reform initiatives and progress in sovereign debt restructuring, further strengthened investor confidence and sustained the country's broader growth momentum - creating an operating environment that is progressively more conducive to investment and business performance.

Tourism performance - key metrics 2025

- Tourist arrivals: 2.36 million - highest on record, surpassing 2018 peak (+15.1% YoY)
- Tourism earnings: USD 3.2 billion (+1.6% YoY)
- Average duration of stay: 8.3 nights (2025) vs 10.8 nights (2018)
- Average daily expenditure: USD 166.5 (2025)
- Top source markets: India, UK, Russia, China, Germany, Australia, France, Japan
- Services account surplus: USD 3.7 billion (up from USD 3.4 billion in 2024)

INFLATION

Following an extended eleven-month period of deflation, Sri Lanka's inflation trajectory normalised during 2025, with CCPI-based headline inflation returning to positive territory from August 2025 and settling at 2.1% by December 2025. Despite temporary supply-side disruptions arising from Cyclone Ditwah in late November 2025, inflationary pressures remained moderate, supported by the normalisation of domestic demand conditions and the ongoing strengthening of economic activity.

For Hilton Colombo, the moderation of inflationary pressures provided a supportive backdrop for cost management, enabling the Company to contain cost increases while maintaining the premium quality standards the Hilton brand demands. This contributed directly to the 8.2% reduction in cost of sales achieved during the year, and the expansion of gross margin from 50% to 54%.

INTEREST RATES

Overall market interest rates moderated during 2025, reflecting the Central Bank of Sri Lanka's accommodative monetary policy stance. The Central Bank reduced the Overnight Policy Rate (OPR) by 25 basis points to 7.75% in May 2025, contributing to a relatively lower lending rate environment that facilitated borrowing activity and supported broader investment momentum.

For HDL, the moderation of interest rates, combined with the successful refinancing of its banking facilities with People's Bank on improved terms, delivered meaningful relief on finance costs - with expected annual savings of Rs. 45-65 million from 2026 onwards. This positions the Company favourably for further improvement in net finance costs in the year ahead.

EXCHANGE RATE

The Sri Lankan Rupee recorded a measured depreciation of 5.6% against the US Dollar during 2025, with the exchange rate moving from Rs. 292.58 to Rs. 309.99 per US Dollar by year-end. The Rupee also weakened against several other major currencies, including the Euro (16.3%), Pound Sterling (12.0%), and Australian Dollar (12.2%).

For Hilton Colombo, the depreciation of the Rupee has a dual impact - while it increases the local currency value of foreign exchange earnings from international guests, it also exerts upward pressure on imported goods and services costs. The Company's disciplined cost management practices and strategic procurement approach effectively mitigate these risks, supporting margin stability and protecting operating profitability.

KEY IMPACTS, STRATEGIC RESPONSES & WAY FORWARD

The table below summarises the key challenges and opportunities arising from the operating environment, Hilton Colombo's strategic responses during FY 2025, and the forward-looking initiatives planned to sustain and build on performance momentum.

EXTERNAL SECTOR

Sri Lanka's external sector continued to strengthen in 2025, driven by improved foreign exchange inflows particularly from tourism. The services account surplus expanded to USD 3.7 billion from USD 3.4 billion in 2024, while total services inflows increased to USD 7.1 billion during the year - positive developments that reinforce Sri Lanka's growing competitiveness as a services and tourism-led economy, and that create a supportive demand environment for premium hospitality operations in Colombo.

Challenges	Strategic response	Way forward
• Evolving traveller behaviour - shorter stays and lower average daily spend impacting revenue optimisation • External disruptions affecting long-haul travel flows towards March 2026 due to geopolitical factors • Cyclone Ditwah disruptions in Q4 2025 impacting event bookings and guest nights • Rupee depreciation exerting upward pressure on imported goods and services costs	• Strengthened guest experience and experiential hospitality to capture higher-value demand segments • Continued diversification of source markets - India, Europe, and emerging Asia-Pacific • Capitalised on improved local demand through enhanced F&B, curated dining, and strengthened banquet positioning • Leveraged South Asia reassignment to actively pursue India-sourced MICE opportunities • Disciplined cost management to protect margins against FX and inflationary pressures	• Further enhance experiential positioning to improve yield and guest spend per stay • Drive MICE segment via Grand Ballroom renovation, marquee upgrade, and corporate partnerships • Open dedicated Sri Lankan restaurants in 2026 to deepen premium F&B positioning • Leverage South Asia regional positioning to capture growing India outbound travel • Expand reach in high-growth regional and emerging markets to improve revenue resilience

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Managment Discussion & Analysis

Financial Capital

The Company is proud to report its strongest financial performance since 2017, marking a defining milestone in the Company's journey the return to profitability in FY 2025, achieved for the first time in eight years. This landmark result is a testament to the cumulative impact of the Company's strategic investments, the completion of its decade-long Renovation programme, and the unwavering commitment of its leadership and team to operational excellence and disciplined financial management.

The year's performance is all the more remarkable given the challenging operating conditions encountered during the final quarter, when Cyclone Ditwah impacted Sri Lanka in late November 2025, resulting in event cancellations and a temporary decline in guest nights and revenue. Despite these headwinds, Hilton Colombo's resilient business model, agile operational response, and strong revenue momentum throughout the year enabled the Company to absorb the impact and conclude the financial year on a strong and positive footing.

Financial Performance Overview

	2025	2024	Variance %
	Rs. 000	Rs. 000	
Revenue	**5,384,547**	5,393,089	-0.16%
Cost of Sales	**(2,484,683)**	(2.708,885)	-8.28%
Gross profit	**2,899,864**	2,684,204	8.03%
Gross Profit Margin	**53.86%**	49.77%	
Other gains and losses	**34,654**	28,621	21.08%
Administrative expenses	**(1,206,112)**	(1,228,995)	1.86%
Other expenses	**(508,256)**	(611,748)	16.92%
Operating Profit Before Depreciation	**1,220,151**	872,082	39.91%
Depreciation & Amortization	**(474,409)**	(560,672)	15.39%
Operating Profit After Depreciation	**745,742**	311,410	139.47%
Finance Income	**16,041**	10,740	49.36%
Finance costs	**(622,709)**	(590,497)	-5.46%
Profit/Loss) before taxation	**139,074**	(268,347)	151.83%
Income tax expense	**(90,576)**	(71,490)	26.70%
Profit/loss) after taxation for the period	**48,498**	(339,837)	114.27%

Revenue from Contracts with Customers

Revenue from contracts with customers amounted to Rs. 5.3 billion for the year ended 31 December 2025, remaining broadly in line with the previous year. While the hotel achieved higher occupancy levels during the year, revenue growth was moderated by a lower Average Daily Rate (ADR), reflecting prevailing market conditions and a competitive pricing environment.

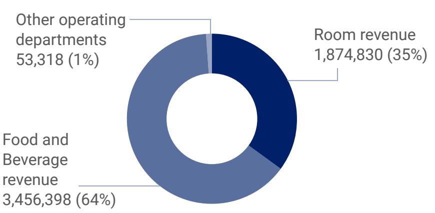
This performance underscores the strength of Hilton Colombo's market position and its ability to attract increased guest volumes while maintaining revenue stability. The improvement in occupancy was driven by sustained demand across both corporate and leisure segments, supported by targeted sales initiatives and enhanced guest engagement strategies.

The Food and Beverage segment continued to be the Company's dominant source of revenue, contributing approximately 64% of total revenue for the year under review. The segment continued to benefit from the hotel's strong reputation for culinary excellence, supported by its prestigious banqueting services and renowned dining experiences, which continue to attract both local and international guests.

Room revenue remained resilient, supported by increased occupancy and the positive guest response to the hotel's refurbished rooms. However, overall room revenue growth was tempered by the softer ADR environment experienced during the year.

Despite market-related pricing pressures, the Company maintained a stable revenue base through disciplined revenue management practices, operational excellence, and a continued focus on delivering exceptional guest experiences.

Total Revenue Composition



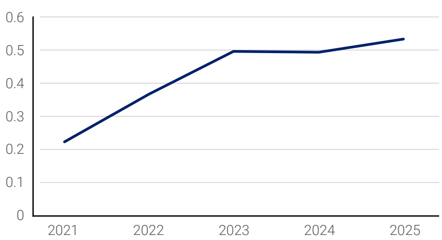
Cost of Sales and Gross Profitability

Hilton Colombo delivered a commendable improvement in cost efficiency during the year, with cost of sales reducing by 8.3% to Rs. 2.5 billion - an achievement that is particularly noteworthy given the prevailing inflationary environment. This reduction reflects the Company's sustained and disciplined focus on cost optimisation, underpinned by enhanced procurement efficiencies, strategic sourcing initiatives, and rigorous inventory management practices embedded across all operational departments.

The Company's food and beverage operations demonstrated exemplary cost discipline, with targeted efforts to minimise wastage, strengthen supplier relationships, and implement smarter purchasing strategies yielding measurable results. Enhanced operational controls across the business further reinforced these gains, enabling the Company to effectively contain cost pressures without compromising the premium quality and service standards that define the Hilton Colombo experience.

The combined impact of these initiatives is clearly reflected in the Company's gross profit margin, which expanded significantly to 54% from 50% in the prior year - a 4 percentage point improvement that underscores the tangible and growing returns from Hilton Colombo's commitment to operational excellence. This strengthened margin base provides a solid platform for continued profitability improvement and positions the Company well to sustain and build upon these gains in the year ahead.

Gross Profit Margin



Operating Expenses Analysis

Administrative expenses declined to Rs. 1.01 billion, a reduction of 5.9% compared to the previous year. This improvement demonstrates continued cost discipline and effective overhead management despite inflationary pressures and increased operational complexity. The reduction reflects ongoing efficiency initiatives and prudent control over fixed operating costs.

Sales and marketing expenses increased to Rs. 191.8 million. This increase reflects the Company's strengthened focus on demand generation, brand visibility, and targeted promotional initiatives aimed at driving occupancy growth and supporting revenue recovery across key market segments

Other expenses decreased significantly by 16.9% to Rs. 508.3 million, primarily driven by improved operational efficiencies, tighter cost controls, and the rationalisation of non-recurring and ancillary expenditure provisions. This reduction further underscores the Company's continued focus on optimising its cost structure while maintaining service quality standards.

Overall, the expense profile reflects a balanced approach between strategic investment in revenue-generating activities and sustained cost optimisation across core operating functions.

Financial Capital

Results from Operating Activities

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased significantly by 39.9% to Rs. 1.22 billion, compared to Rs. 872.1 million in the previous year. This strong performance reflects the combined impact of effective cost optimisation initiatives, enhanced operational efficiencies, and disciplined execution across all areas of Hilton Colombo's operations.

Depreciation and amortisation decreased to Rs. 474 million from Rs. 561 million in the year under review. This reduction reflects a reassessment of the useful lives of buildings and selected property, plant, and equipment, Result of professional structural and mechanical evaluations. Based on this review, the estimated economic lives of certain assets were revised upwards, reflecting their continued operational utility, resulting in lower depreciation charges during the year.

Supported by other operating efficiencies and strategic initiatives implemented across the business, operating profit surged by 139% to Rs. 746 million, compared to Rs. 311 million in the prior year - a landmark achievement that demonstrates the transformative impact of the Company's strategic initiatives and its strengthened capacity to generate sustainable operating cash flows. This performance provides a compelling foundation for continued growth and value creation in the year ahead

Net Finance Cost

The Company made meaningful progress in managing its financing obligations during the year, with a key strategic achievement being the successful refinancing of its existing term loan on more favourable terms. This proactive debt management initiative is expected to deliver annual savings of approximately Rs. 45-65 million on a full-year basis, with the full benefit anticipated to flow through from 2026 onwards - providing a tangible and recurring tailwind to the Company's bottom line in the periods ahead.

Finance expenses for the year amounted to Rs. 622.7 million compared to Rs. 590.5 million in the prior year, reflecting borrowing costs associated with the Company's ongoing operational and capital requirements. This was partially offset by a 49.4% increase in finance income, which grew to Rs. 16.0 million from Rs. 10.7 million, demonstrating improved returns on the Company's liquid assets.

Encouragingly, despite the financing costs incurred during the year, the Company generated sufficient operating profit to record a positive profit before taxation - a significant milestone that reflects the strength of the operational turnaround achieved in FY 2025. With the refinancing benefits yet to be fully realised, the Company enters FY 2026 with a strengthened financing structure and a clear pathway to further improvement in net finance costs, supporting continued progress towards sustainable profitability.

Taxation and Net Profitability

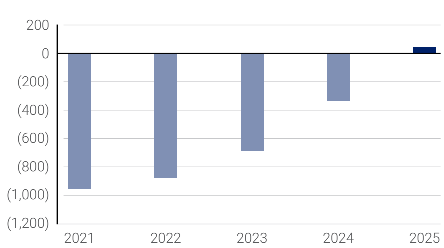
The Company recorded a profit before tax of Rs. 139.1 million for the year ended 2025, compared to a loss before tax of Rs. 268.3 million in the previous year. Deferred tax expense for the year amounted to Rs. 90.6 million, resulting in a profit after tax of Rs. 48.5 million, as against a loss after tax of Rs. 339.8 million in 2024.

This performance represents a significant turnaround in The Company financial results, marking its first net profit after Seven consecutive years of losses. The Company reported losses of Rs. 957 million in 2021, Rs. 885 million in 2022, Rs. 689 million in 2023, and Rs. 340 million in 2024.

The return to profitability in 2025 reflects the sustained recovery in business volumes, improved occupancy levels, and enhanced revenue generation, supported by the refurbishment of 264 guest rooms. These gains were further underpinned by disciplined cost management and the consistent execution of strategic initiatives aimed at strengthening operational performance and profitability.

Overall, the results highlight company's resilience and its continued progress in restoring financial stability and sustainable earnings following a prolonged period of industry and operating challenges.

Net Profit Movement Over Five years

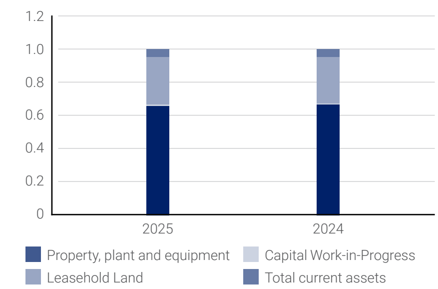


Balance Sheet Overview

Asset Base

Total assets amounted to Rs. 21.3 billion as at 31 December 2025, compared to Rs. 21.4 billion in the previous year, reflecting a marginal decrease of 0.5%. The asset base continues to be strongly anchored by the Company's hotel property, with Property, Plant and Equipment representing the largest component at Rs. 14.1 billion, accounting for approximately 66% of total assets. Leasehold land amounted to Rs. 6.1 billion, further reinforcing the long-term nature of the asset structure.

Total Assets Composition



Non-current assets remained broadly stable at Rs. 20.3 billion, reflecting minor movements across property-related categories, including a modest increase in capital work-in-progress to Rs. 139.7 million, driven by ongoing enhancement initiatives.

Current assets increased by 15.1% to Rs. 1.0 billion, supported by higher cash and bank balances of Rs. 251.1 million and growth in current financial assets. Inventories recorded an increase of 11.6%, reflecting operational requirements, while trade and other receivables declined by 21.9%, indicating improved collections and working capital management. Overall, the movement in current assets reflects strengthened liquidity and effective balance sheet management.

Balance Sheet Performance	2025	2024	Change%
	Rs. '000	Rs. '000	
Assets			
Non-Current Assets			
Property, Plant & Equipment	14,105,479	14,323,547	-1.52%
Leasehold Land	6,065,539	6,141,189	-1.23%
Capital Work-in-Progress	139,732	89,016	56.97%
Total Non-Current Assets	20,310,750	20,553,752	-1.18%
Current Assets			
Inventories	122,536	109,792	11.61%
Trade and Other Receivables	281,206	360,246	-21.94%
Amount Due From Related Parties	71,728	71,728	0.00%
Other Assets	178,687	160,708	11.19%
Current Financial Assets	99,223	66,766	48.61%
Cash and Bank Balances	251,090	103,596	142.37%
Total Current Assets	1,004,470	872,837	15.08%
Total Assets	21,315,220	21,426,589	-0.52%

Total Equity and Liability

Total equity increased to Rs. 12.0 billion from Rs. 11.9 billion in 2024, supported by the profit generated during the year and a revaluation surplus of Rs. 88.1 million recognized through other comprehensive income. Net Assets per Share improved to Rs. 5.87 from Rs. 5.82 in the previous year, reflecting the strengthening of shareholder value.

The Company maintained a strong capital structure during 2025, with total equity amounting to Rs. 12.0 billion, representing approximately 56% of total assets. Equity increased from Rs. 11.9 billion in the previous year, supported by the profit recorded during the year and the recognition of a revaluation surplus through other comprehensive income.

Liabilities and capital structure

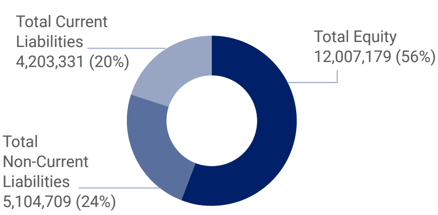
Rs.5,105Bn
Non-current Liabilities
54.8% of total liabilities
▲ 1.1% YoY

Rs.4.20Bn
Current Liabilities
45.16% of total liabilities
▼ 2.14% YoY

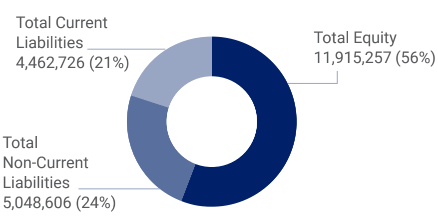
43.67%
Liabilities/Total assets
vs 44.4% in 2024
▼ 1.64% (YoY)

Financial Capital

Funding Mix 2025



Funding Mix 2024



The Company made meaningful progress in strengthening its balance sheet during the year, with total liabilities declining by 2.14% to Rs. 9.31 billion from Rs. 9.51 billion in the prior year. This improvement reflects management's disciplined approach to liability management and its commitment to sustainable financial stewardship. Encouragingly, liabilities as a proportion of total assets improved to 43.7% from 44.4%, underscoring a steady and positive de-leveraging trend.

On the non-current side, the Company maintained a stable long-term liability profile, with non-current liabilities increasing only marginally by 1.11% to Rs. 5.10 billion. Interest-bearing loans and borrowings - the largest component at 63.6% of non-current liabilities - declined by 3.16% to Rs. 3.25 billion, reflecting the Company's consistent progress in reducing its long-term debt obligations. The increase in deferred tax liability to Rs. 1.68 billion is largely attributable to timing differences arising from accelerated depreciation and the revaluation gain recorded during the year, and does not represent a cash outflow.

The Company also continues to honour its employee commitments, with retirement benefit obligations standing at Rs. 162 million following actuarial adjustments. Lease land liabilities continued their planned amortisation, declining 24.26% to Rs. 14.5 million.

The most significant improvement was recorded in current liabilities, which declined by 5.81% to Rs. 4.20 billion, demonstrating the Company's strengthened short-term financial position. Trade and other payables were reduced by 31.29% to Rs. 1.17 billion, a result of improved procurement discipline, settlement of large portion of renovation payments and more efficient working capital management. The current portion of interest-bearing loans fell by 26.27% to Rs. 439 million, following successful loan refinancing carried out during the year, which has extended the Company's debt maturity profile and reduced near-term repayment pressures.

The overall liability structure has shifted further in favour of long-term obligations, with non-current liabilities now representing 54.8% of total liabilities compared to 53.1% in the prior year. This improved maturity profile enhances the Company's financial resilience and provides greater flexibility to invest in growth. Management remains proactive in monitoring short-term liquidity and is confident in the Company's capacity to meet all obligations while continuing to deliver value to its stakeholders.

Ratio	2025	2024	Change
Profitability			
Gross margin	53.86%	49.77%	+4.09 pp
EBITDA margin	22.66%	16.17%	+6.49 pp
Net profit margin	0.90%	-6.30%	+7.20 pp
Return on equity (ROE)	44.84%	45.26%	-0.42 pp
Liquidity			
Current ratio	0.24x	0.20x	+0.04x
Leverage			
Debt-to-equity	0.48x	0.47x	+0.01x
Interest coverage	1.20x	0.53x	0.67x
Net debt-to-EBITDA	4.50x	6.31x	-1.82x
Efficiency			
Asset turnover	0.25x	0.25x	0.00x
Receivables days	19.1 days	24.4 days	-5.3 days

Economic Value Added Statement	2025 Rs'000	2024 Rs'000	Change %
Revenue Including Services Charge & Taxes	6,829,187	6,671,397	2%
Adjustment for Finance Income	16,041	10,740	49%
Adjustment for Other gains and losses	34,654	28,621	21%
Less : Cost of Materials & Services purchased from external sources	(3,857,399)	(4,090,992)	-6%
Value Added	3,022,483	2,619,767	
Distributed as follows:			
To Employees as Remuneration and Service charge	1,159,931	1,262,418	-8%
To the Government as Taxes & TDL	923,381	756,873	22%
To the Providers of Capital as Interest on Loans & Borrowings	416,264	379,638	10%
Total Distributed	2,499,576	2,398,929	4%
Retained within the business			
as Depreciation & Amortization	474,409	560,672	-15%
as Reserves	48,498	(339,837)	114%
Total Retained	522,907	220,838	137%

Way forward

Hilton Colombo is well positioned to capitalise on a confluence of operational and market-driven opportunities in the year ahead. The Company's ongoing investments in operational efficiencies, digital transformation, and energy management initiatives are expected to yield meaningful improvements in margins and support sustainable long-term cost optimisation - reinforcing the financial discipline that has already delivered a strong turnaround in FY 2025.

On the demand side, Sri Lanka's accelerating recovery as a premier tourism destination presents a compelling growth opportunity for the Company. The sustained growth in international tourist arrivals, coupled with rising demand for premium and luxury hospitality experiences, is expected to drive further improvements in occupancy levels and average room rates at Hilton Colombo. As the flagship five-star property in the heart of Colombo's central business district - in close proximity to the Port City Financial District, and the emerging entertainment and gaming cluster - the Company is uniquely placed to capture both corporate and leisure demand as the city's hospitality market matures.

A significant strategic development during the year was the reassignment of Hilton Colombo from Hilton Worldwide's South East Asia region to the South Asia region - a realignment that meaningfully elevates the property's positioning within the global Hilton network. This transition places Hilton Colombo at the heart of one of Hilton's most prioritised and high-growth markets, with direct strategic proximity to India - a country that has emerged as Sri Lanka's single largest source market for tourism and one of the world's fastest-growing generators of corporate and MICE travel.

This regional realignment is more than an administrative reclassification. It signals Hilton Worldwide's recognition of Colombo as a key destination within the South Asian corridor and unlocks a targeted pipeline of MICE opportunities being actively directed towards Hilton Colombo from major Indian corporate hubs. With India's outbound business travel and events industry expanding rapidly, and Colombo's geographical proximity - just a short flight from Mumbai, Chennai, Bangalore, and Delhi - the property is exceptionally well placed to capture a growing share of high-value corporate meetings, incentive travel, conferences, and exhibitions.

Together, these operational and market tailwinds provide a strong foundation for revenue growth, margin expansion, and enhanced value creation for all stakeholders in the periods ahead.

Human Capital

Hilton Colombo's human capital framework is underpinned by the strength of its Management Agreement with Hilton Worldwide - an arrangement that ensures the hotel's people practices are consistently guided by globally benchmarked standards in talent management, employee relations, learning and development, and organisational effectiveness. Under the delegated authority provided through the Power of Attorney, Hilton Worldwide oversees all people-related functions, bringing the full depth of its global human resources expertise to bear on every aspect of workforce management at Hilton Colombo. This partnership ensures that the hotel's Team Members benefit from world-class people practices while remaining firmly aligned with Hilton's globally recognised operating standards and brand values.

The hotel continues to operate under a well-defined organizational structure designed to support operational excellence, effective decision-making, and exceptional guest experiences. The property is led by the General Manager, who is responsible for the overall leadership and performance of the hotel. Supporting the General Manager is a team of experienced department heads and functional leaders who oversee day-to-day operations, drive business objectives, develop team members, and ensure consistent delivery of Hilton's brand standards.

Throughout 2025, the leadership team remained focused on strengthening organizational capability, enhancing Team Member engagement, and fostering a culture of accountability, inclusion, and continuous improvement. Through close collaboration between hotel leadership and Hilton Worldwide, the property continued to uphold Hilton's commitment to creating a workplace where Team Members can thrive while delivering outstanding service to guests.

Number of Employees Categorized by Gender and Job Designation, Highlighting Workforce distribution across various roles	2025		
	Female	Male	Total
General Manager	-	1	1
Director	1	1	2
Senior Manager	3	8	11
Manager	4	10	14
Assistant Manager	10	56	66
Senior Executive	14	39	53
Executive	19	87	106
Junior Executive	2	50	52
Non-Executive	55	241	296
Grand Total	108	493	601

Recruitment and Retention

Hilton Colombo remains committed to attracting, developing, and retaining talented individuals who embody Hilton's values and passion for hospitality. Recruitment and selection processes are designed to identify candidates with the skills, behaviors, and service mindset required to support the hotel's continued success.

Through Hilton's global talent acquisition platforms and local recruitment initiatives, the hotel continues to build a diverse and capable workforce. All newly recruited Team Members undergo a structured onboarding program and receive ongoing learning and development opportunities to strengthen technical skills, leadership capabilities, guest service excellence, workplace safety, and compliance awareness.

Retention remains a key priority, supported through career development opportunities, succession planning, recognition programs, and Team Member engagement initiatives. These efforts help create a positive work environment where Team Members feel valued, supported, and empowered to grow both personally and professionally.

Employees by Contract and Gender	2025		
	Female	Male	Total
Permanent	25	208	233
Contract	64	247	311
Trainee Total	19	38	57
Total	108	493	601

Employees by Age & Gender	2025		
	Female	Male	Total
18-30 years	69	176	245
31-55 years	34	284	318
55 years above	5	33	38
Total	108	493	601

Service of employees (Years)	2025	
	Executive	Non - Executive
1<	38	96
1 to 5	93	115
6 to 10	31	17
11 to 15	29	32
16 to 20	32	15
21 to 25	30	8
26 to 30	35	8
31>	17	5
Total	305	296

Learning and Development

A key pillar of Hilton's people strategy is leadership development, with a strong focus on building future-ready talent. Programs such as Lead@Hilton, supported by Harvard Learning, provide structured development pathways, mentoring, and capability-building opportunities that strengthen both operational performance and career progression within the organization.

In addition, team members are empowered through access to LinkedIn Learning via Hilton University, encouraging continuous learning across a wide range of professional and personal development areas. More recently, Hilton has also introduced a dedicated language learning platform, offering complimentary access to six languages, helping teams enhance communication skills and operate more effectively in a global environment.

Collectively, these initiatives reinforce a strong leadership pipeline and support Hilton's commitment to sustained service excellence and growth.

Human Capital

Training Type	No of Participants	Trainee Hours
Leadership Development	244	1887
Corporate Value Development	861	48,414
Technical Development	644	8,940
Soft Skill Development	411	3,854
Outbound Training	224	1,220
Total	2,384	64,315

Employee Engagement

Our Team Members remain at the heart of Hilton Colombo's success. Throughout 2025, we continued to foster an inclusive, supportive, and high-performing workplace through initiatives focused on engagement, well-being, recognition, and professional growth.

Key initiatives included Team Member Appreciation Week, wellness programs, learning and development activities, recognition events, and regular communication forums. These complemented Hilton's global recognition programs, including the CEO Light & Warmth Award, Hospitality Heroes Award, and Catch Me at My Best, which celebrate outstanding performance and reinforce our culture of appreciation.

Way Forward

Looking ahead, Hilton Colombo remains firmly committed to investing in its most valuable asset - its people. The Company will continue to champion a workplace culture built on well-being, diversity, equity, inclusion, and belonging, ensuring that every Team Member feels valued, respected, and empowered to contribute to their fullest potential. Equal opportunities for growth and development will remain a cornerstone of the hotel's people agenda, with continued focus on structured career pathways, competency-based learning, and leadership development programmes aligned with Hilton Worldwide's global talent frameworks.

Integrity and ethical conduct will continue to underpin all people practices at Hilton Colombo, with mandatory compliance and ethics training embedded as a standard for all Team Members in accordance with Hilton's Code of Conduct. These foundations not only safeguard the hotel's organisational culture but also reinforce the trust and confidence of guests, partners, and stakeholders.

As Hilton Colombo enters its next phase of growth, the hotel's leadership is committed to deepening Team Member engagement, strengthening organisational resilience, and building a high-performance culture that is both people-centred and guest-focused. Through sustained and purposeful investment in its people, Hilton Colombo is confident in its ability to attract, retain, and develop the talent needed to deliver exceptional guest experiences, drive sustainable business performance, and uphold the values that define the Hilton brand - today and well into the future.

Intellectual Capital

Hotel Developers (Lanka) Ltd derives significant intellectual capital value through its long-standing Management Agreement with Hilton Worldwide - one of the world's most recognised and respected hospitality brands. Since 1987, this partnership has enabled Hilton Colombo to access and embed a wealth of globally developed knowledge assets, proprietary systems, and best-in-class operational frameworks that would otherwise be beyond the reach of a standalone property, providing HDL with a enduring and compounding competitive advantage.

Through the Management Agreement, HDL benefits directly from Hilton Worldwide's continually evolving suite of proprietary operating systems, standardised processes, technology platforms, and globally benchmarked service protocols - all of which underpin consistent, high-quality guest experiences and drive operational efficiency across every function of the hotel. In addition, the agreement provides access to Hilton's internationally recognised certifications, loyalty ecosystem, global distribution network, and brand reputation - intellectual assets that meaningfully enhance the property's market positioning, revenue-generating capacity, and long-term value.

This unique arrangement ensures that Hilton Colombo operates at the forefront of global hospitality standards, continuously benefiting from Hilton Worldwide's investments in innovation, digital transformation, and talent development - reinforcing HDL's intellectual capital base and its capacity to deliver sustained excellence for guests, partners, and stakeholders alike.

Systems, Processes, and Operational Framework

A key strength of Hilton Colombo's intellectual capital lies in the adoption of the global operating framework of Hilton Worldwide, which standardizes best practices across guest experience, quality assurance, food safety, sustainability, revenue management, information security, and operational risk management. These structured systems embed internationally benchmarked knowledge into daily operations, ensuring consistent service delivery, regulatory compliance, and operational efficiency.

By institutionalizing these frameworks, Hilton Colombo effectively converts global expertise into enduring organizational knowledge assets, thereby strengthening its intellectual capital base. This integration enhances process discipline, reduces operational risk exposure, and supports continuous improvement through structured, data-driven decision-making. Over time, it fosters a learning-oriented organization that systematically captures, applies, and refines best practices, contributing to service innovation, operational resilience, and sustained competitive advantage.

In addition, internationally recognized certifications, ISO-aligned management systems, and Hilton-standardized operational protocols further reinforce this intellectual capital foundation. These systems ensure strict compliance with regulatory requirements, strengthen governance and risk management practices, and uphold consistent quality standards across all operational areas, including sustainability and food safety management.

Transfer of Organizational Tacit Knowledge

Human capital development at Hilton Colombo is strengthened through structured training, cross-exposure, and task force deployments within the global Hilton Worldwide network. These initiatives enable effective knowledge transfer, skill enhancement, and leadership development while supporting employee engagement, career progression, and retention. Cross-property assignments and regional task forces expose employees to diverse operational environments and international best practices, strengthening problem-solving and adaptability. This continuous experiential learning enhances workforce capability and directly contributes to the hotel's intellectual capital by embedding global knowledge, operational expertise, and best practices into its organizational systems and service delivery standards.

During the year under review, 22 number of employees were deployed on task force assignments in Japan and Singapore, supporting cross-property operations and facilitating international knowledge and experience sharing within the organization.

Information Technology Systems, Operational Processes, and Digital Ecosystem

Digital and technological capabilities represent a vital component of Hilton Colombo's intellectual capital. The hotel's use of advanced property management systems (ONQ), revenue optimization tools, guest relationship management platforms, cybersecurity frameworks, and performance monitoring

Intellectual Capital

systems embeds technology-driven knowledge into core operational processes. In addition, Building Management Systems (BMS) and Guest Room Management Systems (GRMS) enable real-time monitoring, efficient resource utilization, and predictive maintenance. Collectively, these systems convert operational data into strategic insights, strengthening decision-making, process intelligence, and operational control. By integrating digital platforms into daily operations, Hilton Colombo builds a strong knowledge infrastructure that enhances efficiency, supports innovation, and improves service delivery, thereby continuously expanding its intellectual capital through data-driven learning and optimization. In 2025, the hotel further strengthened this capability through the adoption of AI-driven tools to manage food waste and optimize kitchen production planning, resulting in improved cost control and reduced food costs. This application of artificial intelligence demonstrates the evolution of its digital ecosystem into a more predictive and sustainability-focused system, further enriching its intellectual capital through smarter resource management and operational efficiency.

Hilton Colombo benefits significantly from the global distribution network and loyalty ecosystem of Hilton Worldwide, particularly the Hilton Honors programme, which comprises over 200 million members globally. This large, digitally connected loyalty base generates extensive customer data and behavioural insights, enabling advanced analytics, personalized guest engagement, and targeted marketing strategies. These capabilities strengthen Hilton Colombo's intellectual capital by transforming loyalty-driven data into actionable knowledge for demand forecasting, revenue optimization, and service enhancement. The scale and sophistication of the Hilton Honors ecosystem enhances the hotel's market intelligence, deepens customer understanding, and improves strategic decision-making, thereby reinforcing long-term competitiveness and operational performance.

Way Forward

Looking ahead, The Company is committed to deepening and expanding its intellectual capital base through continued alignment with Hilton Worldwide's global innovation agenda. The Company will actively leverage Hilton's ongoing investments in digital transformation, advanced analytics, process optimisation, and knowledge-sharing across its global network - translating these capabilities into tangible improvements in operational efficiency, revenue performance, and guest experience delivery at Hilton Colombo.

As Hilton Worldwide continues to evolve its systems, platforms, and service standards in response to shifting global hospitality trends, The Company is uniquely positioned to benefit from these advancements through its Management Agreement - ensuring that Hilton Colombo remains at the cutting edge of innovation without bearing the full cost of development independently. This distinctive integration of global intellectual resources and strategic stewardship provides a powerful and self-reinforcing foundation for competitiveness and resilience.

The Company's ambition is to ensure that Hilton Colombo not only keeps pace with the evolving hospitality landscape but leads within it - continuously raising the bar on service excellence, operational sophistication, and guest satisfaction, while creating enduring value for its owners, partners, and all stakeholders in the years ahead.

Manufactured Capital

Hilton Colombo's manufactured capital represents one of its most significant and enduring sources of competitive advantage - a carefully maintained and strategically enhanced portfolio of physical infrastructure, operational assets, and technology-enabled systems that together form the backbone of the Company's ability to deliver world-class hospitality experiences. As one of Sri Lanka's most iconic city hotels, the property commands an exceptional asset base spanning premium guest accommodation, award-winning food and beverage outlets, versatile banquet and conference facilities, world-class recreational amenities, robust engineering infrastructure, and integrated digital systems. Each of these assets is managed with a long-term value creation mindset, reflecting The Company unwavering commitment to maintaining the highest standards of quality, functionality, and guest satisfaction that the Hilton brand commands and its guests expect.

Asset Category	Description
Accommodation	Hilton Colombo offers an exceptional range of 327 well-appointed guest rooms and 41 elegantly designed suites, spanning Deluxe Rooms, Executive Rooms, Suites, and Presidential Suites. Each category is thoughtfully equipped with modern amenities to meet the discerning needs of both business and leisure travellers. Guests in Executive Rooms and Suites enjoy exclusive access to the Executive Lounge, where premium personalised services further elevate the stay experience.
Dining Facilities	The hotel presents a vibrant and diverse portfolio of signature dining venues, offering guests an inspiring journey through local and international culinary traditions. Flagship outlets Graze Kitchen, and Emperor's Wok - are complemented by the convivial atmosphere of Café Kai and the scenic SunsetBlu, collectively catering to a wide spectrum of dining occasions and guest preferences.
Meeting and Event Spaces	Hilton Colombo provides one of Colombo's most comprehensive meetings and events propositions, featuring 17 fully equipped meeting rooms and a Grand Ballroom - all supported by state-of-the-art technology and flexible configurations. The facilities are well suited to host conferences, corporate meetings, exhibitions, weddings, and high-profile social functions of all scales.
Recreational Facilities	Guests enjoy access to an outstanding range of leisure and wellness amenities, including an outdoor swimming pool, a fully equipped fitness centre, spa, sauna, steam room and squash courts, children's pool, and play area. These facilities collectively support both active lifestyles and restorative relaxation, enhancing the overall guest experience.
Location and Property Footprint	Strategically positioned in the heart of Colombo's central business district, the property commands a prime footprint of approximately 6.6 acres - of which 1.8 acres are dedicated to sports and recreational facilities. This enviable location provides guests with seamless access to key business, leisure, cultural, and entertainment destinations, reinforcing the hotel's appeal to both corporate and leisure travellers.
Technology and Smart Infrastructure	The property is underpinned by an advanced, integrated technology ecosystem comprising a Building Management System (BMS), Guest Room Management System (GRMS), Property Management Systems, security and surveillance infrastructure, and energy-efficient HVAC systems. Together, these platforms enhance operational efficiency, optimise energy performance, strengthen guest comfort, and support the Company's broader sustainability commitments.

Maintaining the quality, efficiency, and resilience of these assets remains a strategic priority. During the year, the Company's primary focus was on maximizing the benefits derived from the comprehensive guest room renovation programme completed in the previous year. Efforts were directed towards fine-tuning operational processes, enhancing guest comfort, and optimizing asset performance to ensure the full realization of expected returns from this significant investment.

Manufactured Capital

The year also saw continued emphasis on the integration and optimization of the Building Management System (BMS) and Guest Room Management System (GRMS), enabling improved monitoring and control of energy consumption, room occupancy, and operational performance. These technology-driven enhancements support greater resource efficiency, operational reliability, and environmental performance while elevating the overall guest experience.

Technology remains a key enabler in strengthening the hotel's manufactured capital. Digital solutions supporting reservations, guest engagement, property management, security monitoring, and energy management contribute to seamless operations and enhanced service delivery. The integration of smart technologies further enables data-driven decision-making and proactive asset management across the property.

Hilton Colombo adopts a disciplined asset management approach to preserve the long-term value, safety, and functionality of its infrastructure. During the year, the Company undertook a comprehensive review of the useful lives of its building structure and major property, plant and equipment assets. The assessment confirmed the structural integrity and continued reliability of the hotel's core assets, indicating that their useful lives can be further extended through systematic monitoring, preventive maintenance. Supported by targeted capital investments and adherence to Hilton Worldwide brand standards, these asset management practices ensure the continuous enhancement of facilities while maintaining the property's competitiveness and long-term value.

Way Forward

Hilton Colombo enters the year ahead with a focused and disciplined approach to capital allocation, prioritising high-yield and strategically aligned investments that strengthen its manufactured capital base, elevate the guest experience, and deliver sustainable long-term returns. These planned investments reflect the Company's commitment to preserving and enhancing the value of its physical asset portfolio while reinforcing Hilton Colombo's position as the premier hospitality destination in Sri Lanka.

A landmark highlight of the near-term pipeline is the renovation of the Grand Ballroom, scheduled for completion in 2026. This investment will significantly elevate Hilton Colombo's standing as Colombo's foremost venue for high-profile conferences, corporate events, weddings, and social functions - directly supporting the Company's strategic ambition to capture a growing share of the expanding MICE market, including the compelling opportunity presented by India-sourced corporate and incentive travel. Complementing this, the planned opening of a dedicated Sri Lankan restaurant in 2026 will enrich the hotel's food and beverage portfolio, offering guests an authentic celebration of local culinary heritage within a world-class setting.

Looking further ahead, the upgrade of the existing marquee facility to five-star standards will meaningfully strengthen the hotel's outdoor events capability and further consolidate its competitive positioning within the MICE segment. The planned completion of renovations across the remaining five executive floors by 2027 will bring the entirety of Hilton Colombo's accommodation inventory to the highest Hilton Worldwide brand standards - ensuring a consistently premium experience for every guest, across every room category.

Collectively, these investments represent a confident and purposeful commitment to the long-term vitality of Hilton Colombo's manufactured capital - enhancing guest satisfaction, driving revenue growth, and delivering sustainable value for The Company and all its stakeholders well into the future.

Social & Relationship Capital

Guests and Loyalty Members

A strong base of social capital is reflected in Hilton Colombo's enduring relationships with its diverse global clientele, which includes both leisure and MICE (Meetings, Incentives, Conferences, and Exhibitions) travellers. Operating within the Hilton Worldwide portfolio, the hotel aligns its guest experience standards with the global framework of Hilton Worldwide Holdings Inc., where consistent delivery of quality service and sustained customer satisfaction are fundamental to its brand value and positioning.

Guest engagement is continuously strengthened through a focus on personalised service, responsive interactions, and the progressive enhancement of offerings across all touchpoints of the guest journey. These efforts contribute to building trust and loyalty, while reinforcing long-term relationships with both new and returning guests, in line with Hilton's global brand standards.

The reporting period also presented external challenges, including Cyclone Ditwah which influenced international travel patterns and resulted in cancellations of room nights and events, as well as itinerary modifications. In response, Hilton Colombo demonstrated adaptability and close guest coordination, ensuring service continuity and maintaining the strength of established relationships despite operating disruptions.

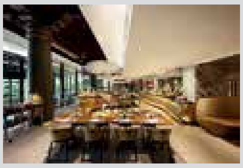
Our world class guest offerings

Guest Satisfaction

Trip Advisor - Hilton Colombo Outlets

Tripadvisor

Graze Kitchen
2 Sir Chittampalam A Gardiner Mawatha,
Colombo 00200, Sri Lanka



Ratings and reviews
4.8 ●●●●● 1,602 reviews

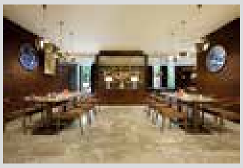
Tripadvisor

L.A.B
2 Sir Chittampalam A Gardiner Mawatha,
Colombo 00200, Sri Lanka

Ratings and reviews
4.9 ●●●●● 512 reviews

Tripadvisor

Emperor's Wok
2 Sir Chittampalam A Gardiner Mawatha,
Colombo 00200, Sri Lanka



Ratings and reviews
4.9 ●●●●● 361 reviews

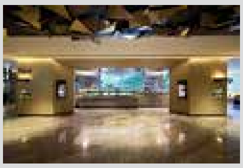
Tripadvisor

Stella Karaoke Lounge and Bar
2 Sir Chittampalam A Gardiner Mawatha,
Colombo 00200, Sri Lanka

Ratings and reviews
4.7 ●●●●◐ 71 reviews

Tripadvisor

Café Kai
2 Sir Chittampalam A Gardiner Mawatha,
Colombo 00200, Sri Lanka



Ratings and reviews
4.9 ●●●●● 150 reviews

Tripadvisor

SunsetBlu
2 Sir Chittampalam A Gardiner Mawatha,
Colombo 00200, Sri Lanka

Ratings and reviews
4.9 ●●●●● 610 reviews

At Hilton Colombo, customer satisfaction is a key priority aligned with the global service standards of Hilton Worldwide Holdings Inc. Measuring guest satisfaction provides valuable insight into service performance and supports continuous improvement in delivering exceptional guest experiences.

The hotel adopts a multi-channel approach to gathering and analysing guest feedback, including direct surveys, online reviews, and real-time feedback collected throughout the guest journey. Insights from direct guest interactions further enhance understanding of guest expectations and service quality.

Social & Relationship Capital

Operational performance is closely monitored through key indicators such as complaint resolution times and in-stay feedback, enabling timely response, effective service recovery, and continuous enhancement of service delivery. Repeat guest behaviour and loyalty trends are also tracked as important indicators of trust and relationship strength.

Together, these insights create a continuous feedback loop that drives service improvement, strengthens guest relationships, and reinforces long-term loyalty to Hilton Colombo.

Hilton Colombo's digital presence continues to serve as a powerful and transparent reflection of the quality of its guest experience, with online platforms consistently affirming the high standards of service delivery that define the hotel. A standout achievement during the year was the improvement in Booking.com review rating from 8.6 to 8.8 - a meaningful step forward that speaks directly to the tangible enhancements in guest satisfaction driven by the completion of the refurbishment programme, strengthened service standards, and the dedication of the hotel's team across every department. Recognised on one of the world's most widely referenced hospitality booking platforms, this milestone further elevates Hilton Colombo's digital reputation and reinforces its standing as the premier five-star destination in the heart of Colombo - a distinction that continues to attract both new and returning guests from across the globe.

OTA Performance

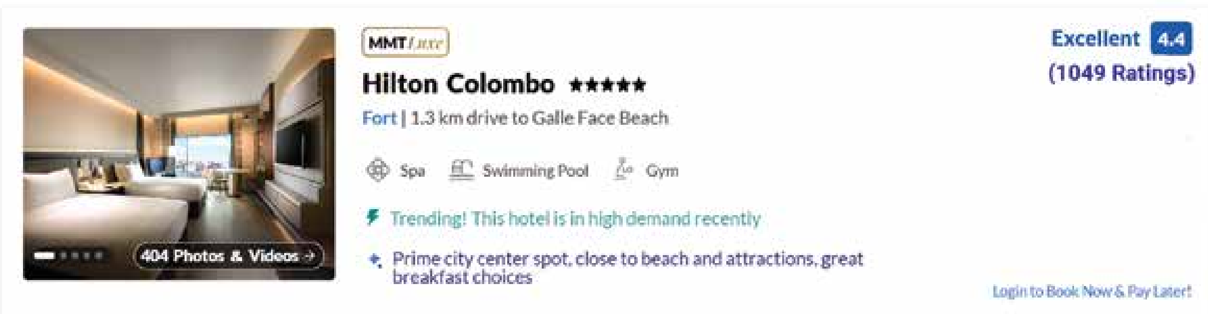
Bookings.com

Expedia

Agoda

Trip.com

Make my trip



Social & Relationship Capital

Our Presence in Social Media Platforms

Facebook

246.6K
Total Followers

131.1Mn
Views

Instagram

44.3K
Total Followers

39.2Mn
Views

493.7%
Reach growth rate (YoY)

Summary of major gust events taken place at Hilton Colombo

NYE
Grand New Year's Eve gala dinner with live music, themed buffet, countdown celebration, and fireworks views.

CNY (Chinese New Year)
Special Chinese New Year menu with traditional dishes, festive décor, and prosperity-themed promotions.

Timeless Taste of India
Culinary festival celebrating authentic Indian regional cuisine with guest chefs and themed buffet nights.


Valentine's Day

Romantic candlelight dinners, couples' packages, themed desserts, and live entertainment.


A Middle Eastern Flair

Middle Eastern food promotion featuring mezze, grills, Arabic desserts, and cultural ambience.


Women's Day

Special brunch or high tea celebrating women with exclusive offers, wellness experiences, and gifts.


Waffle Promotion

Dessert promotion featuring creative waffle varieties, toppings, and seasonal flavors.

Social & Relationship Capital


Sinhala & Tamil New Year
Traditional Sri Lankan Avurudu buffet with local sweets, games, and cultural performances.


Easter Buffet and Goodies
Easter brunch buffet, chocolate egg displays, kids' activities, and themed desserts.

Mother's Day
Special brunch/high tea celebrating mothers with live music and complimentary treats.

Father's Day
BBQ buffet or themed dinner celebrating fathers with beverage promotions and entertainment.

Colada calling your name - L.A.B. & SunsetBlu

Celebrating the world famous cockatail first blended at Caribe Hilton in 1954

Flavors of Vietnam

Vietnamese culinary festival with authentic dishes such as pho, banh mi, and fresh spring rolls.

38th Anniversary of Hilton Colombo

Anniversary celebration with special dining promotions, discounts, and commemorative events.

Breast Cancer Awareness High Tea

Pink-themed charity high tea supporting breast cancer awareness and fundraising initiatives.

Social & Relationship Capital

Oktoberfest

German-themed festival with sausages, pretzels, beer promotions, and live Bavarian music.

Flood Relief Concert

Charity concert event to raise funds for flood relief with live performances and community engagement.

Christmas Tree Lighting

Festive tree lighting ceremony with carols, holiday treats, and seasonal décor launch.

Christmas

Festive Christmas Eve dinner and Christmas Day brunch with traditional holiday dishes and entertainment.

Safe and Healthy Guest Environment

At Hilton Colombo, the health, safety, security, and overall wellbeing of guests form an integral part of the hotel's social capital and are embedded across all aspects of operations aligning with their brand standards. Brand Standards play a pivotal role in the Health & Safety giving the highest priority , hence the hotel maintains a comprehensive framework of controls through its standard operating procedures covering premises security, food safety, hygiene and sanitation, emergency preparedness, and guest wellness, ensuring a consistently safe, secure, and comfortable hospitality environment.

Guest safety is supported through a robust, multi-layered security system that includes electronic key card access for guest rooms, 24/7 security personnel and patrol services, CCTV surveillance across public and sensitive areas and central fire alarm room to monitor ant emergency actions. These measures are further strengthened by explosives detection and baggage screening procedures, medical screening of food handlers, microbiological testing of food, water, and environmental surfaces, and stringent supplier evaluation processes to uphold required safety and compliance standards.

High standards of hygiene and cleanliness are maintained through structured housekeeping and sanitation protocols, including regular sanitisation of guest areas and fitness facilities, ongoing HVAC maintenance and air quality monitoring, and the provision of Personal Protective Equipment (PPE) to relevant team members to ensure safe operational practices.

The hotel's fire safety and emergency preparedness systems include clearly marked evacuation routes, in-room fire safety instructions, and regular fire drills supported by structured emergency response training. The property is equipped with smoke detectors, fire alarm systems, and sprinkler installations throughout, with trained emergency response personnel in place to manage critical situations effectively.

Guest wellbeing is further supported through doctor-on-call services, trained lifeguards overseeing swimming pool operations, and daily monitoring of pool water quality to ensure compliance with safety standards. In addition, guest feedback relating to health and safety is actively monitored and addressed, enabling continuous improvement in service quality and reinforcing trust, safety, and care within the Hilton Colombo guest experience.

Distribution and Channel Partner Network

Channel partners constitute an important element of Hilton Colombo's social capital and play a significant role in its commercial strategy and market outreach, particularly within the hospitality and tourism sector where destination visibility, travel confidence, and international market access are strongly shaped by intermediary networks. As part of the Hilton Worldwide portfolio, Hilton Colombo leverages its affiliation with Hilton Worldwide to strengthen strategic relationships with travel agents, tour operators, online travel agents (OTAs), corporate travel planners, and global sales representatives, which are essential for sustaining occupancy, expanding market reach, and reinforcing brand positioning across key international source markets.

The hotel operates within a diversified distribution ecosystem that includes travel agencies, OTAs, direct booking channels, corporate sales networks, global sales offices, and walk-in guests. Collectively, these channels enable access to multiple customer segments, enhance global visibility, and support agility in responding to evolving travel trends and booking behaviours.

These strategic partnerships were instrumental in sustaining international visibility and reinforcing confidence in Hilton Colombo and the broader Hilton brand as a trusted hospitality provider in a challenging operating environment.

Guest Information Privacy and Confidentiality

Hilton Worldwide maintains a robust, globally applicable data privacy programme that governs the collection, processing, storage, and transfer of personal data across all its properties and platforms worldwide. As long established property under the Management Agreement, Hilton Colombo operates in full alignment with this framework.

In addition to operating within Hilton Worldwide's global privacy framework, Hilton Colombo is attentive to its obligations under applicable Sri Lankan law in relation to the collection and use of personal data. The Company monitors developments in Sri Lanka's evolving data protection regulatory landscape and is committed to ensuring full compliance as the country's data protection framework continues to develop.

Social & Relationship Capital

Supply Chain and Business Partner Engagement

Strong and reliable supplier and business partner relationships form a key component of Hilton Colombo's social capital, underpinning operational continuity, service excellence, and the delivery of a consistent guest experience. As part of the Hilton Worldwide portfolio, the hotel draws on a diverse network of suppliers, service providers, and business partners across food and beverage, engineering, utilities, technology, housekeeping, events, and other critical operational functions.

Hilton Colombo is committed to fostering long-term, mutually beneficial partnerships built on professionalism, transparency, ethical conduct, and operational reliability. Supplier relationships are managed through structured procurement and onboarding processes, supported by a Supplier Code of Conduct that defines expectations related to legal compliance, labour practices, environmental responsibility, human rights, and ethical business standards.

Throughout the reporting period, the hotel maintained active engagement with suppliers and business partners to ensure continuity of supply, efficient procurement processes, timely settlement of obligations, and collaborative resolution of operational challenges. These partnerships were particularly important in navigating external disruptions experienced during the year, including broader economic and geopolitical uncertainties affecting the operating environment.

Sustainability and inclusivity remain integral to Hilton Colombo's procurement approach. Preference is given, where feasible, to sustainable products, services, and technologies, while also supporting local enterprises and small and medium-sized businesses to strengthen a more resilient and inclusive supply chain ecosystem.

Supplier onboarding and selection continue to be governed by structured and transparent evaluation processes that consider financial stability, operational capability, and environmental and social performance criteria. During the year, the supplier base was further strengthened and diversified through the onboarding of new vendors across multiple operational categories.

No negative social or environmental impacts were identified within the supply chain during the reporting period, reflecting the effectiveness of Hilton Colombo's responsible sourcing and supplier management practices.

Corporate Social Responsibility (CSR) Initiatives - 2025

1. Inclusive Hospitality at Hilton Colombo

Our definition of hospitality is rooted in the belief that every individual deserves a seat at the table. The transformative full-day engagement for students from the Dayamina Special Needs School, designed to move beyond traditional charity, focusing instead on active inclusion, participation, and the holistic well-being of all attendees.

2. Nourishing the Future at COMHealth Fest 2025

The foundations of a flourishing community begin with the well-being of its youngest members. Guided by the theme "Ensuring Every Baby Thrives, Every Community Flourishes," we proudly partnered with the College of Community Physicians of Sri Lanka for COMHealth Fest 2025. This collaboration underscores our conviction that hospitality plays a pivotal role in advancing public health and long-term environmental stewardship.

3. The Spirit of Ramadan-Compassion and Unity

True essence of Ramadan lies in the power of human connection and the spirit of generosity. We were honored to welcome 15 school children from vulnerable communities for a special pre-Iftar session-an initiative dedicated to fostering an environment of hope, inclusivity, and shared growth. By creating meaningful experiences that support the local community, we continue to bridge gaps and build a future rooted in compassion and social responsibility.

4. Fueling Resilience and Celebrating Ability

True hospitality is about recognizing and celebrating the potential within every individual. In our latest community engagement initiative, we were honored to support a Sports Activity Day dedicated to children with physical disabilities, a day defined by determination, resilience, and the joy of movement. Our broader mission to create inclusive experiences and ensure that our community engagement efforts provide opportunities for all to thrive.

5. Empowering the Future of Hospitality in Kotte

At Hilton Colombo, we believe that true hospitality is an engine for social mobility. Recognizing the transformative power of economic independence, the Empowerment and Awareness Session for women from vulnerable communities in Kotte designed to bridge the gap between untapped potential and the diverse career opportunities available within the global hospitality sector.

6. Knowledge Sharing for Future Leaders - Sustainability Initiatives in Tourism Industry

The future of our industry lies in the hands of the next generation of professionals. To bridge the gap between academic theory and industry excellence, a Knowledge Sharing Session on Sustainable Tourism was held for university students. The program provided a comprehensive exploration of the "Triple Bottom Line" balancing economic growth, environmental protection, and community well-being through key pillars such as eco-friendly operations, biodiversity preservation, and emerging ESG career paths.

7. Empowering Middle Management for Personal Growth - "Personal Finance Management & Entrepreneurship"

Our Middle Management professionals are the strategic engine of our organization. To further strengthen their leadership capabilities, we conducted a specialized learning session on "Personal Finance Management & Entrepreneurship," led by Mr. Chamila Ekanayake, Country Director - Finance.

8. Echoes of Wisdom: A Day with Our Elders

Essence of hospitality is found in how we care for the most vulnerable and cherished members of our society. As a core pillar of our Travel with Purpose initiative, we were honored to host "A Day with Our Elders," welcoming senior citizens from non-paid elders' homes across Colombo for a day dedicated to dignity, connection, and joy.

Social & Relationship Capital

9. Continuing the Promise of Care - Supporting the Youngest Warriors of Apeksha

Highest form of hospitality is the preservation and support of life itself. A critical mission to support the Pediatric Unit of Apeksha Cancer Hospital, Maharagama-the national center for oncology in Sri Lanka. Recognizing the profound financial and emotional challenges faced by families during pediatric cancer treatment, Hilton Colombo donated LKR 1 million worth of essential, high-cost medications to ensure that life-saving care remains accessible to those in their most vulnerable moments.

10. From Hives to Hope: Empowering Rural Families and Preserving Nature

Effective way to drive community development is through initiatives that harmonize human prosperity with ecological health.
A transformative beekeeping project in Kumbugodaara Village, Embilipitiya, providing vulnerable families with the tools and knowledge to build a resilient future in partnership with the Bee Queen Institute.

11. Lighting Up Hearts-A Festive Celebration of Inclusion

Holiday season reaches its true potential when it is used as a beacon of hope for our community. Our annual Christmas Tree Lighting was transformed into a deeper mission of compassion: "Lighting Up Hearts." In a poignant celebration of the festive season, we welcomed children in need for an evening dedicated to joy, dignity, and the spirit of togetherness.

12. Career guidance for students from Vocational Training Authority.

A Career Guidance Program was conducted to introduce career opportunities in the hospitality industry and help them prepare for future employment. The session focused on identifying personal strengths, exploring in-demand vocational pathways, and developing essential skills needed for careers in the hotel and hospitality sector. The initiative aimed to guide and motivate students toward building successful careers in the industry.

13. Career guidance for students from National Youth Corps.

A Career Guidance Program was conducted help them explore career opportunities in the hotel industry. The session focused on identifying students' strengths, developing basic job-ready skills, and introducing career pathways within hospitality. The initiative aimed to motivate and prepare them for future employment across various hotel departments and service areas.

14. Career Awareness program for Wathurugama Maha Vidyalaya.

Hilton Colombo had the honor of having a dedicated Career Awareness Program organized in collaboration with the National Youth Corps. The session provided valuable exposure to the hospitality industry, offering students inspiration, practical insights, and a clearer understanding of the many career opportunities available to them. Through interactive discussions and engaging activities, the program encouraged students to explore their ambitions with confidence while gaining a deeper appreciation of the diverse career pathways within the hospitality sector.

Natural Capital

At Hotel Developers (Lanka) Ltd. (HDL), natural capital management is embedded within the operational management of the Hilton Colombo Hotel, reflecting our belief that exceptional hospitality must go hand in hand with the preservation of Sri Lanka's natural heritage. As a flagship property, we recognize that the scale of our operations-including the energy required to power more than 368 guest rooms, award-winning dining outlets, and expansive event spaces-carries a responsibility to address the challenges of the global climate crisis.

Energy & Emissions

Energy consumption remains one of our most significant operational touchpoints. Given its direct impact on operating costs and carbon emissions, energy management is a key operational priority at Hilton Colombo Hotel. This commitment is supported by a structured energy management framework and the broader certified energy management system of Hilton Worldwide Holdings Inc., which conforms to the requirements of the ISO 50001:2018 standard. Our approach is further strengthened through the continuous monitoring of energy intensity, optimization of HVAC systems through advanced smart chillers, LED lighting upgrades, and the deployment of intelligent Building Management Systems (BMS) and Guest Room Management Systems (GRMS). Energy performance targets are reviewed annually to drive continual improvement, enhance operational efficiency, and support the achievement of our sustainability objectives.

From the cooling systems essential for tropical comfort to the high-demand energy required for our laundry and kitchen facilities, every kilowatt-hour used contributes to our indirect emissions. Meanwhile, our direct emissions, primarily driven by on-site diesel for backup power and LPG for our culinary operations, represent our direct environmental impact.

We understand that carbon emissions are not just a metric; they are a threat to the biodiversity and coastal beauty that make Sri Lanka a premier global destination. By aligning with Hilton's global 2030 Goals, we are committed to reducing our emissions intensity, ensuring that as we provide world-class service, we are simultaneously safeguarding the environment for future generations of travelers.

Waste: A Masterclass in Circularity

At Hilton Colombo, we have redefined the lifecycle of our resources, achieving a staggering 48% reduction in waste. This achievement surpassing our 10% goal by nearly fivefold reflects a deep cultural shift within our heart-of-house operations. From eliminating single-use plastics to our sophisticated organic waste composting, we are proving that high-volume hospitality can exist in harmony with a zero-waste future.

Water: Precious Drops, Preserved

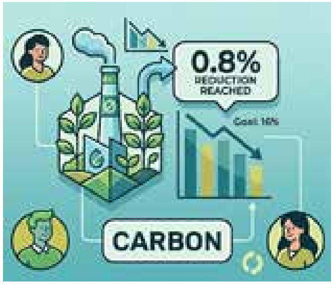
In our island home, water is our most vital shared resource. This year, through rigorous engineering upgrades include the installation of water-efficient sanitary fittings as part of the recently completed renovation of 268 guest rooms, systematic water consumption monitoring, and proactive leak detection programs and guest-facing conservation programs, we realized a 23.9% reduction in water consumption. By more than doubling our 10% target, Hilton Colombo continues to lead the region in water stewardship, ensuring that every drop used in our guest experience is managed with the utmost reverence for our local ecosystem.

Energy: Powering the Future Responsibly

We are currently operating at peak efficiency, nearing the finish line of our ambitious energy milestones. With a 9.3% reduction achieved this year, we are a mere fraction away from our 10% annual goal. This progress is driven by our transition to intelligent climate control and LED architecture, balancing the legendary comfort our guests expect with the lean energy profile required of a modern global icon.

Carbon: The Journey to Net Zero

While we celebrate a 0.8% reduction in our carbon emissions, we recognize that the path to our 6% target requires bold, transformative action. This modest decrease represents the first step in a complex decarbonization journey. As we look toward 2026, we are intensifying our focus on renewable energy integration and supply chain transparency to bridge this gap and honor our "Travel with Purpose" commitment



Projects

From Comfort to Compassion: The Second Life of Linen

At Hilton Colombo, we believe that luxury should never be ephemeral. Each year, the high standards of our guest experience result in the retirement of premium linens that still hold immense value. Through our Used Bed Linen Recycling Project, we have transformed a potential waste stream into a powerful tool for social impact. By meticulously sorting and diverting these textiles from landfills, we extend their journey from our guest rooms to the homes of underprivileged families and local orphanages. In partnership with certified upcycling artisans, we are turning “waste” into “worth,” ensuring that our commitment to the planet is matched by our devotion to the community.

Beyond the Bottle: Eradicating Single-Use Plastics

Aligned with Hilton’s global mandate to halve our environmental footprint by 2030, Hilton Colombo has successfully phased out plastic bottled water across our entire room inventory. By replacing traditional plastic with eco-friendly glass alternatives and high-capacity refillable dispensers, we are significantly curbing the volume of non-biodegradable waste entering our local ecosystems. This initiative is a cornerstone of our 48% waste reduction achievement, demonstrating our proactive stance in protecting Sri Lanka’s natural beauty while maintaining the uncompromising quality and comfort our patrons expect.

Natural Capital

Stewardship Beyond the Shoreline: The Crow Island Beach Coastal Cleanup.

At Hilton Colombo, our commitment to the planet is an extension of our hospitality. Under our Travel with Purpose framework, we recently spearheaded the Crow Island Beach Coastal Cleanup in partnership with the Center for Beach Cleanup Sri Lanka. This initiative transformed an environmental challenge into a powerful demonstration of collective action.

- By recovering hundreds of kilograms of waste, providing on-site marine education, and reinforcing Hilton's ESG leadership, this initiative successfully bridged the gap between immediate environmental action and long-term sustainable tourism.
- By fostering environmental stewardship and community synergy, Hilton Colombo continues to protect the natural beauty of Sri Lanka. We remain dedicated to ensuring our coastlines stay vibrant, healthy, and resilient for generations to come.

Way Forward

In 2026, Hilton Colombo will undertake a comprehensive energy audit to identify further opportunities for improving operational efficiency and reducing environmental impacts. The assessment will focus on key areas such as HVAC (cooling system) optimization, hot water management, and other energy-intensive operations, with the objective of prioritizing capital investments in high-impact, ROI-driven initiatives. These targeted interventions are expected to further reduce energy consumption, lower carbon emissions, and optimize overall energy costs.

Looking ahead, Hilton Colombo remains committed to strengthening its natural capital management practices through continuous improvement, innovation, and investment in sustainable technologies. Effective management of natural resources contributes directly to value creation by reducing operating costs and carbon intensity, enhancing regulatory compliance, improving guest appeal, strengthening brand reputation, and preserving the long-term value and resilience of the hotel's assets.

Corporate Governance

The Board of Directors of Hotel Developers (Lanka) Limited place a high degree of importance in adopting sound Corporate Governance practices and are committed to highest standards corporate governance within the organization guided by the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Guidelines on Corporate Governance for State Owned Enterprises, published by the Department of Public Enterprises of the General Treasury that was circulated by the Ministry of Finance by a Circular dated 16th November 2021.

THE BOARD OF DIRECTORS

The Board of Directors of Company provides the leadership being the top most body carrying the responsibility of formulating corporate strategic goals, values and standards and monitoring the performance and reporting to ensure the Company maintains high level of corporate governance and transparency in reporting to meet the obligations and the responsibility towards the stakeholders.

THE COMPOSITION OF THE BOARD

The Board comprised of 10 Directors as at the end of the year under review constituting Non-Executives with a balance of skills and experience which is appropriate for the business carried on by the Company as morefully set out below.

Mr. P. D. Samarasinghe	*Independent Non Executive [w.e.f. 2024-10-03]*
Mr. K. J. D. G. Perera	*Independent Non Executive [w.e.f. 2024-10-11]*
Mr. A. G. S. Senandeera	*Independent Non Executive [w.e.f. 2024-10-11]*
MR. U. D. C. Priyantha	*Independent Non Executive [w.e.f. 2024-10-11]*
Mr. B.A.T. Rodrigo	*Non Independent Non Executive [w.e.f. 2024-11-08]*
Ms. D S Ameresekere	*Independent Non Executive [w.e.f 2015-04-07]*

The following were appointed as Directors in 2025

Mr. D V K M Algama	*Independent Non Executive [w.e.f. 2025-01-08]*
Mr. M U A Reyal	*Independent Non Executive [w.e.f. 2025-01-08]*
Mr. M R S P Fernando	*Independent Non Executive [w.e.f. 2025-01-22]*
Ms. R C M Jayawardena	*Independent Non Executive [w.e.f. 2025-01-22]*

During the year 2025, the following ceased to be Directors

Dr. I A Kankanamge	*[w.e.f. 2025-01-08]*
Mr. P H P Deniyaya	*[w.e.f. 2025-01-08]*
Mr. M S Wattegama	*[w.e.f. 2025-01-22]*
Mr. R Sooriyaarachchige	*[w.e.f. 2025-01-22]*

During the year 2026, the following ceased to be Director

Mr. M R S P Fernando	*[w.e.f 2025.07.23]*

Corporate Governance

APPOINTMENT OF DIRECTORS

As per the Articles of Association of the Company so long as the Secretary to the Treasury holds the majority of the shares, the Secretary to the Treasury shall have the right to nominate and appoint the majority of the Directors to take office.

The rights conferred on the Secretary to the Treasury are deemed to include the right to remove any person so appointed and to appoint another in place of any person so removed or in place of any person previously appointed who for any reason ceases to be a Director. A Director so nominated by the Secretary to the Treasury is not subject to retirement by rotation.

Directors who are over 70 years of age are subject to the provisions of Sections 210 and 211 of the Companies Act No. 7of 2007 and will hold office only until the next Annual General Meeting after they reach the age of 70 years or were reappointed as per Section 211 of the Companies Act, unless they are re-appointed at such meetings specially declaring that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to such Director.

BOARD MEETINGS

The results of the Company are regularly considered and monitored against the budgets at Board Meetings at which a standard agenda is discussed together with any other matters that require the attention of the Board. The Board meets at least 6 times every year and wherever necessary Special Meetings of the Board are held. During the year ended 31st December 2025, Twelve (12) Meetings of the Board were held. The attendance at the meetings was as follows;

Names of the Director	Date of appointment as a Director	No of Meetings attended in 2025
Mr. P D Samarasinghe	03/10/2024	12/12
Ms. D.S. Ameresekere	07/04/2015	11/12
Mr. K.J.D.G. Perera	11/10/2024	10/12
Mr. A.G.S. Senadeera	11/10/2024	10/12
Mr. U D C Priyantha	11/10/2024	11/12
Mr. B.A.T. Rodrigo	08/11/2024	12/12
Mr. D V K M Algama	08/01/2025	12/12
Mr. M U A Reyal	08/01/2025	12/12
Mr. M R S P Fernando	22/01/2025	05/06
Ms. R C M Jayawardena	22/01/2025	11/11

The Directors are provided with Monthly Accounts and all matters of importance are discussed and decisions are taken at the Board Meetings. Further, Board Papers are submitted in advance on issues which require specific approval of the Board. Minutes of all Meetings are properly recorded and maintained by the Company Secretaries.

THE CHAIRMAN

Mr. Pravir Samarasinghe was appointed as Chairman on 3rd October 2024. He is also the Director/CEO of Overseas Realty (Ceylon) PLC, a leading real estate company listed on the Colombo Stock Exchange. With 38 years of experience, including 23 years in senior leadership, he has expertise across multiple sectors such as property, industrial, service, retail, plantations, and exports.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants (UK) and holds an MBA. He has chaired and served on the boards of several public-listed companies and industry associations, including the Sri Lanka Institute of Directors and the Employers' Federation of Ceylon. Additionally, he has attended executive development programs at institutions such as the National University of Singapore and Harvard University.

THE MANAGEMENT

The day to day operations of the Company are entrusted to the Corporate and Senior Management headed by the Chief Operating Officer. They ensure that risks and opportunities are identified and steps are taken to achieve targets within defined time frames and budgets.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has introduced adequate internal controls and risk management systems to safeguard the shareholder investments and the Company's assets. The Board is fully aware that internal controls have inherent limitations and do not provide absolute assurance against fraud and error.

The Board of Directors reviews the Monthly Accounts and the performance of the Company against approved budgets on a regular basis

AUDIT COMMITTEE

The Report of the Audit Committee is given on pages 72-74.
The Audit Committee was reconstituted with effect from 17th December 2024 as follows:

Mr. B.A.T. Rodrigo	*Chairman (Non Independent Non Executive)*
Mr. P Deniyaya	*Member (Independent Non Executive)*
Mr. M.S. Wattegama	*Member (Independent Non Executive)*

Following further changes to the Board, the Audit Committee was again reconstituted with effect from 21st February 2025, as follows:

Mr. B.A.T. Rodrigo	*Chairman (Non Independent Non Executive)*
Mr. D V K M Algama	*Member (Independent Non Executive)*
Mr. M U A Reyal	*Member (Independent Non Executive)*

The Audit Committee reviews and analyzes Reports on the Internal Controls of the Hotel Operations and Internal Audit Reports. The Audit Committee makes recommendations to the Board on necessary/appropriate actions based on such reports and finding improvements to the internal control systems of the Hotel/Company.

The Audit Committee also reviews the Annual Financial Statements before releasing the same for Audit;
Mr V Kanagasabapathy attends the Audit Committee Meetings by invitation pursuant to a decision taken by the Board of Directors of the Company, in April 2023.

REMUNERATION COMMITTEE

The Remuneration Committee was reconstituted with effect from 17th December 2024 as follows:

Mr. P D Samarasinghe	*Chairman (Independent Non Executive)*
Mr. A G S Senadeera	*Member (Independent Non Executive)*
Mr. R Sooriyaaracchi	*Member (Independent Non Executive)*
Mr. U D C Priyantha	*Member (Independent Non Executive)*
Mr. B.A.T. Rodrigo	*Member (Non Independent Non Executive)*

Following further changes to the Board, the Remuneration Committee was again reconstituted with effect from 21st February 2025, as follows:

Mr. P D Samarasinghe	*Chairman (Independent Non Executive)*
Mr. A G S Senadeera	*Member (Independent Non Executive)*
Ms. R C M Jayawardena	*Member (Independent Non Executive)*
Mr. U D C Priyantha	*Member (Independent Non Executive)*
Mr. B.A.T. Rodrigo	*Member (Non Independent Non Executive)*

The Remuneration Committee makes recommendations on remuneration related matters to the Board.

Corporate Governance

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee was reconstituted with effect from 21st February 2025, as follows

Mr. B.A.T. Rodrigo	*Chairman (Non Independent Non Executive)*
Mr. M R S P Fernando	*Member (Independent Non Executive)*
Mr. K J D G Perera	*Member (Independent Non Executive)*

Following the resignation of Mr. Ruwan Fernando, the Related Party Transactions Review Committee was reconstituted on 30th Jan 2026 as follows:

Mr. B.A.T. Rodrigo	*Chairman (Non Independent Non Executive)*
Mr. K J D G Perera	*Member (Independent Non Executive)*
Mr. M U A Reyal	*Member (Independent Non Executive)*

COMPANY SECRETARIES

Company Secretaries provide advice to the Board on matters relating to the Companies Act and Best Practices on Corporate Governance in order to ensure that the Best Governance practices are adopted by the Board and its Committees.

Currently, P W Corporate Secretarial (Pvt) Ltd, who are qualified Secretaries under the Companies Act are the Company Secretaries.

COMPLIANCE WITH LEGAL REQUIREMENTS

All Directors have access to the Financial and Management Information of the Company. The Directors make every endeavor to ensure that the Company complies with Laws and Regulations and to exercise due diligence in managing the affairs of the Company. Additionally, checks and controls are in place to ensure that the policies of the Board are complied with.

FINANCIAL DISCLOSURES AND TRANSPARENCY

Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards and the Companies Act.

In terms of the 19th and 20th Amendments to the Constitution, read together with Article 154 of the Constitution the Auditor General continues to be the Auditor of the Company.

Auditors are allowed to act independently and without intervention from the Management or the Board of the Company to express an opinion on the Financial Statements of the Company. All the required information is provided for examination to the Auditors.

ETHICAL STANDARDS

The Company requires that all its employees maintain the highest standards of integrity in the performance of their duties and dealings on behalf of the Company.

The Company focuses on the training and career development of employees for the creation of an empowered and training committed group of employees, who will drive the Company to high levels of achievement in keeping with its mission, vision, goals and values.

STATUTORY PAYMENTS

All statutory payments due to the Government, which have fallen due, have been made or where relevant provided for. Retirement gratuities have been provided for in accordance with Sri Lanka Accounting Standards LKAS - 19, Employees Benefits.

ACCOUNTABILITY AND DISCLOSURES

In the year ended 31st December 2025 the members of the Board of Directors have reviewed in detail the monthly Financial Statements and Annual Financial Statements in order to satisfy themselves that they present a true and fair view of the Company's affairs and these practices have been further strengthened as per the Code of Best Practice on Corporate Governance and the Guidelines on Corporate Governance for State Owned Enterprises.

OBTAINING INDEPENDENT PROFESSIONAL ADVICE

The Board in discharging its duties seeks independent professional advice from external parties when necessary, at the Company's expense.

By Order of the Board of
HOTEL DEVELOPERS (LANKA) LIMITED

P W Corporate Secretarial (Pvt) Ltd
Company Secretaries

Colombo
22nd May 2026

Risk Management

Being at the forefront of a highly competitive industry that resonates with the demand of attracting and retaining diversified markets amidst numerous challenges, Hilton Colombo considers Risk Management as an integrated process in its pursuit of delivering long-term stakeholder value. In its current business environment where change has become the norm rather than the exception, the Hotel has consistently recognized the pivotal role it plays in balancing strategic planning with business execution and compliance. This facilitates informed decision-making and a conscious evaluation of opportunities and their inherent risks as such, enabling the Hotel to protect or enhance key assets appropriately.

The Risk Management platform of Hilton Colombo is geared toward identifying the types of risk exposure within the company, measuring those potential risks, and developing strategies to mitigate or control the same. Risk Management is an essential element of our corporate governance structure and strategy development process and the Hotel has successfully and strategically structured appropriate systems, policies, and procedures in all areas of operations with periodical reviews to ensure adequacy and adherence.

Our risk management framework constantly reflects the changing dynamics in the operating environment and is woven in line with our policy frameworks and best international practices where applicable.

RISK MANAGEMENT FRAMEWORK

The Risk Management team of Hilton Colombo headed by the General Manager is working closely with Hilton Worldwide in fulfilling its statutory, fiduciary, and regulatory responsibilities within a well-formulated risk management framework. Functional heads of the Hotel together with the General Manager make up the Risk Management team. A methodological process ensures that all relevant internal and external risks are identified with intelligence gathering, quality audits, safety audits, internal audits, and means such as customer feedback and incidents. These identified risks are then assessed in terms of business impact, the likelihood of occurrence, and velocity. Risks are mapped in terms of impact and probability, enabling the prioritization of key risk exposures.

The result of these risk rankings is tabulated in a risk grid that rates the risks on the scale of ‘High to Insignificant’, which enables the Hotel to prioritize the risks and to plan out risk mitigation strategies under the classification of preventive, detective, and corrective action plans.

The Risk Management Team of the Hotel reviews the identified risks on a monthly basis; the assigned risk owners are responsible for the implementation of any mitigation action and report to the Board through the General Manager. The consolidated financial and operational compliance report is received by the Management. The Risk Management Team has also included the Risk Review on the agenda of Risk Management meetings.

Risk Category	Risk Type	Control Measures and Action Plans to Mitigate Risks
Operational Risk	Technology Risk Risk of failure of electronic systems and inadequacy of information systems.	• Implementation of a fully integrated, property management, material management, Point of Sales, and financial information system, ensuring a seamless flow of information and operational efficiencies. • Existence and continuous improvement of a Disaster Recovery Plan in the event of a disruption or failure in the system. • The IT Division of the Hotel has implemented controls to safeguard the computer installations of the hotel to reduce down- time and ensure continuity of operation. • Continuous review of the network protection process is carried out to ensure information security and integrity.
	Internal Process & Procedures The risk of financial loss and disruption to business and breakdown in Internal Controls.	• Clearly defined systems & procedures are in place to ensure compliance with internal controls which are periodically reviewed for their continued effectiveness. • An Internal Audit team from Hilton Worldwide carries out regular reviews and reports on the adequacy and effectiveness of these systems and the level of compliance. • Periodic review by HDL and reporting to the Audit Committee for the reviews conducted and observation of systems and processes as per the annual audit plan.
	Competitive Risk Reduction in market share, failure to be competitive resulting in lower occupancy and room rates due to the Refurbishment program.	• Strict adherence to service standards to ensure superior quality in service delivery and value for money. • Upgrading and enhancing facilities and services. • Reviewing and monitoring adherence to Brand Standards and Standard Operational Procedures (SOP). Anticipate competitor strategies and new entrants to the market and formulate strategies accordingly. Constant creativity and innovation in products and services.
Operational	Brand Image & Reputational Risk Action that may cause material damage to the brand and reputation of the company.	• Conduct regular brand audits and mystery audits for guests' feedback covering both facilities and services. • Compliance with environmental, health & safety best practices by obtaining HACCP and other quality certification standards. Benchmark industry best practices in terms of both product and service. • Ensuring key managerial positions are held by suitably qualified and trained staff with sufficient experience in the hotel industry .Innovative service delivery in keeping with the brand promise. Responsible for corporate citizenship through CSR initiatives.

Risk Management

Risk Category	Risk Type	Control Measures and Action Plans to Mitigate Risks
Operational contd.	Human Resources Risk Risk of losing key personnel and skilled staff; inappropriate labor action. Risk of injuries/health hazards due to employees being exposed to hazardous work conditions/ chemicals.	• Structured training programs cross-exposure training opportunities arising from the performance appraisal process. • Emphasis on good employer-employee relationships, employee welfare, and effective and open communication with the labor union to achieve a win-win outcome. • Fostering a spirit of unity and self-belonging across the organization via associate gatherings, outings, family get-togethers, and religious events. • Adjusting the salary level of the key team members to be more competitive in the market. Strict adherence to laid down safety standards and procedures.
Financial	Investment Risk Parodically monitoring budgets to ensure that targeted profits are achieved for any incremental investments made	• New investments are reviewed based on target ROIs with realistic cash flows prior to commitment • Periodic review of the assets to ensure proper maintenance by the operator
	Credit Risk	• Periodically review the credit policy and controls to mitigate the impact of default. • Regular review of credit limits and approval process for new debtors. • Monthly monitoring and reporting on debtors aging for prompt action
	Liquidity risk	• Negotiate and obtain best credit facilities with suppliers leveraging on shared service procurement. • Banking facilities for operational cash are obtained through close review and approval process to ensure company has the potential to finance the same. • Capital investment are reviewed by the management and approved based on sufficient availability of cash flows for financing with realistic cash projections for sustainability.
Economic & Political	Currency Risk	• Optimum hedging of foreign currency payments with foreign currency income by holding sufficient USD deposit. • Maximize the opportunity of advance booking at high exchange rates to minimize the conversion Risk
	Fiscal Policy	• Periodic review of market interest rates against committed contracts for negotiations and new financing arrangements • Ensure effective tax planning strategies are implemented to overcome change of taxes and other levies.

Annual Report of the Directors on the Affairs of the Company

The Directors of Hotel Developers (Lanka) Limited are pleased to present their Report and the Audited Financial Statements of the Company for the Year ended 31st December 2025.

1. The Principal Activity

The principal activity of the Company is to carry on the business of the proprietors and operators of hotels and for such purpose to construct, purchase take on a lease or otherwise acquire any lands, buildings and other property and to improve, equip and furnish the same.

Accordingly, during the year under review the Company engaged in the business of hospitality trade, owning Hilton Colombo Hotel.

2. Financial Statements

The Financial Statements of the Company are given on page 80 to 118.

3. Going Concern

The Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. The Financial Statements of the Company have accordingly been prepared on a going concern basis.

4. Auditor's Report

The Auditor's Report on the Financial Statements of the Company is given on pages 80 - 83.

5. Accounting Policies

The significant accounting policies adopted in the preparation of the Financial Statements are given in Note 03, and there were no significant changes to those accounting policies during the year under review vis-à-vis those used in the previous year.

6. Taxation

Provision for taxation has been computed at the rates given in Note 10 to the Financial Statements.

7. Dividends

The Directors do not recommend a dividend on the ordinary shares for the year ended 31st December 2025.

8. Board of Directors and Their Shareholding

The Directors of the Company during the year and as at 31st December 2025 were:

Mr. P D Samarasinghe	*Independent Non Executive [w.e.f. 2024-10-03]*
Mr. K J D G Perera	*Independent Non Executive [w.e.f. 2024-10-11]*
Mr. A G S Senandeera	*Independent Non Executive [w.e.f. 2024-10-11]*
Mr, U D C Priyantha	*Independent Non Executive [w.e.f. 2024-10-11]*
Mr. B A T Rodrigo	*Non Independent Non Executive [w.e.f. 2024-11-08]*
Ms. D S Ameresekere	*Independent Non Executive [w.e.f 2015-04-07]*
Mr. D V K M Algama	*Independent Non Executive [w.e.f. 2025-01-08]*
M U A Reyal	*Independent Non Executive [w.e.f. 2025-01-08]*
Mr. M R S P Fernando	*Independent Non Executive [w.e.f. 2025-01-22 resigned on 23rd July 2025)]*
Ms. R C M Jayawardena	*Independent Non Executive [w.e.f. 2025-01-22]*

None of the above Directors hold shares in the Company.

9. Interest Register

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 7 of 2007. Arising from this, details of contracts in which they have an interest, if any, are disclosed in Note 37.1 to the Financial Statements.

Annual Report of the Directors on the Affairs of the Company

10. Remuneration of the Directors

The remuneration and other benefits of Directors during the accounting period are as follows; Directors' emoluments Rs. 5,778,000 (2025 Rs. 24,515,000/-)

11. Directors Interests / Related Party Transactions

The above details are contained in Note 37 to the Financial Statements. The Directors have no direct or indirect interest in any contracts or proposed contracts with the Company other than those disclosed.

12. Auditors

In terms of the 19th and 20th Amendments to the Constitution read together with Article 154 of the Constitution, the Auditor General continues to be the Auditor of the Company. A sum of Rs. is payable to the Auditors for the year under review, comprising Audit Fees of Rs 3,317,000 only (2024 Rs. 4,592,021/-)

13. Donations

The Company has not made any donations during the year ended 31st December 2025

14. Audit Committee

The Composition of the Audit Committee during the year under review.

The Audit Committee was reconstituted with effect from 17th December 2024 as follows:

Mr. B.A.T. Rodrigo - *Chairman*
Mr. P.H.P. Deniyaye
Mr. M.S. Wattegama

Following further changes to the Board, the Audit Committee was again reconstituted with effect from 21st February 2025, as follows:

Mr. B A T Rodrigo - *Chairman*
Mr. D V K M Algama
Mr. M U A Reyal

Mr. V Kanagasabapathy Chartered Accountant, a former Director and the Chairman of the Audit Committee attends the Audit Committee Meetings on invitation in accordance with a decision taken by the Board of Directors in April, 2023.

15. Remuneration Committee

The Remuneration Committee was reconstituted with effect from 20th April 2023 as follows:

The Remuneration Committee was reconstituted with effect from 17th December 2024 as follows:

Mr. P D Samarasinghe - *Chairman*
Mr. A G S Senadeera
Mr. R Sooriyaarachchige
Mr. U D C Priyantha
Mr. B.A.T.Rodrigo

Following further changes to the Board, the Remuneration Committee was again reconstituted with effect from 21st February 2025, as follows:

Mr. P D Samarasinghe - *Chairman*
Mr. A G S Senadeera
Ms. R C M Jayawardena
Mr. U D C Priyantha
Mr. B.A.T. Rodrigo

16. Related Party Transactions Review Committee

The Related Party Transactions Review Committee was reconstituted with effect from 21st February 2025, as follows:

Mr. B.A.T. Rodrigo - *Chairman*
Mr. M R S P Fernando
Mr K J D G Perera

Following the resignation of Mr. Ruwan Fernando, the Related Party Transactions Review Committee was reconstituted on 30th January 2026 as follows:

Mr. B.A.T. Rodrigo - *Chairman*
Mr. K J D G Perera
Mr. M U A Reyal

17. Capital Expenditure

The details of material capital commitments are given in Note 34 to the Financial Statements.

18. Property, Plant and Equipment

The details of the property, plant and equipment are given in Note 12 to the Financial Statements.

19. Stated Capital

The Stated Capital of the Company as at 31st December 2025 was Rs. 20,466,456,858/- represented by 2,046,645,686 ordinary shares.

20. Directors Responsibilities for the Financial Reporting

The Directors are responsible for the preparation and presentation of the Financial Statements of the Company to reflect a true and fair view of its state of affairs. The Directors confirm that these Financial Statements have been prepared in conformity with the Sri Lanka Accounting Standards and the Companies Act No. 07 of 2007. The Directors are accordingly satisfied that the Financial Statements presented herein give a true and fair view of the state of affairs of the Company as at 31st December 2025 and the loss for the year then ended.

21. Statutory Payments

The Directors are satisfied that to the best of their knowledge and belief, all statutory payments due to the Government and the employees of the Company have been made up to date.

22. Events After the Reporting Date

No events have occurred after the reporting date, which would require adjustments to, or disclosure in the Accounts, other than those given in Note 33 to the Financial Statements.

23. Annual General Meeting

The Annual General Meeting of the Company will be held on Thursday, 25 June 2026 at 10.30 a.m. at the Board Room of Hotel Developers (Lanka) Limited, C/o Colombo Hilton, Echelon Square, No. 2, Sir Chittampalam A. Gardiner Mawatha, Colombo 02.

By Order of the Board
HOTEL DEVELOPERS (LANKA) LIMITED

Pravir Samarasinghe
Chairman

B A T Rodrigo
Director

P W CORPORATE SECRETARIAL (PVT) LTD
Company Secretaries

Colombo
22nd May 2026

The Audit Committee Report

AUDIT COMMITTEE CHARTER

Audit Committee operates as a Sub-Committee of the Board of Directors in terms of the mandates given in the Audit Committee Charter to examine any matters relating to the financial affairs of the Company and to review and monitor the financial reporting.

ROLE OF THE AUDIT COMMITTEE

Audit Committee acts as an effective forum to assist the Board of Directors in discharging their responsibilities on ensuring proper systems of Internal Control are in place both in terms of decision making as well as in operations to address the Risk management process and quality of financial reporting covering the following:

- Integrity of Company's Financial Statements and the Company's system of Internal Auditing and Financial Controls.
- Performance of Internal Auditor.
- Annual Independent Audit of Company's Financial Statements.
- Impartial review of the reports of internal and external audits and taking into consideration findings and recommendations.
- Compliance by the Company with statutory requirements.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee appointed by the Board of Directors, comprises of three Non-Executive Directors and the committee was reconstituted with effect from 21st February 2025, as follows:

Name of the Directors	The Date of Appointment
Mr B A T Rodrigo	17.12.2024
Mr. D V K Algama	21.02.2025
Mr. M U A Reyal	21.02.2025

The following directors concluded their tenure as members of the Audit Committee subsequent to the reconstitution of the Board of Directors.

Name of the Directors	The Date of Resignation
Mr. P Deniyaya	08.01.2025
Mr. M S Wattegama	22.01.2025

The profiles of the members which detail their background and professional experience are on pages 18 to 22 of this Report.

Mr V Kanagasabapathy, attends the Audit Committee Meetings by invitation pursuant to a decision taken by the Board of Directors of the Company, in April 2023.

Mr. V. Kanagasabapathy, is a Retired Director General of Public Enterprises, General Treasury counts over 40 years of service in the public sector and was the Financial Management Reform Coordinator in the Ministry of Finance & Planning. Holds a Master's Degree in Public Administration from Harvard University and is a Chartered Public Finance Accountant, London. He is also a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Association of Public Finance Accountants of Sri Lanka, and Institute of Certified Management Accountants of Sri Lanka.

AUDIT COMMITTEE MEETINGS

During the year ended 31st December 2025, the Audit Committee had 5 meetings. The Chief Operating Officer, Chief Financial Officer, Chief Internal Auditor, Accountant of the Company, General Manager & Director Finance of Hilton Colombo,), representatives of the Auditor General and Management Auditors of Hilton Colombo, M/s Ernst and Young attended the Audit Committee Meetings by invitation where required.

The attendance of the members to the meetings is set out in the table below:

Name of the Directors	Number of Meetings scheduled to be attended	Attendance
Mr. B A T Rodrigo	5	5/5
Mr. D V K M Algama	5	5/5
Mr. M U Annas	5	5/5
Mr. P Deniyaya [ceased w.e.f 2025.01 08]	Nil	Nil
Mr. M S Wattegama ceased w.e.f 2025.01 22]	Nil	Nil

The proceedings of the Audit Committee meetings were recorded by the Company Secretary, functioning as the Secretary to the Audit Committee, and the minutes of the Audit Committee meetings were circulated to the Board of Directors at the next most practicable meeting.

FINANCIAL REPORTING

The Audit Committee plays a critical role in overseeing the integrity and transparency of the Company's financial reporting process. This responsibility includes a thorough review of all significant accounting policies and practices, with particular attention to complex or unusual transactions requiring significant judgment or estimation. The Committee ensures that these accounting treatments are appropriate, consistently applied, and in alignment with Sri Lanka Accounting Standards and other relevant regulatory frameworks.

Additionally, the Committee closely monitors recent developments in accounting standards and regulatory pronouncements to assess their potential impact on the Company's financial statements. This proactive approach enables timely adjustments to accounting practices and disclosures, ensuring compliance while maintaining the accuracy and reliability of financial reporting.

Prior to recommending the Financial Statements for approval by the Board of Directors, the Audit Committee reviewed the Financial Statements for the year ended 31st December 2025, in conjunction with the External Auditors, Internal Auditors, and Management Auditors of Hotel Hilton Colombo, M/s Ernst and Young. The Committee was provided with the necessary confirmations and declarations. This review ensured that the Financial Statements were prepared in accordance with Sri Lanka Accounting Standards and the requirements of the Companies Act, No. 7 of 2007, and confirmed that they present a true and fair view of the Company's state of affairs as at that date and its activities during the year under review.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Committee monitors the effectiveness of the Company's internal control systems and risk management processes. It reviews control deficiencies identified through audits or other sources and recommends corrective actions to management. The Committee periodically reassesses controls and procedures to ensure continuous improvement and compliance with regulatory requirements.

The Audit Committee is empowered with unrestricted authority to investigate any issues within its remit. It has full access to all Company records, personnel, and facilities necessary to perform its duties. The Committee may engage external consultants or advisors as needed and has the right to request the attendance of any employee, internal auditor, or external auditor at its meetings to facilitate effective oversight.

INTERNAL AUDIT

The Internal Audit function, led by the Chief Internal Auditor, conducted detailed audits of hotel operations in accordance with the annual Internal Audit Plan approved by the Audit Committee. These audits focused on evaluating the effectiveness of the internal control systems established by management and assessing compliance by operational staff, with particular emphasis on risk management practices.

The Audit Committee Report

The Audit Committee reviewed and approved the Internal Audit Plan, ensuring that its scope, resource allocation, and timelines were adequate to address key risk areas across the organization. Regular engagements were held with internal auditors to assess the robustness of internal controls, accounting practices, and the overall risk mitigation framework.

Internal audit findings were discussed with management, and corrective actions were implemented in a timely manner. The internal audit reports, along with management's responses, were submitted to the Audit Committee for review. A summary of these reports, including key issues and the Committee's decisions, was subsequently presented to the Board of Directors to ensure oversight at the highest level.

The Committee also reviewed any complaints or concerns related to accounting, auditing, or internal controls and ensured that appropriate procedures and resolutions were in place.

EXTERNAL AUDITORS

With the enactment of the 19th & 20th Amendment to the Constitution and the National Audit Act No 19 of 2018, the Auditor General continues to be the external Auditor of the Company. Accordingly, the Auditor General served as the External Auditor of the Company for the financial year ended 31 December 2025. The Audit Committee maintained regular and effective engagement with the External Auditor, who is responsible for expressing an independent opinion on the fair presentation and compliance of the financial statements in accordance with the Sri Lanka Accounting Standards. The External Auditor was invited to attend all Audit Committee meetings in the capacity of an independent observer. These interactions provided the Committee with valuable insights into regulatory and compliance matters, and enabled discussions on any identified control or procedural deficiencies.

CONCLUSION

The Audit Committee is of the view that adequate controls are in place to safe guard the Company's assets and financial position and the results disclosed in the audited accounts are free from any material mis-statements.

B.A.T. Rodrigo
Chairman Audit Committee

22nd May 2026

Remuneration Committee Report

ROLE AND RESPONSIBILITIES

The Committee is vested with the responsibility of deliberating upon and submitting recommendations to the Board of Directors on matters relating to staff remuneration packages, annual increments, and performance-based bonuses. Furthermore, the Committee exercises oversight over the determination of appropriate compensation, including fees payable to Directors in consideration of their participation at meetings of the Board and its Sub-Committees.

COMPOSITION OF THE COMMITTEE

As at the reporting date, the Remuneration Committee consists of five members, with four of whom holding the capacity of Independent Non-Executive Directors. The composition of the Committee fulfils, and has been maintained in conformity with, the requirements prescribed under the Ministry of Finance Guidelines applicable to State-Owned Companies.

The Remuneration Committee was reconstituted with effect from 17th December 2024 as follows:

Mr. P D Samarasinghe	*Chairman (Independent Non Executive)*
Mr. A G S Senandeera	*Member (Independent Non Executive)*
Mr. R Sooriyaarachchi	*Member (Independent Non Executive)*
Mr. U D C Priyantha	*Member (Independent Non Executive)*
Mr. B.A.T. Rodrigo	*Member (Non Independent Non Executive)*

Following further changes to the Board, the Remuneration Committee was again reconstituted with effect from 21st February 2025, as follows:

Mr. P D Samarasinghe	*Chairman(Independent Non Executive*
Mr. A G S Senandeera	*Member (Independent Non Executive)*
Ms. R C M Jayawardena	*Member (Independent Non Executive)*
Mr. U D C Priyantha	*Member (Independent Non Executive)*
Mr. B.A.T.Rodrigo	*Member (Non Independent Non Executive)*

The brief profiles of the directors are given from page 18 to 22 of the Annual Report.

MEETINGS AND ATTENDANCE

The Committee met on two (2) occasions during the financial year ended 31st December 2025 and the attendance record is given below.

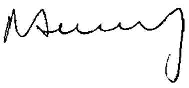
	Meetings attended
Mr. P D Samarasinghe	2/2
Mr. A G S Senadeera	2/2
Ms. R C M Jayawardena	2/2
Mr. U D C Priyantha	2/2
Mr. B.A.T.Rodrigo	2/2

In addition to the Committee members, the meetings are attended by the Chief Operating Officer and Chief Financial Officer on invitation. The meetings are also attended by the Company Secretary.

Remuneration Committee Report

REMUNERATION POLICY

The Company's remuneration policy is crafted to attract and retain a highly capable team of professionals, ensuring that individual performance is recognized and rewarded in line with prevailing industry standards. Increment and incentive schemes are underpinned by performance management and evaluation frameworks, ensuring that rewards are meaningfully aligned with both individual contributions and broader organisational achievements.
The Remuneration Committee bears responsibility for reviewing, approving, and forwarding finalized increment proposals to the Board for approval. Directors are entitled to fixed fees for their participation on the Board and its sub-committees, and are not eligible for any performance linked incentive payments. The Remuneration Committee, in conducting its deliberations, gives due consideration to the Company's overall performance and the long-term interests of its shareholders. Comprehensive details of Directors' emoluments are set out in Note 09 on page 99.



Mr. Pravir Samarasinghe
Chairman
Remuneration Committee

22nd May 2026

The Related Party Transactions Review Committee Report

INTRODUCTION

The Related Party Transactions Review Committee functions as a Sub-Committee of the Board of Directors. Its primary mandate is to provide independent review and oversight of all related party transactions on behalf of the Board, ensuring full compliance with the provisions set forth in the Ministry of Finance Guidelines for State-Owned Companies.

COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee comprises three members, of whom two are Independent Non-Executive Directors. The composition of the Committee remained in compliance with the requirements stipulated under the Ministry of Finance Guidelines for State-Owned Companies throughout the financial year under review.

The Related Party Transactions Review Committee was reconstituted with effect from 21st February 2025, as follows

Mr. B.A.T. Rodrigo	*Chairman (Non Independent Non Executive)*
Mr, M R S P Fernando	*Member (Independent Non Executive)*
Mr. K J D G Perera	*Member (Independent Non Executive)*

Following the resignation of Mr. Ruwan Fernando, the Related Party Transactions Review Committee was reconstituted on 30th Jan 2026 as follows:

Mr. B.A.T. Rodrigo	*Chairman*
Mr, K J D G Perera	*Member (Independent Non Executive)*
Mr. M U Annas	*Member (Independent Non Executive)*

The Committee met on one occasion during the financial year ended 31st December 2025 and the attendance record is given below.

	Meetings attended
Mr. B.A.T. Rodrigo	1/1
Mr. K J D G Perera	1/1
Mr.M U Annas	1/1

In addition to the Committee members, the meetings were attended by the Chief Operating Officer and the Chief Financial Officer on invitation. The Company Secretary was also present at the meeting.

POLICIES AND PROCEDURES

The members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related Party Transaction Policy, declarations are obtained from all Key Management Personnel. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the database of the Company.

The Related Party Transactions Review Committee Report

TERMS OF REFERENCE

To review and approve related party transactions to ensure they are in the best interest of the Company and its Shareholders, and comply with relevant accounting standards and other regulations and procedures stipulated by the GOSL procedure manual. Further transactions are conducted on arm's length terms, avoiding conflict of interest and providing transparency to the shareholders.

Terms of reference of the Committee include the following:

1. Reviewing the proposed related party transactions
2. To ensure that the transactions made are on normal commercial terms
3. Verifying that transactions are not prejudicial to the interest of the company
4. Documenting the rationale for its recommendations
5. Reporting to the Board on related party transactions
6. Any committee members who have interest in any transaction which is considered by the committee for approval, shall not attend by declaring his conflict of interest.
7. Identify Related Party relationships and transactions
8. Identify outstanding balances including commitments between an entity and its Related Parties
9. Identify the circumstances in which disclosures of 7 and 8 are required
10. Determine the disclosures to be made on those items

RELATED PARTY TRANSACTIONS DURING THE YEAR

During the year, the Committee reviewed the related party transactions and their compliances in the Company and communicated the same to the Board. Details of Related Party Transactions entered into by the Company during the year are disclosed in Note 37 to the Financial Statements.

DECLARATION

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party transactions which are required to be disclosed has been made in Note 37 to the financial statements given on page 116 - 117 to this report.

B A T Rodrigo
Chairman
Related Party Transaction Review Comitee

16th June 2026

Financial Report

Independent Auditor's Report

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. TIP/C/HDL/FA/2025/06 | ඔබේ අංකය / உமது இல. / Your No. | දිනය / திகதி / Date 18 June 2026

Chairman
Hotel Developers (Lanka) Limited.

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Hotel Developers (Lanka) Limited for the year ended 31 December 2025 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

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1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Hotel Developers (Lanka) Limited ("Company") for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025 and the statement of 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 policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154(6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Other information included in the Company's 2025 Annual Report.

The other information comprises the information included in the Company's 2025 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Company's 2025 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154(6) of the Constitution that will be tabled in due course.

1.4 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 determine 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

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1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the 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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company 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.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 and Companies Act, No 07 of 2007 include specific provisions for following requirements.

2.1.1 I have obtained all relevant information and explanation that were required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained which were limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.

2.2.3 to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No.19 of 2018.

L.S.I. Jayaratna
Auditor General

Income Statement and Statement of Comprehensive Income

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2025

	Notes	12 Months 31.12.2025 Rs. '000	12 Months 31.12.2024 Rs. '000
Revenue	05	5,384,547	5,393,089
Cost of sales		(2,484,683)	(2,708,885)
Gross profit		2,899,864	2,684,204
Other gains and losses	06	34,654	28,621
Administrative Expenses		(1,014,342)	(1,077,648)
Sales & Marketing Expenses		(191,770)	(151,347)
Other expenses		(508,256)	(611,748)
Operating Profit Before Depreciation		1,220,151	872,082
Depreciation & Amortization	12/13	(474,409)	(560,672)
Operating Profit After Depreciation		745,742	311,410
Finance Income	07	16,041	10,740
Finance Charges	08	(622,709)	(590,497)
Profit/(loss) before taxation	09	139,074	(268,347)
Income Tax Expense	10	(90,576)	(71,490)
Profit/(loss) After Taxation for the Period		48,498	(339,837)
Other Comprehensive Income			
Revaluation surplus - net of tax	12/24	88,105	-
Actuarial Gain/ (Loss) on employee benefit obligations		(44,680)	(11,801)
Total comprehensive Income/ (Expense) for the period		91,923	(351,638)
Earnings Per Share - Basic (Rs.)	11	0.02	(0.17)

Statement of Financial Position

AS AT 31ST DECEMBER 2025

	Notes	12 Months 31.12.2025 Rs. '000	12 Months 31.12.2024 Rs. '000
Assets			
Non-Current Assets			
Property, Plant & Equipment	12	14,105,479	14,323,547
Leasehold Land	13	6,065,539	6,141,189
Capital Work-in-Progress		139,732	89,016
Total Non-Current Assets		20,310,750	20,553,752
Current Assets			
Inventories	14	122,536	109,792
Trade and Other Receivables	15	281,206	360,246
Amount Due From Related Parties	16	71,728	71,728
Other Assets	17	178,687	160,708
Current Financial Assets	18	99,223	66,766
Cash and Bank Balances	19	251,090	103,596
Total Current Assets		1,004,470	872,837
Total Assets		21,315,220	21,426,589
Equity and Liabilities			
Shareholders' Equity			
Stated Capital	20	20,466,456	20,466,456
Revaluation Surplus		2,245,610	2,157,505
Reserves	21	86,736	303
Accumulated Loss		(10,791,622)	(10,709,007)
Total Equity		12,007,180	11,915,257
Non-current Liabilities			
Interest Bearing Loans and Borrowings	22	3,248,210	3,354,136
Retirement Benefit Obligations	23	161,590	123,261
Deferred Tax Liability	24	1,680,438	1,552,104
Right to Use - Lease Land Liability	13	14,471	19,105
Total Non-Current Liabilities		5,104,709	5,048,606
Current Liabilities			
Trade and other payables	25	1,168,660	1,700,772
Amount Due to Related Parties	26	72,640	28,979
Contract Liabilities	27	297,053	304,541
Interest Bearing Loans and Borrowings	22	439,290	595,824
Right to Use - Lease Land Liability	13	6,195	6,505
Retention Fees - Refurbishment Project		170,429	166,709
Bank overdraft		2,049,064	1,659,396
Total Current Liabilities		4,203,331	4,462,726
Total Liabilities		9,308,040	9,511,332
Total Equity and Liabilities		21,315,220	21,426,589
Net Assets per share - (Rs.)	28	5.87	5.82

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Chief Financial Officer
Jude Wickramaratne

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board on 22nd May 2026

Director
B.A.T. Rodrigo

Chairman
Pravir Samarasinghe

The accounting policies and notes from 1 to 38 form an integral part of these financial statements.

Statement of Changes in Equity

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2025

	Stated Capital	Revaluation Surplus	Furniture, Fittings & Equipment Replacement Reserves	Accumulated Loss	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st January 2023	20,466,456	2,157,505	-	(10,357,067)	12,266,894
Profit / (Loss) for the Period	-	-	-	(339,837)	(339,837)
Actuarial gain/(loss) on employee benefit obligations, net of taxes - loss	-	-	-	(11,801)	(11,801)
Revaluation Surplus (net of tax)	-		-	-	-
Replacement of furniture, fittings & equipment Reserve	-	-	207,816	(207,816)	-
Transfers to furniture, fittings & equipment reserve	-	-	(207,513)	207,513	-
Balance as at 31st December 2024	20,466,456	2,157,505	303	(10,709,007)	11,915,257
Profit / (Loss) for the period	-	-	-	48,498	48,498
Actuarial Gain/(Loss) on Employee Benefit Obligations, net of taxes - loss	-	-	-	(44,680)	(44,680)
Revaluation Surplus (net of tax)	-	88,105	-	-	88,105
Replacement of Furniture, Fittings & Equipment	-	-	208,234	(208,234)	-
Transfers to Furniture, Fittings & Equipment Reserve	-	-	(121,801)	121,801	-
Balance as at 31st December 2025	**20,466,456**	**2,245,610**	**86,736**	**(10,791,622)**	**12,007,180**

The accounting policies and notes from 1 to 38 form an integral part of these financial statements.

Statement of Cash Flows

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2025

	Notes	31.12.2025	31.12.2024
		Rs.'000	Rs.'000
Profit / (Loss) before taxation		139,074	(268,347)
Adjustment for			
Depreciation	12	396,662	482,573
Land Amortization	13	77,747	78,099
Changes in Impairment of Debtors	15	(3,958)	2,350
Provision for Defined Benefit Plans	23	26,811	28,460
Provision for Breakages	25	1,397	2,798
Interest Expenses	8	622,709	590,497
Unrealized Exchange (Gain)/Loss	6	1,316	(35)
Profit on Sale of Property, Plant & Equipment	6	937	(10,674)
Interest Income	7	(16,041)	(10,740)
Operating Profit Before Working Capital Changes		1,246,653	894,981
(Increase)/ Decrease in Inventories	14	(12,743)	(12,476)
(Increase) / Decrease in Receivables	15	82,998	(115,588)
(Increase) / Decrease in Amount Due From Related Parties	16/26	43,663	(228,806)
(Increase) / Decrease in Other Assets	17	(17,980)	224,349
Increase / (Decrease) in Trade & Other Payables	25	(533,509)	(164,289)
Increase / (Decrease) in Retention Fees - Refurbishment Project		3,720	-
Increase /(Decrease) in Contract Liabilities	27	(7,489)	77,755
Cash generated from operations		805,313	675,926
Income Tax Paid	29	-	-
Payment of Retirement Benefits	23	(33,162)	(34,656)
Net cash generated from operating activities		772,151	641,270
Cash Flows from Investing Activities			
Purchase of property, plant & equipment	12	(59,464)	(171,388)
Net Change in Right to Use - Lease Land Liability	13	(7,039)	(7,392)
Investment in Capital Work-in-Progress		(50,716)	(766,318)
Unrealized Exchange (Gain)/Loss		(1,316)	35
Proceeds from sale of property, plant & equipment		5,794	18,541
Interest income received	7	16,041	10,740
Net cash used in investing activities		(96,699)	(915,781)
Cash Flows from Financing Activities			
Repayment of long term borrowings	22	(1,762,460)	-
Proceeds from long term borrowings	22	1,500,000	823,861
Finance Cost	8	(622,709)	(590,497)
Net cash used in financing activities		(885,169)	233,364
Net Increase/(Decrease) in Cash & Cash Equivalents		(209,717)	(41,146)
Cash & Cash Equivalents at the Beginning of the Year (Note 30)		(1,489,033)	(1,447,886)
Unrealized Exchange Gain /(Loss) on USD Savings Deposits		(1,316)	35
Cash & Cash Equivalents at the End of the Year		(1,700,066)	(1,488,998)

The accounting policies and notes from 1 to 38 form an integral part of these financial statements.

Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2025

1. CORPORATE INFORMATION

1.1 General

Hotel Developers (Lanka) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office and the principal place of business of the company are located at No. 02, Sir Chittampalam Gardiner Mawatha, Colombo 2.

1.2 Principal Activities and Nature of Operations

Hotel Developers (Lanka) Ltd is engaged in the business of hospitality trade, owning Hilton Colombo Hotel.

1.3 Date of Authorization for Issue

The financial statements were authorized for issue by the Board of Directors on 22nd May 2026

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the company (statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows together with accounting policies and notes) are prepared by Sri Lanka Accounting Standards, commonly referred to as SLFRS as issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No.07 of 2007.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following material item in the statement of financial position:

- Property, Plant, and Equipment which were subsequently measured at fair value.
- Liability of defined benefit obligation is recognized at the present value of the defined benefit obligation.

2.3 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency and presentational currency. All financial information presented in Sri Lanka Rupees is rounded to the nearest rupee unless otherwise stated.

2.4 Comparative Information

The accounting policies have been consistently applied by the Company with those of the previous financial by LKAS 01 - presentation of financial statements.

2.5 Materiality & Aggregation

In compliance with LKAS 01 on the presentation of financial statements, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions too are presented separately, if they are material as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements and amendments to the LKAS 1 which was effective from January 01, 2020.

2.6 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies.

3. ACCOUNTING POLICIES

The accounting policies have been consistently applied by the Company and, are consistent with those used in the previous year except for changes in accounting policies stated in note 3.1.

Comparative information

The presentation and classification of the financial statements of the previous year have been amended, where relevant for better presentation and to be comparable with those of the current year.

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of the previous period in the Financial Statements. In addition, the Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

3.1 Changes In Accounting Policies And Disclosures

New and amended standards and interpretations

SLFRS 16 Leases

SLFRS 16 provides a single lessee accounting model, requiring leases to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value even though lessor accounting remains similar to current practice. This supersedes LKAS 17 Leases, IFRIC 4 determining whether an arrangement contains a Lease, SIC 15 Operating Leases-Incentives; and SIC 27 Evaluating the Substance of Transactions Involving the Legal form of a Lease. Earlier application is permitted for entities that apply SLFRS 15 Revenue from Contracts with customers.

SLFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.

Land lease rights of UDA Car Park of Hilton Colombo will have an impact when adopting SLFRS 16 with effect from 1 January 2019.

3.2 Significant Accounting Judgments, Estimates, And Assumptions

The preparation of financial statements requires the application of certain critical accounting assumptions relating to the future. Further, it requires the management of the Company to make judgments, estimates, and assumptions that affect the reported amounts of income, expenses, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods. Hence, experience and results may differ from these judgments and estimates.

In the process of applying the company's accounting policies, management has made the following judgments, estimates, and assumptions which have the most significant effect on the amounts recognized in the financial statements:

a) Taxation

The Company is subject to income taxes and other taxes including value-added taxation and Social Security Contribution Levy. Significant judgment was required to determine the total provision for current, deferred, and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the imposition of taxes. Uncertainties exist, concerning the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

The Company recognized assets and liabilities for current, deferred, and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income, deferred, and tax amounts in the period in which the determination is made.

b) Revaluation of Property, Plant, and Equipment.

The Property, Plant, and Equipment of the Company are reflected at fair value. When current market prices of similar assets are available, such evidence is considered in estimating the fair values of these assets. In the absence of such information the Company determines within reasonable fair value estimates, amounts that can be attributed as fair values, with the assistance of an independent professional valuer.

c) Useful lifetime of the Property, Plant, and Equipment

The Company reviews the residual values, useful lives, and methods of depreciation of assets at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, and met and hods and hence they are subject to uncertainty.

d) Going Concern

The Directors have assessed the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the financial statements continue to be prepared on a going constantias.

e) Impairment Losses on Financial Aassets

The company assesses at each reporting date or more frequently to determine whether there is any objective evidence of whether an impairment loss should be recorded in the statement of comprehensive income.

f) Defined Benefit Plans

The cost of defined benefit plans is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions, and their long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the yield of Sri Lanka Government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and the expected future salary increase rate of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company in preparation for its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

4.1 Revenue Recognition

(i) Revenue from Contracts with Customers

The Hotel is in the business of providing hospitality and leisure services.

Revenue from contracts with the Customer is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Hotel expects to be entitled in exchange for these goods and services.

The Hotel has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Management has assessed the impact of applying SLFRS 15 as disclosed below:

(a) Rendering of services

Revenue from the rendering of services is recognized when performance obligations are satisfied over some time.

Room revenue is recognized on the rooms occupied daily and food and beverage revenue is accounted for at the time of sale. (i.e. when performance obligation is satisfied). Other Hotel Related Revenue is account for ted when such service is rendered.

(ii) Interest

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income on the non-financial assets is included in the FF&E reserve. All other interest income is included in finance income.

(iii) Shop Rental Income

Shop Rental income is recognized on an accrual basis.

Turnover based taxes

Turnover-based taxes include Value Added Tax, Tourism Development Levy, and Social Security Contribution Levy. The hotel’s taxes are by the respective statutes.

Other income

Other income is recognized on an accrual basis.

4.2 Expenditure Recognition

Expenses are recognized in the statement of comprehensive income based on a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in running the business and in maintaining property, plant, and equipment in a state of efficiency has been charged to the statement of comprehensive income.

For presentation of the statement of comprehensive income, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive income.

4.3 Taxation

4.3.1 Current Tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as of the reporting date.

4.3.2 Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting period date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible differences. Carry forward of unused tax credits and unused tax losses, to the extent that taxable profits will probably be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the year when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the reporting date.

4.4 Non-financial Aasset

4.4.1 Property, Plant, and Equipment

a) Recognition and Measurement

At Initial Recognition

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably by LKAS 16 - property, plant & equipment. Initially property and equipment are measured at cost net of accumulated depreciation and accumulated impairment loss, if any. Such cost includes the cost of replacing parts of the Property, Plant, and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, Plant, and Equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major refurbishment is performed, its cost is recognized in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the profit or loss as incurred.

At Subsequent Measurement

All Property, Plant, and Equipment are subsequently measured at fair value less accumulated depreciation, and such valuation are carried by external independent valuers. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from it carrying amount.

A revaluation surplus is recognized in other comprehensive income and credited to the revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in the Income Statement, in which case the increase is recognized in the Income Statement. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. Upon disposal or de-recognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original cost.

Subsequent Cost

Subsequent expenditure incurred to acquire, extend, or improve assets of a permanent nature by means of which to using the business or to increase the earning capacity of the business is treated as capital expenditure, and such expenses are recognized in the carrying amount of an asset. The costs associated with the day-to-day servicing of property, plant, and equipment are recognized in the statement of comprehensive income as incurred.

Depreciation

Depreciation is calculated using the straight-line method on the valuation of all property, plant and equipment, to write off the depreciable amount over their estimated useful economic lives. Depreciation is charged from the date of purchase to the date of disposal on prorate basis. The rates of depreciations based on the estimated useful lives are as follows:

Category of Asset	2025 (%)	2024 (%)
Buildings	1.16	1.82
Plant and Machinery	2.85 to 33.33	7.5
Refrigerators & Kitchen Equipment	7.5	7.5
Computers & Televisions	20	20
Motor Vehicles	25	25
Furniture, Fittings & Equipment	10	10
Operating Equipment	33	33

* Software is classified under "Computers and Television" and as it represents an ancillary component that is not material in value and does not contribute directly to revenue generation.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted where appropriate.

During the year, the Company reassessed the useful lives of its Building and Plant & Machinery in order to ensure that depreciation charges more appropriately reflect the pattern in which the future economic benefits of these assets are expected to be consumed.

This reassessment was supported by independent technical evaluations obtained from a Structural Engineer in respect of the Building and a Chartered Mechanical, Electrical and Plumbing (MEP) Engineer in respect of critical Plant and Machinery. The experts provided detailed assessments of the remaining useful economic lives of the assets.

Based on these expert assessments and Management's recommendations, the Board of Directors approved the following revisions, effective from 01 January 2025:

- The Building's remaining useful life has been revised to 86 years, aligned with the lease term of the underlying land. Accordingly, a depreciation rate of 1.16% per annum has been applied to the carrying value of additions recognised prior to this date.
- The useful lives of Plant and Machinery have been revised to a range of 3 to 35 years, depending on the respective asset categories, with corresponding revised depreciation rates applied prospectively.

De-recognition

Property, plant, and equipment are derecognized on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in 'other operating income' in the statement of comprehensive income in the year the asset is derecognized. The revaluation surplus included in the equity in respect of an item of Property, Plant and Equipment is transferred directly to equity when the assets in de-recognized.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

4.4.2 Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating unit's fair value, fewer costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value and ewer costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognized in the Income Statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognized in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Company estimates the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Income Statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

4.4.3 Fair Value Measurement

The Company measures all Property, Plant, and Equipment at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Financial Statements regularly, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company's management determines the policies and procedures for both recurring fair value measurements. External valuers are involved in the valuation of Property, Plant, and Equipment. The involvement of external valuers is decided by the management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

4.5 Prepaid Lease Rental

The leasehold lands are amortized on an equal annual basis over the period of the lease and charged to the Income Statement on a straight-line basis over the period of the lease.

4.6 Inventories

Inventories are valued at the lower cost and estimated net realizable value, after making due allowances for obsolete and slow-moving items. Net realizable value is the price at which inventories can be sold in the normal course of business after allowing for the cost of realization and/ or cost of conversion from their existing state to saleable condition.

The cost of each category of inventory is determined on a weighted average basis.

4.7 Financial Assets - Recognition and Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

(a) Initial Recognition and measurement

Financial assets are classified at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Hotel's business model for managing them. Except for trade receivable that does not contain significant financing components for which Hotel has applied the practical expedient, the Hotel initially measures a financial asset at its fair value plus, in the case of a financial asset not a fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component for which the Hotel has applied the practical expedients measured at the transaction price determined under SLFRS 15.

For a financial asset to be classified and measured at amortized cost or fair value through OCI it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding.

The Hotel's business model for managing financial assets refers to how it manages financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows selling the financial assets or both.

Purchases or sales of financial assets that require delivery of financial assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e., the date that the Hotel commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

i. Financial assets at amortized cost (debt instruments)

ii. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

iii. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)

iv. Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Hotel. The Hotel measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model to hold financial assets to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

The Hotel's financial assets at amortized cost include cash and bank balances, short-term investments, the amount due from related parties, trade receivables, and non-current investments.

The Hotel does not classify financial assets at fair value through OCI (debt instruments) and financial assets at fair value through OCI (equity instruments) and financial assets at fair value through profit or loss.

(c) De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized) when:

- The rights to receive cash flows from the asset have expired Or
- The Hotel has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either

  (a) the Hotel has transferred substantially all the risks and rewards of the asset, or

  (b) the Hotel has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset

When the Hotel has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Hotel continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Hotel also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Hotel has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Hotel could be required to repay.

(d) Impairment

The Hotel 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 by the contract and all the cash flows that the Hotel expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Hotel applies a simplified approach to calculating ECLs. Therefore, the Hotel does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Hotel 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.

Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans, borrowings, payables, or derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Hotel's financial liabilities include trade and other payables, amounts due to related parties including bank overdrafts.

The hotel does not have financial liabilities at fair value through profit and loss and derivative financial instruments.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Hotel. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

(c) De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4.8 Cash and Bank Balances

Cash and bank balances are defined as cash in hand and balances with banks. For a statement of cash flows, cash, and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

4.9 Stated Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

4.10 Retirement Benefit Obligations

4.10.1 Defined Benefit Plan - Gratuity

The liability recognized in the statement of financial position represents the present value of the defined benefit obligation at the reporting date estimated based on actuarial valuation using the projected unit credit method. Actuarial valuations involve making assumptions about discount rates and future salary increases. A defined benefit obligation is highly sensitive to changes in these assumptions. These benefits are not externally funded.
The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in the other comprehensive income.

However, as per the Payment of Gratuity Act No. 12 of 1983, the liability to pay gratuity arises only on completion of 5 years of continued service.

4.10.2 Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of comprehensive income as in the periods during which services are rendered by employees.

a) Employees’ Provident Fund

The company and employees contribute 12% and 8% respectively on the salary of each employee to the approved Provident Fund.

b) Employees’ Trust Fund

The Company contributes 3% of the salary of each employee to the Employees’ Trust Fund.

4.11 Financial Liabilities

4.11.1 Initial Recognition and Measurement

The Company classifies financial liabilities into financial liabilities at Fair Value through Profit or Loss (FVTPL) or other financial liabilities by the substance of the contractual arrangement and the definitions of financial liabilities.

The Company recognizes financial liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of the financial liability.

a) Financial Liability at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading or designated as such upon initial recognition. After initial recognition, financial liabilities at FVTPL are measured at fair value and changes therein are recognized in profit or loss.

Upon initial recognition, transaction cost directly attributable to the acquisition is recognized in profit or loss as incurred. The criteria for the designation of financial liabilities at FVTPL upon initial recognition are the same as those of financial assets at FVTPL.

b) Other Financial Liabilities

Other financial liabilities including deposits, debt issued by the Company, and the other borrowed funds are initially measured at fair value less transaction cost that is directly attributable to the acquisition and subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by considering any discount or premium on the issue and costs that are an integral part of the EIR.

4.11.2 De-recognition of Financial Liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

4.12 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) because of a past event, and an outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

4.13 Statement of Cash Flows

The cash flow statement has been prepared using the indirect method, as stipulated in LKAS 7- statement of cash flows. Cash and cash equivalents comprise cash in hand, cash at the bank, and bank overdrafts.

4.14 Segmental Information

A Segment is a distinguishable component engaged in providing services that are subject to risks and returns that are different from those of other segments. The Company does not have distinguishable components to be identified as a segment as all operations are treated as one segment.

4.15 Standards Issued but Not Yet Effective

The company has adopted all the relevant standards and interpretations that are issued as of 31 December 2023.

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2025

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

5.1 Gross Revenue from contracts with customers

	31.12.2025 Rs. '000'	31.12.2024 Rs. '000'
Gross Revenue from contracts with customers	5,437,667	5,445,959
Less : Tourism Development Levy	(53,121)	(52,870)
Net Revenue from contracts with customers	5,384,547	5,393,089

Value added tax of Rs. 1,069 Mn (2024 - Rs. 1,033 Mn) has been deducted in arriving at Revenue.

5.2 Revenue

	31.12.2025 Rs. '000'	31.12.2024 Rs. '000'
Room revenue	1,823,949	1,848,222
Food and Beverage revenue	3,362,594	3,342,408
Other operating departments	51,871	56,153
Social Security Contribution Levy	146,133	146,306
	5,384,547	5,393,089

6. OTHER GAINS AND LOSSES

	31.12.2025 Rs. '000'	31.12.2024 Rs. '000'
Profit on disposal of plant & equipment	(937)	10,674
Shop Rentals	10,651	15,168
Exchange Gain / (Loss) Unrealized	(1,316)	35
Provision reversals of Trade Receivables	3,958	-
Exchange gain realized	-	(82)
Sundry Income	22,298	2,826
	34,654	28,621

7. FINANCE INCOME

	31.12.2025 Rs. '000'	31.12.2024 Rs. '000'
Interest income - Loans and receivables		
Interest on Money Market/ Treasury Bills	4,303	4,941
Interest on Staff Loans	196	436
Interest on RFC Accounts	27	30
Interest on Savings Accounts	8,310	2,623
Interest income on FF&E Replacement Reserve	3,206	2,712
	16,041	10,740

8. FINANCE CHARGES

	31.12.2025 Rs. '000'	31.12.2024 Rs. '000'
Overdraft Interest	205,485	209,850
Term Loan Facility	416,264	379,638
Interest on Right to Use Lease	960	1,008
	622,709	590,497

9. PROFIT FOR THE PERIOD

	31.12.2025 Rs. '000'	31.12.2024 Rs. '000'
Profit for the period is stated after charging all expenses including the following:		
Directors' emoluments	5,778	24,515
Auditors' remuneration - Company	1,200	1,952
- Colombo Hilton	2,117	2,600
Depreciation	474,409	560,672
Staff costs (including the following employee benefit plan costs)	638,675	740,983
- Defined benefit plan cost - Gratuity	26,810	28,460
- Defined contribution plan costs - EPF & ETF	94,804	87,482
Management Fee -Group Service Benefits Charges and Management Incentive	140,573	116,592
Legal fees	2,683	12,057
Electricity	173,922	276,784

10. INCOME TAX EXPENSE

	31.12.2025 Rs. '000'	31.12.2024 Rs. '000'
Under/(Over) Provision adjustments from previous years	-	-
Deferred tax (Income) Expense	90,576	71,490
	90,576	71,490

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2025

10.1 A reconciliation between Taxable profit and Accounting Profit for the Years Ended 31st December 2025 and 31st December 2024 are as follows

	31.12.2025 Rs. '000'	31.12.2024 Rs. '000'
Accounting Profit Before Income Tax	139,074	(268,347)
Aggregate Disallowed Items	598,906	641,339
Aggregate allowable Expense	(736,437)	(723,812)
Adjusted Taxable Business Profit/(Loss)	1,543	(350,820)
Investment Income	18,160	22,821
Tax Loss claimed during the year - Investment Income	(18,160)	(22,821)

10.2 Deferred Tax

	31.12.2025 Rs. '000'	31.12.2024 Rs. '000'
Deferred tax arising from:		
- Origination and reversal of temporary difference (Note 24)	90,576	71,490
Total deferred tax charge	90,576	71,490

10.3 Tax losses carried forward

	31.12.2025 Rs. '000'	31.12.2024 Rs. '000'
Tax losses carried forward	4,462,535	14,048,890
(-) Loss expired during the year	(248,630)	(9,914,354)
Tax losses incurred during the year	-	350,820
(-) Loss claimed during the year - Business Income	(1,543)	-
(-) Loss claimed during the year - Investment Income	(18,160)	(22,821)
Tax losses carried forward for future periods	4,194,202	4,462,535

11. EARNING PER SHARE - BASIC

Basic earning per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the ordinary shares outstanding during the year.

	31.12.2025 Rs. '000'	31.12.2024 Rs. '000'
Profit per ordinary share	0.02	(0.17)
Amount used as the Numerator		
Profit attributable to the ordinary shareholders	91,923	(351,638)
Amount Used as the Denominator		
Weighted average number of ordinary shares for the purpose of basic profit per share	2,046,646	2,046,646

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings on leasehold land	Plant & machinery	Hotel furniture & fittings	Motor vehicle	Refrigerator & kitchen equipment	Television & computers	Operational Equipment	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost/ Revaluation								
Balance as at 31st December 2023	9,972,759	418,080	818,903	107,785	477,901	80,342	183,200	12,058,970
Disposal		(818)	(7,376)		(3,337)	(3,018)	-	(14,549)
Additions during the year	18,391	7,936	43,744	-	34,522	42,940	23,855	171,388
Transfer from WIP - Capitalization of Room renovation	2,194,388		179,278	-	-	22,691	-	2,396,357
Transfer from WIP - Building structure	692,862							692,862
Balance as at 31st December 2024	12,878,400	425,199	1,034,549	107,785	509,086	142,955	207,055	15,305,029
Disposal	-	(1,427)	(7,244)	-	(3,548)	(935)		(13,154)
Additions during the year	31,283	554	15,226	1,107	8,023	27,494	7,810	91,498
Transfer from WIP - Capitalization of Room renovation	(52,508)		2,541		-	5,961		(44,006)
Transfer from WIP - Other Projects	9,261	-	453		1,168	1,091		11,973
Revaluation Gain		113,979	5,823		2,907	3,155		125,864
Transferred to Revaluation Reserve		(135,065)	(310,890)		(168,330)	(62,740)	-	(677,025)
Balance as at 31st December 2025	**12,866,435**	**403,241**	**740,458**	**108,892**	**349,305**	**116,982**	**214,865**	**14,800,178**
Accumulated Depreciation								
Balance as at 31st December 2023	-	104,395	226,532	-	132,905	41,763	-	505,595
Charge for the year	207,369	31,533	90,922	26,946	37,756	24,326	63,722	482,573
Disposal	-		(2,941)		(1,001)	(2,414)		(6,356)
Transferred to Revaluation Reserve	-			-			-	-
Balance as at 31st December 2024	207,369	135,600	314,513	26,946	169,661	63,675	63,722	981,486
Charge for the year	146,859	21,112	72,786	26,947	40,955	19,589	68,415	396,662
Disposal		(535)	(3,622)	-	(1,331)	(935)		(6,423)
Transferred to Revaluation Reserve		(135,065)	(310,890)		(168,330)	(62,740)		(677,025)
Balance as at 31st December 2025	**354,228**	**21,112**	**72,787**	**53,893**	**40,955**	**19,589**	**132,137**	**694,700**
Written Down Value								
Balance as at 31st December 2023	9,972,759	313,685	592,371	107,785	344,996	38,579	183,200	11,553,379
Balance as at 31st December 2024	12,671,031	289,599	720,036	80,839	339,425	79,280	143,333	14,323,547
Balance as at 31st December 2025	**12,512,207**	**382,129**	**667,672**	**54,999**	**308,350**	**97,393**	**82,729**	**14,105,479**

Hotel Developers (Lanka) Ltd has full possession and control over the property, plant and equipment of the hotel. The operation of these assets has been entrusted to Hilton International LLC under the signed management agreement.

Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2025

12.2 The Company adopted the revaluation model for the measurement of Property, Plant and Equipment (PPE) with effect from 31 December 2019.

The fair value of Buildings, Motor Vehicles, and Operating Equipment was determined through a revaluation conducted during the financial year 2023

During the financial year 2025, the fair values of Plant and Machinery, Furniture, Fittings and Equipment, Refrigerators and Kitchen Equipment, and Computers and Televisions were determined based on a revaluation carried out by G.W.G. Abeygunawardene, an accredited independent valuer, to assess the fair value of the Company's owned PPE. The effective date of this valuation was 1 January 2025.

Fair value was determined with reference to market-based evidence. The valuations were based on open market prices, adjusted where necessary for differences in the nature, location, and condition of the specific assets. These valuations are categorized under Level 3 of the fair value measurement hierarchy.

Property	Buildings (Extent - 445,175 Sq. ft.) No.02, Sir Chittampalam A Gardiner Mawatha Colombo 02 and other movable assets
Method of valuation	Based on depreciated replacement cost approach
Effective date of valuation	31st December 2023
Property Valuer	Mr. G.W.G. Abeygunawardene, Chartered Valuation Surveyor

If the PPE is presented at Cost less depreciation, the carrying value would be as follows:

	31.12.2025	31.12.2024
	Rs. '000'	Rs. '000'
Cost	19,818,008	19,726,510
Accumulated Depreciation	(7,970,365)	(7,487,792)
Written down Value	11,847,643	12,238,718

12.3 The renovation of 264 guest rooms was completed progressively, with final completion in November 2024. since the assets were put in use and required capitalization, the related costs were capitalized based on estimated costs to completion provided by the Cost Consultant (Quantity Surveyor) as the final contractor invoices for work completion are pending submission. Upon receipt of the final certified contractor invoices, the capitalized amounts will be reviewed and, where necessary, adjusted to reflect the actual costs incurred.

13.

	Main Property 99 Year Lease	UDA Car Park	Total
	Rs. '000'	Rs. '000'	Rs. '000'
Balance as at 31.12.2023	6,186,287	29,091	6,215,377
Amortization	(70,707)	(7,392)	(78,099)
Addition	-	3,911	3,911
Balance as at 31.12.2024	6,115,580	25,610	6,141,189
Amortization	(70,707)	(7,040)	(77,747)
UDA Car Park Lease Adjustment	-	2,096	2,096
Balance as at 31.12.2025	**6,044,873**	**20,666**	**6,065,539**

13.1 The leasehold land of the main property is for a period of 99 years effective from 28th June 2012. The leasehold land value amounting to Rs. 7 Bn. has been capitalized and shares issued to the Government of Sri Lanka.

13.2 In accordance with the Cabinet decision dated 13th December 2016, the lease term for the 1.8-acre parcel of land on which the Sports Complex is located was extended until June 2111, in alignment with the lease of the main building. Furthermore, a subsequent Cabinet decision dated 3rd March 2022 determined that the lease premium of Rs. 4,440 million, representing the total lease premium for the period, will be deferred until a sub-lease agreement is finalized with an investor as part of the company's capital restructuring.

13.3 The Company has a lease agreement with the Urban Development Authority (UDA) for a 52-perch parcel of land adjacent to the hotel, intended for use as a car park facility. The lease term is 30 years, effective from 1 January 2020, with lease payments subject to revision every five years, as determined by the Government Chief Valuer. In accordance with SLFRS 16, the lease has been recognized as a right-of-use asset on the statement of financial position. The lease rental for the subsequent five-year period, commencing 1 January 2025, has been capitalized at Rs. 8,000,000 per annum based on the previous valuation, pending receipt of the revised valuation from the Government Chief Valuer. Lease liabilities are measured at the present value of future lease payments and are updated when revised valuations are received

14. INVENTORIES

	31.12.2025	31.12.2024
	Rs. '000'	Rs. '000'
Food	58,353	42,554
Beverages	58,280	58,872
Engineering Stores (Fuel & Furnace Oil)	5,903	8,366
	122,536	109,792

15. TRADE AND OTHER RECEIVABLES

	31.12.2025	31.12.2024
	Rs. '000'	Rs. '000'
Trade receivables	289,789	372,787
Less: Impairment of debtors	(8,584)	(12,542)
	281,206	360,246

16. AMOUNTS DUE FROM RELATED PARTY

	31.12.2025	31.12.2024
	Rs. '000'	Rs. '000'
Ministry of Finance	71,728	71,728
	71,728	71,728

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2025

17. OTHER ASSETS

	31.12.2025 Rs. '000'	31.12.2024 Rs. '000'
Deposits, prepayments and advances	118,552	90,426
Other receivables	25,529	36,052
Income tax receivable - Note 29	34,607	34,231
	178,687	160,708

18. CURRENT FINANCIAL ASSETS

	31.12.2025 Rs. '000'	31.12.2024 Rs. '000'
Short-term investments		
Call deposits	29,493	961
Debt Services Reserve (DSR) - A/C	69,731	65,805
Total Short-term investment	99,223	66,766

19. CASH AND BANK BALANCES

	31.12.2025 Rs. '000'	31.12.2024 Rs. '000'
Foreign Currency Savings	86,375	43,791
FFE Reserve A/C (Savings A/C)	102,418	20,909
Debt Services Reserve (DSR) - A/C	35	36
Cash & Operating Bank A/C	62,262	38,860
	251,090	103,596

The year end balance in the foreign currency saving account has been translated to functional currency of Sri Lankan Rupees at the closing rate as at Balance Sheet date in terms of the accounting standards.

20. STATED CAPITAL

	31.12.2025 Rs. '000'	31.12.2024 Rs. '000'
Issued and Fully Paid		
2,046,645,685 Ordinary shares	20,466,456	20,466,456

The Secretary to the Treasury of the Government of Sri Lanka presently holds 100% of the ordinary share capital of the Company. The divestment of Hotel Developers (Lanka) Ltd as per the Cabinet Decision No. 23/0431/604/046 of 14th March 2023 with respect to the Cabinet Memorandum No MF/018/CM/2023/055 dated 27th February 2023, is currently put on hold pending new policy directions of the Government of Sri Lanka.

21. RESERVES

	31.12.2025	31.12.2024
	Rs. '000'	Rs. '000'
Furniture, fittings & equipment replacement reserve (Note 21.1)	86,736	303

21.1 Furniture, Fittings and Equipment Replacement Reserves

	31.12.2025	31.12.2024
	Rs. '000'	Rs. '000'
Balance at the beginning of the year	303	-
Add: Provision made during the year	208,234	207,816
Less: Amounts transferred to equity statement	-	-
Amounts utilized for purchase & replacement of furniture & fittings	(121,801)	(207,513)
Balance at the end of the year	86,736	303

An amount equivalent to USD 700,000 has been transferred to furniture, fittings & equipment reserve during the year.

22. INTEREST BEARING BORROWINGS

	2025			2024		
	Amounts due within one year	Amounts due after one year	Total	Amounts due within one year	Amounts due after one year	Total
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Term Loan - Sampath Bank PLC	350,000	1,837,500	2,187,500	262,500	2,187,500	2,450,000
Term Loan - Peoples Bank	-	-	-	333,324	1,166,636	1,499,960
Term Loan - PABC	89,290	1,410,710	1,500,000	-	-	-
	439,290	3,248,210	3,687,500	595,824	3,354,136	3,949,960

Security and Repayment Terms

22.1 Term Loans

	Balance as at 01.01.2025	Loans draw down	Repayment	Balance as at 31.12.2025
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Term Loan - Peoples Bank	1,499,960	-	(1,499,960)	-
Term Loan - Sampath Bank	2,450,000		(262,500)	2,187,500
Term Loan - PABC Bank	-	1,500,000	-	1,500,000
	3,949,960	1,500,000	(1,762,460)	3,687,500

22.1 Term Loans contd.

	Balance as at 01.01.2024	Loans draw down	Repayment	Balance as at 31.12.2024
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Term Loan - Peoples Bank	1,499,960	-	-	1,499,960
Term Loan - Sampath Bank	1,626,139	823,861	-	2,450,000
	3,126,099	823,861	-	3,949,960

Financial Institution	People's Bank	Sampath Bank	PABC Bank
Nature of the facility	Term Loan	Term Loan	Term Loan
Loan Obtained:	Rs.1,500 Mn	Rs. 2,450 Mn	Rs.1,500 Mn
Rate of interest	AWPLR +1.5%	AWPLR +1.5%	AWPLR +1.4%
Security	Property Mortgaged	Property Mortgaged	Property Mortgaged
Repayment period	7 Years	7 Years	7 Years

In March 2023, the Company executed a primary concurrent mortgage bond in favour of Sampath Bank PLC for Rs. 3,050 million over the leasehold rights of the Hilton Colombo Hotel Property. The total banking facility from Sampath Bank comprised an overdraft facility of Rs. 600 million and a term loan of Rs. 2,450 million.

Subsequently, under a primary concurrent mortgage bond executed in favour of PABC on 31 August 2025, ranking equal and pari-passu with the existing primary mortgage in favour of Sampath Bank, the Company obtained a new term loan facility of Rs. 1,500 Mn, with a two-year grace period, to refinance the loan previously obtained from Peoples Bank. In addition, a working capital facility of Rs. 1,750 million was provided under this arrangement. Pursuant to this refinancing, all facilities previously obtained from Peoples Bank, comprising a term loan of Rs. 1,500 million and a working capital facility of Rs. 1,350 million, were fully settled and the corresponding mortgage in favour of Peoples Bank was formally released on 31 August 2025.

23. RETIREMENT BENEFIT OBLIGATIONS

	31.12.2025	31.12.2024
	Rs. '000	Rs. '000
Balance at the beginning of the year	123,261	117,655
Charge for the year	12,019	11,972
Interest cost for the year	14,791	16,488
Recognition of transitional liability /(asset) and actuarial loss/(gain)	44,680	(343)
Loss/ (gain) arising from changes in the assumptions or due to (over)/under provisions in the previous years	-	12,144
Payments made during the year	(33,162)	(34,656)
Balance at the end of the year	161,590	123,261

The retirement benefit obligation of the company is based on the actuarial valuation carried out by Messrs. Piyal S. Goonetilleke and Associates. All assumptions remain the same, except for the discount rate assumption and the annual basic salary increase and No material change is expected in the contribution to the defined benefit plan for the next annual reporting period. The discount rate was revised to 10.3% (vs 12% last year) to reflect the yield rates of the Treasury Bonds. The principal assumptions used in determining the cost of employee benefits were:

	31.12.2025 Rs. '000	31.12.2024 Rs. '000
Discount rate	10.30%	12.00%
Future salary increase	6.00%	6.00%
Retirement Age	60 Years	60 Years

	Discount Rate		Salary Increment	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Sensitivity & maturity profile				
Increase by one percentage point	(9,552)	(6,353)	(10,555)	6,971
Decrease by one percentage point	10,606	6,992	9,665	(6,432)

Maturity Analysis of the payments as at - Undiscounted

	31.12.2025 Rs. '000	31.12.2024 Rs. '000
With in next 12 Months	17,731	2,203
Between 1 and 2 years	24,612	311
Between 2 and 5 years	49,398	34,625
Between 5 and 10 years	186,527	82,194
Total Expected payments	278,269	119,334

Weighted average duration of defined benefit obligation is 6.2 Years (2024 - 6.1 years)

24. DEFERRED TAX LIABILITY

Deferred tax is recognized using the Statement of Financial Position liability method, which accounts for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective amounts for taxation purposes. The provision for deferred tax is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax assets, including those arising from tax effects of income tax losses and credits available for carryforward, are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are adjusted downward if it is no longer probable that the related tax benefit will be realized.

	31.12.2025 Rs. '000	31.12.2024 Rs. '000
Balance at the beginning of the year	1,552,104	1,480,614
Recognized in statement of profit or loss	90,576	71,490
Recognized in other comprehensive income	37,759	-
Balance at the end of the year	1,680,438	1,552,104

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2025

24.1 The closing deferred tax liability balance relates to the following:

	31.12.2025 Rs. '000	31.12.2024 Rs. '000
Accelerated depreciation for tax purposes	2,051,239	1,954,762
Revaluation Surplus for tax purposes	962,404	924,645
CMC Sales Tax General Provsion	(24,000)	-
Retirement benefit obligation	(48,477)	(36,978)
Impairment of Debtors	(2,575)	(705)
Deferred tax asset relating to utilization of brought forward tax losses	(1,258,152)	(1,289,620)
	1,680,438	1,552,104

The deferred tax has been calculated at the rate of 30% .

25. TRADE AND OTHER PAYABLES

	31.12.2025 Rs. '000	31.12.2024 Rs. '000
Trade payables	402,103	358,956
Sundry creditors and including accrued expenses	150,310	188,585
Accrued - Refurbishment Expenses	316,909	701,881
Management fee payable	22,281	11,319
Management fee payable *	(4,806)	(4,806)
Other liabilities	60,732	71,412
Replacement of breakages	20,201	18,804
Statutory payables	200,929	354,620
	1,168,660	1,700,772

* *The receivable balance, which reflects the management fee reversal (receivable) from Hilton International LLC for the year 2018 and 2019.*

26. AMOUNT DUE TO RELATED PARTIES

	31.12.2025 Rs. '000	31.12.2024 Rs. '000
Hilton International LLC	48,980	16,317
Hilton Worldwide Manage Ltd UK	23,660	12,662
	72,640	28,979

27. CONTRACT LIABILITIES

	31.12.2025 Rs. '000	31.12.2024 Rs. '000
City Ledger Credits	145,684	157,055
Guest Advance Deposits	151,368	147,487
	297,053	304,541

28. NET ASSETS PER SHARE

	31.12.2025 Rs. '000	31.12.2024 Rs. '000
Net Assets Value (Rs)	12,007,180	11,915,257
Number of ordinary shares "000"	2,046,646	2,046,646
Net Assets per share	5.87	5.82

29. INCOME TAX LIABILITY

	31.12.2025 Rs. '000	31.12.2024 Rs. '000
Opening Balance	(34,231)	(33,855)
Payment for the period	-	-
Under/(Over) Provision Adjustments from previous years	-	-
Tax Credit		
WHT	(377)	(377)
Balance at the end of the year (Current year balance transferred to Other Assets - Note 17)	(34,607)	(34,231)

30. NOTES TO THE CASH FLOW STATEMENT

30.1 Cash and Cash Equivalents at the Beginning of the Year

	31.12.2025 Rs. '000	31.12.2024 Rs. '000
Cash and bank balance	38,860	49,774
Call Deposits	961	836
Debt Services Reserve (DSR) - (MM A/C)	65,805	61,111
FFE Reserve A/C (Savings A/C)	20,909	112,249
Debt Services Reserve (DSR) - A/C	36	36
Foreign Currency Savings	43,791	113,297
Bank overdraft	(1,659,395)	(1,785,190)
	(1,489,033)	(1,447,887)

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2025

30.2 Cash and Cash Equivalents at the end of the Year

	31.12.2025 Rs. '000	31.12.2024 Rs. '000
Cash and bank balance	62,262	38,860
Call deposits	29,493	961
Debt Services Reserve (DSR) - (MM A/C)	69,731	65,805
FFE Reserve A/C (Savings A/C)	102,418	20,909
Debt Services Reserve (DSR) - A/C	35	36
Foreign Currency Savings	86,375	43,791
Bank overdraft	(2,049,064)	(1,659,396)
	(1,698,751)	(1,489,033)

31. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS AS AT 31ST DECEMBER 2025

Financial assets by categories	Loans & Receivables	
	31.12.2025	31.12.2024
	Rs. '000	Rs. '000
Financial instruments in current assets		
Trade and other receivables	281,206	360,246
Other assets	178,687	160,708
Amounts due from related party	71,728	71,728
Other current financial assets	99,223	66,766
Cash in hand and at bank	251,090	103,596
Total	881,934	763,045

Financial assets by categories	Financial Liabilities measured at amortized cost	
	31.12.2025	31.12.2024
	Rs. '000	Rs. '000
Financial Instruments in current liabilities		
Trade and other payables	1,168,660	1,700,772
Bank overdrafts	2,049,064	1,659,396
Amount Due to Related Parties	72,640	28,979
Retention Fees - Refurbishment Project	170,429	166,709
Contract Liabilities	297,053	304,541
Total	3,757,845	3,860,396

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties, other than in a forced or liquidation sale.

The management assessed that cash in hand and at bank, short term investment, amount due from related parties, trade and other receivables, trade and other payables, amount due to related parties and bank overdrafts approximate their carrying amounts largely due to the short-term maturities of these instruments.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities are exposed to a variety of financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management process focuses on the unpredictability of financial risks and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is performed by the finance department under policies approved by the Board of Directors.

The principal financial instruments of the Company comprise of short term deposits, money market investments, and cash. The main purpose of these financial instruments is to raise and maintain liquidity for the Company's operations, and maximize returns on the Company's financial reserves. The Company has various other financial instruments such as trade receivables and trade payables which arise directly from its business activities.

32.1 Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Hotel is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities.

The Hotel trades only with recognized, credit worthy third parties. It is the Hotel'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 Hotel's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Hotel, such as cash and cash equivalents, other non financial assets and amounts due from related parties, the Hotel's exposure to credit risk arises from default of the counterparty. The Hotel manages its operations to avoid any excessive concentration of counterparty risk and takes all reasonable steps to ensure the counterparties fulfil their obligations.

32.2 Credit risk exposure

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.

	As at 31st December 2025					
	Cash in hand and at bank	Short term investments	Trade and other receivable	Other Assets	Amount due from related parties	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deposits with bank	-	99,223	-			99,223
Trade and other receivables	-	-	281,206		-	281,206
Other Assets				178,687		178,687
Amounts due from related parties	-	-	-		71,728	71,728
Cash in hand and at bank	148,672	102,418	-			251,090
Total credit risk exposure	148,672	201,641	281,206	178,687	71,728	881,934

32.2 Credit risk exposure contd.

	As at 31st December 2024					
	Cash in hand and at bank	Short term investments	Trade and other receivable	Other Assets	Amount due from related parties	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deposits with bank	-	66,766	-			66,766
Trade and other receivables	-	-	360,246		-	360,246
Amounts due from related parties	-	-	-		71,728	71,728
Other Assets				160,708		160,708
Cash in hand and at bank	82,687	20,909	-			103,596
Total credit risk exposure	82,687	87,675	360,246	160,708	71,728	763,045

32.3 Trade and other receivables

		As at 31st December 2025	As at 31st December 2024
		Rs. '000	Rs. '000
Neither past due nor impaired		230,220	233,052
Past due but not impaired	30-60	45,052	86,223
	61-90	3,898	8,690
		1,693	2,346
	121-150	94	21,242
	151>	8,833	21,233
Gross carrying value		289,790	372,787
Less: impairment provision			
Individually assessed impairment provision		(8,584)	(12,542)
Total		281,206	360,246

32.4 Amounts due from related parties

The balance consists of amount due from affiliate companies of Hiton Chain.

32.5 Credit risk relating to cash and cash equivalents

The company maintains an authorized list of acceptable cash counterparties based on current ratings and economic outlook, taking into account analysis of fundamentals and market indicators. The Hotel held cash and cash equivalents of Rs.(1,699 Mn) as at 31 December 2025 (as at 31 December 2024 - Rs. (1,489 Mn)).

32.6 Liquidity risk

The Company's policy is to hold cash at a level sufficient to ensure that the Company has available funds to meet its short and medium term funding obligations, including organic growth, and to meet any unforeseen obligations and opportunities.

The Company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Company's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

	31.12.2025 Rs. '000	31.12.2024 Rs. '000
Net (debt)/cash		
Short term investments	99,223	66,766
Cash in hand and at bank	251,090	103,596
Total liquid Assets	350,313	170,362
Bank overdrafts	(2,049,064)	(1,659,396)
Total Borrowings	(2,049,064)	(1,659,396)
Net (debt)/cash	(1,698,751)	(1,489,034)

32.7 Maturity analysis

The table below summarizes the maturity profile of the Hotel's financial liabilities at 31st December 2025 based on contractual undiscounted payments.

The following are the contractual maturities of Financial Liabilities, Including estimated interest payments.

As at 31st December 2025	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	12 Months or Less Rs. '000	1-2 Years Rs. '000	2 to 5 Years Rs. '000	More than 5 Years Rs. '000
Interest Bearing Borrowings	3,687,500	(5,029,125)	(778,830)	(868,601)	(3,233,861)	(147,834)
Trade and Other Payables	1,168,660	(1,168,660)	(1,168,660)	-	-	-
Amounts due to Related Companies	72,640	(72,640)	(72,640)	-	-	-
Contract Liabilities	297,053	(297,053)	(297,053)	-	-	-
Retention Fees	170,429	(170,429)	(170,429)	-		-
Bank Overdraft	2,049,064	(2,049,064)	(2,049,064)	-	-	-
	7,445,345	(8,786,971)	(4,536,675)	(868,601)	(3,233,861)	(147,834)

32.7 Maturity analysis contd.

As at 31st December 2024	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	12 Months or Less Rs. '000	1-2 Years Rs. '000	2 to 5 Years Rs. '000	More than 5 Years Rs. '000
Interest Bearing Borrowings	3,949,960	(6,545,591)	(725,194)	(1,124,256)	(4,606,347)	(89,795)
Trade and Other Payables	1,700,772	(1,700,772)	(1,700,772)	-	-	-
Amounts due to Related Companies	28,979	(28,979)	(28,979)	-	-	-
Contract Liabilities	304,541	(304,541)	(304,541)	-	-	-
Retention Fees	166,709	(166,709)	(166,709)	-	-	-
Bank Overdraft	1,659,396	(1,659,396)	(1,659,396)	-	-	-
	7,810,356	(10,405,988)	(4,585,590)	(1,124,256)	(4,606,347)	(89,795)

32.8 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. The Hotel is exposed to market risk through its use of financial instruments and specially to currency risk, and certain other price risks.

33. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting period that requires adjustment to or disclosure in the financial statements. Other than following.

On 16 December 2025, the Cabinet of Ministers approved a reduction of the stated capital of Hotel Developers (Lanka) Ltd as part of a balance sheet restructuring exercise. Accordingly, the accumulated retained losses amounting to Rs. 10,709,007,364 as at 31 December 2024 will be set off against the stated capital of Rs. 20,466,456,850, resulting in a reduced stated capital of Rs. 9,757,449,486

The necessary statutory procedures will be carried out during 2026, and the effect of this capital reduction will be reflected in the financial statements for the year ending 31 December 2026.

34. CAPITAL COMMITMENTS

There were no capital commitments or contingent liabilities that requires disclosures in these financial statements other than the following:

34.1 The company embarked on a comprehensive refurbishment program of the hotel from October 2014 in terms of the Management Agreement signed with Hilton Worldwide. The renovation program was carried out in a 2 phases, 1) Public Areas and Service Augmentation, 2) 264 Guest rooms. The project was finance by internally generated funds and debt finance via term loan. The project has been successfully completed in November 2024.

The estimated Values of the Contracts that the Company has already entered into on the room renovation and the balance outstanding as at 31st December 2025 are as follows:

	Total Estimated Contract value	Payment made to date	Estimated balance to be paid
	Rs.'000	Rs.'000	Rs.'000
Supply Item			
Main Contractor (CIVIL/ID/MEP)	2,373,308	2,068,468	304,840
Client Supplied Items	801,029	687,452	113,577
ICT Contract - Phase 01, 02 & 03	297,105	256,360	40,744
Current Consultant	183,733	172,922	10,812
	3,655,175	3,185,202	469,973

34.2 Lease Commitments

	31.12.2025	31.12.2024
	Rs. '000	Rs. '000
Lease rentals due on non-cancellable operating leases;		
Within one year	6,195	6,505
Between one and five years	14,471	19,105
	20,666	25,610

The lease commitment is related to 52 Perch UDA Car Park which is on 5 year leased property.

35. CONTINGENCIES

35.1 The Hotel Developers (Lanka) Limited and Hilton International are named as defendants in a legal claim relating to damages arising from an accident that occurred during a function. The plaintiff is required to take the necessary steps to serve summons on Hilton International and to issue notice to Hotel Developers (Lanka) Limited. As these steps have not yet been completed, the matter remains abated at this stage. Given the matter under the case file from 2014, management is confident that no significant liability will arise. Accordingly, no provision has been recognized in these financial statements.

35.2 In the year 2009, the Colombo Municipal Council (CMC) revised the license fee rates for all the hotels with in the city limits with subsequent gazzetted amendments. In response, a case was filed in 2009 before the Magistrate's Court collectively by the Colombo city hotels, including Hilton Colombo, challenging the said revision. Subsequently, the hoteliers, together with the Tourist Hotels Association of Sri Lanka (THASL), have been engaged in negotiations with the CMC through court for which the resolution is still pending as at the reporting date.Management and the Board of Directors, based on the legal advice obtained and the information currently available, are of the opinion that the final resolution of the legal proceedings is likely to be favorable to the Company and is not expected to have a material adverse impact on the Company's financial position or results of operations. Further, the provision recognized in the financial statements is considered adequate based on the applicable legal requirements and assessments without prejudice to the legal position of the Company or the outcome of such proceedings.". Further details are disclosed in Note 38.4 under Litigation Matters.

35.3 As of reporting date, there exists certain tax assessments raised by the Department of Inland Revenue. Management having obtained the advice of experts have determined that there is unlikely to be any material liabilities that would arise from such pending assessments. Accordingly, Management has not made any related provisions as of 31 December 2025.

36. ASSETS PLEDGED AS SECURITIES

The company has mortgaged the Hilton Colombo Property against the loan agreement signed with Sampath Bank PLC & Pan Asia Banking Corporation PLC for Rs. 3,050 Mn and 3,200 Mn respectively for financing the refurbishment projects and working capital requirements.

37. RELATED PARTY DISCLOSURES

37.1 Transaction with Key Management Personnel

Related Parties include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company. Key management personnel include members of the Board of Directors of the company.

Directors' emoluments paid during the period amounts to Rs. 5,778,000/- (Y/E 2024 - Rs. 24,515,000/-).

37.2 Amounts due from related parties (Refer Note 16)

37.3 Amounts due to related parties (Refer Note 26)

37.4 Transactions with related parties

	31.12.2025 Rs. '000	31.12.2024 Rs. '000
Ministry of Finance	-	(47,371)
Management Entity - Hilton International LLC		
Receiving of Services	133,908	60,567
Payments for the Services	(101,223)	(190,191)
Management Incentive Payments	35,117	11,318
Others	21	-
Management Entity - Hilton Worldwide Manage Ltd - UK		
Group Service Benefit Payments	(94,458)	(112,577)
Group Service Benefits Charges	105,456	105,273

Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

37.5 Related Party Disclosure

Name of Related Party	Common Director	Nature of the Transaction	Contract Value Rs. '000	Amount Paid Rs. '000	Amount Due Rs. '000
Overseas Realty (Ceylon) PLC	Mr. Prvir Samarasinghe	Supply & Installation of Decorative Lights for the Hilton Colombo 253 Guest Room Refurbishment Project.	40,122,806	34,711,068	5,411,739

38. LITIGATIONS OF THE REPORTING DATE

38.1 H.C. [Civil] 1/98 [2] [Date of filing 31/3/1998]

This case has been filed by Cornel & Co Ltd., against Mitsui & Co Ltd, Taisei Corporation and 9 other Defendants, including HDL [5th Respondent].

The Plaintiff filed action in the High Court of the Western Province and supported and obtain an exported Enjoining Orders in terms of prayers [m] and [n] of the Plaint, preventing the implementation of the Settlement Agreements.

This case has been laid by since 29.10.2003 pending a settlement
[if any].

38.2 D.C.COLOMBO CASE NO. 21819/MR

This action has been instituted by Mr. Nihal Sri Amarasekera for Judgment against the 1st Defendant, Mr. Gamini Lakshman Pieris in a sum of Rs. 35,938,000.00 and Rs. 36,071,000.00. HDL is the 2nd defendant.

The case has been laid by since 17th March 2004 pending a settlement [if any]

38.3 HC (CIVIL) 116/96 (1)
SC/HC/LA/118/2025

Mr. Nihal Ameresekere has filed a Leave to Appeal application in the Supreme Court against the Order delivered in the Commercial High Court on 09/12/2025 in Case No H.C. (Civil) 116/96 (1) The case is listed for hearing on 05.03.2026 in the Supreme Court .

38.4 Colombo Municipal Council Case

There are seventeen cases filed by the Colombo Municipal Council at the Maligakanda Magistrate Court for operating a restaurant without obtaining a requisite license in the years 2009 (13224/M), 2010 (14155/M), 2011 (15461/M), 2012 (17966/M), 2013 (28928/14), 2014 (16394/15), 2015 (15577/16), 2016 (15591/17), 2017 (16908/18, 16910/18), 2018 (16248/19), 2019 (4691/20), 2020 (7576/21), 2021 (11637/22), 2022 (25125/23), 2023 (37682/24), 2025(34652/25).

Case filed for 2009 to 2018 have concluded in the Magistrate's Court with the Hon. Magistrate holding against Hilton Colombo. Appeals have been filed against the Judgements in the said cases, and the same are pending listing before the High Court.

The write application (179/2011) filed by Hotel Developers (Lanka) Limited challenging, inter alia, the decision taken by Colombo Municipal Council to levy license fees equivalent to 0.1% of the total annual turnover as a pre-condition to the issue of the Annual Trade License for the years 2009 and 2010 in respect of the restaurant operated at hotel premises. Judgment was delivered on 19th September 2019, and their Lordships of the Court of Appeal dismissed the application and ordered costs. Costs have not been determined as of date. The case was appealed to the Supreme Court, however, the appeal has yet to be supported and cases are filed in the years 2020 (08/2020), 2020 (18/2020), 2020 (93/2020), 2020 (32/2020), 2019 (134/2019), 2019 (124/2019), 2020 (96/2020), 2020 (01/2020) and 2020 (204,2020).

38.5 D.C Colombo Case No DMR 1012/2014

Gangaram Moolchand Dhansingali vs Hotel Developers and Hilton Worldwide. This action was filed by Mr. Moolchand in order to recover damages in a sum of Rs 5 Mn due to an accident in a function. The Plaintiff is required to serve summons on Hilton Worldwide with Notice to Hotel Developers and have the Case listed. HDL has not received notice to date.

Ten Year Financial Summary & Key Indicators

In Rs. 000	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenue										
Rooms	1,823,949	1,848,222	1,137,293	666,637	236,944	313,080	1,171,875	1,219,736	1,317,248	1,151,953
Food & Beverage	3,362,594	3,342,408	3,034,962	2,185,005	907,480	732,119	1,614,671	1,631,492	1,593,286	1,330,543
Other Operating Department	51,871	56,153	55,845	35,625	33,957	35,936	92,206	59,312	104,828	58,184
Social Security Levy	146,133	146,306	118,651							
	5,384,547	5,393,089	4,346,751	2,887,267	1,178,381	1,081,135	2,878,753	2,910,540	3,015,362	2,540,680
Cost of Sales	(2,484,683)	(2,708,885)	(2,445,618)	(1,825,497)	(922,695)	(811,092)	(1,403,693)	(1,427,161)	(1,214,204)	(440,698)
Gross profit	2,899,864	2,684,204	1,901,133	1,061,770	255,686	270,043	1,475,060	1,483,379	1,801,158	2,099,982
Other gains and losses	34,654	28,621	13,175	206,589	31,191	25,391	20,807	54,355	29,429	39,914
Administrative expenses	(1,206,112)	(1,228,995)	(1,052,424)	(855,958)	(585,498)	(591,036)	(910,514)	(854,539)	(828,206)	(1,331,329)
Other expenses	(508,256)	(611,748)	(698,548)	(302,759)	(167,921)	(171,603)	(281,942)	(283,429)	(383,491)	(294,905)
Operating Profit Before Depriciation	1,220,151	872,082	163,336	109,642	(466,543)	(467,205)	303,411	399,766	618,890	513,662
Depriciation & Amortization	(474,409)	(560,672)	(367,193)	(371,065)	(386,618)	(378,443)	(515,265)	(500,861)	(461,542)	(368,254)
Operating Profit After Depriciation	745,742	311,410	(203,857)	(261,424)	(853,161)	(845,648)	(211,854)	(101,095)	157,348	145,408
Revaluation Loss		-			-	-	**(61,223)**	-	-	-
Finance Income	16,041	10,740	18,037	18,162	11,222	10,873	10,708	15,627	25,533	27,575
Finance costs	(622,709)	(590,497)	(598,546)	(389,502)	(134,477)	(42,569)	(50,078)	(40,994)	(9,905)	(38)
Profit/(loss) before taxation	139,074	(268,347)	(784,366)	(632,763)	(976,415)	(877,342)	(312,447)	(126,461)	172,976	172,945
Income tax expense	(90,576)	(71,490)	95,654	(252,358)	19,190	(40,764)	(13,182)	(1,046)	85,041	(31,933)
Profit/(loss) after taxation for the period	48,498	(339,837)	(688,712)	(885,122)	(957,225)	(918,106)	(325,629)	(127,507)	258,017	141,012
Other comprehensive income										
Revaluation Surplus	88,105		704,527		-	-	1,452,978	-	-	-
Actuarial Gain/(loss)on employee benefit obligations	(44,680)	(11,801)	(31,688)	2,970	22,630	(8,088)	(22,455)	14,996	2,415	(5,065)
Total comprehensive income/ (expense) for the period	91,923	(351,638)	(15,873)	(882,152)	(934,595)	(926,193)	1,104,894	(112,512)	260,432	135,946
Earning per share - Basic (Rs.)	0.02	(0.17)	(0.01)	(0.43)	(0.46)	(0.45)	0.54	(0.05)	0.13	0.07

Ten Year Financial Summary & Key Indicators

in Rs. 000	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating Results										
Total Revenue	5,384,547	5,393,089	4,346,751	2,887,267	1,178,381	1,081,135	2,878,752	2,910,540	3,015,362	2,540,680
Sales Growth%	-0.16%	24%	51%	145%	9%	-62%	-1%	-3%	19%	62%
Operating Profit Before Depriciation & Amortization	1,220,151	872,082	163,336	109,642	(466,543)	(467,205)	303,411	399,766	618,890	513,662
Net Finance Expenses	606,668	579,756	580,509	371,340	123,254	31,696	39,370	25,367	(15,628)	(27,537)
Depreciation & Amortization	474,409	560,672	367,193	371,065	386,618	378,443	515,265	500,861	461,542	368,254
Net Profit/(Loss) Before Taxation	139,074	(268,347)	(784,366)	(632,763)	(976,415)	(877,342)	(312,447)	(126,461)	172,976	172,945
Total comprehensive income/(expense) after revaluation gain & taxes	91,923	(351,638)	(15,873)	(882,152)	(934,596)	(926,193)	1,104,893	(112,512)	260,432	135,946
Shareholders' Fund										
Stated Capital	20,466,456	20,466,456	20,466,456	20,466,456	20,466,456	20,466,456	20,466,456	20,466,456	20,466,456	20,466,456
Revaluvation Surplus	2,245,610	2,157,505	2,157,505	1,452,978	1,452,978	1,452,978	1,452,978	-	-	-
Furniture & Fittings Reserve	86,736	303	-	178,230	53,801	1,649	43,864	187,217	161,348	21,896
Accumulated Loss	(10,791,622)	(10,709,007)	(10.357,067)	(9,814,896)	(8,808,317)	(7,821,569)	(6,937,588)	(6,732,856)	(6,594,476)	(6,715,455)
	12,007,180	11,915,257	12,266,894	12,282,768	13,164,918	14,099,514	15,025,710	13,920,817	14,033,328	13,772,897
Assets Employed										
Property Plant, Equipemnt	14,105,479	14,323,547	11,553,379	6,929,402	8,722,182	8,486,249	8,728,240	7,485,222	7,818,434	7,449,712
Leasehold Land	6,065,539	6,141,189	6,215,377	6,261,798	6,337,966	6,421,326	6,514,390	6,541,834	6,613,547	6,681,237
Capital work-in-progress	139,732	89,016	1,705,375	2,600,378	766,764	865,477	659,487	591,537	243,414	215,747
Net Current Assets	(3,198,861)	(3,589,889)	(2,516,558)	(797,453)	(1,064,694)	(997,068)	(43,767)	(193,901)	(122,915)	50,742
	17,111,859	16,963,862	16,957,573	14,994,125	14,767,675	14,775,984	15,858,350	14,424,692	14,552,480	14,397,438
Less										
Long Term Liabilities										
Intrest Bearing Loans & Borrowings	3,248,210	3,354,136	3,067,766	2,000,000	1,098,372	72,156	250,000	-	-	-
Retirment Benefit Obligation	161,590	123,261	117,655	77,467	97,982	148,198	134,550	106,259	122,581	125,326
Right to use - Lease Land Liability	14,471	19,105	24,645	-	5,458	22,918	37,291	-	-	-
Deferred tax Liability	1,680,438	1,552,104	1,480,613	633,891	396,138	433,198	410,798	397,616	396,570	499,215
Net Assets	12,007,180	11,915,257	12,266,894	12,282,768	13,164,918	14,099,514	15,025,710	13,920,817	14,033,328	13,772,897
Key Indicators										
Current Ratio	0.24	0.20	0.30	0.64	0.47	0.34	0.94	0.79	0.86	1.18
Net Assets per share (Rs.)	5.87	5.82	5.99	6.00	6.43	6.89	7.34	6.80	6.86	6.73
Earnings/(Loss) per share	0.02	(0.17)	(0.01)	(0.43)	(0.46)	(0.45)	0.54	(0.05)	0.13	0.07
Statstical Summary										
Occupancy	57%	51%	33%	19%	10%	11%	49%	48%	57%	47%
Averagae Room Rate	26,255	31,691	31,496	29,776	16,754	20,681	21,562	22,944	21,077	20,408

Notes

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the ANNUAL GENERAL MEETING of HOTEL DEVELOPERS (LANKA) LIMITED will be held on Thursday, 25th June 2026 at 10.30 a.m. at the Board Room of Hotel Developers (Lanka) Limited, C/o Colombo Hilton, Echelon Square, No. 2, Sir Chittampalam A Gardiner Mawatha, Colombo 2.

AGENDA

1. ORDINARY BUSINESS

1.1. To pass the following resolution to accept the Notice of Meeting;

"RESOLVED that the Notice dated 22nd June 2026 convening the Annual General Meeting of the Company be and is hereby accepted as a valid notice notwithstanding that the meeting has been called with shorter notice than that specified in the Article of Association and in the Companies Act No. 07 of 2007"

1.2. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts of the Company for the year ended 31st December 2025 together with the Report of the Auditors thereon.

1.3. To note that the Auditor General continues to be the Auditor of the Company pursuant to the 19th and 20th Amendments to the Constitution.

By order of the Board of Directors of
HOTEL DEVELOPERS (LANKA) LIMITED
P W CORPORATE SECRETARIAL (PVT) LTD

Secretaries

Colombo
22nd June 2026

NOTE:

- The Shareholder of the Company is entitled to appoint a Proxy to attend and vote on his behalf.
- A Proxy need not be a Shareholder
- A Proxy form, which is enclosed should be deposited at the Registered Office of the Company not less than 36 hours before the time appointed for the meeting.

Form of Proxy

I/We……of

……

being the sole shareholder of Hotel Developers (Lanka) Limited hereby appoint:

………of

………or falling him/her

Mr. Pravir D Samarasinghe	of Colombo or falling him
Ms. Dheeshana Ameresekere	of Colombo or falling her
Mr. C Udawattage	of Colombo or falling him
Mr. Dulinda Perera	of Colombo or falling him
Mr. B A T Rodrigo	of Colombo or failing him
Mr. M U A Reyal	of Colombo or failing him
Mr. D M V Algama	of Colombo or failing him
Ms. R C M Jayawardena	

as my/our proxy to represent me/us* to speak and to vote for me/us* and on my/our* behalf at the Annual General Meeting of the Company to be held on the Twenty-fifth Day of June 2026 at 10.30 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

			For	Against
1.	ORDINARY BUSINESS			
	1.1	To pass the Notice of Meeting	☐	☐
	1.2	To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts of the Company for the year ended 31st December 2025 together with the Report of the Auditors thereon	☐	☐
	1.3	To note that the Auditor General continues to be the Auditor of the Company pursuant to the 19th and 20th Amendments to the Constitution	☐	☐

Signed this ……………………………………………. day of ……………………………………………. 2026

……………………………………………………
Signature of the Shareholder

Note:

1. *please delete the inappropriate words
2. Instructions as to completion are noted overleaf
3. A Proxy need not be a shareholder of the Company
4. Please mark "X" in appropriate cages to indicate your instructions as to voting.

Form of Proxy

INSTRUTIONS AS TO COMPLETION OF PROXY

1. Kindly perfect the Form of Proxy by legibly filling your full name and address, signing in the space provided, and filling in the date of signature.
2. If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the Proxy Form for registration, if such Power of Attorney has not already been registered with the Company.
3. In the case of Company/Corporation, the Proxy must be filled and attested in the legally prescribed manner.
4. The completed Form of Proxy should be deposited at the registered office of the Company, No.2, Sir Chittampalam A Gardiner Mawatha, Colombo 2, not less than 36 hours, before the time appointed for the Meeting.
5. A shareholder appointing a Proxy (other than a Director of the Company) to attend the meeting should indicate the Proxy holder's National Identity Card (NIC) number on the Form of Proxy and request the Proxy holder to bring his/her National Identity Card with him/her.

Corporate Information

NAME OF THE COMPANY:

HOTEL DEVELOPERS (LANKA) LIMITED

LEGAL FORM:

A Public Limited Liability Company

DATE OF INCORPORATION:

15th March 1983

COMPANY REGISTRATION NO:

PQ 143 PB

DIRECTORS:

Mr. P D Samarasinghe
Mr. D S Ameresekere
Mr. U D C Priyantha
Mr. K J D G Perera
Mr. B A T Rodrogo
Mr. D V K M Algama
Mr. M U A Reyal
Ms. R C M Jayawardena

REGISTERED OFFICE:

Hotel Developers (Lanka) Ltd
C/o Hilton Colombo
No. 2 Sr Chittampalam A Gardiner Mawatha
Colombo 02
Tel : +94 112433435
Fax : +94 112446545
Email : hdl_hilton@sltnet.lk
Web site : www.hoteldevelopers.lk

SECRETARIES AND REGISTRARS:

P W Corporate Secretarial (Pvt) Ltd
No. 3/17 Kynsey Road, Colombo 08

BANKERS:

Peoples Bank - Corporate Branch
Sampath Bank PLC - WTC Branch
Pan Asia Banking Corporation PLC - Head Office Branch

LAWYERS:

M/s. D L & F De Saram
Attorneys-at-Law and Notaries Public
47, Alexandra Place
Colombo 07

Concept & Designed by
Copyline
a great equation

Hilton

COLOMBO

Hotel Developers (Lanka) Limited