



THE POWER TO ANTICIPATE

Lanka Realty Investments PLC | Annual Report 2025/26



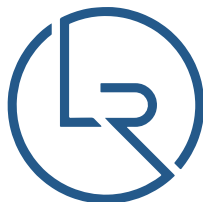
The Power to Anticipate

Lanka Realty Investments PLC, having been a trailblazer in our industry, entered a new phase of growth this year, flourishing from a position of strength, proactivity and confidence.

With human and artificial intelligence boosting our business, we harness the power to anticipate success, growth opportunities and distinction. With AI integration leading the charge, we develop our ability to forecast, optimise and respond to opportunities with sharper action, stronger strategy and greater purpose.

The future belongs to those who see further than the eye can comprehend, and as an organisation that is mastering that power to anticipate, our operations transform to encompass greater agility and a clearer view of what lies ahead.

As we create opportunities for sustainable growth, Lanka Realty Investments PLC transforms into a smarter enterprise ready to create long-term value and lead with unfaltering confidence in the region.



LANKA REALTY
INVESTMENTS PLC



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Financial and Operational Highlights

	2026	2025
Earning Highlights and Ratios		
Revenue	1,260,830,620	1,205,078,755
Gross Profit	362,615,740	445,079,020
Results from Operating Activities	(153,706,023)	167,606,404
Change in Fair Value of Investment Properties	3,223,523,112	457,198,875
Profit for the Year	1,555,411,378	147,282,135
Profit/(Loss) Attributable to Equity Holders of the Company	806,852,513	(94,519,780)
Basic/Diluted Earnings/(Loss) Per Share (EPS)	3.82 / 3.82	(0.45) / (0.45)
Return on Equity (ROE)	8.3%	1.5%
Return on Assets (ROA)	5.3%	0.8%
Financial Position Highlights and Ratios		
Total Assets	29,612,888,792	19,175,819,853
Equity Attributable to Equity Holders of the Company	10,642,178,081	8,142,914,524
Total Debt	4,063,269,256	4,883,957,246
Total Equity	18,838,158,174	9,919,862,846
Number of Shares in Issue	211,370,428	211,370,428
Net Assets Per Share	50.35	38.52
Debt/Equity	0.22	0.49
Debt/Total Assets	0.14	0.25



REVENUE
2025 - LKR 1.2 Bn

LKR
1.2
Billion



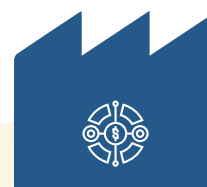
TOTAL ASSETS
2025 - LKR 19.17 Bn

LKR
29.61
Billion



DEBT/EQUITY
2025 - 0.49

0.22



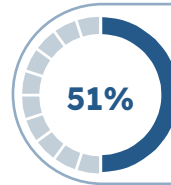
**NET ASSETS
PER SHARE**
2025 - LKR 38.52

LKR
50.35

LRI Group Structure



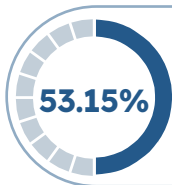
Lanka Realty
Investments PLC



Lanka Realty
Developments
(PVT) Ltd



Lanka Realty
Leisure
(PVT) Ltd



Lee Hedges
PLC



On'ally
Holdings PLC
(Unity Plaza)



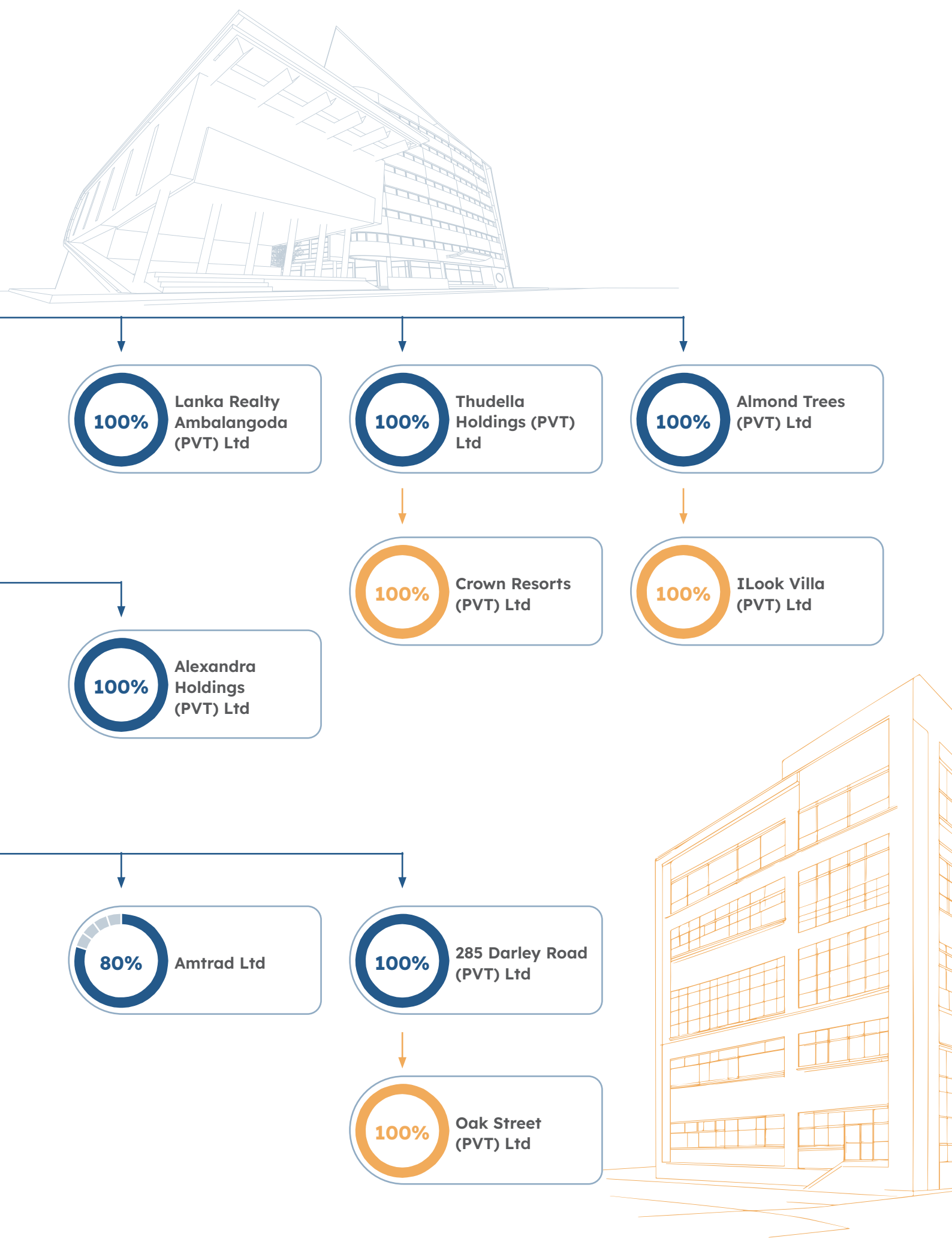
Mulberry
Holdings
(PVT) Ltd



L&A Quarries
(PVT) Ltd



Baseline
Holdings
(PVT) Ltd



Chairman's Statement



Sarraivanan Neelakandan
Chairman

“

For the financial year ended 31st March 2026, LRI recorded a 4.6% increase in consolidated revenue to LKR 1.26 billion, compared to LKR 1.21 billion in the previous financial year.

”

Dear Shareholders,

I am pleased to present the Annual Report and Statement of Accounts for Lanka Realty Investments PLC (LRI) for the financial year ended 31st March 2026.

The Group continued its evolution into a dedicated commercial property investment platform, focusing on active asset management, enhanced facilities management, and capital optimisation across its real estate and leisure assets. Over the past year, our resilience, clarity of purpose, and execution of long-term strategic initiatives have enabled strong performance and positioned LRI for sustained capital growth.

STRATEGIC ACQUISITION AND NEW PARTNERSHIPS

A defining milestone of the financial year was LRI's successful acquisition of a controlling stake in Lee Hedges PLC in January 2026. In a joint transaction with Eighth Wonder, LRI secured a controlling 51% equity stake in Lee Hedges PLC, part of a combined 71.11% acquisition valued at approximately LKR 3.93 billion, followed by an unconditional mandatory offer for the remaining minority shares. This acquisition directly advances our strategy to transition from passive land banking into high-yielding, premium corporate real estate management. Lee Hedges' prime asset base, which includes its flagship corporate complex at No. 353 Galle Road, Colombo 03, significantly consolidates LRI's commercial footprint in prime locations around Colombo.

This acquisition and broader capital optimisation strategy were supported by the divestment of our Baseline Holdings landbank to Prime Lands and the sale of a 49% stake in HQ Colombo to Eighth Wonder. By bringing in Eighth Wonder as a key equity partner in our flagship commercial property, we unlocked significant liquidity, reduced Group gearing, and strengthened our long-term strategic alliance with a key co-investor. This highlights our asset management approach of reallocating capital into high-value opportunities while retaining controlling leadership across our core commercial portfolio.

SUMMARY OF OPERATING CONDITIONS

During the 2025/26 financial year, Sri Lanka's macroeconomic landscape continued on a trajectory of gradual stabilisation and recovery. Moderating inflation, lower benchmark interest rates, and sustained momentum in key service sectors provided a more favourable backdrop for corporate operations. While global market shifts and localised cost pressures required vigilant navigation, mainly due to the ongoing war in Iran, the country's broader economic stabilisation supported improved investor sentiment and heightened commercial activity across urban centres.

LRI successfully leveraged these evolving conditions by maintaining operational discipline, optimising capital efficiency, and executing targeted asset management strategies.

FINANCIAL PERFORMANCE

For the financial year ended 31st March 2026, LRI recorded a 4.6% increase in consolidated revenue to LKR 1.26 billion, compared to LKR 1.21 billion in the previous financial year. Gross profit expanded to LKR 506.4 million, underpinned by enhanced operational efficiencies and a robust, resilient revenue mix across our commercial property, leisure, and property development segments. Driven by these top-line gains and disciplined cost control, operating profit rose substantially to LKR 2.5 Bn, up from LKR 197 Mn in the previous financial year.

OVERVIEW OF SECTOR PERFORMANCES

The Company remains focused on four core business pillars—Commercial Properties, Investment Properties and Land, Leisure and Hospitality, and Residential Development. This structured portfolio provides a resilient, diversified platform designed to capture market opportunities, generate stable recurring cash flows, and drive long-term value creation.

The commercial portfolio delivered strong performance during the year, anchored by our flagship commercial asset, HQ Colombo, which maintained 100% occupancy, supported by strong commercial tenant acquisition and premium facility standards. Performance was further improved by bringing a Grade-A leasehold commercial property into the portfolio with an established base of 13 high-profile corporate tenants through Lee Hedges. This immediately enhances our recurring cash flows and positions the Group for steady



Chairman's Statement

“ For the financial year ended 31st March 2026, LRI recorded a 4.6% increase in consolidated revenue to LKR 1.26 billion, compared to LKR 1.21 billion in the previous financial year. ”

rental income growth over the next five years. Meanwhile, at Unity Plaza, the comprehensive refurbishment programme continues to be well accepted, as evidenced by occupancy rising sharply to 94% at financial year-end. The operationalisation of the LED screen on the building's outer façade was also completed, enabling the Company to benefit from a new digital advertising revenue stream.

Development and sales momentum continued across our residential footprint. Mulberry Residence achieved 98% inventory clearance with Tower 3 nearing completion of architectural/interior finishes and reaching occupancy during the year under review. Strong market demand successfully absorbed available inventory, reinforcing LRI's reputation for delivering high-value urban residential living.

The Company's leisure segment benefited from the sustained rebound in national tourist arrivals. Operating leisure properties recorded improved occupancy levels and average daily

rates (ADR) following the property refurbishments and guest experience upgrades initiated in the previous financial year. Progress also continued on pipeline hotel developments positioned in prime tourism locations.

GOVERNANCE AND RISK MANAGEMENT

A rigorous risk management framework and sound corporate governance practices remain fundamental to sustaining long-term enterprise value and business continuity. The Board of Directors actively evaluates strategic, operational, financial, and regulatory risks, with particular oversight of interest rate coverage, debt service capability, and asset liquidity. LRI adheres strictly to the governance requirements set out by the Securities and Exchange Commission of Sri Lanka and complies with all continuous listing rules of the Colombo Stock Exchange. Through ethical leadership, transparent reporting, and robust internal controls, we safeguard stakeholder interests across all operational environments.

FOCUS ON STAKEHOLDER VALUE CREATION

Delivering sustainable, long-term value for all stakeholders, including shareholders, tenants, employees, and business partners, remains LRI's core priority. The purchase of Lee Hedges PLC and our strategic capital-raising initiatives, combined with the successful monetisation of select property and land assets, have substantially strengthened the Group's financial foundation. These actions have reduced overall gearing, enhanced liquidity, supported balance sheet optimisation, and provided the financial flexibility required to pursue high-yielding growth opportunities in the coming years.

FUTURE OUTLOOK

Our immediate priority remains strengthening LRI's position as one of Sri Lanka's leading property and investment companies, supported by selective acquisitions, active asset management, and disciplined capital allocation. Over the longer term, we intend to progressively evaluate regional opportunities and position

the Group to access broader regional and international capital funding to support sustainable growth and shareholder value creation.

This strategy will continue to be supported by the Company's continued disciplined approach to treasury management and corporate finance execution. Our focus remains on optimising liquidity, managing funding costs and debt maturities, maintaining a prudent capital structure, and recycling capital from mature assets into opportunities capable of generating stronger future returns.

ACKNOWLEDGEMENTS AND APPRECIATIONS

As we close an eventful year of operations, I express my sincere gratitude to my colleagues on the Board of Directors for their valuable counsel, strategic vision, and steadfast support throughout the year. I also extend my appreciation to our Executive Directors, senior management team, and all employees across the LRI Group for their dedication, resilience, and commitment to operational excellence.

I take this opportunity to extend my appreciation to our new partner, Eighth Wonder, for their support and unwavering confidence in LRI's growth vision and potential.

Finally, I offer my sincere thanks to our shareholders, tenants, financial partners, and customers for their continued trust and confidence in Lanka Realty Investments PLC. We look forward to building on this progress to drive sustainable growth and value creation in the financial years ahead.



Saravanan Neelakandan
Chairman

Executive Directors' Review

**Archie James
Buckland Warman**
Executive Director



**Mohamed Hisham
Jamaldeen**
Executive Director



“

In an evolving business landscape, long-term value creation is not achieved by chance; it is forged through clarity of vision, operational discipline, and an unyielding commitment to shared prosperity across every stakeholder link.

”

It gives us great pleasure to present the Executive Directors' Message for Lanka Realty Investments PLC (LRI) for the financial year 2025/26.

The financial year 2025/26 marked a pivotal turning point in LRI's corporate journey. Through disciplined capital allocation, asset acquisitions, and active asset management, we accelerated our transition into Sri Lanka's premier commercial real estate investment and asset management platform. By focusing on our core strengths and executing a decisive strategic realignment, we have laid a robust foundation for resilient recurring cash flows, long-term capital appreciation, and sustainable growth for all our stakeholders.

MACROECONOMIC OPERATING ENVIRONMENT

The financial year 2025/26 unfolded against a backdrop of gradual economic revival in Sri Lanka. The national economy expanded by 5% in 2025, as reported by the Central Bank of Sri Lanka, reflecting restored macroeconomic stability, declining inflation, and improving market sentiment.

This recovery was tested mid-year by the escalation of the Israel-US conflict with Iran from February 2026, which disrupted Middle Eastern energy routes and drove global oil prices sharply higher. As a net energy importer, Sri Lanka saw the Rupee come under renewed pressure, prompting the Central Bank to raise

its policy rate by 100 basis points to defend price stability. Conditions have since stabilised, though the episode underscored the economy's continued sensitivity to external geopolitical shocks.

Within the real estate sector, market dynamics presented a nuanced picture. On the commercial side, high demand for limited urban space drove a 31.9% year-on-year increase in the Land Asking Price Index for the Colombo District during the first quarter of 2026, underscoring the enduring scarcity value of well-located urban land, particularly for prime commercial sites. Grade-A office space saw steady absorption, driven by IT/BPO expansion and corporate relocations, while the resurgence

of international tourism breathed renewed life into hospitality assets across the island.

The residential sector's operating environment was more mixed, mainly due to elevated construction costs and tighter fiscal conditions that put pressure on affordability for mid-tier buyers, resulting in a 15.2% year-on-year contraction in overall condominium sales volumes, although demand consolidated within upper-tier developments priced between LKR 50 million and LKR 75 million, purchased primarily as long-term inflation hedges.

Encouragingly, LRI observed a marked uptick in market demand for well-located property across the island over the year, as improving sentiment drew fresh domestic and foreign capital into real estate. While external economic volatility and policy uncertainty remain inherent risks in any emerging market, Sri Lanka's underlying fundamentals present considerable opportunity relative to our regional peers.

In the leisure sector in particular, our ability to capture high-yielding experiential travellers depends heavily on national infrastructure, most notably the planned expansion of Katunayake airport, which will materially increase daily flight capacity.

FINANCIAL PERFORMANCE

LRI delivered strong financial results during the year under review, reflecting active asset management, strategic repositioning, and occupier demand at its strongest level in years. Revenue increased to LKR 1,260.4 million, up 4.6% from LKR 1,205.1 million in the previous financial year. This growth was supported by the robust leasing velocity across our flagship commercial towers, which sustained

high portfolio occupancy and dependable rental cash inflows, while the residential segment unlocked new revenue streams as unit handovers commenced at Mulberry Residencies.

Gross profit also increased by 13.8% to LKR 506.4 million, indicating gross margin expansion, while operating profit rose 81.2% to LKR 303.6 million, reflecting the higher operating leverage now built into the Group.

The Group's earnings were further strengthened by an LKR 629.1 million gain arising from the acquisition of Lee Hedges PLC, together with a fair value gain on investment properties of LKR 3,223.5 million, up 605.1% from LKR 457.2 million in the previous financial year and a strong indicator of the underlying uplift in asset values across our commercial portfolio. Together, these gains drove profit before tax to LKR 2,484.8 million, a major turnaround from LKR 196.6 million recorded in the financial year ended 31st March 2025. Profit after tax rose to LKR 2,080.0 million from LKR 147.3 million, an increase of 1,312.2%. Accordingly, earnings per share recovered to LKR 4.90, up from a loss of LKR 0.45 in the previous financial year.

LRI's balance sheet expanded materially during the year under review, reflecting shareholder value creation. Total assets grew by 54.9% to LKR 29,695.2 million, supported by a 47.2% increase in investment properties to LKR 22,451.1 million, reflecting the scale of our larger, income-generating portfolio, which includes the significant fair value gains recorded at Unity Plaza and HQ Colombo. Total equity strengthened by 92.2% to LKR 19,061.9 million, and net asset value per share improved to LKR 51.40 from LKR 38.52 recorded in the prior year.

De-leveraging the balance sheet was a particular area of focus during the year under review. Interest-bearing borrowings fell by 19.1% to LKR 3,677 million, from LKR 4,543.3 million recorded in the previous financial year, even as our asset base expanded substantially. As a result, our financial risk profile improved markedly. The Loan-to-Value ratio fell by 11.2 percentage points to 12.5%, from 23.7% in the financial year 2024/25. This disciplined approach has materially lowered our finance costs, strengthened our credit profile, and preserved the financial flexibility we need to act decisively on future opportunities, all while safeguarding the business against broader market volatility.

INVESTMENT STRATEGY

From the outset, LRI's focus has remained on transferring international real estate expertise and strategic capital into Sri Lanka. What began as a modest platform for transforming under-utilised or mispriced assets into high-yielding, Grade-A properties has, over more than a decade, matured into a disciplined and clearly focused investment business.

Over the years, we have refined this direction around four core segments: Commercial Properties, Investment Properties and Land, Leisure and Hospitality, and Residential Development. In commercial real estate, we continuously expand our portfolio of prime, income-generating office and retail spaces in central Colombo to deliver resilient recurring yield and capital growth. Within this purview, value-accretive transactions—such as the Lee Hedges acquisition, the divestment of the Baseline Holdings landbank, and the sale of non-controlling interest shares



Executive Directors' Review

in HQ Colombo during the year under review—continue to unlock further value across the wider portfolio. In boutique leisure, we operate niche, experiential hospitality assets under our acclaimed W15 brand.

During the year under review, we raised LKR 2.8 billion in capital at the subsidiary level, which is classified as equity rather than debt. This strengthens our capital base without adding to Group leverage, consistent with our broader de-leveraging strategy.

ACQUISITION OF LEE HEDGES PLC

Aligned with our investment strategy, LRI reached a noteworthy milestone during the year under review by acquiring a controlling 51% stake in Lee Hedges PLC. Eighth Wonder, our foreign co-investor, separately acquired a further 20%, giving LRI and Eighth Wonder combined effective control of 71%. This landmark transaction further consolidates LRI's presence in Colombo's prime commercial property sector.

Lee Hedges Towers occupies a distinct position within LRI's portfolio, with a tenant profile and market positioning differing from HQ Colombo. As a result, our asset management approach has also been tailored accordingly, reflecting our long-held belief that no two commercial properties, however geographically close, should ever be managed to a single template. By integrating Lee Hedges Towers into our asset management platform, we have strengthened our recurring revenue profile and enhanced long-term equity value for our shareholders.

COMMERCIAL REAL ESTATE

Commercial real estate remains the cornerstone of LRI's portfolio and its principal engine of recurring income. We believe a commercial building truly performs only once it has found a clear, singular purpose. Unity Plaza offers the clearest illustration of this philosophy, having transformed from a mixed retail offering of bookshops and food outlets, through deliberate curation, into Sri Lanka's leading one-stop IT hub, now serving an estimated 70% of the country's entire IT-related demand.

We have applied the same discipline in differentiating Lee Hedges Towers from HQ Colombo, each of which caters to a distinct tenant base and is managed with a strategy tailored to its own location, market and character. Across the portfolio, we have been encouraged by rising occupier demand, resulting in stronger customer relationships, shorter void periods, and firmer rental rates.

Unity Plaza

Unity Plaza's valuation reached LKR 6.40 billion as at 31st March 2026, representing a 177.2% increase in value since our acquisition in 2021. Occupancy surged to 94% during the year, driven by higher demand and completion of main area renovations. Total rental income amounted to LKR 61.92 million in annualised rental income, with the successful execution of eleven new lease agreements and twenty-two renewals. We also brought into operation a state-of-the-art 470 square-metre wrap-around LED digital facade, creating a striking new landmark along Galle Road and unlocking a promising new advertising revenue stream that further diversifies the property's income base.

HQ Colombo

HQ Colombo's valuation rose to LKR 4.00 billion as at 31st March 2026, a 208% capital appreciation since acquisition, and the property maintained a strong occupancy baseline of 94% throughout the year, supported by the same robust occupier demand seen across our commercial portfolio. During the year, LRI divested a 49% stake in HQ Colombo to Eighth Wonder, retaining control of the asset while using the proceeds to reduce gearing. The transaction was completed at a strong profit, further advancing our de-leveraging programme and reinforcing HQ Colombo's standing as one of Colombo's premier corporate addresses.

We completed targeted capital refurbishments worth LKR 288.8 million during the year under review, work that has reinforced HQ Colombo's standing as one of Colombo's premier corporate addresses and positioned it to command sustained, premium rents from multinational and blue-chip tenants.

Residential Real Estate

Colombo's residential market continues to grapple with a significant structural shortfall, with an estimated shortage of 60,000 apartments across the Colombo suburbs and no meaningful development pipeline in sight to close that gap.

Mulberry Residencies

Against this backdrop, Mulberry Residencies concluded its primary sales cycle in outstanding fashion, selling 119 of its 121 units and achieving 98% inventory clearance. Handovers to 71 apartment owners were successfully completed by the end of March 2026, unlocking meaningful revenue realisation for the Group during the year under review.

Baseline Holdings

LRI divested Baseline Holdings to Prime Lands, one of Sri Lanka's leading developers, for a total consideration of approximately LKR 1.1 billion. This comprised LKR 500 million in cash alongside a stake in 21 apartments valued at LKR 600 million at the time of sale in July 2025.

LEISURE SEGMENT

Our leisure segment, operating under the acclaimed W15 brand, runs two boutique properties in the south of the country. Each property is conceived and operated as a wholly distinct proposition rather than a replicated template, aligned with our belief that every location has its own story and that it is our responsibility to understand and embrace the community surrounding each property before we ever open its doors. During the year under review, both hotels recorded higher occupancy levels than the previous year.

While the broader operating environment for Sri Lankan tourism remained mixed during the year under review, LRI's boutique, small-inventory model was well placed to navigate it. We remain focused on competing on the quality, authenticity and locality of the guest experience, a positioning we believe will continue to serve the segment well as the broader tourism recovery gathers pace.

FUTURE OUTLOOK AND VISION

LRI's transformation will continue over the coming years, guided by our five-year plan. We are positioning ourselves not merely as a domestic market leader but as a genuine regional commercial real estate player. Our ambition is to become Sri Lanka's number one commercial real estate company, bringing global benchmarks of asset management and governance

to every property we hold, and we are fortunate to be supported in that ambition by an experienced international Board whose members bring substantial institutional expertise from markets well beyond our own.

Consistent with this ambition, the greater part of our capital and management attention will remain concentrated on income-producing commercial assets, retail properties, and land subdivision, where our asset management and repositioning skills create the most sustainable, long-term shareholder value.

In our leisure segment, we will build on the established strength of the W15 brand by actively exploring management-contract opportunities, a model that allows us to expand our footprint without a proportionate increase in deployed capital. Our immediate priorities are to lift occupancy further across our existing leisure portfolio, while progressing the development of two new additions to the brand, W15 Yala and W15 Ambalangoda, both of which will extend our presence into destinations of genuine strategic significance for Sri Lankan tourism.

In the nearer term, over the next four to six months, our primary focus will be to complete the structural alignment of our core businesses into dedicated, single-line listed entities, to continue de-leveraging the balance sheet so that each new entity emerges with a lean and resilient capital structure, to fully integrate the Lee Hedges portfolio in order to maximise rental yields, to execute our high-margin land subdivision projects and unlock the cash flow they represent, and to draw on our international Board's institutional expertise as we evaluate broader regional growth opportunities across Asia.

ACKNOWLEDGEMENTS

Our achievements during the year under review would not have been possible without the trust and dedication of many. We extend our heartfelt gratitude to our Board members for their strategic counsel, and to our foreign partners, whose continued confidence in Sri Lanka and in LRI inspires our ambitious vision. We are pleased to acknowledge our valuable partnership with Eight Wonder, whose ongoing collaboration and shared commitment remain pivotal to our mutual success. We offer our sincere thanks to our tenants, banking partners, and suppliers for their enduring collaboration.

To our management team and staff — thank you for showing up every day with discipline, empathy, and passion. And finally, to our shareholders, thank you for your continued belief in our vision. Together, we look forward to building lasting value for generations to come.



Archie James Buckland Warman
Executive Director



Mohamed Hisham Jamaldeen
Executive Director

Board of Directors



**SARRAVANAN
NEELAKANDAN**

**Chairman/Independent
Non-Executive Director**

Mr Neelakandan is an Attorney-at-Law and a Barrister of Lincoln's Inn. He holds a LLM in Banking and Finance Law from University of London and a LLB from the University of Durham.

He has been in practice in the legal profession for over 20 years and is the Founder and Managing Partner of Sarraivanan Neelakandan Law Associates, with a wide-ranging legal practice in the areas of Commercial Law, Corporate Law, Banking & Finance Law, Foreign Investment, Infrastructure Projects and Dispute Resolution.

In addition to his legal practice, Mr. Neelakandan contributes to the legal profession as Co-Editor-in-Chief of the Bar Association Law Journal, a key platform for legal scholarship and commentary in Sri Lanka.

He holds directorships / positions in four other entities viz: Independent Non-Executive Director of On'ally Holdings PLC, Director of Amazon Data Services Lanka (Pvt) Ltd, Executive Director of SN Law Corporate Secretaries (Pvt) Ltd. He is also the Managing Partner of Sarraivanan Neelakandan Law Associates.



**MOHAMED HISHAM
JAMALDEEN**

Executive Director

Mr. M. H. Jamaldeen brings over two decades of expertise in corporate finance, accounting, and strategic business development, spanning the real estate, leisure, hospitality, retail, energy, and logistics sectors. His breadth of knowledge and experience have positioned him as a respected leader in both local and international business circles, with a proven record of creating value at Board level.

Mr. Jamaldeen began his career in London's financial sector, serving as Finance Director at Newbridge Capital Investments Limited. In this role, he was involved in real estate transactions exceeding USD 1.6 billion, gaining substantial experience in acquisitions, disposals, transactional analysis, financing structures, and tax planning.

Returning to Sri Lanka, he founded Steradian Capital Investments (Pvt) Ltd, which has since grown into a leading real estate advisory and investment firm, managing assets of over LKR 25 billion. His entrepreneurial vision and strategic acumen earned him recognition by Echelon magazine as a trailblazer in the investment sector.

He has also held significant Board positions in leading Sri Lankan institutions. Notably, he served as an Independent Non-Executive Director of Hayleys PLC, Sri Lanka's premier diversified conglomerate, for over a

decade, contributing to the creation of long-term stakeholder value. In addition, he has twice served on the Sri Lanka Cricket Interim Committees, focusing on strengthening governance and building more robust financial structures to support the sport's development. He has further contributed nationally as a Board Member of People's Bank and the Sri Lanka Atomic Energy Board, while serving the community as Treasurer of Moors Sports Club.

A Fellow of the Association of Chartered Certified Accountants (UK), Mr. Jamaldeen also holds an Engineering and Business degree from the University of Warwick, UK, equipping him with both technical and financial expertise.

He holds directorships in forty three companies viz: Managing Director of On'ally Holdings PLC, Lee Hedges PLC and Executive Director of Steradian Capital Investments (Pvt) Ltd, Chairman/Managing Director of Lanka Realty Developments (Pvt) Ltd, Non-Executive Director of 285, Darley Road (Pvt) Ltd, Alexandra Holdings (Pvt) Ltd, Alkhimi (Pvt) Limited, Amtrad Limited, Almond Trees (Pvt) Ltd, Baseline Holdings (Pvt) Ltd, Bravo Holdings Lanka (Pvt) Ltd, Cape Diamante Nominee (Pvt) Ltd, Core Holdings Lanka (Pvt) Ltd, Crown Resorts (Pvt) Ltd, Dutch Bay Holdings (Pvt) Ltd, Hardy James (Pvt) Ltd, HJAW International (Pvt) Ltd, HQ Colombo (Pvt) Ltd, Ilook Villa (Pvt) Ltd, Jamaldeen Fine Jewels (Pvt) Ltd, L & A Quarries (Pvt) Ltd, Laffer (Pvt) Ltd, Lanka Land Realty (Pvt) Ltd, Lanka Realty Ambalangoda (Pvt) Ltd, Lanka Realty Leisure (Pvt) Ltd, Mulberry Holdings (Pvt) Ltd, Natures Clarity (Pvt) Limited, Oak Street (Pvt) Ltd, Realty Business (Pvt) Ltd, Sathutu Nivahana Lanka (Pvt) Ltd, Steradian Capital Management (Pvt)

Ltd, Thudella Holdings (Pvt) Ltd, W15 Lakeside (Pvt) Ltd, W15 Nuwaraeliya (Pvt) Ltd, HQ Entertainment (Pvt) Ltd, HQ Events (Pvt) Ltd, HQ Restaurants (Pvt) Ltd, Ferrutti (Pvt) Ltd, Summer Season Ltd, Summer Season Mirissa Ltd, Summer Season Residencies Ltd, Lee Hedges Investment Limited and Pioneer Properties & Lee Hedges Limited.

With his forward-looking perspective, strong financial discipline, and extensive leadership portfolio, Mr. Jamaldeen continues to play a pivotal role in driving growth, strengthening governance, and creating long-term value for stakeholders.



**ARCHIE JAMES
BUCKLAND WARMAN**
Executive Director

Mr Warman is a qualified Chartered Surveyor, He has practiced in commercial & residential real estate and has been involved in investment brokerage, leasing and letting, valuations & development appraisals, property management, landlord and tenant law and asset management initially in the City and West End of London at Hexell Wylie (now Savills).

Mr Warman was the Property Director at Newbridge Capital Investments Limited, a property investment and development company, transacting directly into the UK commercial and London residential markets.

Mr Warman achieved an MA in Property Valuation and Law at Cass Business School (City University London) and is a Member of the Royal Institute of Chartered Surveyors.

He holds directorships in twenty three other companies viz: Chairman of Lee Hedges PLC, Non-Executive Director of On'ally Holdings PLC, Executive Director of Steradian Capital Investments (Pvt) Ltd, Chairman / Managing Director of Amtrad Limited, Non-Executive Director of 285 Darley Road (Pvt) Ltd, Alexandra Holdings (Pvt) Ltd, Almond Trees (Pvt) Ltd, Baseline Holdings (Pvt) Ltd, Crown Resorts (Pvt) Ltd, Dutch Bay Holdings (Pvt) Ltd, Hardy James (Pvt) Ltd, HJAW International (Pvt) Ltd, L & A Quarries (Pvt) Ltd, Lanka Land Realty (Pvt) Ltd, Lanka Realty Ambalangoda (Pvt) Ltd, Lanka Realty Developments (Pvt) Ltd, Lanka Realty Leisure (Pvt) Ltd, Mulberry Holdings (Pvt) Ltd, Oak Street (Pvt) Ltd, Steradian Capital Management (Pvt) Ltd, Thudella Holdings (Pvt) Ltd, Lee Hedges Investment Limited and Pioneer Properties & Lee Hedges Limited.



PIERS MORGAN

Non Executive Director

A lifelong entrepreneur Mr Morgan was born in London and educated at Harrow School, completing his higher education qualified in Construction Engineering and Building Management in 1968.

His early business enterprises, which started in 1969, were quite diverse and included the logistics and leisure industries. As a result of moving to the Netherlands in 1988, he became involved in the Toy Industry, which led to the foundation of what has grown, over the past 36 years, to become The Animal Magic Group, based in Hong Kong with extensive manufacturing facilities in Southern China and sales across the globe.

In the early '90s, before Animal Magic had established its own factories in China, Mr Morgan manufactured some of his toy products in Sri Lanka. This gave him some insight into the Sri Lankan business environment, a profound love of its natural beauty as well as great respect for the culture of its people.

He holds directorships in two other companies viz: Chairman / CEO of Animal Magic Group of Companies and Director of Steradian Capital Investments (Pvt) Ltd.

Board of Directors



MOHAMED FIRDOUSE FAROOK

Independent Non Executive Director

Mr. Farook is an entrepreneur and investor with over 23 years of experience in diversified fields of business including telecommunication, renewable energy, real estate development, venture capital and investment promotion.

He served as a member of the Board of Directors at Sri Lanka Telecom PLC (SLT) and as a Director of other subsidiary companies of SLT.

He is an old boy of Royal College, Colombo.

He holds directorships in fourteen other companies viz: Executive Director of Lakeside Property Developers (Private) Ltd and Non-Executive Director of Amtrad Limited, Aventus Lanka Holdings (Private) Limited, Greenland Bio Mass (Private) Ltd, Greenlanka Bio Power (Private) Ltd, Lanka Realty Developments (Pvt) Ltd, Manelwala Hydro Power (Private) Ltd, Mundel Center E P L Wind (Private) Ltd, Mundel North E P L Wind (Private) Ltd, Mundel South E P L Wind (Private) Ltd, Omega Group (Private) Limited, Pennant Dendro Power (Private) Limited, Power Hub Green Energy (Private) Ltd and Infinity Media Corporation (Pvt) Ltd.



BRIAN VINOD SELVANAYAGAM

Independent Non Executive Director

He is an Associate Member of the Chartered Institute of Management Accountants (UK), Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Fellow Member of the Chartered Institute of Marketing (UK), Fellow Member of the Certified Management Accountants of Sri Lanka and Chartered Member of the Chartered Institute for Securities & Investment (UK).

He is the Past Chairman of the Chartered Institute of Marketing Sri Lanka and was a member of the Audit & Risk Committee of the Chartered Institute of Marketing (U.K.).

He is presently a Non-Executive Director of Ceylon Biscuits Limited and is also an independent Non-Executive Director of AMW Capital Leasing & Finance PLC and National Asset Management Limited.

He counts over 25 years of work experience in fields covering auditing, banking and financial services, property development and education. He is also a Justice of Peace for the whole Island.

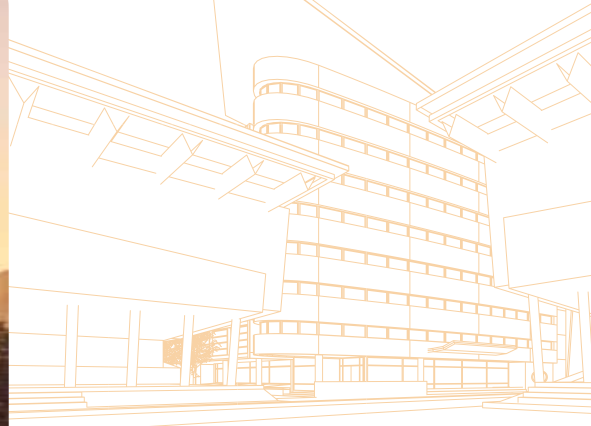
The Power to Succeed

MANAGEMENT DISCUSSION & ANALYSIS



Management Discussion & Analysis

BUSINESS AND SEGMENT OVERVIEW



Lanka Realty Investments PLC (LRI) is a premier real estate investment and asset management company dedicated to generating sustainable shareholder value through the strategic ownership, development, and active enhancement of prime property assets.

The Group's growth model is anchored across four core pillars: Commercial Properties, Investment Properties and Land, Leisure and Hospitality, and Residential Development. By aligning these strengths, LRI actively optimises its portfolio to expand its holdings of high-quality, income-generating commercial real estate that delivers long-term capital appreciation and resilient recurring cash flows.

The financial year 2025/26 marked a significant milestone for the Group, highlighted by the acquisition of a controlling interest in Lee Hedges PLC, a strengthened recurring rental income base and a clear turnaround in profitability and returns attributable to equity holders. Active asset management has continued to improve occupancy, rental rates, tenant quality, and income generation across the portfolio.

This acquisition also reflects the growing depth of the Group's mergers and acquisitions capability, with LRI having now successfully completed three M&A transactions to date. Each transaction has sharpened the Group's expertise in deal origination, valuation, negotiation and post-acquisition integration, and LRI takes real pride in the disciplined, value-accretive approach that underpins this track record. Buoyed by this

experience, the Group remains ambitious and well-positioned to pursue further strategic acquisitions as part of its long-term growth strategy.

During the year under review, the Group also demonstrated its capital-recycling discipline through the divestment of Baseline Holdings (Pvt) Ltd and the restructuring of its interest in HQ Colombo, redeploying capital toward higher-return opportunities across the portfolio.

In parallel, LRI has strengthened its B2C engagement through social media and digital marketing initiatives, improving market visibility, supporting leasing activity and creating more direct engagement with prospective tenants and customers. By combining a well-established asset management team, new leasing strategies, building enhancements, and digital market engagement, the Group continues to position asset management as a key driver of occupancy, rental growth, recurring income and long-term property value creation.

CORE BUSINESS SEGMENTS

Commercial Properties



Owns, manages and enhances a portfolio of income-generating commercial properties — including Unity Plaza, HQ Colombo and Lee Hedges Tower — delivering sustainable rental income and long-term capital appreciation.

Investment Properties and Land



Holds strategically located land assets — including Darley Road, Colombo and Ambalangoda — with strong potential for capital appreciation, future development and value creation through partnerships and joint ventures.

Leisure and Hospitality



Invests in, owns and operates boutique hospitality properties across Sri Lanka under the W15 brand, creating distinctive guest experiences while generating sustainable returns.

Residential Development



Develops residential projects such as Mulberry Residences, by leveraging the Group's land bank and joint ventures to deliver quality residential products and unlock long-term value.

Together, these four pillars provide LRI with an integrated real estate platform combining commercial income generation, strategic land holdings, leisure and hospitality development and residential development capability to create sustainable value for shareholders and other stakeholders.

Management Discussion & Analysis

COMMERCIAL PROPERTIES SEGMENT



Sri Lanka's continued macroeconomic recovery yielded a 5% GDP growth in 2025, as reported by the Central Bank of Sri Lanka (CBSL). While this positive momentum lifted market sentiment and improved long-term growth prospects across the real estate sector, the financial year presented a mixed outlook across asset classes.

SEGMENT OVERVIEW

LRI's commercial properties segment performed strongly during the year, driven by a stabilising macroeconomic landscape and renewed market confidence. LRI continues to leverage its core expertise in commercial asset management through a continuous focus on improved tenant profiles and facilities management, with plans to incorporate emerging smart and AI-driven technologies to maximise yields across its strategic operational assets, notably Unity Plaza, HQ Colombo, and Lee Hedges Tower.

Unity Plaza recorded a 94% occupancy as of 31st March 2026
 HQ Colombo maintains its 100% occupancy as of 31st March 2026
 Holds a 51% controlling stake in Lee Hedges PLC as of 8th January 2026.

SRI LANKAN COMMERCIAL REAL ESTATE SECTOR

Sri Lanka's continued macroeconomic recovery yielded a 5% GDP growth in 2025, as reported by the Central Bank of Sri Lanka (CBSL). While this positive momentum lifted market sentiment and improved long-term growth prospects across the real estate sector, the financial year presented a mixed outlook across asset classes. High property values and tighter fiscal measures constrained overall transaction volumes, even as prime urban areas saw strong capital appreciation. Specifically, during the first quarter of 2026, the Land Asking Price Index for the Colombo District rose by 31.9% year-on-year (YoY), underscoring sustained demand for limited urban land.

Demand for Grade-A commercial office space stabilised gradually during the year under review. Absorption was primarily anchored by IT/BPO expansion and corporate office relocations, though the widespread retention of hybrid working models continued to temper overall corporate space expansion.

PERFORMANCE REVIEW BY PROPERTY



Unity Plaza

Colombo's Premier IT Hub



Colombo 04



156,145 sq. ft. (GIA)
81,832 sq. ft. (NIA)



10

Held via On'ally Holdings PLC
(LRI interest: 50.88%)

Positioned prominently along the principal Galle Road in central Colombo, Unity Plaza stands as the beating heart of Sri Lanka's technology ecosystem. Far more than a commercial landmark, it serves as the nation's premier IT capital by bringing together a vibrant network of B2B enterprises, specialised solution providers, and consumer retail outlets under one roof. By cultivating a comprehensive marketplace for everything from enterprise infrastructure to personal computing, Unity Plaza continues to define itself as the ultimate, definitive destination for hardware, software, and digital innovation in today's AI-driven world.

EXCEPTIONAL PORTFOLIO VALUE APPRECIATION

Demonstrating the success of LRI's active asset enhancement strategy and sustained commercial demand, the property valuation for Unity

Plaza reached LKR 6.40 billion as at 31st March 2026. This represents a substantial growth from LKR 4.20 billion recorded in the previous financial year. Since its acquisition in April 2021 at a valuation of LKR 2.31 billion, the property's market value has surged by an impressive 177.2%, reflecting significant long-term capital creation for LRI.

STRONG LEASING MOMENTUM AND HIGH OCCUPANCY

During the year under review, Unity Plaza recorded a sharp increase in operational activity, with overall property occupancy rising to 94% as of 31st March 2026, up from the 69% average reported as of 31st March 2025. This marks a notable recovery from 76% in the preceding quarter and 74% recorded in the corresponding first quarter of the previous financial year.

Leasing momentum remained robust throughout the year under review, as evidenced by the execution of 11 new lease agreements and 22 lease renewals. The newly secured tenancies generate a monthly rental income of LKR 5.16 million, contributing LKR 61.92 million in annualised revenue to LRI's recurring cash flows.

CAPITAL IMPROVEMENT AND ASSET MODERNISATION

To maintain high tenant retention and enhance visitor experience, targeted refurbishments and infrastructure upgrades progressed as scheduled during the year under review. The tiling and ceiling replacement work to enhance the main lobby area on the eight floors was successfully completed. The modernisation of the primary air-conditioning pipeline infrastructure on the first floor is ongoing and is expected to optimise energy efficiency and indoor climate control upon completion in the upcoming financial year.

Management Discussion & Analysis

LANDMARK PRODUCT ENHANCEMENT: DIGITAL FACADE

In line with LRI's strategy of maximising the commercial potential of high-visibility real estate assets, the Group completed and operationalised a 470.01 sq. m. wrap-around outdoor LED screen on the exterior of Unity Plaza during the year under review.

Following a competitive procurement process, Charming Co. Ltd was selected as the supplier for this

landmark enhancement. Positioned as Sri Lanka's largest outdoor LED advertising screen, the installation represents a significant step in introducing technology, innovation and digital commercialisation into the property sector.

The initiative has transformed previously underutilised façade space into a new recurring digital advertising revenue stream, while strengthening Unity Plaza's visibility

and positioning LRI at the forefront of innovative asset-management solutions within Sri Lanka's commercial real estate market.

The display, described as a high-capacity, triple-faced outdoor LED installation, was commissioned on 3rd December 2025. Total investment in the display and related infrastructure amounted to LKR 200 million.



HQ Colombo

Elevating the Modern Workplace



Colombo 10



114,900 sq. ft. (GIA)
78,133 sq. ft (NIA)



9

HQ Colombo represents a bold departure from traditional corporate environments, reimagining the workplace as a dynamic hub of productivity and prestige. Designed to elevate the daily corporate experience, the complex weaves cutting-edge design with a curated suite of premier amenities. The result is an inspiring backdrop for optimising operational performance while leaving a lasting impression on prospective clients and international business partners.

SUSTAINED CAPITAL APPRECIATION AND LONG-TERM VALUE CREATION

HQ Colombo's market valuation rose to LKR 4 billion as of 31st March 2026, up from LKR 3.50 billion reported in the previous financial year. This net gain of LKR 500 million was primarily anchored by the asset's prime commercial address, a resilient tenant profile, and sustained demand for premium office space within central Colombo.

Since its initial acquisition at LKR 1.30 billion, HQ Colombo's market value has surged by an impressive 208%. This significant long-term growth trajectory underscores the success of strategic capital investments, including a comprehensive LKR 288.8 million refurbishment carried out during the financial year. These targeted enhancements continue to yield returns by preserving building quality, elevating marketability, and reinforcing long-term asset value.

RESILIENT OCCUPANCY THROUGH ACTIVE ASSET MANAGEMENT

HQ Colombo achieved 100% occupancy, reflecting the effectiveness of LRI's experienced and hands-on asset management team. During the year under review, several government-sector leases were strategically replaced with established commercial tenants, improving the overall tenant mix, strengthening estimated rental values (ERV), and enhancing the sustainability of recurring income. The asset management team also continued to drive improvements across the building, including common areas, facilities, presentation, and the

overall tenant experience, reinforcing HQ Colombo's position as a premium, centrally located commercial asset.

STRONG RENTAL GROWTH AND MARKET ENGAGEMENT

Rental rates have increased from approximately Rs. 250 per sq. ft. in the previous year to approximately Rs. 350 per sq. ft. in recent leasing transactions, an increase of approximately 6.1%. This improvement, together with full occupancy and a stronger commercial tenant base, demonstrates the value created through proactive leasing, disciplined tenant management, and continuous asset enhancement.

STRATEGIC DIVESTMENT

During the financial year under review, a capital infusion of LKR 1.21 billion was injected into HQ Colombo, as formally disclosed to the Colombo Stock Exchange on 15th May 2025. This was secured via the issuance of a 49% non-controlling stake in the asset to Eighth Wonder, allowing LRI to retain controlling ownership. The proceeds support the development of the Group's commercial, lifestyle, and hospitality ecosystem, reflecting LRI's commitment to deploying capital into strategically located, high-value urban real estate assets.



Lee Hedges Tower

Strategic Acquisition



Colombo 09



103,848 sq. ft. (GEA)
71,340 sq. ft. (NEA)



12

On 8th January 2026, LRI acquired a 53.15% controlling stake in Lee Hedges PLC, strengthening the Group's exposure to prime income-generating commercial real estate in Colombo. Eighth Wonder separately acquired a 20.1% stake, resulting in a combined related-party interest of approximately 71.1%.

The Lee Hedges property portfolio originally comprised a 12-storey tower alongside a smaller building, which was divested immediately following acquisition. Located in a prime commercial hub, the 12-storey tower features a Gross External Area (GEA) of approximately 103,848 sq.

ft. and a Net Lettable Area (NLA) of approximately 71,340 sq. ft. The acquisition provides LRI with a stronger recurring rental-income base while enhancing the quality and scale of the Group's commercial property portfolio.

Management Discussion & Analysis

STRENGTH IN ACTIVE ASSET MANAGEMENT AND MARKET ENGAGEMENT

A key competitive strength of LRI is its experienced asset management and facility management team, supported by skilled professionals with strong capabilities across leasing, tenant management, property operations, maintenance and commercial optimisation. This in-house expertise enables the Group to actively improve occupancy, rental yields, tenant quality, building standards and overall asset performance across its property portfolio.

The Group has also strengthened its digital and social media capabilities, introducing more direct B2C engagement with tenants, customers and the broader property market. These initiatives enhance the visibility of LRI's assets, support leasing activity and provide a modern platform to promote properties, facilities and new commercial opportunities.

Looking ahead, LRI intends to selectively expand its commercial property portfolio as attractive opportunities arise, with a disciplined focus on well-located, income-generating assets capable of

delivering sustainable recurring cash flows and long-term capital appreciation. The Group's strengthened capital position, supported by a long-term strategic investor, provides greater financial flexibility to pursue suitable acquisitions when compelling opportunities are identified.

By combining specialist human capital, active asset management, strong facility management capabilities, digital market engagement and access to strategic capital, LRI is well positioned to enhance the performance of its existing assets while pursuing the next phase of growth in Sri Lanka's commercial property market.

INVESTMENT PROPERTIES AND LAND SEGMENT



LRI's investment property portfolio comprises strategically located land assets with strong potential for capital appreciation, future development, and value creation through partnerships and joint ventures. The Group continues to actively evaluate the highest and best use of each asset while maintaining a disciplined approach to development and capital allocation.

COMPANY-OWNED LANDBANK AND PROPOSED DEVELOPMENTS

Mulberry Ja-Ela Capitalising on Megalopolis Development



Thudella, Ja-Ela



791.7 Perches

Poised at the crossroads of Sri Lanka's future urban corridor, Mulberry Ja-Ela is a prime greenfield site strategically positioned just 0.5 km from the Colombo-Katunayake Expressway. Primed to capture the momentum of the Western Region's Megalopolis evolution, this property is poised to transform regional connectivity into long-term value.

DEVELOPMENT PLAN

The Group has formulated a development concept to convert the property into approximately 55 saleable plots, comprising 54 residential plots and one apartment-development plot, with an estimated Gross Development Value of approximately LKR 975 million. The property was valued at approximately LKR 772 million as of 31st March,

highlighting the significant embedded value within this strategically located landholding.

The Group intends to unlock this potential through a carefully phased development strategy, capitalising on improving infrastructure, connectivity and residential demand within the greater Colombo region.

Mulberry Baseline Divestment and Residual Residential Investment



Colombo 9



230 Perches



21

On 18th July 2025, the Group completed the divestment of Baseline Holdings (Pvt) Ltd for a total consideration of approximately LKR 1.1 billion, comprising approximately LKR 500 million in upfront cash and approximately LKR 600 million represented by 21 apartment units received as part of the consideration.

The 21 apartments, attributed a transaction value of approximately LKR 600 million, had an estimated market value of approximately LKR 1.32 billion as of 31st March 2026, demonstrating significant appreciation in the value of the property consideration received and highlighting the Group's ability to unlock and preserve value through structured real-estate transactions.

The Group intends to retain and actively manage these residential units while evaluating the optimal timing for monetisation. Given their location, completed status, and underlying residential demand, LRI views these assets as a valuable component of the Group's property portfolio with potential for further capital appreciation and income generation.

Mulberry Darley Road Colombo's Premier Mixed-Use Development Site



Colombo 10



230 Perches

Set within the commercial centre of the capital, Mulberry Darley Road stands as an address of distinct prestige. This rare freehold site boasts a perfectly balanced square geometry and dual-aspect road frontage, providing an ideal layout for creating a landmark building. Located well within a two-kilometre radius of Colombo's central hub, the property offers an extraordinary foundation for high-value urban transformation.

The Group owns 214.65 perches of strategically located land at Darley Road, Colombo, valued at approximately LKR 4.9 billion as of 31st March 2026. The property represents a rare, sizeable, regular-shaped land parcel within central Colombo, benefiting from dual access and proximity to established schools, commercial establishments, and key transport corridors.

Given its location within a highly active commercial area, the asset offers significant potential for long-term capital appreciation. LRI intends to preserve and enhance this value while evaluating opportunities for a future mixed-use development, potentially in partnership with an established developer through a joint venture structure. The property remains one of the Group's most strategically important land assets and provides considerable optionality for future value creation.

Management Discussion & Analysis



W15 Ambalangoda

Coastal Vibrancy near
Historic Galle



Ambalangoda



254.8 Perches

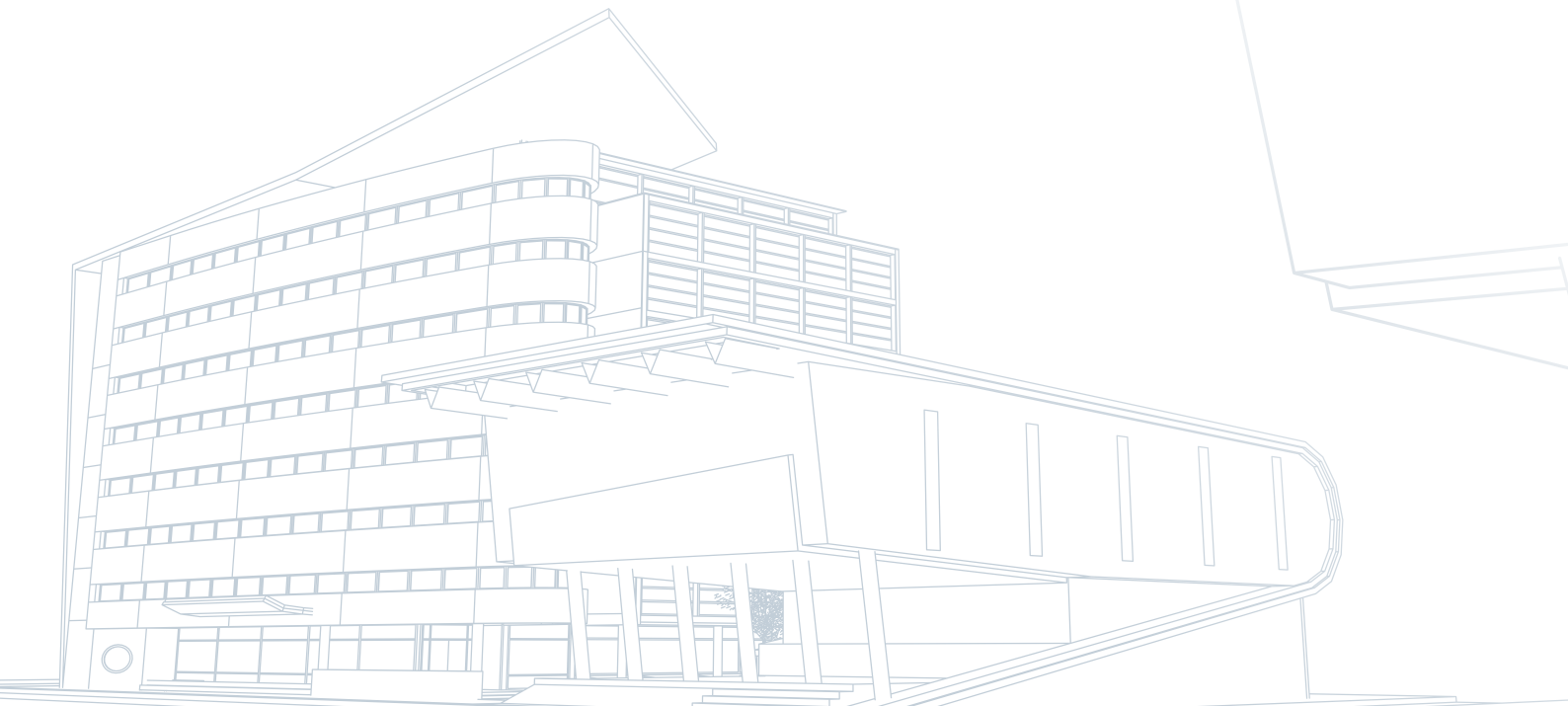


21

Envisioned as a spirited coastal sanctuary, this property sits just moments from the cobblestone heritage and timeless charm of Galle Fort.

LRI owns 254.8 perches of land in a distinctive coastal location, valued at approximately LKR 275 million as of 31st March 2026. The property benefits from sea views, tourism potential, and its location within Ambalangoda, an area recognised for its cultural and heritage appeal.

The Group is assessing the property for a future hospitality and hotel development, aiming to leverage its coastal setting and the continued growth of Sri Lanka's tourism sector. Its combination of location, scale, and development potential provides LRI with an attractive opportunity to create value through capital appreciation and future tourism-related development.



LEISURE AND HOSPITALITY SEGMENT



LRI's leisure segment operates under the flagship W15 brand. Focused on leisure and hospitality development, the Group manages a portfolio of luxury boutique properties positioned across Sri Lanka's premier tourist corridors.

Renowned for bespoke hospitality and high operational standards, W15 continues to capture strong demand from domestic and international travellers.

SEGMENT OVERVIEW

Supported by a robust national tourism recovery and strategic partnerships with leading Destination Management Companies (DMCs), the segment achieved a marked expansion in occupancy rates across its locations during the financial year under review. Overall, the leisure division contributed 18% to Group revenue, delivering a 2.8% year-on-year revenue growth.

Contributed 18% to group revenue in FY 2025/26 47% occupancy across all leisure properties in FY 2025/26

SRI LANKAN LEISURE SECTOR

Sri Lanka's tourism and leisure sector experienced a robust resurgence throughout 2025, driven by targeted global marketing campaigns, increased international airline connectivity, and restored political and economic stability. Full-year 2025 visitor arrivals surpassed 2 million, representing a year-on-year (YoY) growth of over 30% compared to 2024 and generating approximately USD 3.1 billion in foreign exchange earnings.

Growth momentum accelerated further in the first quarter of 2026, driven by strong winter-season demand from core European source markets, India, and Russia. Arrivals in Q1 2026 reached 635,000 visitors (a 21.5% YoY increase), generating USD 980 million in tourism earnings. Occupancy rates across resort and boutique hotel properties along the southern and eastern coastal belts averaged between 72% and 80%, lifting Average Daily Rates (ADRs) and boosting RevPAR (Revenue Per Available Room) across both luxury and mid-tier hospitality segments.

INFLOW OF CAPITAL AND SECTOR-SPECIFIC INVESTMENTS

Renewed investor confidence prompted a resurgence in capital allocation, with fresh investments directing capital toward high-yield boutique, wellness, and experiential hospitality developments. Development activity remained heavily concentrated along the southern coastline and within the Cultural Triangle, catering to shifting global demand for localized luxury experiences.

Management Discussion & Analysis

EXPANSION IN VISITOR TRAFFIC AND REVENUE PREDICTABILITY

The steady inflow of high-yield international travellers throughout the period restored cash flow predictability for hospitality operators across the island. This sustained revenue recovery strengthened

liquidity, enabling leisure enterprises to resume debt servicing schedules and fund delayed property refurbishments to maintain service standards.

Despite this strong top-line revenue recovery, hotel operators faced

persistent margin compression due to structural cost pressures. Escalating energy tariffs, higher statutory levies, and acute talent shortages resulting from previous outbound migration trends continued to elevate operating costs, underscoring the vital need for strict operational cost discipline.



W15 Weligama

A Fusion of Sun, Surf, and Serenity



Beside the Weligama Bay



45 m



10

W15 Weligama is an exclusive oceanfront sanctuary that combines boutique sophistication with the vibrant charm of a luxury beach club. Designed for discerning travellers seeking a quintessential coastal retreat, the property offers a seamless blend of seaside relaxation, contemporary luxury, and elevated hospitality.

This property delivered an exceptional operational performance during the financial year 2025/26, recording an average actual occupancy rate of 68%. Occupancy levels peaked in February 2026, with monthly occupancy reaching a formidable 96%, driven by strong winter

peak-season demand from high-yielding international travellers. Reflecting this sustained momentum across the property, full-year revenue grew by 4% from the previous financial year.



W15 Ahangama

Contemporary Elegance
in a Tropical Haven



Ahangama



A few hundred metres
inland from the coastline



9

W15 Ahangama blends modern architectural simplicity with the natural richness of its tropical surroundings. Tucked away in a quintessential Sri Lankan town in the south of the island, this boutique villa offers a serene sanctuary where clean, minimalist aesthetics invite guests to slow down and immerse themselves in tranquil luxury.

This property demonstrated a steady operational recovery during the year under review. The annual average occupancy rate for the financial year under review was 25.92%. The fourth quarter ending 31st March 2026 achieved an average occupancy

rate of 50%, representing a notable improvement from the 30.7% recorded in the previous quarter. Overall occupancy levels accelerated towards the year-end, culminating in a peak monthly occupancy of 600% in March 2026. Supported by this late-quarter surge in guest bookings, total revenue for the year reached LKR 17.1 million, reflecting a strong top-line expansion compared to the previous financial year.

STRATEGIC PROJECT PIPELINE: SURF AND WELLNESS RETREAT

LRI is currently in the pre-development phase of transforming W15 Ahangama into a premium Surf

and Wellness Retreat, capitalising on Sri Lanka's emerging reputation as a premier global surfing hub. While the island's surf tourism appeal continues to gain international acclaim, the high-end boutique segment remains largely untapped. To capture this lucrative market, the Group is designing exclusive, all-inclusive surf and wellness packages for discerning individuals and families.

Implementation is scheduled for the upcoming financial year. Preparation of the investor pitch and project framework is currently underway.

Management Discussion & Analysis

PROPOSED DEVELOPMENTS



W15 Yala

Experience Luxury in the Wilderness



Yala



7 Acres



30 tented lodges

W15 Yala is envisioned as a distinctive future addition to LRI's leisure portfolio, combining Sri Lanka's globally recognised wildlife experience with the natural beauty of the Yala coastline. The proposed development is designed to create a premium wilderness retreat offering international-standard luxury within an authentic Sri Lankan setting.

PROPOSED DEVELOPMENT

The project will comprise 30 high-end tented lodges, providing guests with an immersive experience that brings together safari, nature, privacy, luxury and beach access within a single destination. This differentiated positioning is expected to appeal particularly to high-spending international travellers seeking experiential and nature-based tourism, while also offering a unique premium destination for the local market.

The Group intends to progress the development during the next financial year, subject to the completion of required planning, approvals and development arrangements. The project is positioned within the premium safari segment, where comparable luxury properties currently command room rates of approximately USD 1,500–1,600 per

night, demonstrating the potential of this high-value tourism category.

For LRI, W15 Yala represents more than a hospitality development. It is a strategic investment in Sri Lanka's premium tourism proposition, with the potential to generate foreign-currency earnings, strengthen recurring leisure income and enhance the long-term value of the Group's property portfolio.

With its unique 7-acre setting, limited luxury inventory, proximity to both wildlife and coastline, and strong international appeal, W15 Yala has the potential to become a flagship experiential hospitality asset within the Group. The development reflects LRI's strategy of investing in distinctive, high-quality assets capable of delivering sustainable income, capital appreciation and enduring value for both local and international shareholders.

RESIDENTIAL DEVELOPMENT SEGMENT



LRI's residential portfolio reflects the Group's focus on disciplined development, strategic land utilisation and long-term capital appreciation, supported by a commitment to delivering quality residential products and unlocking value from strategically located assets.

SRI LANKAN RESIDENTIAL REAL ESTATE SECTOR

Sri Lanka's continued macroeconomic recovery lifted market sentiment across the residential sector, though the financial year presented a mixed outlook. High property values and tighter fiscal measures constrained overall transaction volumes even as prices continued to climb. During the first quarter of 2026, asking prices for residential houses expanded by 6.4% year-on-year (YoY), while condominium asking prices rose by 11% YoY.

CONDOMINIUM PERFORMANCE AND SALES VOLUME CONTRACTION

The apartment market reflected persistent upward price momentum, with the Price Index for New Condominiums in the Colombo District reaching 284.4 in Q1 2026 (base 2019 = 100)—an 18.5% YoY escalation. However, high construction costs and land price inflation escalated finished unit prices, placing significant pressure on mid-tier buyers. Consequently, the Condominium Property Sales Volume Index contracted by 15.2% YoY. Despite reduced overall volumes, market activity remained heavily centralised, with the Colombo District accounting for 65% of all reported condominium transactions nationwide.

EVOLVING BUYER PREFERENCES

Escalating unit values led to a clear structural shift in buyer demographics. Demand consolidated within upper-tier developments priced between LKR 50 million and LKR 75 million, supported by high-net-worth individuals, expatriates, and institutional investors seeking long-term inflation hedges. Conversely, transactions within the LKR 25 million to 50 million bracket declined as reduced purchasing power constrained middle-income buyers, steering end-user demand predominantly toward equity-funded purchases for immediate occupancy.

Management Discussion & Analysis



Mulberry Residences

Affordable Homes for Young Families



Colombo 9



106.34 Perches



3 towers with
14 storeys each



121

Conceived as a sanctuary for modern urban living, Mulberry Residences transforms the dream of homeownership into an accessible reality for young, dual-income families.

Thoughtfully crafted around two- and three-bedroom layouts, the development offers a harmonious blend of contemporary design, everyday practicality, and enduring value, thereby creating an inspiring backdrop where rising professionals can lay down roots and build their future.

Mulberry Residences, comprising 121 apartments, reached approximately 98% completion during the year under review, with the Group targeting full completion before the end of the next financial year. Although the project's originally envisaged handover timeline was affected by Sri Lanka's unprecedented economic crisis and the resulting disruption to the construction sector, LRI remained committed to delivering the quality, comfort and residential standards originally promised to homeowners.

The project demonstrates the Group's commitment to completing developments responsibly and protecting the long-term interests of customers and stakeholders despite challenging market conditions.

PROJECT MONETISATION AND SALES HANDOVER CYCLE

As of 31st March 2026, 119 units were successfully sold, representing an impressive 98% inventory clearance. Demonstrating strong market absorption and buyer trust, all 110

two-bedroom apartments were sold out by December 2024, leaving only two three-bedroom units available for sale as at the financial year-end.

Mulberry Residences has reached substantial completion, with key structural and construction works fully concluded. Final operational activities—including utility connections, the gymnasium fit-out, and the Certificate of Conformity (COC) process—are being finalised alongside the commencement of unit handovers, fulfilling LRI's commitment to delivering high-quality residential standards to homeowners.

Marking a significant operational milestone, the Group successfully handed over 45 apartments between July and December 2025, unlocking its revenue realisation cycle. The apparent moderation in raw sales activity during the second half of the financial year under review was a direct outcome of this deliberate strategic shift toward managing unit handovers and client onboarding, rather than a reflection of underlying buyer demand.

MANUFACTURING SEGMENT



Amtrad Limited



Veyangoda



748.59 Perches

Established in 1980, Amtrad stands as Sri Lanka's premier manufacturer of high-grade cement and paving blocks, renowned for its unyielding commitment to quality and structural reliability. The company's primary manufacturing operations are centralised at its purpose-built facility in Veyangoda.

LRI Group holds an 80% interest in Amtrad Limited. Its principal manufacturing facility is situated on approximately 748.59 perches of land in Veyangoda, providing the business with a substantial industrial property base. The property has an estimated total value of approximately LKR 523 million, including a land value of approximately LKR 322.84 million, with the balance represented by buildings, manufacturing infrastructure and plant-related assets. Its proximity to the Central Expressway and improving transport connectivity enhance the location's longer-term commercial potential.

Beyond its existing manufacturing operations, the Group sees further potential to enhance plant productivity, optimise property utilisation, and unlock additional value from the underlying landholding. Improved regional connectivity and continued commercial development

around the area are expected to support the strategic value of this asset over the longer term.

OPERATIONAL PERFORMANCE

Following the strategic resumption of manufacturing operations on 2nd January 2025, Amtrad experienced immediate commercial traction. The company expanded its market reach by securing 15 new commercial clients, driving top-line revenue to LKR 36.6 million for the financial year under review.

QUALITY STANDARDS AND REGULATORY COMPLIANCE

To reinforce its market leadership and operational excellence, the company is actively pursuing ISO certification. In parallel, Amtrad is advancing the renewal of its CIDA (formerly ICTAD) registration, while the renewal process for its SLS certifications covering the 2023-2024 period remains underway.



Management Discussion & Analysis

LRI's experienced treasury and corporate finance team continues to actively manage the Group's funding requirements through a combination of local banking relationships, foreign capital and strategic financing solutions.

CORPORATE FINANCE, CAPITAL RAISING, AND TREASURY MANAGEMENT

LRI's corporate finance and treasury capabilities remain important to the Group's growth strategy. During the financial year 2025/26, the Group successfully raised approximately LKR 2.9 billion in foreign private equity from Eighth Wonder, demonstrating LRI's ability to access international capital and attract strategic investors to support its long-term expansion.

The capital raised supported the Group's strategic growth initiatives, including the acquisition of a controlling interest in Lee Hedges PLC on 8th January 2026, further strengthening LRI's commercial property platform and recurring income base. The transaction also demonstrated the strength of the Group's corporate finance capabilities in investment evaluation, transaction structuring, negotiation and execution.

LRI's experienced treasury and corporate finance team continues to actively manage the Group's funding requirements through a combination of local banking relationships, foreign capital and strategic financing solutions. Strong negotiation with financial institutions, active management of borrowing costs, liquidity planning and efficient deployment of available funds remain central to maintaining a resilient capital structure.

The Group has also developed significant experience in executing acquisitions, divestments, capital recycling and corporate restructurings, including transactions involving listed entities on the Colombo Stock Exchange. This capability enables LRI to identify opportunities, unlock embedded asset value and redeploy capital toward investments offering stronger long-term returns.

The Group also continued the strategic restructuring of its investment in HQ Colombo, by divesting a 49% interest to Eighth Wonder, as part of the wider optimisation of the Group's property ownership and investment structure.

The Board places on record its special appreciation to Eighth Wonder for its confidence, commitment and strategic investment in LRI. The investment represents an important endorsement of the Group's strategy and strengthens LRI's ability to access broader pools of foreign and institutional capital as it pursues its next phase of growth.

With an established listed platform, an expanding property portfolio, disciplined treasury management and strong corporate finance execution capabilities, LRI is positioned to pursue value-accretive investments, strategic transactions and future capital-raising opportunities in Sri Lanka and, over time, selected regional markets.





Corporate Governance

The Board of Directors of Lanka Realty Investments PLC (the “Company”) is committed to maintaining the highest standards of corporate governance in line with the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange (including the revised Section 9 – Corporate Governance Rules effective 1st October 2023), and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (2023).

The Company is dedicated to ensuring transparency, accountability, and fairness in all its dealings, with the objective of protecting and enhancing stakeholder value while fostering sustainable long-term growth.

The Company aspires to adhere to the best practices in Corporate Governance by ensuring greater transparency, business integrity, professionalism, and ethical values in the best interests of all stakeholders.

BOARD OF DIRECTORS

The Board retains the highest authority and is responsible for providing strategic leadership to achieve the Company’s goals and comply with applicable corporate governance practices, the requirements under the Listing Rules of the Colombo Stock Exchange, and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

COMPOSITION OF THE BOARD

The Board comprises business leaders and professionals of high repute. They collectively possess a diverse range of skills and competencies, including

entrepreneurship, financial, legal, marketing, and property development. Their profiles are given on pages 14 to 16 of this annual report.

As at the reporting date, the Board comprised two (02) Executive Directors and four (04) Non-Executive Directors, of whom three (03) are Independent Directors, satisfying the minimum Board size of five (05) Directors and the minimum Independent Director requirement under Rules 9.8.1 and 9.8.2 of the Listing Rules of the Colombo Stock Exchange.

INDEPENDENCE OF DIRECTORS

Each Independent Non-Executive Director has submitted a signed and dated declaration of his independence, in the format prescribed under Appendix 9A of the Listing Rules of the Colombo Stock Exchange, and has separately confirmed that he satisfies the Fit and Proper Assessment Criteria set out in Rule 9.7.3 of the Listing Rules.

Based on the declarations so submitted, the Board has determined that the following three (03) Non-Executive Directors are ‘Independent’ as per the criteria set out in the Listing Rules of the Colombo Stock Exchange:

In line with Rule 9.8.3 of the Listing Rules of the Colombo Stock Exchange, as amended with effect from 1st October 2024, the Board has confirmed that none of the three Independent Non-Executive Directors named above has served an aggregate period exceeding nine (09) years on the Board of the Company, and that none of them is aged seventy (70) years or above. Accordingly, all three Directors

continue to meet the criteria for determining independence set out in the Listing Rules.

CHAIRMAN AND EXECUTIVE DIRECTORS

The roles of the Chairman and Chief Executive/Executive Directors are separate, with a clear distinction of responsibilities, which ensures balance of power and authority. Mr. Saravanan Neelakandan, an Independent Non-Executive Director, continues as Chairman of the Board, and Mr. Mohamed Hisham Jamaldeen and Mr. Archie James Buckland Warman function as Executive Directors.

As the Chairman is a Non-Executive Director and the Chairman/CEO roles are not combined, the appointment of a Senior Independent Director under Rule 9.6.3 of the Listing Rules does not arise.

BOARD MEETINGS

As a matter of routine, the Board convenes formally on a quarterly basis, with ad hoc meetings held as and when necessary to maintain regular communication among Directors and to address relevant business matters or any other issue referred to the Board. Where appropriate, such matters may also be resolved by way of a Circular Resolution in writing. Directors are given all relevant information and background material pertaining to the agenda at least seven days ahead of each meeting, or in instances where such notice is not given, meetings are proceeded with, if a waiver of notice is approved by all Directors.

Corporate Governance

The Board's functions include overseeing internal controls, ensuring regulatory compliance, reviewing management and operational performance, adopting annual and interim accounts, assessing key business risks, setting strategic direction, approving budgets and monitoring progress against them, and sanctioning key appointments and major capital expenditure.

A total of seven (07) board meetings were convened during the financial year under review. The attendance of the Directors at Board Meetings held during the financial year 2025/26 was as follows:

Name of Director	Status	25th April 2025	25th July 2025	20th November 2025	22nd December 2025	03rd January 2026	06th February 2026	19th March 2026	Total - 7 Meetings
Mr. Saravanan Neelakandan (Chairman)	IND/NED	P	P	P	P	P	P	P	7/7
Mr. Mohamed Hisham Jamaldeen	ED	P	P	P	P	P	P	P	7/7
Mr. Archie James Buckland Warman	ED	P	P	P	P	P	P	P	7/7
Mr. Piers Morgan	NED	P	Ex	P	P	P	P	P	6/7
Mr. Mohamed Firdouse Farook	IND/NED	P	P	P	P	P	P	P	7/7
Mr. Brian Vinod Selvanayagam	IND/NED	P	P	P	P	P	P	P	7/7

NED – Non-Executive Director; IND – Independent Director; ED – Executive Director; P-Present; Ex -Excused

Appointment of Directors / Re-Election of Directors / Appointment of Directors over 70 Years of Age

The Board receives guidance from the Nominations and Governance Committee (formed on 11th February 2021) to recommend the structure and composition of the Board, new appointments to the Board, re-election/re-appointment of Directors, and Board performance evaluation.

The Company's Articles of Association require any Director appointed during the year to hold office until the next Annual General Meeting, at which he retires and seeks re-election by the shareholders. One third of the Directors, other than the Chairman and Executive Directors,

retire by rotation at each Annual General Meeting and, if eligible, seek re-election by the shareholders. All Directors are required to submit themselves for re-election at least once every three (03) years, in line with Rule 9.11.6(d) of the Listing Rules.

Directors over 70 years of age shall be appointed/re-appointed by the shareholders only, and no Director over the age of 70 may be classified as 'Independent', in line with Rule 9.8.3(ix) of the Listing Rules.

BOARD SUB COMMITTEES

The Board of Directors has formed four (04) Sub Committees in compliance with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance: the Audit Committee, the Related Party Transactions Review Committee, the Remuneration

Committee, and the Nominations and Governance Committee. The current composition of the Board Sub Committees is set out in the Annual Report of the Board of Directors appearing on pages 14 to 16 of this annual report. As required by the Listing Rules, the Reports of all four (04) Sub Committees appear on pages 48 to 55 respectively, of this annual report.

The Board Audit Committee and the Related Party Transactions Review Committee meet quarterly, with provision to schedule additional meetings if required. The Remuneration Committee and the Nominations and Governance Committee meet as and when necessary. The attendance at Board Sub Committee Meetings held during the year was as follows:

Audit Committee

The Audit Committee met four (04) times during the financial year 2025/26.

Name of Director	Status	No. of Meetings
Mr. Brian Vinod Selvanayagam – Chairman (Appointed on 30.09.2024)	IND/NED	4/4
Mr. Saravanan Neelakandan	IND/NED	4/4
Mr. Mohamed Firdouse Farook	IND/NED	4/4

NED – Non-Executive Director; IND – Independent Director

Related Party Transactions Review Committee

The Related Party Transactions Review Committee met five (05) times during the financial year 2025/26.

Name of Director	Status	Attendance
Mr. Brian Vinod Selvanayagam – Chairman (Appointed on 30.09.2024)	IND/NED	5/5
Mr. Saravanan Neelakandan	IND/NED	5/5
Mr. Mohamed Firdouse Farook	IND/NED	5/5

NED – Non-Executive Director; IND – Independent Director

Nominations and Governance Committee

The Nominations and Governance Committee met once (01) during the financial year 2025/26.

Name of Director	Status	Attendance
Mr. Brian Vinod Selvanayagam – Chairman	IND/NED	1/1
Mr. Saravanan Neelakandan	IND/NED	1/1
Mr. Mohamed Firdouse Farook	IND/NED	1/1

NED – Non-Executive Director; IND – Independent Director

Remuneration Committee

The Remuneration Committee met one (01) times during the financial year 2025/26.

Name of Director	Status	Attendance
Mr. Mohamed Firdouse Farook	IND/NED	1/1
Mr. Saravanan Neelakandan	IND/NED	1/1
Mr. Piers Morgan	NED	1/1

NED – Non-Executive Director; IND – Independent Director

COMPANY SECRETARY

P W Corporate Secretarial (Pvt) Ltd serves as the Company Secretary, maintaining minutes of all Board and Sub-Committee meetings – including the Audit Committee, Related Party Transactions Review Committee, Remuneration Committee, and Nominations and Governance Committee – and assisting in ensuring that Board procedures are duly followed.

The Company Secretary is further responsible for the timely circulation of information and papers relating to Board and Sub Committee meetings, and for advising on matters of corporate governance, Board procedures, and applicable rules and regulations. All Directors have unrestricted access to the advice and services of the Company Secretary.

INTERNAL CONTROLS

The Board is responsible for the Company's internal controls. Controls are established to safeguard the Company's assets, make accurate and timely information available, and impose greater discipline on decision-making. The Audit Committee strengthens this process by regularly reviewing internal controls and procedures in finance, operations, human resources, and relevant legal and regulatory compliance.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board and Management have taken all necessary steps to ensure compliance with all relevant laws and regulations. The services of Lawyers, Auditors and other Consultants are obtained whenever necessary, to provide assurance to the Board in this respect.



Corporate Governance

GOING CONCERN

The Directors have conducted a review of the Company's budgets, capital expenditure requirements, cash flow projections, and overall financial position, having regard to a period of at least twelve (12) months from the date of approval of the Financial Statements. In carrying out this assessment, the Directors considered the Company's operating performance, liquidity position, access to financing, and exposure to key business risks.

Based on this review, the Directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, the Going Concern basis has been adopted in the preparation of the Financial Statements, and the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

FINANCIAL REPORTING

The Board aims to provide and present a balanced assessment of the Company's position and prospects in compliance with the Sri Lanka Accounting Standards (LKAS/SLFRS) and the relevant Statutes. Accordingly, the Directors have established formal and transparent processes for financial reporting and internal controls. The Statement of Directors' Responsibilities for Financial Reporting is given on page 47 of this annual report.

CORPORATE DISCLOSURES AND SHAREHOLDER RELATIONSHIP

The Company is committed to providing timely and accurate disclosure of all price-sensitive information, financial results and significant developments to all shareholders, the Colombo Stock Exchange, and, where necessary, to the general public. Shareholders are provided with the Annual Report, and the Company disseminates Interim Financial Statements to the market, in accordance with the Listing Rules of the Colombo Stock Exchange.

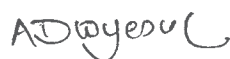
The Company has adopted a Policy on Relations with Shareholders and Investors in compliance with Rule 9.4.2 of the Listing Rules, which sets out the process for directing shareholder inquiries, suggestions and questions to the Board of Directors, through the Company website or by written request forwarded through the Company Secretaries.

The Annual General Meeting provides a platform for shareholders to discuss and seek clarification on the activities of the Company and its subsidiaries.

COMPLIANCE

The Company has complied with Rule 9 of the Listing Rules of the Colombo Stock Exchange.

By Order of the Board
Lanka Realty Investments PLC



P W Corporate Secretarial (Pvt) Ltd
Director/Secretaries

23rd September 2026



Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors of Lanka Realty Investments PLC has pleasure in presenting to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2026, conforming to all relevant statutory requirements.

This Report provides the information as required by the Companies Act, No.07 of 2007, Listing Rules of the Colombo Stock Exchange and the recommended best practices.

GENERAL

Lanka Realty Investments PLC (the Company) was incorporated as a limited liability company under the name 'Asian Cotton Mills Limited' on 29th November 1967 under the Companies Ordinance No. 51 of 1938. The Company was re-registered under the new Companies Act No. 07 of 2007 as Asian Cotton Mills PLC on 16th April 2008, under Company No. PQ 139.

The name of the Company was changed to 'Ascot Holdings PLC' on 16th October 2008 and changed as 'Lanka Realty Investments PLC' on 19th September 2018.

The Registered Office of the Company is situated at 1st Floor, HQ Colombo, 464A, T B Jayah Mawatha Colombo 10.

The ordinary shares of the Company are listed on the Main Board of the Colombo Stock Exchange.

PRINCIPAL ACTIVITIES OF THE COMPANY AND ITS SUBSIDIARIES

Lanka Realty Investments PLC, the Group's holding company, manages a portfolio of holdings in property development, commercial property, affordable housing, manufacturing, tourism and leisure, which together constitute the LRI Group.

Lanka Realty Investments PLC held the following investments as at the end of the year under review:

- (i) 53.15% of the issued shares of Lee Hedges PLC, which is engaged in business as the investment holding Company for the Lee Hedges Group. The Company acquired the said holding of 53.15% on 8th January 2026.
- (ii) 50.89% of the issued shares of On'ally Holdings PLC, which is engaged in the business of property development and renting of commercial / office space. The said holding was divested on 22nd July 2026 to Lee Hedges PLC, a subsidiary of the Company.
- (iii) 51% of the issued shares of Lanka Realty Developments (Pvt) Ltd, which is engaged in the business of commercial property development and renting of commercial office space. The said holding was divested on 19th June 2026 to Lee Hedges PLC, a subsidiary of the Company, consequent to a resolution passed by the Board on 19th March 2026 and a Sale and Purchase Agreement signed between the parties on 19th June 2026.
- (iv) 80% of the issued shares of Amtrad Limited which is engaged in the manufacturing & selling of cement/concrete building blocks and paving blocks.
- (v) 100% of the issued shares of L & A Quarries (Private) Limited which was in the business of operating crusher plants. L & A Quarries (Private) Limited did not operate any crusher plants during the year under review.
- (vi) 100% of the issued shares of Lanka Realty Leisure (Pvt) Ltd. This Company holds leasehold rights of a land in Yala, which is to be developed as a Hotel property.
- (vii) 100% of the issued shares of Lanka Realty Ambalangoda (Pvt) Ltd which holds leasehold rights of a property in Ambalangoda to be developed as a Hotel property.
- (viii) 100% of the issued shares of Baseline Holdings (Pvt) Ltd. The land owned by this company was sold on 18th July 2025.
- (ix) 100% of the issue shares of Alexandra Holdings (Pvt) Ltd which owns six town houses converted into villas. The property owned by this company was sold on 24th January 2024.
- (x) 100% of the issued shares of 285 Darley Road (Pvt) Ltd, which owns a bare land in Colombo 10 through its fully owned subsidiary Oak Street (Pvt) Ltd.
- (xi) 100% of the issued shares of Mulberry Holdings (Pvt) Ltd which is engaged in the business of residential property development in Colombo 10.

Annual Report of the Board of Directors on the Affairs of the Company

(xii) 100% of the issued shares of Thudella Holdings (Pvt) Ltd, which holds a bare land in Jaela through Crown Resorts (Pvt) Ltd, a fully owned subsidiary of Thudella Holdings (Pvt) Ltd.

(xiii) 100% of the issued shares of Almond Trees (Pvt) Ltd which is engaged in the operation of a hotel, a restaurant and a pub in Weligama. In addition, Almond Trees (Pvt) Ltd holds an investment in a fully owned subsidiary, Ilook Villas (Pvt) Ltd, which engages in the business of operation of a hotel, a restaurant and a bar in Ahangama.

REVIEW OF BUSINESS

The Chairman's Message on pages 06 to 09 and the Executive Directors' Review on pages 10 to 13 provide an overview of business performance of the Company and its subsidiaries (hereinafter sometimes collectively referred to as the Group), and future developments. These Reports together with the Financial Statements, reflect the state of affairs of the Company and its subsidiary companies.

The segment-wise contribution to Group Results, Assets and Liabilities are provided in Note 40 to the Financial Statements on pages 136 to 137.

FINANCIAL STATEMENTS

The Financial Statements of the Company and the Consolidated Financial Statements of the Group have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act, No.07 of 2007.

The aforesaid Financial Statements, duly signed by the Assistant Accountant and two Directors on behalf of the Board are included in this Annual Report and form an integral part of this Annual Report of the Board of Directors.

AUDITORS' REPORT

The Report of the Auditors on the Group Financial Statements is attached with the Financial Statements.

ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The accounting policies adopted in the preparation of the Financial Statements are given on pages 65 to 89. There were no significant changes to the accounting policies used by the Company and/or the subsidiaries during the year under review vis-à-vis those used in the previous year, except as referred to in Note 4.22 to the Financial Statements.

DIRECTORS RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the state of affairs.

The Directors are of the view that the Statement of Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and Notes to Financial Statements appearing on pages 65 to 137 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act, No.07 of 2007, Sri Lanka Accounting and Auditing

Standards Act, No. 15 of 1995 and the amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors Responsibility for Financial Reporting is given on page 47.

NET REVENUE

The net revenue of the Group during the year under review was Rs. 1.2 Bn (Rs. 1.2 Bn in the year 2024/25).

Results and Appropriations

PERFORMANCE OF THE GROUP AND THE COMPANY AND TRANSFERS TO RESERVES

Performance of the Group and the Company and Transfers to Reserves.

The Net Profit before Tax of the Group and the Company amounted to Rs. 2,484 Mn and Rs. 220 Mn respectively in the year under review [Rs. 196 Mn and Rs. 322 Mn respectively in 2024/25].

The Net Profit after Tax of the Group and the Company amounted to Rs. 1,555 Mn and Rs. 150 Mn respectively in the year under review [Rs. 147 Mn and Rs. 223 Mn respectively in 2024/25].

Details of Appropriations are given in the Statement of Changes in Equity on page 69.

DIVIDENDS ON ORDINARY SHARES

The Directors do not recommend the payment of a dividend for the year under review.

RESERVES

A summary of the Group's Reserves is given in Notes 24 to 25 to the Financial Statements on page 116.

Property, Plant and Equipment and Significant Changes in the Company's and its subsidiaries' fixed assets and market value of land is given in Note 15 to the Financial Statements on pages 104 to 107.

LAND HOLDINGS

The Company does not own any land or investment property.

Land holdings and investment property of subsidiary companies are set out in Notes 15 and 17 to the Financial Statements.

The immovable property held by the subsidiary companies were revalued as at 31st March 2026 by an Independent Valuer and their market values are set out in Note 15 and 17 of the Financial Statements.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2026 was Rs.7,048,663,000/- represented by 211,370,428 Ordinary Shares. [Rs.7,048,663,000/- represented by 211,370,428 Ordinary Shares as at 31st March 2025].

SHARE INFORMATION

Distribution Schedule of shareholdings

Information on the distribution of shareholding and the respective percentages and analysis of shareholders are given on pages 139 to 140 under Investor Information.

Earnings, Dividends, Net Assets and Market Value of Shares

Information relating to earnings, dividend, net assets and market value per share are given on page 138.

Major Shareholders

Information on the twenty largest shareholders of the Company are given on page 139 under Investor Information.

FLOAT ADJUSTED MARKET CAPITALIZATION AND PUBLIC HOLDING

Information on float adjusted market capitalization and public holding in terms of the Listing Rules is given on page 140 under Investor Information.

DIRECTORS INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS AND INTEREST REGISTER

The Company maintains an Interest Register in terms of the Companies Act No. 07 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

INFORMATION ON THE DIRECTORS OF THE COMPANY AND THE GROUP AS AT 31ST MARCH 2026

The Board of Directors of the Company as at 31st March 2026 consisted of six (6) Directors and their brief Profiles appear on pages 14 to 16.

Names of the Directors who held office as at 31st March 2026 are given below:

Name of Director	Executive	Non-Executive	Independent Non-Executive
Mr Saravanan Neelakandan (Chairman)			✓
Mr. Piers Morgan		✓	
Mr. Mohamed Hisham Jamaldeen	✓		
Mr. Archie James Buckland Warman	✓		
Mr. Mohamed Firdouse Farook			✓
Mr. Brian Vinod Selvanayagam			✓

Annual Report of the Board of Directors on the Affairs of the Company

CHANGES IN THE BOARD OF DIRECTORS DURING THE YEAR

Recommendation for re-election of Directors who retire by rotation

Mr. Brian Vinod Selvanayagam retires by rotation in terms of Articles 83 and 84 of the Articles of Association and being eligible, consequent to review by the Nominations and Governance Committee, is recommended by the Board for re-election.

Appointment of Directors who are over 70 years of age

Mr Piers Morgan who is 79 years of age and vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2) (b) of the Companies Act No.7 of 2007 is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

DIRECTORS OF THE SUBSIDIARIES AS AT 31ST MARCH 2026

Names of the Directors of all subsidiaries as at 31st March 2026 are given on pages 142 to 145.

DIRECTORS SHAREHOLDING IN THE COMPANY

The information pertaining to the Directors' Shareholding in the Company is given on page 140.

DIRECTORS' REMUNERATION

The Company has adopted a Remuneration Policy and established a formal procedure for determination of remuneration of Directors including Executive Directors. No Director is involved in deciding his or her own remuneration.

The Remuneration policy is to attract and retain a qualified and experienced team of high calibre managers and professionals and ensuring that remuneration is in line with that of the industry and market.

The Directors' remuneration is disclosed under key management personnel compensation in Note 35.6 to the Financial Statements on page 132.

CORPORATE GOVERNANCE

The Board of Directors confirm that the Company is compliant with Corporate Governance Rules set out in Section 9 of the Listing Rules of the Colombo Stock Exchange.

The corporate governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and employees.

The Corporate Governance Statement on pages 35 to 38 explains the measures adopted by the Company during the year.

BOARD MEETINGS

Seven (7) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on page 36.

BOARD SUB COMMITTEES

The Board of Directors has formed four Board Sub Committees in terms of the Listing Rules of the Colombo Stock Exchange, namely, Audit

Committee, Remuneration Committee, the Related Party Transactions Review Committee and Nominations and Governance Committee.

The composition of the said Board Sub Committees are as follows :

Audit Committee

Mr Brian Vinod Selvanayagam
Chairman
Independent Non-Executive Director

Mr Sarravanan Neelakandan
Independent Non-Executive Director

Mr Mohamed Firdouse Farook
Independent Non-Executive Director

The Report of the Audit Committee appears on page 50.

Remuneration Committee

Mr Mohamed Firdouse Farook
Chairman
Independent Non-Executive Director

Mr Sarravanan Neelakandan
Independent Non-Executive Director

Mr Piers Morgan
Non-Executive Director

The Report of the Remuneration Committee appears on page 55.

Related Party Transactions Review Committee

Mr Brian Vinod Selvanayagam
Chairman
Independent Non-Executive Director

Mr Sarravanan Neelakandan
Independent Non-Executive Director

Mr Mohamed Firdouse Farook
Independent Non-Executive Director

The Report of the Related Party Transactions Review Committee appears on page 48.

Nominations and Governance Committee

Mr Brian Vinod Selvanayagam
Chairman
Independent Non-Executive Director

Mr Sarravanan Neelakandan
Independent Non-Executive Director

Mr Piers Morgan
Non-Executive Director

The Report of the Nominations and Governance Committee appears on page 51.

DECLARATION - COMPLIANCE WITH THE LISTING RULES ON RELATED PARTY TRANSACTIONS

In terms of Rule 9.14.8(4) of the Listing Rules, the Directors declare that the Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2026.

Policies in terms of Rule 9.2 of the Listing Rules

In terms of Rule 9.2.1 of the Listing Rules, the Company established, adopted and published on the Company website (www.lriplc.com) the following policies, ensuring adherence to best practices in corporate governance, ethical conduct, and regulatory compliance:

- a) Policy on the matters relating to the Board of Directors
- b) Policy on Board Committees
- c) Policy on Corporate Governance, Nominations and Re-election
- d) Policy on Remuneration
- e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities

- f) Policy on Risk management and Internal controls
- g) Policy on Relations with Shareholders and Investors
- h) Policy on Environmental, Social and Governance Sustainability
- i) Policy on Control and Management of Company Assets and Shareholder Investments
- j) Policy on Corporate Disclosures
- k) Policy on Whistleblowing
- l) Policy on Anti-Bribery and Corruption

There were no significant changes to the above policies adopted by the Company during the year under review.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the Financial Year under review and as at the date of such Declarations. These Declarations were placed before the Nominations and Governance Committee, and upon review by the Nominations and Governance Committee, where no member participated in decisions relating to his/her continuation, were then presented to the Board.

The Board determined that all Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules and qualify to continue as Directors in their respective capacities, subject to those who retire by rotation and over 70 years of age

being re-elected/re-appointed by the shareholders at the forthcoming Annual General Meeting.

INDEPENDENCE OF DIRECTORS

The Board, based on the Declarations submitted by the Independent Directors declaring their independence against the criteria specified in the Listing Rules and such other information available to the Board that could reasonably be constructed to have a bearing on the independence of such Directors, determined that the three (3) Independent Directors namely Mr. Sarravanan Neelakandan who serves as the Chairman, Mr Mohamed Firdouse Farook and Mr Brian Vinod Selvanayagam are 'Independent' in terms of the Listing Rules.

POLICY ON RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has in terms of the above Policy, acted in compliance with the requirements set out in Rule 9.5.1 of the Listing Rules.

OTHER DIRECTORSHIPS HELD BY THE DIRECTORS

The Board, based on the recommendations of the Nominations and Governance Committee, and considering the time allocation required of the Directors for Board related matters of the Company decided that a Director of the Company shall not hold more than ten (10) directorships in Listed Companies.

POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

The Company has in terms of the above Policy, acted in compliance with the requirements set out in Rule 9.5.1 of the Listing Rules.

Annual Report of the Board of Directors on the Affairs of the Company

ADDITIONAL DISCLOSURES PERTAINING TO DIRECTORS

(i) Material Interests in Contracts involving the Company

The Directors have declared all material interests in contracts involving the Company in terms of the Companies Act and the Articles of the Association of the Company and have acted as prescribed therein, and where relevant have refrained from voting on matters in which they were materially interested.

(ii) Material Business Relationships with each other

None of the Directors or close family members have any material business relationships with the other Directors of the Company.

(iii) Other Directorships held by the Directors

Other Directorships held by Directors are disclosed on pages 15 to 16.

(iv) Review of Internal Controls

The Directors have, through the Audit Committee, conducted a

review of the Internal controls covering financial, operational and compliance control and risk management and thereby obtained reasonable assurance of their effectiveness and successful adherence therewith.

(v) Applicable Laws Rules and Regulations

The Directors have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of the changes, particularly to Listing Rules and applicable capital market provisions.

Non-Recurrent Related Party Transactions – Disclosure in terms of Rule 9.14.8 (1) of the Listing Rules

Name of the Related Party	Relationship	Aggregate value of Related Party Transaction(s) entered into during the financial year (Rs.)	Aggregate value of Related Party Transaction(s) as a % of Equity and as a % of Total Assets	Terms and conditions of the Related Party Transaction(s)	The rationale for entering into the Transaction(s)
Lee Hedges PLC	Parent and subsidiary	The Board Resolution for the sale of 51% of Lanka Realty Developments (Pvt) Ltd was passed on 19th March 2026. Upon fulfilment of the condition precedent and the execution of a Sale and Purchase Agreement, the sale was concluded on 19th June 2026.	Equity 15.13% Asset 5.44%	57,204,262 shares held by the Company in Lanka Realty Developments (Pvt) Ltd was sold for a total consideration of Rs.1,610,334,180/- on 19th June 2026, of which Rs.561,000,000/- was paid as the initial payment on 19th June 2026 and the balance Rs.1,049,334,180/- under deferred payment terms within six months from the initial payment at AWPLR + 1.5% per annum until payment in full. The said deferred payment was received on 30th June 2026 with interest thereon.	It inter alia facilitates better Group structuring and alignment of assets within the broader Lanka Realty Investments PLC Group. Please refer to point (v) – “Rationale for entering into the transaction” of the disclosure made to the Colombo Stock Exchange on 25th March 2026, under

Recurrent Related Party Transactions – Disclosure in terms of Rule 9.14.8 (2) of the Listing Rules

Related Party	Relationship	Controlling Interest	Nature of the transaction	Aggregate Value of Related Party Transactions entered into during the financial Year (LKR)	Aggregate Value of Related Party Transaction(s) as a % of Gross Revenue/Income	Terms and conditions of the Related Party Transactions
Steradian Capital Investments (Pvt) Ltd	Other Related Party	-	Technical fee	211,659,112	17%	Commercial Terms and conditions
Steradian Capital Investments (Pvt) Ltd	Other Related Party	-	Settlement of amount due	107,369,890	9%	Commercial Terms and conditions
On'ally Holdings PLC	Subsidiary	51%	Dividend	47,333,143	4%	Commercial Terms and conditions
Mulberry Holdings (Pvt) Ltd	Subsidiary	100%	Settlement of amount due	40,384,500	3%	Commercial Terms and conditions
Baseline Holdings (Pvt) Ltd	Subsidiary	100%	Settlement of amount due	352,832,000	28%	Commercial Terms and conditions
Thudella Holdings (Pvt) Ltd	Subsidiary	100%	Settlement of amount due	51,039,795	4%	Commercial Terms and conditions
Almond Trees (Pvt) Ltd	Subsidiary	100%	Settlement of amount due	9,672,989	1%	Commercial Terms and conditions
Amtrad Ltd	Subsidiary	100%	Settlement of amount due	34,251,310	3%	Commercial Terms and conditions
Lanka Realty Developments (Pvt) Ltd	Subsidiary	51%	Settlement of amount due	618,995,190	49%	Commercial Terms and conditions

MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS OF THE COMPANY

No material issues pertaining to employees or industrial relations of the Company occurred during the year under review which requires disclosure under Rule 7.6(vii) of the Listing Rules.

EMPLOYEE SHARE OPTION SCHEMES / EMPLOYEE SHARE PURCHASE SCHEMES

The Company does not have any Share Option / Share Purchase Schemes for its employees.

MATERIAL FORESEEABLE RISK FACTORS

Lanka Realty Investments PLC is a diversified investment holding company of which the primary

business line is “investment in, development and management of Real Estate”.

The Management considers qualitative and quantitative methods to evaluate the likelihood and impact of potential events which might affect the achievement of objectives including the failure to capitalize on opportunities.

Financial Risk Management objectives and policies are set out in Note 14.1 on page 98 of 99.

Risks that the Company and its subsidiaries are exposed to are set out in the Section on Risk

Management / Material Foreseeable Risk Factors on page 99.

DONATIONS

During the year, neither the Company nor any of its subsidiaries made any donations.

INDEPENDENT AUDITORS**COMPANY**

Messrs Ernst & Young, Chartered Accountants served as the Auditors of the Company. A sum of Rs.1,815,853.49 is payable by the Company to the Auditors for the year under review as audit fees.

Annual Report of the Board of Directors on the Affairs of the Company

The retiring Auditors have expressed willingness to continue in office. A resolution to re-appoint the Auditors and authorizing the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

GROUP

Messrs Ernst & Young, Chartered Accountants also served as Auditors of all the subsidiary companies except Almond Trees (Pvt) Ltd and Ilook Villa (Pvt) Ltd, whose Auditors are T & D Associates.

Details of payments to the said Auditors on account of audit fees are set out in Note 10 to the Financial Statements on page 91.

INDEPENDENCE OF AUDITORS

To the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company and the Group, which in the opinion of the Board, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka, as applicable on the date of this Report.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to the Government, other regulatory institutions and related to employees have been paid on their due dates (save and except certain payments in respect of which the Company is in discussion with the relevant authorities for payment plans) or where relevant have been provided for in the Financial Statements.

CONTINGENT LIABILITIES

The contingent liabilities as at 31st March 2026 are given in Note 37 to the Financial Statements on page 133.

EVENTS OCCURRING AFTER THE REPORTING DATE

No event of material significance that requires adjustments to the Financial Statements, have occurred subsequent to the Reporting date other than those disclosed in Note 39 to the Financial Statements on page 135.

GOING CONCERN

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has resources to continue in business for the foreseeable future.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on, 16th October 2026 at 3.00 p.m. at the Sri Lanka Foundation, No.100, Padanam Mawatha, Independence Square, Colombo 07.

The Notice of the Annual General Meeting appears on page 146.

This Annual Report is signed for and on behalf of the Board of Directors by



Saravanan Neelakandan
Chairman



M H Jamaldeen
Executive Director



Anusha Wijesekara
P W Corporate Secretarial (Pvt) Ltd
Secretaries

23rd September 2026
Colombo



Statement of Directors' Responsibilities for Financial Reporting

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company and its subsidiaries in accordance with the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards (SLRS/LKAS), so as to give a fair view of the financial position of the Company as at the reporting date and of its financial performance and cash flows.

The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Report of the Auditors given on pages 60 to 64 of the Annual Report.

The Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per section 166(1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting.

The said obligation is discharged by the Directors by publishing / making available for download, the Company's Annual Report on the Corporate Website of the Company and the Colombo Stock Exchange Website, and by notifying the shareholders thereof. On request, printed copies of the Annual Report will be forwarded to the shareholders.

The Directors consider that in preparing these Financial Statements set out on pages 65 to 137, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are of the view that the Company and its subsidiaries have adequate resources to continue in operation either on their own or with the assistance of the Company, as the holding company, and have applied the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Company and its subsidiaries maintain sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and its subsidiaries.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and its subsidiaries and in this regard to give proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities.

Financial Statements prepared and presented in this report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) and are consistent with the underlying books of accounts and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors are of the view, that they have discharged their responsibilities as set out in this statement.

The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant provided for.

By order of the Board
Lanka Realty Investments PLC



P W Corporate Secretarial (Pvt) Ltd
Director/Secretaries

23rd September 2026

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee of the Company comprises three Independent Non-Executive Directors (one of whom is the Chairman), in conformity with Rule 9.14.2 of the Listing Rules.

COMPOSITION

During the year under review, as at the reporting date and as at the date of this Report, the composition of the Committee was as follows:

Mr. Brian Vinod Selvanayagam
Chairman
Independent Non-Executive Director

Mr. Saravanan Neelakandan
Independent Non-Executive Director

Mr. Mohamed Firdouse Farook
Independent Non-Executive Director

(Refer to pages 15 to 16 for brief profiles of the Members of the Committee which includes their other directorships)

- To monitor to ensure that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the Management, Independent Auditors and such other Advisors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/non-recurrent related party transactions.
- To monitor and recommend the acquisition or disposal of substantial assets incurring of liabilities between related parties, including obtaining 'competent independent advice' from independent professional experts with regard to the value of the substantial assets of the related party.
- To review the disclosure requirements and approvals relating to the Related Party Transactions.

ATTENDANCE AT COMMITTEE MEETINGS

Name of Director	No. of Meetings
Mr B V Selvanayagam	5/5
Mr. S. Neelakandan	5/5
Mr. M. F. Farook	5/5

Deliberations of the Committee have also been carried out through discussions with the Management followed by decisions of the Committee being reached through Circular Resolutions.

DUTIES OF THE RELATED PARTY TRANSACTIONS COMMITTEE

- To review in advance all proposed non-recurrent related party transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- To review the recurrent related party transactions entered into by the Company to ascertain that they have been entered into in conformity with the guidelines established in that respect, and periodically review the guidelines
- issued / terms and conditions governing such transactions in
- order to maintain the arms-length feature vis-a-vis those transactions as per the prevailing macro-economic conditions.
- Seek any information the Committee requires from management, employees or external parties with regard to any transaction entered into with a related party.
- To assess all aspects of proposed related party transactions where necessary after seeking appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any non-recurrent related party transactions (as applicable).

ACTIVITIES IN 2025/2026

- The Related Party Transactions Review Committee reviewed the related party transactions of Lanka Realty Investments PLC and its Group Companies and their compliances with applicable Rules and communicated the same to the Board and relevant Companies.
- The Committee reviewed four (4) non-recurrent related party transactions during the year under review.

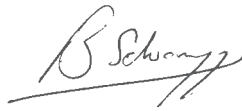
- The Committee reviewed the disclosure requirements relating to non-recurrent transactions entered into by the Company with three of its subsidiaries, Lanka Realty Developments (Pvt) Ltd, Thudella Holdings (Pvt) Ltd and Baseline Holdings (Pvt) Ltd and a non-recurrent related party transaction to be entered into with its subsidiary, Lee Hedges PLC, during the year under review.
- The Committee in its review process recognized the adequacy of the content and quality of the information forwarded to its members by the Management.
- The Committee after having reviewed the material placed before it, made its recommendations on the four non-recurrent related party transactions aforesaid to the Board of Directors of the Company.
- Subsequent to the Reporting Date, the Committee also reviewed two non-recurrent related party transactions concerning the divestment of the Company's ownership in two subsidiaries to another subsidiary of the Company.

RELATED PARTY TRANSACTIONS DURING THE YEAR UNDER REVIEW

The disclosures in terms of Rule 9.14.8 of the Listing Rules are included in the Annual Report of the Board of Directors on pages 44 and 45 of this Report.

Declaration

In terms of Rule 9.14.8 (4) of the Listing Rules of the Colombo Stock Exchange, a declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to Related Party Transactions is given on pages 127 to 133 of the Annual Report.



Mr. B V Selvanayagam
Chairman
Related Party Transactions Review
Committee

23rd September 2026

Report of the Audit Committee

COMPOSITION

The Audit Committee during the year under review and as at the reporting date and as at the date of this report comprised the following Directors:

Mr. Brian Selvanayagam
Chairman
Independent Non-Executive Director

Mr. Sarravanan Neelakandan
Independent Non-Executive Director

Mr. Firdouse Farook
Independent Non-Executive Director

The Chairman of the Committee, Mr. Brian Selvanayagam (Refer to page 16 for brief profiles of the members of the Committee, including their other directorships).

The Audit Committee has obtained written assurance from the External Auditors that they have been independent throughout the conduct of the audit engagement in accordance with the terms of the relevant professional and regulatory requirements.

The Audit Committee is satisfied that the independence of the External Auditors has not been influenced by any event that results in a conflict of interest. The fees pertaining to audit have been reviewed and recommended to the Board.

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young and Chartered Accountants continue as Auditors for the ensuing financial year, subject to the approval of the shareholders at the next Annual General Meeting.

ATTENDANCE AT COMMITTEE MEETINGS

Name of Director	No. of Meetings
Mr. Brian Selvanayagam	4/4
Mr. Sarravanan Neelakandan	4/4
Mr. Firdouse Farook	4/4

The Executive Directors attend the meetings by invitation. The Company Secretary functions as the Secretary to the Committee.

- Identification of risks that would impact on the Company's business.

ACTIVITIES

The Committee reviewed and discussed the Company's Quarterly and Annual Financial Statements prior to publication to ensure reliability and their compliance with the Sri Lanka Accounting Standards and other financial reporting requirements/statutes.

The Committee evaluated the internal control reports and compliance reports presented by the management and are satisfied that an effective internal control system is in place and has made recommendations for further improvement of such reporting which have been implemented.

Based on the proceedings of the Audit Committee meetings, recommendations and observations were reported to the Board for appropriate action.

INDEPENDENT AUDITORS

The Committee held meetings with the External Auditors to review the nature, approach and scope of audit. The Committee also reviewed the Audited Financial Statements with the External Auditors.

ROLE OF THE COMMITTEE

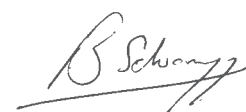
The primary functions of the Committee can be summarized as:

- Ensuring compliance with the Sri Lankan Accounting Standards and all relevant laws and regulations
- Ensuring organizational policies are in line with those of the best Corporate Practices.
- Ascertaining the reliability of the Management Information Systems.
- Overseeing the Entity's compliance with financial reporting requirements in terms of the relevant financial reporting regulations and requirements.
- Reviewing of Annual Financial Statements.
- Reviewing of Quarterly Financial Statements.
- Reviewing of the effectiveness of financial and internal control systems.
- Ensuring the independence of the Auditors and recommend the appointment of Independent Auditors and their fees.

CONCLUSION

The Audit Committee is satisfied that the Company's accounting policies and operational controls provide reasonable assurance that the affairs of the Company are managed in accordance with the set rules and that systems are in place to minimize the impact of identifiable risks.

The Committee further assessed that future prospect of its business operations and is satisfied with the going concern assumption used in the preparation of the Financial Statements as being appropriate as more fully set out in the Statement of Directors' Responsibilities for Financial Reporting.



Brian Selvanayagam
Chairman - Audit Committee

23rd September 2026



Nominations and Governance Committee Report

The Nominations and Governance Committee (NGC) of the Company was formed by the Board on 11th February 2021 in accordance with the Best Practices of the Corporate Governance, which was subsequently reconstituted on 30th September 2024 to be in conformity with the Corporate Governance Rules of the Colombo Stock Exchange. The scope and functions of the NGC were aligned with the provisions of the Listing Rules with effect from 1st October 2024.

COMPOSITION OF THE COMMITTEE AND ATTENDANCE AT MEETINGS

The composition of the Committee as of March 31, 2026 and the date of this Report and attendance at meetings held during the year.

Name of Member	Appointed to the Committee on	Nature of Directorship	No. of Meetings
Mr B V Selvanayagam (Chairman)	30.09.2024	Independent Non-Executive Director	1/1
Mr. Saravanan Neelakandan	11.02.2021	Independent Non-Executive Director	1/1
Mr Piers Morgan	01.10.2024	Non-Executive Director	1/1

Brief profile of each member appears on pages 14 to 16 of this report.

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd function as the Secretaries to the Committee.

The Committee meets only as and when necessary.

POLICY AND PROCESSES FOR DIRECTORS' NOMINATIONS

The NGC operates under a documented policy and defined processes for the nomination of Directors. These processes include :

- Overseeing the identification, assessment, selection, and nomination of suitable candidates to be appointed as Directors to fill any vacancy on the Board, howsoever created and/or as additional Directors based on the business requirements of the Company;

- Assessing the skills, knowledge, experience, expertise, diversity, and levels of independence necessary that will best complement the effectiveness of the Board;
- Ensuring that the Directors nominees accord with the fit and proper criteria under Rule 9.7.3 of the Listing Rules and obtaining a declaration to that effect from the candidate and;
- Where a Director nominee is to be appointed as an Independent Director, identifying any potential conflicts of interest and assessing the independence of the candidate, and overseeing that he / she satisfies the criteria for independence as per Rule 9.8.5 of the Listing Rules and obtaining a duly completed declaration to that effect from the said party.
- Based on the assessment as aforesaid making recommendations to the Board on appointment of new Directors.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, one-third of the Directors shall retire from office provided that Directors appointed to the office of Chairman, Managing or Joint Managing Director shall not while holding that office be subject to retirement by rotation or be taken into account in determining the Directors to retire in each year.

Information on Directors' Re-election / Re-appointment

As required by the Listing Rules, the table below sets out the details of the Directors who were re-elected / re-appointed at the 55th Annual General Meeting held on 22nd December 2025, and the details of those Directors who are recommended for re-election / re-appointment at the forthcoming Annual General Meeting, in accordance with the provisions of the Articles of Association of the Company and the Companies Act No. 7 of 2007:

Nominations and Governance Committee Report

55th Annual General Meeting held on 22nd December 2025

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election/ re-appointment as a Director	Directorships or Chairpersonship and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
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Re-election in terms of Articles 83 and 84 of the Articles of Association of the Company

Mr M F Farook	AC RPTRC RC	07.11.2017	27.09.2024	Refer profile on page 16	None
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Re-election of Directors appointed since last Annual General Meeting in terms of Article 90 of the Articles of Association of the Company

Mr. B V Selvanayagam	AC RPTRC NGC	30.09.2024	27.09.2024	Refer profile on page 16	None
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Re-appointment in terms of Section 210 of the Companies act No. 07 of 2007

Mr Piers Morgan	None	08.02.2019	27.09.2024	Refer profile on page 15	None
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56th Annual General Meeting to be held on 16th October 2026

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election/ re-appointment as a Director	Directorships or Chairpersonship and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
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Recommended for re-election in terms of Articles 87 and 88 of the Articles of Association of the Company

Mr. B V Selvanayagam	AC RPTRC NGC	30.09.2024	22.12.2025	Refer profile on page 16	None
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Recommended for re-appointment in terms of Section 210 of the Companies act No. 07 of 2007

Mr Piers Morgan	RC NGC	08.02.2019	22.12.2025	Refer profile on page 15	None
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AC	Audit Committee
RPTRC	Related party Transactions Review Committee
RC	Remuneration Committee
NGC	Nominations and Governance Committee

BOARD DIVERSITY

Board diversity is considered an essential factor in ensuring the Board's effective performance. In that context, the Company is committed to maintaining a diverse Board across the following dimensions that align with its strategic goals and governance standards.

Experience

The present Board comprises of Directors possessing varied experience / expertise in many disciplines which is appropriate for the business carried on by the Company. It reflects a diverse range of expertise, including entrepreneurship, finance, audit and risk management, real estate, advisory, mergers and acquisitions, transactional analysis, valuations & development appraisals, asset management, marketing, governance and legal.

Skills

The Board is possessed of skills that are essential to drive the business of the Company including communication skills, leadership skills, decision making skills, organizational skills and skills to embody the vision of organization. Many Directors are experienced entrepreneurs, professionals and business leaders and make significant contribution towards the strategic direction of the Company and its subsidiaries with their diverse skills and attributes.

Age

There is a balanced distribution amongst different age groups, ranging from 46 years to 79 years.

Gender

The Company will be moving towards gender diversity.

EFFECTIVE IMPLEMENTATION OF POLICIES AND PROCESSES FOR APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

The effectiveness of the policies and processes relating to the appointment and re-appointment of Directors is demonstrated by the following:

- The NGC reviewed the criteria for fitness and propriety, independence and other compliance requirements for individual Directors at the time of their initial appointments to the Board and through annual review. Such a review also covered the general disclosure of interests, declarations and other information provided by Director nominees and by individual Directors in accordance with the Listing Rules, Companies Act and the Company's Articles of Association.
- Director nominees are subject to reference checks and reviews of their past performance.
- A process has been established for Board evaluations, including attendance, engagement and effective contribution as a Board member, to ensure that each Director continues to add value to the Company to achieve its objectives, before the NGC recommends the re-election / re-appointment of a Director.

PERIODIC EVALUATIONS ON THE PERFORMANCE OF THE BOARD AND THE EXECUTIVE DIRECTORS.

As per the Rules on Corporate Governance embodied in the Listing Rules and the Policy on Corporate Governance, Nomination and Re-election adopted by the Company with effect from 1st October 2024, it is necessary that periodic evaluation of the performance of the Board of Directors and the Executive Directors of the Company are carried out,

through a scheme of self-assessment to be undertaken by each Director. The NGC is responsible for such an assessment and to submit a report on the matter to the Board.

PROCESS ON THE FLOW OF INFORMATION TO INDEPENDENT DIRECTORS ON MAJOR ISSUES

The Company ensures that Independent Directors are informed through a structured communication framework, including regular Board and Committee meetings, with detailed agenda and relevant documents shared in advance. Directors receive periodic updates on key financial, operational and strategic matters, with direct access to the Senior Management and the Company Secretaries to seek clarifications on matters falling under the purview of the Board.

Special briefings are provided to the Directors through the Executive Director, Mr M H Jamaldeen and/or the Company Secretaries in dealing with important matters.

INDUCTION AND ORIENTATION PROGRAMS

The Company provides induction programs for newly appointed Directors, covering operations, governance, regulations, strategic objectives, financial performance and key policies.

Updates are also provided to the Board on corporate governance, regulatory developments and relevant laws, ensuring compliance, effective risk management, and alignment with legislative amendments to protect shareholder interests.



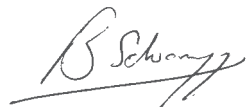
Nominations and Governance Committee Report

DETERMINATION OF INDEPENDENCE OF INDEPENDENT DIRECTORS

The NGC confirms that three Independent Directors meet the criteria for independence as stipulated in Rule 9.8.3 of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS STIPULATED UNDER THE LISTING RULES

The NGC confirms that the Company has fully complied with the Corporate Governance Requirements outlined in the Listing Rules, during the year under review.



B V Selvanayagam
Chairman
Nominations and Governance
Committee

23rd September 2026

Remuneration Committee Report

COMPOSITION OF THE COMMITTEE AND ATTENDANCE AT MEETINGS

The Committee comprises two Independent Non-Executive Directors (one of whom is the Chairman) and one Non-Executive Director, in conformity with Rule 9.12.6 of the Listing Rules.

During the year under review, as at the reporting date and as at the date of this Report, the composition of the Committee and attendance at meetings were as follows:

Name of Director	Date of appointment to the Committee	Nature of Directorship	No of Meetings
Mr. Mohamed Firdouse Farook (Chairman)	30.09.2024	Independent Non-Executive Director	1/1
Mr. Sarraivanan Neelakandan	30.09.2024	Independent Non-Executive Director	1/1
Mr. Piers Morgan	30.09.2024	Non-Executive Director	1/1

Brief profile of each member appears on pages 15 to 16 of this Report.

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd serves as the Secretaries to the Company.

The Committee meets only as and when necessary.

REMUNERATION POLICY

The objective of the Remuneration Policy of the Company is to attract and retain a qualified and experienced team of high calibre managers and professionals and ensuring that remuneration is in line with that of the industry and market.

The Committee further reports that the Company has adopted a "Policy on Remuneration" in compliance with Rule 9.2.1 of the Listing Rules, and it has complied with the provisions of the Companies Act and the Articles of Association regarding Directors' Remuneration.

ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is responsible for advising and assisting the Board in determining a formal and transparent procedure for developing the policy on Executive Directors' remuneration and for fixing the remuneration of Non-Executive Directors.

Its key functions include:

- establishing and review of the parameters of the framework for remuneration of Executive Directors, Non-Executive Directors and Senior Management of the Company and its unlisted subsidiaries.
- review and make recommendations to the Board with regard to the remuneration of Executive Directors and Senior Management and also Non-Executive Directors.
- assisting the Board of Directors to comply with the obligations under section 216 of the Companies Act No.7 of 2007 read together with the Articles of Association of the Company when approving remuneration of Directors including the basis under which the remuneration may be considered fair to the Company or the relevant subsidiary.

DISCLOSURE ON DIRECTORS' REMUNERATION

The aggregate remuneration paid to the Directors of the Company during the year is disclosed in Note 35.6 to the Financial Statements in this Annual Report.



Mohamed Firdouse Farook
Chairman
Remuneration Committee

23rd September 2026



Risk Management

MATERIAL RISKS AND PLANS FOR MITIGATION

Risk	Description	Impact	Severity of Impact	Likelihood	Mitigating Strategy
Strategic Risk	Risks of not achieving strategic goals and objectives of the Company and the potential for adverse outcomes from failed strategic decisions, actions, or responses to changes in the business environment.	Changes in government legislation and competition will affect the execution of strategies of LRI.	Moderate	Possible	LRI operates with a clear Business Plan taking into account all possible variables in the economy. The Group operates within an approved annual budget and variances are reviewed periodically by the Board of Directors. Steps are being taken to diversify revenue streams to limit dependability on one sector.
Construction Costs	Risks from an increase in construction material costs and the inadequacy of local contractors.	The Company being unable to meet the budgeted construction cost and incurring losses as a result.	Moderate	Possible	Entering into fixed price LKR contracts with contractors and trying to keep any variations arising due to economic conditions at a minimum.
Brand and Reputation	Risks relating to negative publicity arising from poor product quality, service standards and overdue delivery.	Negative client and public opinion and loss of customer satisfaction, resulting in current and future performance.	Major	Unlikely	Maintaining high product and service quality standards and quality assurance/control systems in projects. Ensuring high levels of hygiene and security protocols are being maintained. Regular reviews of customer comments and feedback and address customer complaints promptly.
Human Capital	The inability to attract and maintain a sufficient number of skilled and experienced workers, as well as the inability to guarantee their ongoing involvement and dedication, will impede the achievement of expansion ambitions.	Disruption to continuity of operations due to capable and experienced personnel leaving the Company and having to recruit and train new employees to fill the gap.	Moderate	Possible	Our recruitment is non-discriminatory. Recruiting the best talent, retaining them and providing an adequate career development plan are critical to our HR policy. Close dialogue with employees helps to identify areas of concern and maintaining an open-door policy for employees creates accessibility at the senior level for an effective work atmosphere. There are no material issues pertaining to employees or industrial relations with our entity.

Risk	Description	Impact	Severity of Impact	Likelihood	Mitigating Strategy
Liquidity Risks	The risk of not having sufficient liquid financial resources to meet its obligations as they fall due in the normal course of business.	The Company being unable to meet financial obligations will result in a loss of credibility with suppliers and other creditors and in the worst-case scenario will result in the winding up of the Company.	Major	Possible	Strong relationships have been built with banks to ensure that urgent borrowing needs are met at short notice. Facilities are in place to cover forecasted cash needs for at least a period of twelve months. Additionally, solvency related analysis is carried out periodically by the finance division.
Legal, Regulatory and Compliance	Risks due to changes in taxes, legal regulations and other government policies. This could result in non-compliance with legal and regulatory requirements, potentially leading to penalties and fees.	This will lead to loss of reputation and future loss of sales, and the Company will need to incur legal costs to rectify non-compliance.	Major	Unlikely	The Company conducts regular reviews of laws and regulations relevant to its operations to ensure compliance. Managing and minimising the risk of legal disputes, lawsuits, and regulatory investigations. For this purpose, the Company has retained the services of tax consultants, legal consultants, and professional company secretaries.
Foreign Exchange Risk	Unprecedented movement of LKR against foreign currencies.	Depreciation of the LKR against USD will lead to delays in allocation of USD for material imports. Additionally restrictions being placed on non-essential imports will cause material prices to soar which cannot be passed on to the end client. On the other hand, the depreciation of the LKR will boost LKR revenue in the Leisure sector.	Major	Possible	Keeping track of foreign exchange rate fluctuations. Secure fixed price contracts and reprice unsold units to offset increased the cost due to currency fluctuations.
Interest Rate	Risks relating to interest income from investments and the cost of borrowing.	An increase in interest rates, as evidenced by the interest hike from early 2022 to the latter part of 2023, can cause interest on loans subject to floating rates to hike and at the same time, interest income from investments also to go up. Customers' affordability will be affected due to high financing costs, resulting in slow sales.	Moderate	Possible	Measures taken to negotiate favourable rates and terms on borrowings and deposits. Maintain an appropriate combination of fixed and floating rate borrowings. Offer flexible payment plans to customers opting for bank loans.

Risk Management

Risk	Description	Impact	Severity of Impact	Likelihood	Mitigating Strategy
Disruptions to Supply Chain	Risk of disruptions in the supply chain for construction materials, equipment, hotel supplies, or essential services, which could impact both ongoing construction projects and hotel operations.	The progress of project completion will be impacted and delays in completion will cause loss in reputation. The hotel operations can get impacted causing losses during peak season.	Moderate	Possible	Supplier diversification, and maintaining strong relationships with reliable suppliers, and maintaining buffer stock. Develop contingency plans for supply chain disruptions.
Health and Safety Risk	Risk of possible threats to the health and life of employees, customers, and any other person at office premises, hotels or construction sites.	Non-adherence to health and safety regulations or any major safety measures can raise legal issues, fines, project stoppages, and reputational damage.	Major	Unlikely	The Company complies with all industrial safety requirements. Provide medical covers for employees. Ensure regular sanitation of work areas and regular pest control measures.
Climate Related Risk	The effects on weather patterns and seasonal changes on tourist arrivals.	Tourist arrivals depend on seasonal changes, and the leisure sector of LRI gets affected. Construction activities are affected due to rain and extreme heat, delaying completion.	Major	Possible	Have backup revenue streams from leisure properties during the off-season. The project programs are integrated with possible changes in weather.
Data Security and Data Privacy	Disruptions to IT systems are caused by cyberattacks, infrastructure failures and breaches of the confidentiality of data of stakeholders.	Disrupt business operations, leading to downtime, loss of productivity and delays. Unauthorised access to confidential data can cause a loss of customer confidence, loss of market share and damage to reputation.	Major	Unlikely	Stringent cybersecurity measures are in place to deter cyber threats. IT policy has been enforced to govern the usage of IT resources and set out best practices. Conducting staff training on data privacy and data security. Utilising measures to prevent email spoofing and sensitive data being intercepted or tampered with.
Competition	Risks arising from new commercial and residential developments.	The market share will decline causing the sales to go down.	Moderate	Possible	Monitoring of existing and new supply by commercial and residential developers. Regular competitor analysis. Differentiating the Company's offerings from other development offerings in the market.

The Power to Develop

FINANCIAL STATEMENTS





Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LANKA REALTY INVESTMENTS PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lanka Realty Investments PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2026, 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.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group

in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter

Assessment of fair value of land and buildings

Property, Plant and Equipment and Investment Properties include land and buildings carried at fair value. The fair value of land and buildings were determined by external valuers engaged by the Group.

This was a key audit matter due to:

- The materiality of the reported fair value of land and buildings which amounted to Rs. 26.2 Bn representing 88% of the Group's total assets as of the reporting date.
- The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings using the income approach.

Key areas of significant judgments, estimates and assumptions used in assessing the fair value of land and buildings, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as:

- Estimated rental yield per square foot
- Estimated maintenance cost and other outgoings
- Discount rate
- Terminal capitalization rate
- Growth rate

as disclosed in Note 15.1.1 and 17.3 to the financial statements.

How our audit addressed the key audit matter

Our procedures included the following key procedures:

- Assessed the competency, capability and objectivity of the external valuer engaged by the Group.
- Read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of the property.
- Assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as estimated rental yield per square foot, estimated maintenance cost and other outgoings, discount rate, terminal capitalization rate, growth rate and valuation techniques as relevant in assessing the fair value of the property.
- We also assessed the adequacy of the disclosures made in Notes 15 and 17 to the financial statements.

Independent Auditor's Report



Key audit matter	How our audit addressed the key audit matter
Acquisition of subsidiary and accounting for the business combination As disclosed in Notes 18.2 to the financial statements, the Group acquired a subsidiary during the year and accounted for the transaction as a business combination in accordance with the accounting policy disclosed in Note 4.1. The acquisition resulted in the recognition of a bargain purchase gain of Rs. 629.08 million in profit for the year. This was a key audit matter due to: • The significance of the bargain purchase gain of Rs. 629.08 million recognised during the year and its impact on the Group's reported financial performance; and • The level of judgments and assumptions involved in identifying the assets acquired and liabilities assumed, and determining fair values at the acquisition date, as disclosed in Note 18.2 to the financial statements;	Our procedures included the following key procedures: • Obtained an understanding of the management's process to account for the acquisition and resulting bargain purchase gain. Our procedures included assessing the appropriateness of the accounting applied and agreeing key transaction details to CSE announcements, bought notes, bank records and other supporting documentation; • Assessed the identification and measurement of assets acquired and liabilities assumed, including agreeing relevant amounts to the acquiree's financial statements; • Read the valuation report and understood the key estimates used by the management's valuation expert in determining the fair values of identifiable assets; • Tested the calculation of the bargain purchase gain, including agreeing the purchase consideration to the bought note and related payment records; and • Assessed the reasonableness of the significant judgements and assumptions used in determining the fair values of the assets acquired and liabilities assumed, as disclosed in Note 18.2;

Other Information Included in the 2026 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears

to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,
- misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2440.

Ernst & Young

23rd September 2026
Colombo

Partners: G G S Manatunga FCA, Y A De Silva FCA, W K B S P Fernando FCA FCMA (UK) FCCA, B E Wijesuriya FCA FCMA (UK), R N de Saram ACA FCMA (UK), N M Sulaiman FCA FCMA (UK), L K H L Fonseka FCA, P V K N Sajeewani FCA, A A J R Perera FCA ACMA (UK), N Y R L Fernando ACA, D N Gamage FCA ACMA (UK), C A Yalagala ACA ACMA (UK), P S Peranavitarne ACA ACMA (UK) LLB (Colombo), B Vasantnan ACA ACMA (UK), W D P L Perera ACA, M U M Mansoor ACA, S B G Jayawardena ACA ACMA (UK) ACCA

Principals: T P M Ruberu FCMA (UK) FCCA MBA, G B Goudian ACMA (UK), D L B Karunathilaka ACMA (UK), W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhiveli B.Com (Sp)

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Statement of Profit or Loss

In LKR		Group		Company	
For the year ended 31 March	Notes	2026	2025	2026	2025
Revenue	5	1,260,830,620	1,205,078,755	325,147,334	404,807,261
Cost of sales		(898,214,880)	(759,999,735)	-	-
Gross profit		362,615,740	445,079,020	325,147,334	404,807,261
Other operating income	6	51,976,831	40,051,278	105,238	153,412
Selling and distribution expenses		(13,266,238)	(10,286,538)	(356,831)	-
Administrative expenses		(550,114,079)	(303,921,842)	(43,013,600)	(14,071,532)
Other operating expenses	7	(4,918,277)	(3,315,514)	(97,598)	(76,902)
Results from operating activities		(153,706,023)	167,606,404	281,784,543	390,812,239
Finance cost	8	(321,845,909)	(451,635,011)	(62,986,032)	(69,450,806)
Finance income	9	61,949,577	23,434,646	2,053,445	977,804
Net finance cost		(259,896,332)	(428,200,365)	(60,932,587)	(68,473,002)
Gain on bargain purchase	18.2	629,078,919	-	-	-
Disposal loss of Investment Property		(954,200,000)	-	-	-
Change in fair value of investment property	17	3,223,523,112	457,198,875	-	-
Profit before income taxes	10	2,484,799,676	196,604,914	220,851,956	322,339,236
Tax expense	11	(929,388,298)	(49,322,779)	(71,003,119)	(98,856,777)
Profit for the year		1,555,411,378	147,282,135	149,848,837	223,482,459
Attributable to:					
Equity holders of the parent		806,852,513	(94,519,780)	149,848,837	223,482,459
Non-controlling interests		748,558,865	241,801,915	-	-
		1,555,411,378	147,282,135	149,848,837	223,482,459
Earnings/(loss) per share					
Basic, Earnings/(Loss) for the year attributable to ordinary equity holders of the parent	12	3.82	(0.45)	0.71	1.06
Diluted, Earnings/(Loss) for the year attributable to ordinary equity holders of the parent	12	3.82	(0.45)	0.71	1.06

The notes from pages 72 to 137 form an integral part of these financial statements

Figures in brackets indicate deductions.

Statement of Comprehensive Income

In LKR		Group		Company	
For the year ended 31 March	Notes	2026	2025	2026	2025
Profit for the year		1,555,411,378	147,282,135	149,848,837	223,482,459
Other comprehensive income					
Other comprehensive income not to be reclassified to profit & loss statement in subsequent periods:					
Revaluation of land	15	130,753,941	115,093,086	-	-
Revaluation of buildings	15	41,589,114	57,377,122	-	-
Re-measurement gain/(loss) on employee benefit liabilities	27	(2,409,214)	3,278,381	-	-
Income tax effect	11.2	(51,891,048)	(49,405,697)	-	-
Total other comprehensive income for the year, net of tax		118,042,793	126,342,892	-	-
Total comprehensive income for the year, net of tax		1,673,454,171	273,625,027	149,848,837	223,482,459
Total comprehensive income attributable to:					
Equity holders of the parent		919,151,837	29,335,882	149,848,837	223,482,459
Non-controlling interests		754,302,334	244,289,145	-	-
		1,673,454,171	273,625,027	149,848,837	223,482,459

The notes from pages 72 to 137 form an integral part of these financial statements

Figures in brackets indicate deductions.

Statement of Financial Position

In LKR		Group		Company	
For the year ended 31 March	Notes	2026	2025	2026	2025
ASSETS					
Non-current assets					
Property, plant and equipment	15	2,786,753,024	2,452,602,333	-	-
Intangible assets	16	338,389,689	340,378,408	950,368	1,199,906
Investment properties	17	23,693,964,446	15,253,264,446	-	-
Investments in subsidiaries	18	-	-	10,599,881,835	7,609,327,660
Other non-current assets	19	8,037,231	8,037,231	-	-
Deferred tax assets	26.2	175,009	135,778	175,009	135,778
Financial Assets at Amortised Cost	33.1	1,314,319,000	-	-	-
		28,141,638,399	18,054,418,196	10,601,007,212	7,610,663,344
Current assets					
Inventories	20	285,393,582	419,558,002	-	-
Trade and other receivables	21	598,724,027	339,282,313	783,905	783,905
Financial Assets at Amortised Cost	33.2	152,364,406	20,475,577	-	-
Financial assets-fair value through profit or loss	22	347,751	242,513	347,751	242,513
Amounts due from related parties	35.4	136,530,638	6,226,070	2,130,542,049	2,111,163,530
Other current assets	23	133,062,951	94,771,435	10,273,793	10,810,197
Cash in hand and at bank	34	164,827,037	240,845,747	14,107,298	58,863,463
		1,471,250,392	1,121,401,657	2,156,054,796	2,181,863,608
Total assets		29,612,888,792	19,175,819,853	12,757,062,008	9,792,526,952
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	24	7,048,662,671	7,048,662,671	7,048,662,671	7,048,662,671
Preference Shares	25.2	2,126,827,838	-	-	-
Revaluation reserve		471,524,652	358,249,279	-	-
Retained earnings		972,062,920	712,902,574	628,815,176	478,966,338
Other components of equity	25.1	23,100,000	23,100,000	23,100,000	23,100,000
		10,642,178,081	8,142,914,524	7,700,577,847	7,550,729,009
Non-controlling interests		8,195,980,093	1,776,948,322	-	-
Total equity		18,838,158,174	9,919,862,846	7,700,577,847	7,550,729,009

Statement of Financial Position

In LKR		Group		Company	
For the year ended 31 March	Notes	2026	2025	2026	2025
Non-current liabilities					
Deferred tax liabilities	26.1	4,451,587,593	2,798,344,173	-	-
Employee benefit liabilities	27	45,852,566	23,602,985	-	-
Interest bearing borrowings	28	667,353,915	1,627,864,005	-	400,000,000
Amounts due to related parties	35.5	113,189,826	104,995,090	113,189,826	104,995,090
Other Non-Current Liabilities	29	342,087,526	166,297,691	-	-
		5,620,071,426	4,721,103,944	113,189,826	504,995,090
Current liabilities					
Trade and other payables	30	441,089,376	344,687,844	1,302,844	1,360,194
Amounts due to related parties	35.5	598,095,741	357,262,291	4,213,854,785	1,519,618,768
Income tax liabilities	31	191,533,652	127,073,095	131,811,719	68,543,257
Interest bearing borrowings	28	3,009,687,964	2,915,433,646	388,164,533	106,734,300
Other current liabilities	32	528,025,082	449,736,591	44,977,817	25,210,298
Bank overdrafts	34	386,227,377	340,659,595	163,182,638	15,336,034
		5,154,659,192	4,534,853,063	4,943,294,335	1,736,802,852
Total liabilities		10,774,730,617	9,255,957,007	5,056,484,161	2,241,797,942
Total equity and liabilities		29,612,888,792	19,175,819,853	12,757,062,008	9,792,526,952

The notes from pages 72 to 137 form an integral part of these financial statements

Figures in brackets indicate deductions.

It is certified that the financial statements have been prepared in compliance with the requirements of Companies Act No. 7 of 2007.



Isuru Ekanayake
Group Assistant Accountant

The Board of Directors is responsible for these financial statements.

Signed for and on behalf of the board by;



Saravanan Neelakandan
Chairman



M H Jamaldeen
Director

23rd September 2026
Colombo

Statement of Changes in Equity

Group	Stated capital	Preference Shares	Other components of equity	Revaluation Reserve	Retained earnings	Total Equity attributable to equity holder of the parent	Non-controlling interests	Total equity
In LKR								
As at 31 March 2024	7,048,662,671	-	23,100,000	238,788,604	803,011,399	8,113,562,673	1,697,114,934	9,810,677,607
Profit for the year	-	-	-	-	(94,519,780)	(94,519,780)	241,801,915	147,282,135
Dividend paid out by a subsidiary	-	-	-	-	-	-	(164,439,788)	(164,439,788)
Other comprehensive income:								
Revaluation of land and buildings	-	-	-	168,333,077	-	168,333,077	4,137,131	172,470,208
Re-measurement gain/(loss) on employee benefit liabilities	-	-	-	-	4,593,592	4,593,592	(1,315,211)	3,278,381
Income tax effect on other comprehensive income	-	-	-	(48,872,402)	(182,637)	(49,055,039)	(350,658)	(49,405,697)
As at 31 March 2025	7,048,662,671	-	23,100,000	358,249,279	712,902,574	8,142,914,523	1,776,948,322	9,919,862,846
Profit for the year	-	-	-	-	806,852,513	806,852,513	748,558,865	1,555,411,378
Dividend paid out by a subsidiary	-	-	-	-	-	-	(45,669,857)	(45,669,857)
Issuance of Preference Shares (Note 25.2)	-	2,126,827,838	-	-	-	2,126,827,838	710,959,972	2,837,787,810
Change in non-controlling interest without change in control	-	-	-	-	(546,931,697)	(546,931,697)	1,636,255,161	1,089,323,464
Acquisition of a Subsidiary (Note 18.2)	-	-	-	-	-	-	3,363,399,740	3,363,399,740
As at 31 March 2025	7,048,662,671		23,100,000	358,249,279	712,902,574	8,142,914,523	1,776,948,322	9,919,862,846
Other comprehensive income:								
Revaluation of land and buildings	-	-	-	163,274,954	-	163,274,954	9,068,101	172,343,055
Re-measurement loss on employee benefit liabilities	-	-	-	-	(1,238,099)	(1,238,099)	(1,171,115)	(2,409,214)
Income tax effect on other comprehensive income	-	-	-	(49,999,582)	477,629	(49,521,952)	(2,369,096)	(51,891,048)
As at 31 March 2026	7,048,662,671	2,126,827,838	23,100,000	471,524,652	972,062,920	10,642,178,081	8,195,980,093	18,838,158,174

Company	Stated capital	Other components of equity	Retained earnings	Total equity
In LKR				
As at 31 March 2024	7,048,662,671	23,100,000	255,483,879	7,327,246,550
Profit for the year	-	-	223,482,459	223,482,459
As at 31 March 2025	7,048,662,671	23,100,000	478,966,338	7,550,729,009
Profit for the year	-	-	149,848,837	149,848,837
As at 31 March 2026	7,048,662,671	23,100,000	628,815,176	7,700,577,847

The notes from pages 72 to 137 form an integral part of these financial statements

Figures in brackets indicate deductions.

Statement of Cash Flows

In LKR		Group		Company	
For the year ended 31 March	Notes	2026	2025	2026	2025
Profit/(loss) before tax		2,484,799,676	196,604,914	220,851,956	322,339,236
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	15.1	25,473,447	16,318,066	-	-
Amortization of intangible assets	16.1	2,818,969	2,784,285	249,538	249,538
Finance income	9	(61,949,577)	(23,434,646)	(2,053,445)	(977,804)
Dividend income	5	-	-	(47,333,143)	(170,371,325)
Finance expense	8	321,845,909	451,635,012	62,986,032	69,450,806
Gratuity provision and related costs	27	10,578,789	4,912,029	-	-
Fair value change in investment properties	17	(3,223,523,112)	(457,198,875)	-	-
(Appreciation)/ depreciation in fair value of FVTPL	22	(105,238)	(146,233)	(105,238)	(146,233)
Disposal loss on investment Property	7	954,200,000		-	-
Impairment of investments		-	720,062	-	-
Gain on bargain purchase		(629,078,919)	-	-	-
(Increase) / Decrease in inventories		134,164,420	35,718,434	-	-
(Increase) / Decrease in trade and other receivables		(21,994,714)	(12,215,820)	-	-
(Increase) / Decrease in amounts due from related parties		(130,304,567)	14,449,574	(19,378,520)	(365,725,522)
(Increase) / Decrease in other current assets		(38,291,516)	(36,696,411)	536,404	(35,603,792)
Increase / (Decrease) in trade and other payables		96,401,532	(12,907,352)	(57,350)	722,350
Increase / (Decrease) in amounts due to related parties		282,529,162	132,389,155	2,681,912,676	143,094,238
Increase / (Decrease) in tenants refundable deposit		99,925,835	(15,055,340)	-	-
Increase / (Decrease) in other current liabilities		(227,029,509)	393,553,077	19,767,519	30,625,603
		80,460,587	691,429,932	2,917,376,428	(6,342,904)
Interest received		61,949,577	23,434,647	2,053,445	977,804
Finance expenses paid		(112,268,911)	(243,614,402)	(42,467,954)	(91,159,892)
Tax paid	31	(56,205,469)	-	(7,773,888)	-
Employee benefit paid	27	(4,801,422)	(580,097)	-	-
Net cash flow from/(used in) operating activities		(30,865,638)	470,670,079	2,869,188,031	(96,524,992)

In LKR		Group		Company	
For the year ended 31 March	Notes	2026	2025	2026	2025
INVESTING ACTIVITIES					
Proceeds from sale of investment property		426,500,000	-	-	-
Purchase of investment property	17	(277,376,888)	(173,401,126)	-	-
Purchase of property, plant and equipment	15	(26,112,684)	(9,592,322)	-	-
Purchase of intangible assets	16	(830,250)	-	-	-
(Investment)/upliftment in Fixed Deposits		(55,815,829)	(20,475,577)	-	-
Dividend received	5	-	-	47,333,143	170,371,325
Acquisition of subsidiaries, net of cash acquired		(3,015,802,175)	-	(2,990,554,175)	-
Net cash flow from/(used in) investing activities		(2,949,437,827)	(203,469,025)	(2,943,221,032)	170,371,325
FINANCING ACTIVITIES					
Issuance of Preference Shares	24	2,837,787,810	-	-	-
Net proceeds from issuance of shares to non-controlling interests without change in control	24	1,089,323,464	-	-	-
Dividend Payments	-	(45,669,857)	(164,439,788)	-	-
Proceeds of bank borrowings	28	65,500,000	-	-	-
Repayment of bank borrowings	28	(1,088,224,445)	(264,148,084)	(118,569,767)	(29,039,345)
Principle payment under finance lease liabilities	28	-	(3,281,250)	-	-
Net cash flow from/(used in) financing activities		2,858,716,972	(431,869,123)	(118,569,767)	(29,039,345)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(121,586,492)	(164,668,068)	(192,602,768)	44,806,988
CASH AND CASH EQUIVALENTS AT THE BEGINNING		(99,813,848)	64,854,220	43,527,429	(1,279,558)
CASH AND CASH EQUIVALENTS AT THE END		(221,400,340)	(99,813,848)	(149,075,340)	43,527,429
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Favourable balances					
Cash in hand and at bank	33	164,827,037	240,845,747	14,107,298	58,863,463
Unfavourable balances					
Bank overdrafts	33	(386,227,377)	(340,659,595)	(163,182,638)	(15,336,034)
Total cash and cash equivalents		(221,400,340)	(99,813,848)	(149,075,340)	43,527,429

The notes from pages 72 to 137 form an integral part of these financial statements

Figures in brackets indicate deductions.



Notes to the Financial Statements

1.1 CORPORATE INFORMATION

1.1.1 Reporting entity

Lanka Realty Investments PLC is a public (limited) liability Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The registered office of the Company is located at 1st Floor, HQ Colombo, 464/A, T. B. Jayah Mawatha, Colombo 10.

1.1.2 Consolidated financial statements

The Consolidated Financial Statements of Lanka Realty Investments PLC, for the year ended 31 March 2026, encompasses “the Company” referring to Lanka Realty Investments PLC as the parent and “the Group” referring to the companies that have been consolidated therein.

1.1.3 Nature of operations and principal activities of the Company and the Group

Lanka Realty Investments PLC, the Group’s holding Company, manages a portfolio of holdings consisting of a range of diverse business operations, which together constitute the Lanka Realty Investments Group.

The principal activities and nature of operations of the subsidiaries within the Group are set out below:

- Baseline Holdings (Pvt) Ltd – Holds a bare land.
- 285 Darley Road (Pvt) Ltd – Holds a bare land through Oak Street (Pvt) Ltd (100% owned subsidiary of 285 Darley Road (Pvt) Ltd).
- Thudella Holdings (Pvt) Ltd – Holds a bare land through Crown Resorts (Pvt) Ltd (100% owned subsidiary of Thudella Holdings (Pvt) Ltd).
- Almond Trees (Pvt) Ltd - Engaged in the operation of a hotel, a restaurant and a pub and the company holds an investment in a fully owned subsidiary (Ilook Villa (Pvt) Ltd which engages in operation of a hotel, a restaurant and a bar.)
- Alexandra Holdings (Pvt) Ltd is in the business of renting villas.
- Mulberry Holdings (Pvt) Ltd is a developer of residential apartments.
- On’ally Holdings PLC is in the business of real estate property development.

- Lee Hedges PLC is in the business of development of property, administration and maintenance.

1.1.4 Approval of financial statements

The financial statements of Lanka Realty Investments PLC (“Company”) and the consolidated financial statements of the Company and its subsidiaries (“Group”) for the year ended 31 March 2026, were authorized for issue by the Board of Directors on 23rd September 2026.

1.1.5 Responsibility for financial statements

The responsibility of the Board of Directors in relation to the financial statements is set out in the Statement of Directors’ Responsibility report in the Annual Report.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements which comprise the statement profit of loss, statements of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows together with accounting policies and notes are prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), in compliance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. The Consolidated Financial Statements also comply with the provisions of the Companies Act No. 07 of 2007.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for:

- Land and buildings which are recognised as property, plant and equipment which are measured at cost on initial recognition and subsequently carried at fair value.
- Land and buildings which are recognised as investment property which are measured at cost on initial recognition and subsequently carried at fair value.
- Lands which are recognised as right of use asset which are measured at cost on initial recognition and subsequently carried at fair value.

- Financial instruments reflected as fair value through profit or loss which are measured at fair value.

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the consolidated financial statements.

2.3 Presentation and functional currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees (LKR), which is also the parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2.4 Materiality and aggregation

Each material class of similar items is presented separately in the consolidated financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.5 Comparative information

The presentation and classification of the financial statements of the previous years have been amended, where relevant, for better presentation and to be comparable with those of the current year. (Please refer Notes 39 to the financial statements)

2.6 Offsetting

Assets and liabilities or income and expenses are not offset unless required or permitted by Sri Lanka Accounting Standards.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2026. The financial statements of the subsidiaries are prepared in compliance with the Group's accounting policies.

3.2 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has the power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. A change in the ownership



Notes to the Financial Statements

interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the profit or loss. Any investment retained is recognised at fair value.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

4.1 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in

accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included

in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

4.2 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/ non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.3 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as owner-occupied land investment properties, at fair value at each reporting date.

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 either:

- 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 Group.

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, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

The Group 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, describes 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 that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group 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.



Notes to the Financial Statements

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Financial instruments (including those carried at amortized cost)
- Quantitative disclosures of fair value measurement hierarchy
- Property, plant & equipment under revaluation model
- Investment properties

4.4 Property, plant and equipment

The group applies the requirements of LKAS 16 on 'Property, Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

Property, plant and equipment is recognized if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalized as a part of that equipment.

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any except for land which is measured at fair value. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Period
Buildings	8 - 25
Plant and machinery	4 - 12
Motor vehicles	4
Furniture and fitting, tools & other office equipment	3 - 5

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised. The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.5 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.5.1 Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

4.5.2 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. After recognition the right-of-use assets is carried at revalue amounts, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

4.5.3 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of

Notes to the Financial Statements

interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings. See Note 28 to the financial statements.

4.5.4 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.5.5 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.6 Investment properties

Investment property comprises completed property under construction or re-development that is held, or to be held, to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of these financial statements, in order to avoid double counting, the fair value reported in the financial statements is:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments
- In the case of investment property held under a lease, increased by the carrying amount of any liability to the head lessor that has been recognised in the statement of financial position as a finance lease obligation

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

4.7 Intangible assets

An Intangible asset is recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Financial instruments - Initial recognition and subsequent 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.

4.9.1 Financial assets

4.9.1.1 Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15. Refer to the accounting policies in note 4.16 for Revenue from contracts with customers.

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

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Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

4.9.1.2 Subsequent Measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (Debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other noncurrent financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument by instrument basis.

Gains and losses on these financial assets are never recycled to Profit or Loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the Financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

This category includes listed and non-listed equity instruments under this category. Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

4.9.1.3 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 derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or

The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into 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 of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group 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 Group could be required to repay.

4.9.1.4 Impairment of Financial Assets

The Group recognises an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at 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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

Trade receivables Note 21.1 to the financial statements

4.9.2 Financial liabilities

4.9.2.1 Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables.

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

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts

4.9.2.2 Subsequent Measurement

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

4.9.2.3 Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest bearing loans and borrowings. For more information, refer to Note 28 to the financial statement.



Notes to the Financial Statements

4.9.2.4 De-recognition

A financial liability is de-recognised 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 recognised in the statement of profit or loss.

4.9.3 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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.10 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Weighted average directly attributable cost
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

4.10.1 Inventory property

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value (NRV).

Principally, this is residential property that the Group develops and intends to sell before, or on completion of, development. Cost incurred in bringing each property to its present location and condition includes:

- Freehold land
- Amounts paid to contractors for development
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

4.11 Impairment of non-financial assets

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU 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 less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment on inventories is recognised in the profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to

determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and as when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

4.12 Cash and Cash Equivalents

Cash and Cash Equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

4.13 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when

Notes to the Financial Statements

the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.14 Defined contribution plans- Employees' provident fund and employees' trust fund

Employees are eligible for employees' provident fund contributions and employees' trust fund contributions in line with respective statutes and regulations. The company contributes the defined percentages of gross emoluments of employees to an approved employees' provident fund of 12% and to the employees' trust fund of 3% respectively, which are externally funded.

4.15 Defined employee benefit liabilities

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method. Any remeasurement gains or losses arising are recognised immediately in the other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods. The liability is not externally funded.

4.16 Revenue from contracts with customers

The Group is in the business of operating hotels, manufacturing construction materials and real estate. Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

4.16.1 Revenues from the sale of inventory property

The Group enters into contracts with customers to sell completed inventory property.

The sale of completed property constitutes a single performance obligation and the Group has determined that this is satisfied at the point in time

when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied.

For some contracts involving the sale of property, the Group is entitled to receive an initial deposit. This is not considered a significant financing component because it is for reasons other than the provision of financing to the Group. The initial deposits are used to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history or have a history of late payments.

4.16.2 Rendering of services

Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend and in the case of quoted securities is the ex-dividend date.

Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms.

Room, food and beverage income

The room, food and beverage income gross turnover comprise proceeds from provision of food, beverage, lodging and other hospitality industry related activities. The net turnover excludes turnover taxes and trade discounts.

The specific recognition criteria described below must also be met before revenue is recognised.

- a) Room revenue is recognised on the rooms occupied on daily basis.
- b) Food and Beverage revenue is recognised at the time of sales.
- c) Other Hotel Related Revenue is accounted when such service is rendered.

4.16.3 Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

4.16.4 Contract balances

4.16.4.1 Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 4.9) Financial instruments – initial recognition and subsequent measurement.

4.16.4.2 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract

liabilities are recognised as revenue when the Group performs under the contract.

4.17 Expenses

Expenses are recognised in the profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the profit or loss.

For the purpose of presentation of the profit or loss, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the Group's and Company's performance.

4.18 Foreign currencies

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation; the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Notes to the Financial Statements

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

4.19 Tax

4.19.1 Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

4.19.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.20 General

4.20.1 Events occurring after the reporting date

All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the financial statements. Refer Note 39 to the financial statements.

4.20.2 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.21 Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management Note 14.4 to the financial statements.

- Financial risk management and policies Note 14 to the financial statements.
- Sensitivity analyses disclosures Notes 14.3.1 and 27 to the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

4.21.1 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

The assessment includes the existing and anticipated effects from the present macro economic conditions, the circumstances of the external environment or are inconsistent with historical trends. Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and the management do not intend either to liquidate or to cease operations of the Group. Therefore, the financial statements continue to be prepared on the going concern basis.

4.21.2 Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties and owner-occupied land and buildings at fair values, with changes in fair value being recognised in the statement of profit or loss and other comprehensive income respectively. For investment properties and certain property, plant and equipment, a valuation methodology based on a discounted cash flow (DCF) model was used, as there is a lack of comparable market data because of the nature of the properties.



Notes to the Financial Statements

The Group engaged an independent valuation specialist to assess fair values as at 31 March 2026 for investment properties and land and buildings (classified as property, plant and equipment).

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 15 and 17 to the financial statements

4.21.3 Taxation

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together as with future tax planning strategies.

The Group has LKR 2,983 Mn (2025: LKR 2,683 Mn) of unused tax losses for which no deferred tax asset is recognised in the statement of financial position. These losses relate to Company and subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The Company and subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Further details on taxes are disclosed in Note 11, 26 and 31 to the financial statements.

4.22 Standards issued but not yet effective

The new and amended standards that are issued, but not yet effective up to the date of issuance of these financial statements are disclosed below. The Group intends to adopt these amended standards, if applicable, when they become effective.

4.22.1 SLFRS 18 - Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations.

In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that Financial Statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the Financial Statements and the related notes is currently being identified and evaluated.

4.22.2 SLFRS 19 Subsidiaries without public accountability:

Disclosures SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that Financial Statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted. The entity is not eligible to apply for SLFRS 19.

4.22.3 Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability linked terms and nature dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

Annual improvements to Sri Lanka Accounting Standards

Narrow scope amendments as part of its periodic maintenance of Sri Lanka Accounting Standards will be adopted, if applicable, when they become effective.

Notes to the Financial Statements

5. REVENUE

In LKR	Group		Company	
For the year ended 31 March	2026	2025	2026	2025
Interest income on loans to subsidiaries (Note 35.3.1)	-	-	277,814,191	234,435,936
Rental income derived from investment properties	726,447,943	578,142,801	-	-
Sale of paving blocks	36,557,543	17,624,726	-	-
Dividend income	-	-	47,333,143	170,371,325
Sales of Apartments	266,622,276	384,459,727	-	-
Room, food and beverage income	231,202,858	224,851,501	-	-
	1,260,830,620	1,205,078,755	325,147,334	404,807,261

5.1 Disaggregation of Revenue from Contracts with Customers

In LKR	Group	
For the year ended 31 March	2026	2025
Rental Income	726,447,943	578,142,801
Revenue from contracts with customers	534,382,677	626,935,954
Revenue recognized at a point-in-time	36,557,543	17,624,726
Revenue recognized over a period of time	497,825,134	609,311,228

6. OTHER OPERATING INCOME

In LKR	Group		Company	
For the year ended 31 March	2026	2025	2026	2025
Net gain on financial instruments at fair value through profit or loss	105,238	146,233	105,238	146,233
Maintenance income and other reimbursed expenses from tenants	34,155,202	-	-	-
Write Back of liabilities	-	6,027,564	-	7,179
Rental on hoarding and sign boards	-	10,056,938	-	-
Foreign exchange gain	-	5,609,507	-	-
Sundry income	17,716,391	18,211,036	-	-
	51,976,831	40,051,278	105,238	153,412

7. OTHER OPERATING EXPENSES

In LKR	Group		Company	
For the year ended 31 March	2026	2025	2026	2025
Bank charges	220,827	407,480	51,837	76,902
Insurance-Building	249,232	267,705	-	-
Security charges	2,730,950	2,037,400	-	-
Other operating expenses	1,717,268	602,929	45,761	-
	4,918,277	3,315,514	97,598	76,902

8. FINANCE COST

In LKR	Group		Company	
For the year ended 31 March	2026	2025	2026	2025
Interest expenses on bank overdraft	17,890,716	45,464,563	2,500,553	1,517
Interest expenses on bank and other borrowings	260,664,920	394,380,913	39,967,401	62,120,548
Interest expenses on leases	3,291,250	4,267,669	-	-
Interest expenses on related party loans	20,293,366	7,328,741	20,293,366	7,328,741
Unrealized exchange loss	19,705,657	193,125	224,712	-
	321,845,909	451,635,011	62,986,032	69,450,806

9. FINANCE INCOME

In LKR	Group		Company	
For the year ended 31 March	2026	2025	2026	2025
Interest income on short- term investments	61,949,577	23,434,646	2,053,445	977,804
	61,949,577	23,434,646	2,053,445	977,804

10. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

In LKR	Group		Company	
For the year ended 31 March	2026	2025	2026	2025
Profit before tax is stated after charging all expenses including the following;				
Directors' fees	4,500,000	5,400,000	4,500,000	5,400,000
Audit fees	8,521,675	4,196,260	1,815,853	1,732,101
Staff cost				
Defined benefit plan cost	1,513,776	1,668,068	-	-
Defined contribution plan cost - EPF & ETF	5,663,998	5,322,243	-	-
Other staff cost (excluding defined benefit plan cost and defined contribution plan cost)	54,601,109	47,279,934	-	-
Technical service fees	111,790,422	112,676,727	-	-
Depreciation of property, plant and equipment & lease hold assets	25,473,447	16,318,066	-	-
Impairment of investments in subsidiaries	-	720,062	-	-

Notes to the Financial Statements

11. TAX EXPENSE

In LKR		Group		Company	
For the year ended 31 March	Note	2026	2025	2026	2025
Current income tax:					
Current income tax charge	11.1	128,530,130	105,748,693	63,268,462	56,080,658
WHT expenses		7,773,888	41,882,951	7,773,888	41,882,951
Deferred tax:					
Relating to origination and reversal of temporary differences	11.2	793,084,280	(98,308,865)	(39,231)	893,168
Income tax expense reported in the Profit & Loss statement		929,388,298	49,322,779	71,003,119	98,856,777

11.1 Reconciliation of tax expense and the accounting profit

In LKR		Group		Company	
For the year ended 31 March	Note	2026	2025	2026	2025
Accounting profit before tax		2,484,799,676	196,604,914	220,851,956	322,339,236
Dividend income		(47,333,143)	(170,371,325)	(47,333,143)	(170,371,325)
Disallowable expenses		587,337,648	370,586,269	22,564,991	-
Allowable expenses		(1,571,885,260)	(598,678,158)	(118,769)	(118,769)
Income not liable for income tax		(1,036,436,143)	43,914,730	-	-
Expenses attributable to Dividend Income		14,929,837	35,086,384	14,929,837	35,086,384
Taxable profit/ (Tax loss) for the year		431,412,615	(122,857,185)	210,894,872	186,935,527
Income tax charged at					
Income tax at 30%		128,530,130	105,748,693	63,268,462	56,080,658
WHT expenses		7,773,888	41,882,951	7,773,888	41,882,951
Charge for the year		136,304,018	147,631,644	71,042,350	97,963,609
Deferred tax charge/(reversal)	11.2	793,084,280	(98,308,865)	(39,231)	893,168
Income tax expense reported in the Profit & Loss statement		929,388,298	49,322,779	71,003,119	98,856,777

11.2 Deferred tax expense/(reversal)

In LKR	Group		Company	
For the year ended 31 March	2026	2025	2026	2025
Deferred tax expense arising from;				
Accelerated depreciation for tax purposes	559,463,217	58,575,171	-	-
Retirement benefit obligations	(234,311)	(230,351)	-	-
Losses available for off setting against future taxable income	(8,623,463)	(22,407,923)	-	-
Gain/(loss) on fair value of investment properties	242,518,067	(135,138,931)	-	-
Intangible asset	(39,231)	893,168	(39,231)	893,168
Deferred tax charge/(reversal)	793,084,279	(98,308,865)	(39,231)	893,168
Deferred tax related to items recognised in OCI during the year				
Gain on revaluation of land	43,399,579	34,380,000	-	-
Gain on revaluation of building	9,426,433	15,639,147	-	-
Actuarial gain/(loss) on employee benefit liabilities	(828,964)	(613,450)	-	-
Deferred tax charged to OCI	51,997,048	49,405,697	-	-
	845,081,328	(48,903,169)	(39,231)	893,168

11.3 Tax losses carried forward

In LKR	Group		Company	
For the year ended 31 March	2026	2025	2026	2025
Tax losses brought forward	2,757,929,642	4,282,818,626	311,312,903	311,312,903
Tax losses for the year	592,590,307	302,413,119	-	-
Adjustments on finalisation of liability	(31,491,433)	(26,352,633)	-	-
Tax losses expired during the year	(307,113,252)	(1,800,949,470)	-	-
Tax losses carried forward	3,011,915,264	2,757,929,642	311,312,903	311,312,903

LKR 2,983 Mn (2025: 2,683 LKR Mn) of unused tax losses for which no deferred tax asset is recognized in the statement of financial position.

Notes to the Financial Statements

11.4 Applicable rates of income tax

Resident companies in the Group, excluding the company which enjoys a concessionary rate of taxation, were liable to income tax at 30% during year of assessment 2025/26, (Y/A 2024/25 - 30%). Lanka Realty Development (Pvt) Ltd governs under an agreement with Board of Investment of Sri Lanka (BOI). The income tax profit of Lanka Realty Development (Pvt) Ltd is taxable at 20%.

11.4.1 Corporate income taxes of companies resident in Sri Lanka will be subjected to the Inland Revenue Act No.24 of 2017.

12. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings/(loss) per share

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive potential ordinary shares into ordinary shares.

In LKR	Group		Company	
For the year ended 31 March	2026	2025	2026	2025
Profit/(loss) attributable to ordinary equity holders of the parent for the basic and diluted EPS calculations (LKR)	806,852,513	(94,519,780)	149,848,837	223,482,459
Number of ordinary shares for basic EPS	211,370,428	211,370,428	211,370,428	211,370,428
Number of ordinary shares adjusted for the effect of dilution	211,370,428	211,370,428	211,370,428	211,370,428

12.1 Basic earnings/(loss) per share

In LKR	Group		Company	
For the year ended 31 March	2026	2025	2026	2025
Profit /(loss) attributable to ordinary equity holders of the parent	806,852,513	(94,519,780)	149,848,837	223,482,459
Number of ordinary shares for basic EPS	211,370,428	211,370,428	211,370,428	211,370,428
Basic earnings/(loss) per share	3.82	(0.45)	0.71	1.06

12.2 Diluted earnings/(loss) per share

In LKR	Group		Company	
For the year ended 31 March	2026	2025	2026	2025
Profit /(loss) attributable to equity holders of the parent	806,852,513	(94,519,780)	149,848,837	223,482,459
Number of ordinary shares adjusted for the effect of dilution	211,370,428	211,370,428	211,370,428	211,370,428
Diluted earnings/(loss) per share	3.82	(0.45)	0.71	1.06

13. FINANCIAL INSTRUMENTS

13.1 Financial assets and liabilities by class

Set out below is a comparison by class of the carrying amounts and fair values of the Group's and Company's financial instruments that are carried in the financial statements.

In LKR		Group		Company	
Financial assets by class		Carrying value	Fair value	Carrying value	Fair value
As at 31 March	Note	2026		2026	
Financial instruments in Non current assets					
Financial Assets at Amortised Cost	33.1	1,314,319,000	1,314,319,000	-	-
Financial instruments in current assets					
Loans and receivables					
Trade and other receivables	21	598,724,027	598,724,027	783,905	783,905
Amounts due from related parties	35.4	136,530,638	136,530,638	2,130,542,049	2,130,542,049
Financial assets-fair value through profit or loss	22	347,751	347,751	347,751	347,751
Financial Assets at Amortised Cost	33.2	152,364,406	152,364,406	-	-
Cash in hand & at bank	34	164,827,037	164,827,037	14,107,298	14,107,298
Total		1,052,793,859	1,052,793,859	2,145,781,003	2,145,781,003

In LKR		Group		Company	
Financial assets by class		Carrying value	Fair value	Carrying value	Fair value
As at 31 March	Note	2025		2025	
Financial instruments in current assets					
Loans and receivables					
Trade and other receivables	21	339,282,313	339,282,313	783,905	783,905
Amounts due from related parties	35.4	6,226,070	6,226,070	2,111,163,531	2,111,163,531
Financial assets-fair value through profit or loss	22	242,513	242,513	242,513	242,513
Short-term investments	33.2	20,475,577	20,475,577	-	-
Cash in hand & at bank	34	240,845,747	240,845,747	58,863,463	58,863,463
Total		607,072,220	607,072,220	2,171,053,411	2,171,053,411

Notes to the Financial Statements

13.1 Financial assets and liabilities by class (Contd.)

In LKR		Group		Company	
Financial liabilities by class		Financial liabilities measured at amortised cost		Financial liabilities measured at amortised cost	
As at 31 March	Note	2026	2025	2026	2025
Financial instruments in non-current liabilities					
Interest bearing borrowings	28	667,353,915	1,627,864,005	-	400,000,000
Amount due to related parties	35.5	113,189,826	104,995,090	113,189,826	104,995,090
Financial instruments in current liabilities					
Trade & other payables	30	441,089,376	344,687,844	1,302,844	1,360,194
Amounts due to related parties	35.5	598,095,741	357,262,291	4,213,854,785	1,519,618,768
Interest bearing borrowings	28	3,009,687,964	2,915,433,646	388,164,533	106,734,300
Bank overdrafts	34	386,227,377	340,659,595	163,182,638	15,336,034
Total		5,215,644,199	5,690,902,472	4,879,694,625	2,148,044,387

The management assessed that, cash in hand and at bank, short-term investments, amounts due from related parties, trade and other receivables, trade and other payables, amount due to related parties and bank overdrafts approximate to their fair value largely due to the short-term maturities of these instruments. The fair value of loans and receivables and financial liabilities does not significantly vary from the value based on the amortised cost methodology for the Group/Company.

The management also assessed its interest bearing borrowings and since they are approximate to the floating market interest rates and considered not significantly variable from fair value.

13.2 Financial assets and liabilities by fair value hierarchy

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The group and the Company held the following financial and non-financial instruments carried at fair value in the statement of financial position.

In LKR	Group			
As at 31 March	2026			
Assets measured at fair value	Total	Level 1	Level 2	Level 3
Investment property / Property Plant & Equipment (Note 17 & 15)				
Land and building	25,846,876,466	-	-	25,846,876,466
Long term leasehold rights of lands	471,717,298	-	-	471,717,298
	26,318,593,764	-	-	26,318,593,764
Financial assets at fair value through profit or loss				
Quoted equity shares (Note 22)	347,751	347,751	-	-

During the reporting period ended 31 March 2026, there were no transfers between Level 1 and Level 2 fair value measurements.

In LKR	Group			
As at 31 March	2025			
Assets measured at fair value	Total	Level 1	Level 2	Level 3
Investment property/Property plant & equipment (Note 17 & 15)				
Land and building	17,250,257,532	-	-	17,250,257,532
Long term leasehold rights of lands	436,409,000	-	-	436,409,000
	17,686,666,532	-	-	17,686,666,532
Financial assets at fair value through profit or loss				
Quoted equity shares (Note 22)	242,513	242,513	-	-



Notes to the Financial Statements

14. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risk from financial instruments

1. Credit risk
2. Liquidity risk
3. Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included through out these consolidated financial statements.

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's financial risk management frame work which includes developing and monitoring the Group's financial risk management policies.

Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities. The Lanka Realty Investments PLC audit committee overseas how management monitors compliance with the Group's financial risk managements polices and procedures, and review the adequacy of the financial risk management framework in relation to the risk faced by the Group.

14.1 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

14.1.1 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.

In LKR		Group	
As at 31 March	Note	2026	2025
Trade & other receivables	21	598,724,027	339,282,313
Amounts due from related parties	35.4	136,530,638	6,226,070
Financial assets/Fair value through profit or loss	22	347,751	242,513
Financial Assets at Amortised Cost	33.2	1,466,683,406	20,475,577
Cash in hand and at bank	34	164,827,037	240,845,747
Total credit risk exposure		2,367,112,859	607,072,220

In LKR		Company	
As at 31 March	Note	2026	2025
Trade & other receivables	21	783,905	783,905
Amounts due from related parties	35.4	2,130,542,049	2,111,163,530
Financial assets/Fair value through profit or loss	22	347,751	242,513
Cash in hand and at bank	34	14,107,298	58,863,463
Total credit risk exposure		2,145,781,003	2,171,053,410

14.1.1.1 Trade receivables

In LKR		Group		Company	
As at 31 March	Note	2026	2025	2026	2025
Neither past due nor impaired		586,260,337	206,926,668	-	-
Past due but not impaired					
30-60 days		6,958,457	5,327,089	-	-
61-90 days		2,601,902	2,433,341	-	-
91-180 days		25,709	38,552,801	-	-
> 181 days		-	2,153,165	-	-
Impaired		7,620,489	7,620,489	-	-
Gross carrying value		603,466,894	263,013,553	-	-
Less: impairment provision					
Individually assessed impairment provision	21.1.1	(7,620,489)	(7,620,489)	-	-
Total		595,846,405	255,393,064	-	-

The requirement for an impairment is analysed at each reporting date on an individual basis for all customers. The calculation is based on actual incurred historical data.

Notes to the Financial Statements

14.1.1.2 Amounts due from related parties

The Company's/Group's amounts due from related party mainly consists of the balance from subsidiaries (Companies under common control) and other related companies respectively.

14.1.1.3 Fair value through profit or loss

The financial asset class of fair value through profit or loss consist of quoted investments held for trading purposes.

14.1.1.4 Credit risk relating to cash and cash equivalents

To mitigate the concentration, settlement, and operational risks associated with cash and cash equivalents, the Group/Company carefully manages its exposure to any single counterparty. This is done by considering, where relevant, the counterparty's credit rating or financial standing. The position is reviewed as needed, taking into account the duration of the exposure, the nature of the transaction, and the agreement governing the exposure.

14.2 Liquidity Risk

The Group's policy is to maintain cash and undrawn committed facilities at a level that ensures sufficient funds are available to meet its medium-term capital and funding obligations, including those related to organic growth, acquisitions, and any unforeseen obligations or opportunities. This approach allows the Group to effectively manage its liquidity risk.

The Group manages its risk of a potential shortage of funds through a daily cash management process. This process takes into account the maturity of the Group's financial investments and assets (such as accounts receivable and other financial assets) as well as projected cash flows from operations.

All liquidity policies and procedures are reviewed and approved by the Board of Directors. Daily reports provide updates on the liquidity position of the Group and its operating subsidiaries.

14.2.1

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Net (debt)/cash				
Cash in hand and at bank	164,827,037	240,845,747	14,107,298	58,863,463
Short-term investments	152,364,406	20,475,577	-	-
Liquid assets	317,191,443	261,321,324	14,107,298	58,863,463
Bank overdrafts	386,227,377	340,659,595	163,182,638	15,336,034
Liquid liabilities	386,227,377	340,659,595	163,182,638	15,336,034
Net (debt)/cash	(69,035,934)	(79,338,271)	(149,075,340)	43,527,429

14.2.2 Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

As at 31 March	2026					
Group In LKR	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 Years	Total
Refer Note 13.1 to the financial statements						
Interest bearing borrowings	-	752,421,991	2,257,265,973	667,353,915	-	3,677,041,879
Trade and other payables	-	110,272,344	330,817,032	-	-	441,089,376
Other current liabilities	-	123,353,914	370,061,742	-	-	493,415,656
Amounts due to related parties	598,095,741	-	-	-	113,189,826	711,285,566
Bank overdrafts	386,227,377	-	-	-	-	386,227,377
Total	984,323,118	986,048,249	2,958,144,747	667,353,915	113,189,826	5,709,059,855

As at 31 March	2025					
Group In LKR	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 Years	Total
Interest bearing borrowings	-	485,905,608	2,429,528,038	641,703,666	986,160,342	4,543,297,654
Trade and other payables	-	86,171,961	258,515,883	-	-	344,687,844
Other current liabilities	-	78,637,181	235,911,542	-	-	314,548,722
Amounts due to related parties	357,262,291	-	-	-	104,995,090	462,257,381
Bank overdrafts	340,659,595	-	-	-	-	340,659,595
Total	697,921,886	650,714,750	2,923,955,463	641,703,666	1,091,155,432	6,005,451,196

Notes to the Financial Statements

14.2.2 Maturity analysis (Contd.)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at 31 March	2026					
Company In LKR	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 Years	Total
Interest bearing borrowings	-	64,694,089	323,470,444	-	-	388,164,533
Trade and other payables	-	1,302,844	-	-	-	1,302,844
Other current liabilities	-	11,244,454	33,733,363	-	-	44,977,817
Amounts due to related parties	2,626,715,230	-	1,587,139,555	-	113,189,826	4,327,044,611
Bank overdrafts	163,182,638	-	-	-	-	163,182,638
Total	2,789,897,868	77,241,387	1,944,343,362	-	113,189,826	4,924,672,443

As at 31 March	2025					
Company In LKR	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 Years	Total
Interest bearing borrowings	-	17,789,050	88,945,250	400,000,000	-	506,734,300
Trade and other payables	-	1,360,194	-	-	-	1,360,194
Other current liabilities	-	6,302,575	18,907,724	-	-	25,210,298
Amounts due to related parties	1,519,618,768	-	-	-	-	1,519,618,768
Bank overdrafts	15,336,034	-	-	-	-	15,336,034
Total	1,534,954,802	25,451,819	107,852,974	400,000,000	-	2,068,259,594

14.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. These market prices encompass four types of risk: interest rate risk, foreign currency risk, commodity price risk, and other price risks, such as equity price risk. The Group's financial instruments affected by market risk include FVTPL investments, which primarily consist of equity securities.

The Group is exposed to foreign currency risk on profit and cash that are denominated in currencies other than the Company's functional currency. The primary currencies contributing to this risk are US Dollars and Sterling Pounds.

The goal of market risk management is to control and manage market risk exposures within acceptable boundaries while maximizing returns.

14.3.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will vary due to changes in market interest rates. The Group's exposure to this risk is mainly associated with the Company's long-term debt obligations, which have floating interest rates.

In LKR	Group		Company	
For the year ended 31 March	Increase/ (decrease) in basis points	Effect on profit before tax (LKR)	Increase/ (decrease) in basis points	Effect on profit before tax (LKR)
2026	+500	(233,427,394)	+500	(31,053,163)
	-500	216,300,548	-500	31,053,163
2025	+500	(306,311,552)	+500	(40,538,744)
	-500	286,140,348	-500	40,538,744

14.3.2 Equity price risk

The company's equity securities, both listed and unlisted, are exposed to market price risk due to uncertainties regarding their future values.

14.3.3 Financial assets or loss investments

All investments in quoted and unquoted equity are made only after receiving approval from the Board of Directors.

14.4 Capital management

The Group's main goal in capital management is to maintain a strong financial position and healthy capital ratios to support its business and maximize shareholder value.

The Group adjusts its capital structure in response to changes in economic conditions. To maintain or modify its capital structure, the Group may issue new shares, conduct a rights issue, or buy back shares.

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Interest bearing borrowings	3,677,041,879	4,543,297,652	388,164,533	506,734,300
Trade and other payables	441,089,376	344,687,844	1,302,844	1,360,194
Less: Cash in hand, at bank and short-term investments	(164,827,037)	(240,845,747)	(14,107,298)	(58,863,463)
Net debt	3,953,304,218	4,647,139,748	375,360,079	449,231,031
Equity	10,642,178,081	8,142,958,394	7,700,577,847	7,550,772,879
Total capital	10,642,178,081	8,142,958,394	7,700,577,847	7,550,772,879
Capital and net debt	14,595,482,299	12,790,098,142	8,075,937,926	8,000,003,910
Gearing ratio	27%	36%	5%	6%

Notes to the Financial Statements

15. PROPERTY, PLANT AND EQUIPMENT

15.1 Group

As at 31 March In LKR	Land & building	Plant & machinery	Cutlery, Furniture & Cookery & fittings, Linen tools & office equipment	Motor vehicles	Capital work in progress	Total 2026	Total 2025	
Cost								
Freehold assets								
At the beginning of the year	2,007,222,906	150,331,817	8,566,268	75,959,074	9,276,554	-	2,251,356,619	2,076,307,198
Acquisition of a Subsidiary	-	-	-	20,806,000	179,644,000	-	200,450,000	-
Additions	1,100,000	2,756,665	163,428	3,538,234	11,000,000	-	18,558,327	2,579,214
Gain on revaluation	144,589,114	-	-	-	-	-	144,589,114	172,470,208
Disposals	-	-	-	(1,229,000)	-	-	(1,229,000)	-
At the end of the year	2,152,912,020	153,088,482	8,729,696	99,074,308	199,920,554	-	2,613,725,060	2,251,356,619
Leasehold Land, except for investment property								
At the beginning of the year	368,899,174	-	-	-	-	67,509,827	436,409,001	429,395,892
Additions	-	-	-	-	-	7,554,357	7,554,357	7,013,108
Gain on revaluation	27,753,941	-	-	-	-	-	27,753,941	-
At the end of the year	396,653,115	-	-	-	-	75,064,184	471,717,299	436,409,000
Total value of assets	2,549,565,135	153,088,482	8,729,696	99,074,308	199,920,554	75,064,184	3,085,442,359	2,687,765,619
Depreciation and impairment								
Freehold assets								
At the beginning of the year	10,229,820	133,675,777	7,610,507	74,370,630	9,276,554	-	235,163,287	218,845,222
Acquisition of a Subsidiary	-	-	-	14,411,033	24,848,993	-	39,260,026	-
Charge for the year	4,452,364	5,512,416	591,351	3,794,160	11,123,156	-	25,473,447	16,318,066
Disposals	-	-	-	(1,207,425)	-	-	(1,207,425)	-
At the end of the year	14,682,184	139,188,193	8,201,858	91,368,398	45,248,703	-	298,689,336	235,163,287
Total depreciation and impairment	14,682,184	139,188,193	8,201,858	91,368,398	45,248,703	-	298,689,336	235,163,287
Carrying value								
As at 31 March 2026	2,534,882,951	13,900,289	527,838	7,705,911	154,671,851	75,064,183	2,786,753,024	-
As at 31 March 2025	2,365,892,260	16,656,040	955,761	1,588,445	-	67,509,827	-	2,452,602,333

15.1.1 Land & buildings

Revaluation of land and buildings

Fair value of the land and buildings was determined using the market comparable techniques. The valuations have been performed by the valuer and are based on prices of transactions for properties of similar nature, location and condition. As at the date of revaluation on 31 March 2026, the land and building's valuations performed by Mr. G.W.G. Abeygunawardene Chartered Valuation Surveyor, an accredited external valuer who has valuation experience for similar properties. A net gain from the revaluation of the land and building LKR 172.34 Mn in 2026 was recognized in Other Comprehensive Income (OCI).

Company	Location	Building area (Sq Ft)	Extent (in perch)	No. of Buildings at each location	Value of building LKR	Value of land LKR	Total Value 2026 LKR	Total Value 2025 LKR
Freehold Land and Buildings								
Amtrad Ltd	Mirigama	51,490	748.59	1	200,300,000	322,900,000	523,200,000	504,600,000
Almond Trees (Pvt) Ltd	Palhena, Weligama	8,034	86.40	1	356,200,000	691,300,000	1,047,500,000	971,000,000
Ilook Villa (Pvt) Ltd	Mahavohara Road, Ahangama	7,322	105.2	1	148,200,000	287,600,000	435,800,000	396,100,000
On'ally Holdings PLC	Galle Road, Colombo 04	2,833	-	1	116,300,000	-	116,300,000	109,500,000
					821,000,000	1,301,800,000	2,122,800,000	1,981,200,000
Leasehold Land								
Lanka Realty Ambalangoda (Pvt) Ltd	Modar Deawala Rd, Nambimulla, Ambalangoda	-	254.8	-	-	230,746,201	230,746,201	234,321,439
Lanka Realty Leisure (Pvt) Ltd	Palatupana, Thissamaharama	-	1,105	-	-	181,400,000	181,400,000	150,070,821
					-	412,146,201	412,146,201	384,392,260
					821,000,000	1,713,946,201	2,534,946,201	2,365,592,260

Company	Category	District	Valuation Technique	Significant unobservable input	2026	2025
Freehold Land and Building						
Amtrad Ltd	Land and Building	Gampaha	Comparison and DRC Methods	Per perch price in LKR	325,000 to 550,000	285,000 to 500,000
				Per Sq. ft price in LKR	2,600 to 4,350	2,720 to 4,450
Almond Trees (Pvt) Ltd	Land and Building	Matara	Income approach	Rent Yield	8.00%	8.00%
				Room rate per day in LKR	75,000	70,000
				Occupancy ratio	85%	85%
Ilook Villa (Pvt) Ltd	Land and Building	Galle	Income approach	Rent Yield	8.00%	8.00%
				Room rate per day in LKR	60,000	55,000
				Occupancy ratio	70%	70%
On'ally Holdings PLC	Buildings	Colombo	Investment approach	Market rent per Sq. ft LKR	270	255
				Rate growth in future rentals	6.0%	6.0%

Notes to the Financial Statements

15.1.1 Land & buildings (Contd.)

Company	Category	District	Valuation Technique	Significant unobservable input	2026	2025
Leasehold Land						
Lanka Realty Ambalangoda (Pvt) Ltd	Land	Galle	Comparison and Residual Method	Per perch price in LKR	2,600,000	-
					No. of rooms 53	No. of rooms 53
					Room rate per day LKR 33,500	Room rate per day LKR 27,500
					Capitalization rate 8%	Capitalization rate 8%
Lanka Realty Leisure (Pvt) Ltd	Land	Hambanthota	Comparison and Residual Method	Per perch price in LKR	330,000	-
					No. of rooms 30	No. of rooms 30
					Room rate per day LKR 37,500	Room rate per day LKR 35,000
					Capitalization rate 7.5%	Capitalization rate 8%

Significant increases/ (decreases) in estimated price per perch/ sq. ft in isolation would result in a significantly higher (lower) fair value on a linear basis. Significant increases/ (decreases) in market rent, rent growth and anticipated maintenance cost per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases/ (decreases) in rent yield, room rate per day and occupancy ratio in isolation would result in a significantly lower (higher) fair value.

15.1.2 Leasehold Land

Lanka Realty Ambalangoda (Pvt) Ltd and Lanka Realty Leisure (Pvt) Ltd holds right of use properties situated in commercial and mix development zone in Ambalangoda and tourism development zone, Tissamaharama respectively.

The area of right of use asset of Lanka Realty Leisure (Pvt) Ltd is considered as a tourism development zone close to yala national park and surrounded by number of hotels, villas and spas. The property enjoys a beach frontage and proposed for a hotel development.

Similarly, the area of Lanka Realty Ambalangoda (Pvt) Ltd is situated bordering to the sea shore and contains of a single storied more than 100 years old Dutch building protected by the Archaeology Department of Sri Lanka.

As at 31 March 2026, the fair value for Lanka Realty Leisure (Pvt) Ltd and Lanka Realty Ambalangoda (Pvt) Ltd's land have been assessed by Messers G.W.G.Abeygunawardane FRICS (Chartered Valuation Surveyor) accredited specialist in valuing these types of properties. Land value was appraised in accordance with SLFRS 13 and LKAS 16. The valuation was carried out using comparable techniques, the Comparison/Market approach and the Residual approach. The resulting valuations are consistent and fall within a similar range.

15.1.4 Fully depreciated assets

Property, plant and equipment includes fully depreciated assets amounting to LKR 102,346,544 (2025: LKR 79,913,591) and continue to be in use by the Group.

15.2 Company

In LKR	Furniture, fitting & office equipment	Motor vehicles	Total 2026	Total 2025
As at 31 March				
Cost				
At the beginning of the year	6,923,532	5,300,000	12,223,532	12,223,532
At the end of the year	6,923,532	5,300,000	12,223,532	12,223,532
Depreciation				
At the beginning of the year	6,923,532	5,300,000	12,223,532	12,223,532
At the end of the year	6,923,532	5,300,000	12,223,532	12,223,532
Carrying value				
As at 31 March 2026	-	-	-	-
As at 31 March 2025	-	-	-	-

15.2.1 Fully depreciated assets

Property, plant and equipment includes fully depreciated assets amounting to LKR 12,223,532 (2025: LKR 12,223,532) and continue to be in use by the Company.

Notes to the Financial Statements

16. INTANGIBLE ASSETS

16.1 Group

In LKR	Goodwill	Web development costs	Total 2026	Total 2025
As at 31 March				
Cost				
At the beginning of the year	334,339,021	13,881,371	348,220,392	348,940,453
Disposal	-	-	-	(720,062)
Additions	-	830,250	830,250	-
At the end of the year	334,339,021	14,711,621	349,050,642	348,220,392
Accumulated amortisation and impairment				
At the beginning of the year	-	7,841,984	7,841,984	5,057,699
Charge for the year	-	2,818,969	2,818,969	2,784,285
At the end of the year	-	10,660,953	10,660,953	7,841,984
Carrying value				
As at 31 March 2026	334,339,021	4,050,668	338,389,689	-
As at 31 March 2025	-	-	-	340,378,408

16.2 Company

In LKR	Web Development Costs	Total 2026	Total 2025
As at 31 March			
Cost			
At the beginning of the year	2,495,380	2,495,380	2,495,380
At the end of the year	2,495,380	2,495,380	2,495,380
Accumulated amortisation and impairment			
At the beginning of the year	1,295,474	1,295,474	1,045,936
Charge for the year	249,538	249,538	249,538
At the end of the year	1,545,012	1,545,012	1,295,474
Carrying value			
As at 31 March 2026	950,368	950,368	-
As at 31 March 2025	-	-	1,199,906

16.3 Goodwill

The aggregate provisional carrying amount of goodwill allocated to each unit is as follows:

As at 31 March In LKR	2026	2025
Almond Trees (Pvt) Ltd Group	54,845,644	54,845,644
On'ally Holdings PLC	279,493,377	279,493,377
	334,339,021	334,339,021

16.4 Web development costs

Web developments costs includes costs incurred in-relation to the development of Group's/ Company's website and it's amortised over a period of 10 years.

16.5 Annual impairment testing

The recoverable values of the above CGU's were subjected to an impairment test based on value in use. The value in use was determined by discounting the future cash flows generated from the continuing use of the unit and key assumptions used are given below:

As at 31 March In LKR	2026	2025
Business Growth - Based on historical growth rate and business plan	6.5%-7.5%	6.5%-7.5%
Discount Rate - Average market borrowing rate adjusted for risk premium	10% - 12.2%	10% - 12.8%
Margin - Based on current margin and business plan		
Inflation - Based on the current inflation rate and the percentage of the total cost subjected to the inflation		

17. INVESTMENT PROPERTIES

As at 31 March In LKR	Group	
	2026	2025
At the beginning of the year	15,253,264,446	14,622,664,445
Acquisition of a Subsidiary (Note 18.2)	6,320,500,000	-
Disposals	(1,980,700,000)	-
Additions	277,376,888	173,401,126
Change in fair value during the year	2,503,523,112	457,198,875
Investment Property Under Development (Note 17.1)	1,320,000,000	-
At the end of the year	23,693,964,446	15,253,264,446

Notes to the Financial Statements

17.1 Investment Property Under Development

During the year, Baseline Holdings (Pvt) Ltd, a subsidiary of the Group, disposed of a land which was classified as Investment Property, with a carrying value of LKR 1,980 million. As a part of sales consideration the group received 21 residential apartments which is fair valued as at reporting date amounted to LKR 1,320 million. The Group's fair value gain for the year is LKR 720 million. The Group has substantive contractual rights to transfer ownership of these apartments to any third party customer at any given point in time. The residential apartments were measured at fair value based on observed market prices published by the Real estate developer for comparable units sold to third party customer within the same apartment complex.

17.2 The details of investment properties of the group are disclosed below:

The Group's investment property includes:

Company	Location	Total Value 2026 LKR	Total Value 2025 LKR
Lanka Realty Development (Pvt) Ltd	T. B. Jayah Mawatha, Colombo 10.	4,000,000,000	3,500,000,000
Oak Streets (Pvt) Ltd	T. B. Jayah Mawatha, Colombo 10.	4,913,892,522	4,306,892,523
Baseline Holdings (Pvt) Ltd	Danister De Silva Mawatha, Colombo 09.	-	1,992,319,440
Crown Resorts (Private) Limited	Century Park, Delathura, Ja-ela.	729,071,924	683,852,483
On'ally Holdings PLC	Galle Road, Colombo 04	6,410,500,000	4,770,200,000
Lee Hedges PLC (Note 18.2)	353 Galle Road, Colombo 03, Sri Lanka	6,320,500,000	-
Investment property under development (Note 17.1)	Danister De Silva Mawatha, Colombo 09.	1,320,000,000	-
		23,693,964,446	15,253,264,446

As at 31 March 2026 the fair values of the properties are based on valuation performed by Mr. G W G Abeygunawardene (chartered valuation surveyors), an accredited independent valuer. Mr Abeygunawardene is a specialist in valuing these types of investment properties. Investment Property was appraised in accordance with SLFRS 13 and LKAS 40.

As at 31 March 2026 the fair values of the Lee Hedges PLC properties are based on valuation performed by Mr. S.Sisvakantha (F.I.V.), an accredited independent valuer. Mr. S.Sisvakantha is a specialist in valuing these types of investment properties. Investment Property was appraised in accordance with SLFRS 13 and LKAS 40.

17.3 Description of valuation techniques used and key inputs to valuation on investment properties:

As at 31 March	Address	Land Extent (perches)	Building area (Sq.ft.)	Type of Investment Properties	No. of Buildings at each location	Method of Valuation	Significant Unobservable Inputs	2026	2025
Company Name									
Lanka Realty Developments (Pvt) Ltd	464/A, TB Jayah Mawatha, Colombo 10	41.24	114,900	Land & Building	1	Comparison and DRC Methods	Per perch price	LKR 22,000,000	LKR 20,500,000
							Per Sq. ft price	LKR 21,000 to 28,000	LKR 19,000 to 24,750
Oak Streets (Pvt) Ltd	285, T B Jayah Mawatha, Colombo 10	214.65	-	Land		Comparison Method	Per perch price	LKR 22,500,000	LKR 20,000,000
Crowns Resorts (Pvt) Ltd	206/01 A, Century Park, Delathura, Ja-ela.	780.49	-	Land	-	Comparison Method	Per perch price	LKR 925,000	LKR 882,000
On'ally Holdings PLC	No. 02, Galle Road, Colombo 4	86.25	77,600	Land & Building	1	Investment Method - Income Capitalisation Method	Estimated rental value per sq. ft for retail shop units	LKR 884.51	LKR 872.18
							Estimated rental value per sq. ft for office premises	LKR 237.75	LKR 216.93
							Estimated rental value per sq. ft for LED Screen	LKR 155.62	-
							Discount Rate	12.2%	12.8%
							Capitalisation yeild	6.1%	-
Lee Hedges PLC	No.349 and 353 Galle Road Colombo 3	97.39		Land & Building	1	Market Approach	per perch	LKR 15,000,000 to LKR 29,000,000	-
		51.8	103,848	Land & Building	1	Investment Method	Capitalisation	5.0%	-

Significant increases/ (decreases) in estimated price per perch/ sq. ft in isolation would result in a significantly higher (lower) fair value on a linear basis. Significant increases/ (decreases) in Estimated rental value per sq. ft, discount rate, Capitalisation rate, growth rate and cost escalation per annum in isolation would result in a significantly higher (lower) fair value of the properties.

During the year ended 31 March 2026, the valuation technique applied in determining the fair value of the On'ally Holdings PLC's investment property was changed from the income approach to the investment approach.

17.4 The Group as a lessor has entered into operating leases on its investment property consisting of office building hold by Lanka Realty Development (Pvt) Ltd, On'ally Holdings PLC and Lee Hedges PLC. These leases have terms of between one and five years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties.

Rental income derived from investment property by the group amount to LKR 726.4 Mn (2025: LKR 578.1 Mn).
Direct operating expenses on investment property for the year LKR 318.5 Mn (2025: LKR 173.4 Mn).

Notes to the Financial Statements

Future minimum rentals receivable under non-cancellable operating leases as at 31 March are as follows:

As at 31 March	Group	
In LKR	2026	2025
Within one year	640,249,187	239,631,587
After one year but not more than five years	2,414,307,459	133,910,265
More than five years	604,562,757	-
	3,659,119,403	373,541,852

- 17.4** Lands and buildings with carrying amount of LKR 14,348.3 Mn (2025: LKR 12,699.2 Mn) are subject to a first charge to secure two of the group's bank loans/overdraft. The details are shown in Note 28.3 to the financial statements.

18. INVESTMENTS

18.1 Company Investment in Subsidiaries

In LKR	Effective holding % 2026	Effective holding % 2025	Number of shares 2026	Number of shares 2025	2026	2025
As at 31 March						
Group unquoted investments						
L & A Quarries (Pvt) Ltd	100.00%	100.00%	9,437,292	9,437,292	94,372,928	94,372,928
Amtrad Ltd	80.00%	80.00%	8,624,000	8,624,000	86,327,225	86,327,225
Lanka Realty Developments (Pvt) Ltd	51.00%	100.00%	57,204,262	57,204,262	900,350,003	900,350,003
Lanka Realty Leisure (Pvt) Ltd	100.00%	100.00%	3,546,941	3,546,941	50,468,410	50,468,410
Ascot Yala (Pvt) Ltd	100.00%	100.00%	100	100	42,000	42,000
Lanka Realty Ambalangoda (Pvt) Ltd	100.00%	100.00%	998,160	998,160	9,981,600	9,981,600
Alexandra Holdings (Pvt) Ltd	100.00%	100.00%	605,838	605,838	478,049,000	478,049,000
Mulberry Holdings (Pvt) Ltd	100.00%	100.00%	17,980,820	17,980,820	789,930,000	789,930,000
Baseline Holdings (Pvt) Ltd	100.00%	100.00%	666,300	666,300	1,103,387,637	1,103,387,637
285 Darley Road (Pvt) Ltd	100.00%	100.00%	5,756,200	5,756,200	2,392,260,000	2,392,260,000
Almond Trees (Pvt) Ltd	100.00%	100.00%	8,566,944	8,566,944	567,557,000	567,557,000
Thudella Holdings (Pvt) Ltd	100.00%	100.00%	1,121,730	1,121,730	298,851,620	298,851,620
On'ally Holdings PLC	50.89%	50.89%	47,325,368	47,325,368	1,461,776,888	1,461,776,888
Lee Hedges PLC (Note 18.2)	53.15%	0.00%	13,607,784	-	2,990,554,175	-
					11,223,908,486	8,233,354,311
Provision for fall in value of investment made by the Company						
L & A Quarries (Pvt) Ltd***					(94,372,928)	(94,372,928)
Mulberry Holdings (Pvt) Ltd****					(333,063,804)	(333,063,804)
Alexandra Holdings (Pvt) Ltd*****					(196,589,918)	(196,589,918)
Company investment in subsidiary					10,599,881,835	7,609,327,660

*** In 2026, the impairment provision of LKR 94,372,928 represent the total impairment of investment in L&A Quarries (Pvt) Ltd. The investment does not generate cash flow or economic benefits to the company. The recoverable amount of LKR Nil as at 31 March 2026 is its fair value less cost to sell.

**** In 2026, the impairment provision of LKR 333,063,804 represent the impairment of investment in Mulberry Holdings (Pvt) Ltd recognise based on the discounted future cash flow upto carrying value. The recoverable amount of LKR 456,866,196 as at 31 March 2026.

***** In 2026, the impairment provision of LKR 196,589,918 represent the impairment of investment in the Alexandra Holdings (Pvt) Ltd recognise based on the discounted future cash flow upto carrying value. The recoverable amount of LKR 281,459,082 as at 31 March 2026.

18.2 Business Combination

Acquisition of Lee Hedges PLC

On 8th January 2026, the Group acquired 53.15% of the voting shares of Lee Hedges PLC, a listed company in Colombo Stock Exchange. Lee Hedges PLC is in the business of development of property, administration and maintenance.

The Group has elected to measure the non controlling interest in the acquiree at fair value.

Assets acquired and Liabilities assumed

The fair values of identifiable assets and liabilities of Lee Hedges PLC as at 8th January 2026 were:

As at 31 March	Fair Value Recognise on Acquisition Date LKR
In LKR	
Assets	
Property, Plant and Equipment	161,189,000
Investment Properties (Note 17)	6,320,500,000
Financial Assets at Amortised Cost	1,285,775,000
Trade and Other Receivables	211,036,000
Financial Assets at Amortised Cost	104,617,000
Income Tax Receivable	26,411,000
Cash and Cash Equivalents	23,719,000
	8,133,247,000
Liabilities	
Retirement Benefit Obligation (Note 27)	14,063,000
Security Deposit	75,864,000
Deferred Tax Liabilities (Note 26)	807,932,000
Other Payables	305,318,000
Income Tax Payable	16,911,000
Bank Overdrafts	48,967,000
	1,269,055,000
Total identifiable net asset at fair value	6,864,192,000
Non controlling interest measured at share of fair value of net identifiable assets and liabilities	(3,363,399,735)
Purchase consideration transferred	2,871,713,351
Gain on bargain purchase	629,078,914

Notes to the Financial Statements

18.2 Business Combination (Contd.)

During the year, the Group acquired additional shares in Lee Hedges PLC pursuant to the mandatory offer requirements of the Company Take-Over and Mergers Code, 1995, subsequent to obtaining control of the Lee Hedges PLC. As the transaction did not result in a change in control, it was accounted for as an equity transaction. Accordingly, the carrying amount of the non-controlling interests was adjusted to reflect the change in ownership interest, with the difference between the consideration paid and the adjustment to non-controlling interests recognized directly in equity attributable to the equity holders of the parent.

19. OTHER NON-CURRENT ASSETS

In LKR	Group	
As at 31 March	2026	2025
Deposit made to Ceylon Electricity Board	5,937,231	5,937,231
Deposit made to Urban Council Ambalangoda on 50 year lease period	2,100,000	2,100,000
	8,037,231	8,037,231

20. INVENTORIES

In LKR		Group	
As at 31 March	Note	2026	2025
Raw materials and consumables		3,298,317	9,099,462
Finished goods		1,940,254	3,046,224
Inventory property	20.1	266,865,429	401,508,411
Food & beverages		13,289,582	5,903,905
		285,393,582	419,558,002

- 20.1** The Group has a subsidiary that develops residential property, which it sells in the ordinary course of business and has entered into contracts to sell certain of these properties on completion.

A summary of movement in inventory property is set out below:

In LKR	Group	
As at 31 March	2026	2025
At the beginning of the year	401,508,411	438,241,622
Development cost incurred	300,617,016	326,627,139
Interest capitalised*	167,378,781	109,320,124
Cost of sale of Inventory Property (recognised in cost of sales)	(602,638,779)	(472,680,475)
At the end of the year	266,865,429	401,508,411

*The rate used to determine the amount of borrowing costs eligible for capitalisation was 20% (2025 -20%) which is the EIR of the specific borrowing.

The amounts recognised in cost of sales for the year are as follows:

In LKR	Group	
As at 31 March	2026	2025
In respect of sale of property under development	602,638,779	472,680,475

21. TRADE & OTHER RECEIVABLES

In LKR		Group		Company	
As at 31 March	Note	2026	2025	2026	2025
Trade receivables	21.1	595,846,405	255,393,064	-	-
Refundable deposit		71,500	71,500	71,500	71,500
Other debtor-miscellaneous		775,196	775,196	712,405	712,405
Receivable from subcontractors		-	1,701,496	-	-
Other receivables		2,030,926	81,341,057	-	-
		598,724,027	339,282,313	783,905	783,905

21.1 Trade receivables

In LKR		Group		Company	
As at 31 March		2026	2025	2026	2025
Trade receivables		603,466,894	263,013,554	-	-
Impairment of trade receivables*		(7,620,489)	(7,620,489)	-	-
		595,846,405	255,393,064	-	-

* See note 14.1.1.1 to the financial statements on credit risk of trade receivables and the aging of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

21.1.1 Movement in impairment of trade receivables

In LKR	Group	
	Individually impaired	Total
As at 1 April 2024	7,620,489	7,620,489
Charge for the year	-	-
As at 31 March 2025	7,620,489	7,620,489
Charge for the year	-	-
As at 31 March 2026	7,620,489	7,620,489

Notes to the Financial Statements

22. FINANCIAL ASSETS- FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

In LKR As at 31 March	No. of shares 2026	No. of shares 2025	2026	2025
Group/ Company				
Quoted investments				
Ceylon Investment PLC	908	908	93,751	65,013
Pan Asia Banking Corporation PLC	5,000	5,000	254,000	177,500
	5,908	5,908	347,751	242,513

23. OTHER CURRENT ASSETS

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Advances & prepayments	71,113,507	67,697,887	-	-
Tax recoverable	27,109,722	13,111,702	86,243	622,647
Other assets	34,839,722	3,961,846	187,550	187,550
Loans	-	10,000,000	10,000,000	10,000,000
	133,062,951	94,771,435	10,273,793	10,810,197

24. STATED CAPITAL

As at 31 March	2026		2025	
In LKR	No. of shares	Value of shares	No. of shares	Value of shares
Fully paid ordinary shares				
At the beginning of the year	211,370,428	7,048,662,671	211,370,428	7,048,662,671
At the end of the year	211,370,428	7,048,662,671	211,370,428	7,048,662,671

25. OTHER COMPONENT OF EQUITY

- 25.1** Other component of equity represent the capital redemption reserve fund. This reserve represent profit transferred from income statement on the redemption of preference shares issued by the Company.

25.2 Preference Shares

During the year, the Group has issued preference shares to Eight Wonder, an external investor as a part of the acquisition of a subsidiary, with an aggregate issue value of LKR 2,837,787,810 (283,778,781 number of preference shares with a par value of LKR 10 each). Baseline Holdings (Pvt) Ltd, Lanka Realty Development (Pvt) Ltd and Thudella Holdings (Pvt) Ltd are the investee companies in the group. These preference shares are redeemed at the discretion of mutual agreement between the preference shareholder and the investee company. The investee declare preference shares dividends at the time profits available for distribution and the holder of the preference shares are not entitled to claim unpaid dividends.

26. DEFERRED TAX LIABILITY/(ASSETS)

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
At the beginning of the year	2,798,208,392	2,847,111,560	(135,778)	(135,778)
Acquisition of a subsidiary (Note 18.2)	807,932,000	-	-	-
Charge /(release)	845,081,329	(48,903,168)	(39,231)	-
At the end of the year	4,451,221,721	2,798,208,392	(175,009)	(135,778)

The closing deferred tax asset and liability balances relate to the following;

26.1 Deferred tax liability/(assets)

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Deferred tax on revaluation on land & building	2,264,924,494	968,874,022	-	-
Deferred tax on revaluation on investment properties	1,887,649,807	1,415,028,259	-	-
Deferred tax on fair value gain on right-of-use asset	-	62,973,936	-	-
Accelerated depreciation for tax purposes	470,472,926	647,832,861	-	-
Employee benefit liabilities	(10,469,985)	(8,634,818)	-	-
Losses available off setting against future taxable income	(160,989,649)	(287,730,087)	-	-
	4,451,587,593	2,798,344,173	-	-

26.2 Deferred tax assets/(liability)

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Accelerated depreciation for tax purposes	175,009	135,778	175,009	135,778
	175,009	135,778	175,009	135,778

26.3 The deferred tax liabilities amounted to LKR 4,451,587,593/- (2025; LKR 2,798,344,173/-), and related to capital gains from the realization of bare lands located at T B Jayah Mawatha, Colombo 10, Century Park, Delathura, Ja-ela and Danister De Silva Mawatha, Colombo 09, are recognized base on the definition of an "Investment Assets" as define in the Inland Revenue Act no 24 of 2017.

Notes to the Financial Statements

27. EMPLOYEE BENEFIT LIABILITIES

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
At the beginning of the year	23,602,985	22,549,435	-	-
Acquisition of a subsidiary (Note 18.2)	14,063,000	-	-	-
Current service cost	6,431,004	3,177,042	-	-
Interest cost on employee benefit liabilities	4,147,785	2,501,793	-	-
Payments/Payable	(4,801,422)	(580,097)	-	-
Transfer	-	(766,807)	-	-
Re-measurement (gain)/losses on employee benefit liabilities	2,409,214	(3,278,381)	-	-
At the end of the year	45,852,566	23,602,985	-	-

27.1 The principal assumptions used in determining the cost of employee benefits were:

	Group		Company	
As at 31 March	2026	2025	2026	2025
Discount rate	9%-11%	15%-16.3%	-	-
Future salary increment rate	10%-16%	12%-13%	-	-

27.2 Sensitivity of assumptions used

If one percentage (1%) point change in the assumed rate would have the following effects:

In LKR	Group		Company	
	Discount rate	Salary increment rate	Discount rate	Salary increment rate
2026				
Effect on the employee benefit liability				
Increase by one percentage point	(701,909)	910,184	-	-
Decrease by one percentage point	740,940	(876,864)	-	-
2025				
Effect on the employee benefit liability				
Increase by one percentage point	(339,176)	375,687	-	-
Decrease by one percentage point	368,874	(350,879)	-	-

The demographic assumption underlying the valuation is the retirement age of 60 years (2025 - 60) and average duration of the defined benefit obligation as at the end of reporting period is 24 years (2025 - 24 years)

27.3 Distribution of Employee Benefit obligation over future working lifetime

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Over 1 year and less than or equal 5 years	27,184,055	164,359	-	-
Over 5 year and less than or equal 10 years	12,063,606	272,857	-	-
Over 10 years	10,930,116	2,005,524	-	-
	50,177,777	2,442,740	-	-

28. INTEREST BEARING BORROWINGS

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Non current				
Bank borrowings	635,936,969	1,600,320,414	-	400,000,000
Lease liability	31,416,946	27,543,591	-	-
	667,353,915	1,627,864,005	-	400,000,000
Current				
Bank borrowings	3,004,761,015	2,912,143,342	388,164,533	106,734,300
Lease liability	4,926,949	3,290,304	-	-
	3,009,687,964	2,915,433,646	388,164,533	106,734,300
Repayable within one year	3,009,687,964	2,915,433,646	388,164,533	106,734,300
Repayable after one year				
Repayable between one and five years	667,353,915	1,528,461,545	-	400,000,000
Repayable after five years	-	99,402,460	-	-
	3,677,041,879	4,543,297,652	388,164,533	506,734,300

Notes to the Financial Statements

28.1 Group

In LKR	Lease liabilities		
	Bank borrowings	Right of use assets (ROU asset)	Total
At the beginning of the year	4,512,463,756	30,833,896	4,543,297,652
Accrued interest/ finance lease charge un-amortised/ accretion of interest	169,567,975	10,000	169,577,975
Obtained during the period	60,000,000	5,500,000	65,500,000
Repayments	(1,088,224,445)	-	(1,088,224,445)
Exchange gain adjustments	(13,109,301)	-	(13,109,301)
At the end of the year	3,640,697,985	36,343,896	3,677,041,881

28.2 Company

In LKR	2026	2025
As at 31 March	Bank borrowings	Bank borrowings
At the beginning of the year	506,734,300	535,773,645
Repayments	(118,569,767)	(64,812,990)
Finance charge un amortized/accretion of Interest	-	35,773,645
At the end of the year	388,164,533	506,734,300

28.3 Details of the long term loans - Group

Lender	Nature of Interest rate and security facility	Repayment terms	2026 LKR	2025 LKR
Lanka Realty Investments PLC				
Nations Trust Bank PLC	Term loan Restructure the existing Rescheduled Term Loan facility of which was granted to reschedule the Loan or Rupees Bruited to pallidly the acquisition of Rs. 600,000,000/- which was granted to reschedule the term loan of Rs. 700,000,000/-granted to partially finance the acquisition of 50.8% of the issued shares of On'ally Holdings PLC bearing company company registration No PQ107.	03 annual equal capital repayment of LKR 100,000,000/- and final capital repayment of LKR 200,000,000/-	388,164,533	506,734,300
Baseline Holdings (Pvt) Ltd				
Sampath Bank PLC	Term loan 2.5% per annum above the AWPLR. Loan agreement for LKR 101,550,000/- and Primary Mortgage Bond for Rs.137,000,000/- and Secondary Mortgage Bond for Rs.38,000,000/- Over the property situated at No.270/42, Dr. Denister De Silva Mawatha, Colombo 08, depicted as Lot No. 1A in Plan No.015024 dated 11.03.2015 made by K D Water D Perera (Licensed Surveyor).	To be repaid in 12 equal monthly installments of LKR 500,000/- in 35 equal monthly installments of LKR 2,500,000/- and final installment payment LKR 8,050,000/- together with monthly interest	-	95,951,567
Sampath Bank PLC	Term loan 2.5% per annum above the AWPLR. Loan agreement for LKR 35,498,390/37 and Primary Mortgage Bond for Rs.137,000,000/- and Secondary Mortgage Bond for Rs.38,000,000/- Over the property situated at No.270/42, Dr. Denister De Silva Mawatha, Colombo 08, depicted as Lot No. 1A in Plan No.015024 dated 11.03.2015 made by K D Water D Perera (Licensed Surveyor).	To be repaid in 23 equal monthly installments of LKR 1,500,000/- and final installments of LKR 998,390/37 with monthly interest	-	44,048,183
285 Darley Road (Pvt) Ltd				
People's Bank	Term loan AWPLR+ 3% per annum. (Floor Rate of 9.5% p.a) Mortgage over property at 285, T. B. Jayah Mawatha, Colombo 10.	To be repaid in 6 equal monthly instalment of LKR 1,000,000, in 12 equal monthly instalment of LKR 5,000,000, in 12 equal monthly instalment of LKR 10,000,000, in 12 equal monthly instalment of LKR 13,000,000 and in 12 equal monthly instalment of LKR 18,000,000, and in 12 equal monthly instalment of LKR 30,583,333.37 with a 06 month grace period	1,585,292,437	1,460,158,163

Notes to the Financial Statements

28.3 Details of the long term loans - Group (Contd.)

Lender	Nature of Interest rate and security facility	Repayment terms	2026 LKR	2025 LKR
Mulberry Holdings (Pvt) Ltd				
Sampath Bank PLC	Term loan 20% p.a. Payable monthly together with applicable statutory taxes at prevailing rates. Loan agreement for LKR 211,900,000/- and Primary Mortgage for LKR. 510,000,000/- over the land & buildings to be constructed in land & marked "Lot 1" in survey paln no: 40/2014 dated 15/09/2014 made by T R De Zoysa (Licensed Surveyor), in extent of 02 R 26.34P bearing assessment No. 144,Sri Vajiraganana Mawatha, Colombo 09.	To be repaid in 04 equal monthly instalment of LKR. 52,975,000/- each month commencing from 26.08.2023 after allowing capital grace period of 08 months.	211,900,000	211,900,000
Sampath Bank PLC	Term loan 20% p.a. Payable monthly together with applicable statutory taxes at prevailing rates. Loan agreement for LKR 244,000,000/-	To be repaid in 05 equal monthly instalment of LKR. 48,800,000/- each month commencing from 26.08.2023 after allowing capital grace period of 08 months.	244,000,000	244,000,000
Sampath Bank PLC	Term loan 20% p.a. Payable monthly together with applicable statutory taxes at prevailing rates. Loan agreement for LKR 50,098,532/-	To be repaid in a single payment of LKR. 50,098,532/40 together with interest payable on 26.07.2023.	-	50,098,532
Almond Trees (Pvt) Ltd				
Sampath Bank PLC	Term loan 2.5% per annum above the AWPLR. Loan agreement for LKR 46,800,000/-, Primary Mortgage for Rs.60,000,000/- and Additional Mortgage Bond for Rs.12,090,000/- over property depicted as Lot No. B in Plan No.202/11 dated 14/05/2011 made by BH B Nihal Silva (Licensed Surveyor), located at Maha Vihara Road, Ahangama, owned by Ilook Villa (Pvt) Ltd.	To be repaid in 21 equal monthly instalment of LKR 100,000, in 36 equal monthly instalment of LKR 600,000, in 24 equal monthly instalment of LKR 800,000, and in 03 equal monthly instalment of LKR 1,300,000 each month commencing from 26.07.2023.	38,700,000	46,800,000
Sampath Bank PLC	Term loan 2.5% per annum above the AWPLR. Loan agreement for LKR 14,300,000/- And Primary Mortgage over plant, machinery, furniture and other movable assets of W15 for Rs. 27,500,000- at No.506, New Galle Road, Pelana, Weligama owned by Almond Trees (Pvt) Ltd.	To be repaid in 21 equal month instalment of LKR 100,000, in 12 equal monthly instalment of LKR 750,000, in 02 equal monthly instalment of LKR 950,000, and in final instalment of LKR 1,300,000 each month commencing from 26.07.2023.	4,700,000	14,300,000

Lender	Nature of Interest rate and security facility	Repayment terms	2026 LKR	2025 LKR
Sampath Bank PLC	Term loan 2.5% per annum above the AWPLR. Loan agreement for LKR 21,181,653/39/-, Primary Mortgage for Rs.60,000,000/- and Additional Mortgage Bond for Rs.12,090,000/- over property depicted as Lot No. B in Plan No.202/11 dated 14/05/2011 made by BH B Nihal Silva (Licensed Surveyor), located at Maha Vihara Road, Ahangama, owned by Ilook Villa (Pvt) Ltd.	To be repaid in 09 equal monthly instalment of LKR 250,000, in 12 equal monthly instalment of LKR 350,000, in 12 equal monthly instalment of LKR 950,000, in 02 equal monthly instalment of LKR 1,250,000, and in final instalment of LKR 831,653.39 each month commencing from 26.07.2023.	5,231,653	21,181,653
Sampath Bank PLC	Term loan 2.5% per annum above the AWPR. Loan agreement for LKR 14,300,000/- And Primary Mortgage over plant, machinery, furniture and other movable assets of W15 for Rs.27,500,000- at No.506, New Galle Road, Pelana, Weligama owned by Almond Trees (Pvt) Ltd.	To be repaid in 21 equal monthly instalment of LKR 50,000, in 12 equal monthly instalment of LKR 100,000, in 02 equal monthly instalment of LKR 130,000, and in final instalment of LKR 381,542.29 each month commencing from 26.07.2023.	741,542	2,891,542
Sampath Bank PLC	Term loan 15.5% per annum. Loan agreement for LKR 10,310,000/- And Primary Mortgage over plant, machinery, furniture and other movable assets of W15 for Rs.27,500,000- at No.506, New Galle Road, Pelana, Weligama owned by Almond Trees (Pvt) Ltd.	To be repaid in 09 equal monthly instalment of LKR 85,000, in 12 equal monthly instalment of LKR 150,000, in 08 equal monthly instalment of LKR 850,000, and in final instalment of LKR 945,000 each month commencing from 26.07.2023.	-	9,086,487
Sampath Bank PLC	Term loan - USD LIBOR+4.5% & floor rate 12%. 4 Loan agreement for USD 172,453/61. and Primary Mortgage for USD 1,065,000/ over property depicted as Lot No. F in Plan No. 1187,2010 certified by NCA Indraratna (Licensed Surveyor), located at No.506, New Galle Road, Pelana, Weligama, owned by Almond Trees (Pvt) Ltd.	24 equal monthly installments of LKR 100,000 /- and final installment of LKR 600,000 & 800,000/- after a grace period of 06 months.	208,659,944	287,994,462
Sampath Bank PLC	Term loan - USD Loan agreement for USD 150,771/31. and Primary Mortgage for USD 1,065,000/ over property depicted as Lot No. F in Plan No. 1187,2010 certified by NCA Indraratna (Licensed Surveyor), located at No.506, New Galle Road, Pelana, Weligama, owned by Almond Trees (Pvt) Ltd.	To be repaid in 21 equal monthly instalment of USD 4,100, in 08 equal monthly instalment of USD 7,000, and in final instalment of USD 8,671.31 each month commencing from 26.07.2024.	8,022,723	57,946,534

Notes to the Financial Statements

28.3 Details of the long term loans - Group (Contd.)

Lender	Nature of Interest rate and security facility	Repayment terms	2026 LKR	2025 LKR
Sampath Bank PLC	Term loan - 10.0% per annum. Loan agreement for USD 150,771/31. and Primary Mortgage for USD 1,065,000/ over property depicted as Lot No. F in Plan No. 1187,2010 certified by NCA Indraratna (Licensed Surveyor), located at No.506, New Galle Road, Pelana, Weligama, owned by Almond Trees (Pvt) Ltd.	To be repaid in 21 equal monthly instalment of USD 4,100, in 08 equal monthly instalment of USD 7,000, and in final instalment of USD 8,671.31 each month commencing from 26.07.2024.	12,500,858	29,421,912
Sampath Bank PLC	Term loan Interest per annum 4%. Loan agreement for LKR 4,100,000/- Primary Mortgage for Rs.60,000,000/- and Additional Mortgage Bond for Rs.12,090,000/- over property depicted as Lot No. B in Plan No.202/11 dated 14/05/2011 made by BH B Nihal Silva (Licensed Surveyor), located at Maha Vihara Road, Ahangama, owned by Ilook Villa (Pvt) Ltd.	To be repaid in 11 equal monthly installment of LKR. 340,000 and final installment of LKR. 360,000.	-	4,100,000
Lanka Realty Developments (Pvt) Ltd				
Seylan Bank PLC	Term Loan Interest per annum 11.50% p.a. and Primary Mortgage Bond No.2891 dated 27.09.2021 for LKR. 900,000,000.0 attested by Mrs. M G R P Kuamri Np over commercial property @ No.464,T B Jaya Mawatha,Colombo 10,The land depicted as Lot No. X in Plan No. 3579/9000 dated 30.08.2005 prepared by S Wickramasinghe Licensed Surveyor & Leveller, being a re- survey of amalgamated Land depicted as Lot. 1B1 & 1B2 in Plan No. 2055 dated 03.12.1990 prepared by S M Jalaludecn, Licensed Surveyor,for the extent of 0A-1R-24P (0.1043Ha), & Loan Agreement Form for LKR. 891,000,000/-.	81 monthly installments of LKR, 11,000,000,00 together with monthly interest commencing from 27.01.2024 together with interest.	342,481,520	880,200,000

Lender	Nature of Interest rate and security facility	Repayment terms	2026 LKR	2025 LKR
Seylan Bank PLC	Term Loan Interest per annum 11.50% p.a. and Primary Mortgage Bond No.2891 dated 27.09.2021 for LKR. 900,000,000.0 attested by Mrs. M G R P Kuamri Np over commercial property @ No.464,T B Jaya Mawatha,Colombo 10,The land depicted as Lot No. X in Plan No. 3579/9000 dated 30.08.2005 prepared by S Wickramasinghe Licensed Surveyor & Leveller, being a re- survey of amalgamated Land depicted as Lot. 1B1 & 1B2 in Plan No. 2055 dated 03.12.1990 prepared by S M Jalaludecn, Licensed Surveyor,for the extent of 0A-1R-24P (0.1043Ha), & Loan Agreement Form for LKR. 55,035,061/12.	Bullet repayment of maximum 6 months	-	55,035,061
Seylan Bank PLC	Term Loan Interest per annum 11.50% p.a. & Loan Agreement Form for LKR. LKR.42,000,000/-	To be repaid prior to 30.06.2023	-	14,500,000
Thudella Holdings (Pvt) Ltd				
Pan Asia Banking Corporation PLC	Term loan 01M AWPLR + 4.5% p.a with a rebate of 2% p.a (With a floor rate of 14% p.a with a rebate of 2% p.a). Mortgage over property at 357/9/P, Thudella Road Left, Dewaraddirikotuwa, Pamunugama Road, Delatura, Ja Ela depicted as lot Nos X, Y and Z in Survey Plan No.210/2013 dated 21.11.2013 made by U Hettiarachchi(LS), belonging to fully owned subsidiary Crown Resort (Pvt) Ltd. Corporate Guarantees from M/S Lanka Realty Investments PLC and M/S Crown Resorts (Pvt) Ltd for LKR 200 Mn	Capital to be repaid within a maximum period of 18 months	208,841,072	256,066,177

Notes to the Financial Statements

29 OTHER NON-CURRENT LIABILITIES

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Tenant rent and service charge refundable deposit	107,289,145	154,468,360	-	-
Tenant electricity charge refundable deposit	234,798,381	11,829,331	-	-
	342,087,526	166,297,691	-	-

30 TRADE AND OTHER PAYABLES

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Trade payables	316,284,761	106,316,148	-	-
Accrued expenses	87,678,411	79,558,716	198,505	255,855
Unclaimed dividend	604,339	604,339	604,339	604,339
Other payables	36,521,865	158,208,641	500,000	500,000
	441,089,376	344,687,844	1,302,844	1,360,194

31 INCOME TAX LIABILITIES

In LKR		Group		Company	
As at 31 March	Note	2026	2025	2026	2025
At the beginning of the year		127,073,095	21,324,402	68,543,257	12,462,599
Acquisition through business combination		-	-	-	-
Charge for the year	11.1	128,530,130	105,748,693	63,268,462	56,080,658
Payments		(56,205,469)	-	-	-
Set off against refunds		(7,864,104)	-	-	-
At the end of the year		191,533,652	127,073,095	131,811,719	68,543,257

32 OTHER CURRENT LIABILITIES

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Staff cost payable	12,943,591	10,520,414	3,900,000	3,900,000
Taxes payables	191,444,402	161,453,306	-	-
Provision for breakages	3,461,842	3,194,626	-	-
Accrued expenses and other liabilities	189,465,943	75,830,227	41,077,817	21,310,298
Payable to Contractors	96,099,878	63,550,149	-	-
Advance received - customers	34,609,426	135,187,869	-	-
	528,025,082	449,736,591	44,977,817	25,210,298

33 FINANCIAL ASSETS AT AMORTISED COST**33.1 Non Current Financial Assets held at Amortised Cost**

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Investments in Fixed Deposits	1,314,319,000	-	-	-

Non current financial assets held at amortised cost include fixed deposits with maturities more than 365 days.

33.2 Current Financial Assets held at Amortised Cost

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Investments in Fixed Deposits	152,364,406	20,475,577	-	-

Current financial assets held at amortised cost include fixed deposits with maturities above three months more than 365 days.

34 CASH AND CASH EQUIVALENTS

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Favourable Cash and Cash Equivalents				
Cash in hand & cash at bank	164,827,037	240,845,747	14,107,298	58,863,463
Unfavourable Cash and Cash Equivalents				
Bank overdraft	(386,227,377)	(340,659,595)	(163,182,638)	(15,336,034)
Reported in statement in cash flows	(221,400,340)	(99,813,848)	(149,075,340)	43,527,429

35 RELATED PARTY TRANSACTIONS**35.1 Parent and Ultimate Controlling Party**

Company does not have an identifiable parent of its own.

35.2 Transactions with key management personnel**35.2.1 Loans to directors**

No loans have been given to the Directors of the Company.

35.2.2 Key management personnel compensation

Key management personnel comprises the Directors of the company and details of compensation are given in Note 35.6 to the financial statements.

Notes to the Financial Statements

35.3 Transactions with subsidiaries and other related companies

Relationships with subsidiaries are explained.

- (i) Companies within the Group engage in trading transactions under relevant commercial terms and condition.
- (ii) Lanka Realty Investments PLC, provides financial services to its subsidiary and charges interest.
- (iii) The list of directors at each of the subsidiary companies have been disclosed in Group directory 2025/26.

35.3.1 Transactions with related parties

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Rendering of services (Granting of loans and others)				
Subsidiaries				
Lanka Realty Developments (Pvt) Ltd	-	-	39,719,518	-
L & A Quarries (Pvt) Ltd	-	-	259,121	-
Amtrad Ltd	-	-	34,251,310	-
Lanka Realty Ambalangoda (Pvt) Ltd	-	-	18,905,201	-
Lanka Realty Leisure (Pvt) Ltd	-	-	13,539,356	-
Alexandra Holdings (Pvt) Ltd	-	-	17,615,057	2,337,595
Mulberry Holdings (Pvt) Ltd	-	-	462,028,062	-
Baseline Holdings (Pvt) Ltd	-	-	112,653,425	85,023,502
285 Darley Road (Pvt) Ltd	-	-	85,712,206	80,445,442
Almond Trees (Pvt) Ltd	-	-	156,538,161	-
Thudella Holdings (Pvt) Ltd	-	-	67,243,345	11,415,795
Crown Resorts (Pvt) Ltd	-	-	18,000,783	22,308,488
Oak Streets (Pvt) Ltd	-	-	88,071,207	116,772,258
Ilook Villa (Pvt) Ltd	-	-	9,074,263	-
Bravo Holdings Lanka (Pvt) Ltd	1,653,320	(4,063,799)	113,122	-
HQ Colombo (Pvt) Ltd	147,643	1,054,767	-	-
Core Holdings Lanka (Pvt) Ltd	-	(286,025)	-	-
	1,800,963	(3,295,057)	1,123,724,137	318,303,080

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Receiving of services (Settlement of loans)				
Subsidiaries				
Lanka Realty Developments (Pvt) Ltd	-	-	2,072,495,190	95,713,629
Amtrad Limited	-	-	797,000	80,600,424
Thudella Holdings (Pvt) Ltd	-	-	651,039,795	-
Mulberry Holdings (Pvt) Ltd	-	-	40,384,500	63,166,814
Alexandra Holdings (Pvt) Ltd	-	-	-	1,515,863
Almond Trees (Pvt) Ltd	-	-	9,672,989	16,977,446
Ilook Villa (Pvt) Ltd	-	-	226,105	-
285 Darley Road (Pvt) Ltd	-	-	212,300	-
Baseline Holdings (Pvt) Ltd	-	-	1,137,119,810	-
Bravo Holdings Lanka (Pvt) Ltd	-	261,805	-	-
	-	261,805	3,911,947,689	257,974,176
Receiving of services (Legal services and Secretarial Services)				
Other related parties				
Sarravanan Neelakandan Law Associates	3,000,012	3,000,012	-	-
Technical fees allocation				
Lanka Realty Ambalangoda (Pvt) Ltd	2,786,637	2,085,613	-	-
Lanka Realty Developments (Pvt) Ltd	60,505,729	60,927,826	-	-
Lanka Realty Leisure (Pvt) Ltd	1,441,619	1,662,569	-	-
Amtrad Ltd	2,998,105	3,761,361	-	-
Mulberry Holdings (Pvt) Ltd	-	1,936,650	-	-
Baseline Holdings (Pvt) Ltd	28,707,971	27,951,647	-	-
Almond Trees (Pvt) Ltd	10,637,729	9,209,134	-	-
Crown Resorts (Pvt) Ltd	10,978,830	10,386,906	-	-
Oak Streets (Pvt) Ltd	86,103,222	80,490,485	-	-
Ilook Villa (Pvt) Ltd	5,269,615	4,426,877	-	-
LEE Hedges PLC	2,229,655	-	-	-
	211,659,112	202,839,068	-	-

Notes to the Financial Statements

35.3.1 Transactions with related parties (Contd.)

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Interest charge to subsidiaries				
Amtrad Ltd	-	-	26,906,882	24,130,604
Lanka Realty Leisure (Pvt) Ltd	-	-	9,489,703	8,756,740
Lanka Realty Ambalangoda (Pvt) Ltd	-	-	13,607,779	12,132,483
Baseline Holdings (Pvt) Ltd	-	-	63,133,971	55,203,128
285 Darley Road (Pvt) Ltd	-	-	78,471,516	73,334,727
Almond Trees (Pvt) Ltd	-	-	12,600,795	-
Crown Resorts (Pvt) Ltd	-	-	11,918,280	10,008,299
Oak Streets (Pvt) Ltd	-	-	56,503,472	46,492,433
Ilook Villa (Pvt) Ltd	-	-	5,181,794	4,377,523
	-	-	277,814,192	234,435,937
Settlements of amount due to other related parties				
Steradian Capital Investments (Pvt) Ltd	620,253,068	325,305,902	97,885,050	9,484,840
	620,253,068	325,305,902	97,885,050	9,484,840
Borrowing from other related parties				
Steradian Capital Investments (Pvt) Ltd	97,893,630	8,580	-	-
	97,893,630	8,580	-	-
Interest of amount due to other related parties				
Eighth Wonder	11,407,365	7,425,946	11,407,365	7,425,946
Other	11,782,461	7,569,144	11,782,461	7,569,144
	23,189,826	14,995,090	23,189,826	14,995,090

* Technical service fee is computed based on the technical service agreement [TSA] between Lanka Realty Investments PLC [LRI] and Steradian Capital Investments (Pvt) Ltd [SCI]

Services provided by SCI:

The agreement includes services related to general technical services including development activities, project management services, acquisitions and disposals.

Fees to be paid to SCI:

- Asset management fee of 2.5% of net asset value of Lanka Realty Investments PLC Group as of 31 March 2026.
- Acquisition fee of 2.5% of the purchase price.
- Disposal fee of 3% of the sale price.

35.4 Amounts due from related parties

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Subsidiaries				
Amtrad Limited	-	-	249,341,802	215,887,492
Lanka Realty Leisure (Pvt) Ltd	-	-	90,782,433	77,243,077
Ascot Yala (Pvt) Ltd	-	-	-	45,761
Lanka Realty Ambalangoda (Pvt) Ltd	-	-	128,151,076	109,245,875
Baseline Holdings (Pvt) Ltd	-	-	-	494,347,670
285 Darley Road (Pvt) Ltd	-	-	726,680,686	641,180,780
Almond Trees (Pvt) Ltd	-	-	142,789,829	-
Crown Resorts (Pvt) Ltd	-	-	111,775,690	93,774,907
Oak Streets (Pvt) Ltd	-	-	527,310,028	439,238,821
Ilook Villa (Pvt) Ltd	-	-	49,047,305	40,199,147
	-	-	2,025,878,849	2,111,163,530
Other related parties				
Steradian Capital Investments (Pvt) Ltd	97,893,630	8,580	97,885,050	-
Efficient Facility Management (Pvt) Ltd	-	15,000	-	-
Hardy James (Pvt) Ltd	-	138,783	-	-
Bravo Holdings Lanka (Pvt) Ltd	4,440,921	2,787,601	-	-
HQ Colombo (Pvt) Ltd	3,269,747	3,122,104	-	-
Steradian Capital Mgt W/C	778,150	-	778,150	-
Lakeside (pvt) Ltd	29,824,640	-	6,000,000	-
W15 Nuwaraeliya (Pvt) Ltd	184,767	-	-	-
Hardy James (Pvt) Ltd	138,783	-	-	-
	136,530,638	6,226,070	2,130,542,049	2,111,163,530

Notes to the Financial Statements

35.5 Amounts due to related parties

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Non-current				
Loans from directors/shareholders**	113,189,826	104,995,090	113,189,826	104,995,090
	113,189,826	104,995,090	113,189,826	104,995,090
Current				
Subsidiaries				
Almond Trees (Pvt) Ltd	-	-	-	4,075,343
Alexandra Holdings (Pvt) Ltd			92,586,321	110,201,379
Thudella Holdings (Pvt) Ltd	-	-	661,575,231	77,778,781
L & A Quarries (Pvt) Ltd	-	-	4,110,037	4,369,158
Lanka Realty Developments (Pvt) Ltd	-	-	2,795,489,545	762,713,873
Mulberry Holdings (Pvt) Ltd	-	-	129,351,833	550,995,395
Baseline Holdings (Pvt) Ltd			530,118,715	-
	-	-	4,213,231,682	1,510,133,928
Other related parties				
Steradian Capital Investments (Pvt) Ltd	522,368,018	325,305,902	-	9,484,840
Efficient Facility Management (Pvt) Ltd	512,000	412,000	-	-
Realty Business (Pvt) Ltd	-	500,000	-	-
HQ Colombo (Pvt) Ltd	2,850,000	1,650,000	600,000	-
Bravo Holdings Lanka (Pvt) Ltd	4,670,436	1,127,163	23,103	-
W15 Lakeside (Pvt) Ltd	16,890,339	26,653,338	-	-
Core Holdings Lanka (Pvt) Ltd	1,119,948	514,722	-	-
W15 Nuwaraeliya (Pvt) Ltd	-	24,167	-	-
M H Jamaldeen	48,685,000	75,000	-	-
A J B Warman	1,000,000	1,000,000	-	-
	598,095,741	357,262,292	623,103	9,484,840
	711,285,566	462,257,382	4,327,044,611	1,624,613,858

**Two of the significant shareholders of the Company have granted LKR 20 Mn loan with interest at rate of 15% per annum compounding annually shall be repaid by the Company to the Directors/Shareholders in one instalment at the end of the tenure of three years or such other extended period mutually agreed by both parties.

35.6 Compensation of key management personnel

In LKR	Group		Company	
As at 31 March	2026	2025	2026	2025
Directors' Fee	4,500,000	5,400,000	4,500,000	5,400,000
	4,500,000	5,400,000	4,500,000	5,400,000

35.7 No provision was made in respect of amounts due from related parties.

35.8 No security has been obtained for related party receivables and all related party dues are payable on demand.

35.9 Interest on loans to related parties are decided based on the inter banking rates, associated risks and purpose for which funds are used.

36 PRINCIPAL SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Summarised financial information in respect of Lanka Realty Investments PLC's subsidiary Amtrad Ltd, On'ally Holdings PLC, LR that have material non-controlling interest, reflecting amounts before inter-company eliminations, is set out below.

In LKR As at 31 March	Amtrad Limited	On'ally Holdings PLC	Lanka Realty Development	Lee Hedges PLC	Total 2026	Total 2025
Non-current assets	529,067,688	6,531,876,513	4,008,945,753	7,784,548,000	18,854,437,954	5,400,728,106
Current assets	17,061,952	228,470,624	2,912,171,618	411,247,000	3,568,951,194	299,840,561
Total assets	546,129,640	6,760,347,137	6,921,117,371	8,195,795,000	22,423,389,148	5,700,568,667
Non-current liabilities	123,765,939	1,975,347,362	1,082,269,724	1,015,081,022	4,196,464,048	1,566,800,486
Current liabilities	294,787,064	115,359,110	349,259,714	377,956,790	1,137,362,679	427,065,470
Total liabilities	418,553,003	2,090,706,473	1,431,529,439	1,393,037,812	5,333,826,727	1,993,865,956
Equity attributable to equity holders of the parent	102,060,656	2,376,184,168	2,799,689,860	3,615,647,644	8,893,582,328	1,929,884,724
Non-controlling interests	25,515,982	2,293,456,497	2,689,898,071	3,187,109,543	8,195,980,093	1,776,817,986
Non-controlling interests %	20.00%	49.11%	49.00%	46.85%		
Revenue	36,557,543	413,850,687	238,888,356	73,350,000	762,646,586	357,609,416
Profit/(loss) for the year	(35,260,065)	1,200,167,998	413,516,561	(61,682,822)	1,516,741,672	463,989,396
Profit attributable to equity holders of the parent	(28,207,871)	610,715,127	218,459,808	(32,784,258)	768,182,806	222,187,480
Profit attributable to non-controlling interests	(7,052,194)	589,452,870	195,056,753	(28,898,564)	748,558,865	241,801,915
Total comprehensive income for the year, net of tax	(22,033,506)	1,206,037,131	413,516,561	(61,222,822)	1,536,297,364	474,371,738
Dividend paid	-	(45,669,857)	-	-	(45,669,857)	-
Net cash outflow from operating activities	104,030	206,628,290	(1,927,011,019)	80,928,000	(1,639,350,699)	225,664,667
Net cash inflow from investing activities	(223,482)	(175,759,965)	(5,500,000)	271,836,000	90,352,553	(42,946,115)
Net cash inflow from financing activities	-	(93,003,087)	1,976,890,022	(38,404,000)	1,845,482,935	(334,811,113)
Total net cash (outflow)/inflow	(119,452)	(62,134,762)	44,379,003	314,360,000	296,484,789	(152,092,561)

37 COMMITMENT AND CONTINGENCIES

The Group does not have significant Capital commitments as at the reporting date.

Notes to the Financial Statements

38 LITIGATION

38.1 Lanka Realty Investments PLC

The Urban Development Authority (UDA) has instituted High Court Civil Case No. 11/2021/CO alleging oppression and mismanagement in relation to On'ally Holdings PLC and challenging the Lanka Realty Investment PLC's acquisition of a 50.8% shareholding. The UDA also sought interim orders restricting the Company's voting rights and actions involving retained earnings. By Order dated 15 February 2024, the High Court granted the reliefs sought by the UDA, including a declaration that the Lanka Realty Investment PLC's acquisition resulted in control being exercised in a manner prejudicial to the interests of On'ally Holdings PLC.

The Company had filed C.A./RH Application No. 34/2024 in the Court of Appeal seeking revision/restitutio in integrum of the High Court's order dated 15th February 2024. The application seeks, among other reliefs, notice on Respondents, a declaration that the High Court lacked jurisdiction, an order setting aside the High Court's decision, and interim relief suspending the operation of the impugned order pending final determination. The Court of Appeal delivered the Order on 19 June 2025, dismissing the Petitioner's application and upholding the objections raised by the UDA. Court of Appeal had observed that the Petitioner had failed to establish exceptional circumstances that warrant the invoking of the Restitutio-in-integrum.

Lanka Realty Investment PLC preferred an appeal to the Supreme Court against the said Order and filed a Notice of Appeal on the 27 of February 2024. It has been confirmed that receipt of the Notice of Appeal dated 27 February 2024 and also received confirmation from the Supreme Court Registry that the Petitioner has filed a Petition of Appeal. However, this appeal has not yet been listed by the Supreme Court.

38.2 Lanka Realty Leisure (Pvt) Ltd

Lanka Realty Leisure (Pvt) Ltd is engaged in several legal proceedings arising from the attempted cancellation of its Lease Agreement by the Sri Lanka Tourism Development Authority ('SLTDA'). District Court Case No. DSP/00084/2020 remains pending, with one of the interim injunctions granted in favour of the Company and also rejected another interim injunction.

The Lanka Realty Leisure (Pvt) Ltd filed a Leave to Appeal WP/HCCA/LA Application No. 86/2020 in respect of the Interim injunction which was not granted, the SLTDA also filed a Leave to Appeal WP/HCCA/LA Application No. 87/2020 against the granting of the Interim Injunction in favour of the Lanka Realty Leisure (Pvt) Ltd. Related Leave to Appeal Applications filed by both the Lanka Realty Leisure (Pvt) Ltd and SLTDA (WP/H.C.C.A/Col Nos. 86/2020 and 87/2020) are listed for Mention on 17th September 2026. The Lanka Realty Leisure (Pvt) Ltd has also instituted Writ Application No. 453/2020 before the Court of Appeal challenging a Cabinet decision relating to the cancellation of the lease by SLTDA, which is fixed for Support on 1st October 2026. Further appeal relating to contempt proceedings (WP/HCCA/LA Application No. 119/2022) is pending before the Provincial High Court is still pending and a revision/Restitutio-in-integrum application (CA/RH/25/2024) before the Court of Appeal and was withdrawn by the Company.

Management is contesting all matters vigorously. As proceedings remain ongoing, the likelihood of an adverse outcome and any potential financial impact cannot be reliably estimated at this stage.

38.3 285 Darley Road

The People's Bank has instituted High Court Civil Case No. 127/2023/MR against the 285 Darley Road (Pvt) Ltd and Lanka Realty Investments PLC in relation to a loan facility, seeking recovery of Rs. 925,000,000 together with accrued interest of Rs. 238,842,348.67 as at 15 May 2023 and further interest at AWPLR + 5% from 16 May 2023 until settlement. The Company has filed its answer, and the matter is fixed for Trial on 1st October 2026.

38.4 Oak Street (Pvt) Ltd

Oak Street (Pvt) Ltd., a wholly owned subsidiary of 285 Darley Road (Pvt) Ltd, also filed a Fundamental Rights Application in the Supreme Court bearing No. 288/2021, and the Supreme Court granted an Interim order to maintain the status quo and the possession of the land. This case stands fixed for Argument on 6th October 2026.

38.5 Mulberry Holding (Pvt) Ltd

As at 31 March 2026, the Company has delays in settling certain Value Added Tax (VAT) and Social Security Contribution Levy (SSCL) liabilities and, accordingly, may be exposed to penalties and interest that could be imposed by the Inland Revenue Department (IRD). During the year, the Company received a VAT assessment relating to unpaid VAT liabilities. Management has reviewed the assessment, reconciled it with the Company's records, and submitted its position to the IRD for review. As at the date of this report, the matter remains unresolved and the final outcome cannot be determined with certainty.

Management has evaluated the potential exposure arising from this matter and recognized a provision for penalties based on its best estimate as at the reporting date. While the ultimate outcome of the assessment remains uncertain, management believes that the provision recognized and related liabilities recorded in these consolidated financial statements are adequate and that any resulting adjustment is not expected to be material.

38.6 Pioneer Properties & Lee Hedges Limited

The Inland Revenue Department (IRD) has required the subsidiary Pioneer Properties & Lee Hedges Limited to pay Rs. 92,514,357 as taxes arising from the cancellation of the BOI Agreement on 20th February 2013. This issue was submitted to the Court of Appeal in March 2014. As per the Writ Application No C.A. 24/2017, the Commissioner General of IRD has agreed to hear and determine the appeal on the basis that the appeal will be treated as having duly received on a date determined by the Court of Appeal. Date of appeal was decided to be 09.01.2018. Accordingly, the appeal shall be agreed to or determined by the Commissioner General within two years (09.01.2020) from the date on which such petition of appeal is received by the Commissioner General. However, there has not been any hearing of the appeal during the year. Though a higher claim was made by IRD, as it was contrary to legal provisions as determined by the lawyers, the Management has recorded a provision of Rs. 92,514,357 (Note 27) in respect of the above case based on the initial assessment notice they received in 2018. However, the Company subsequently received a default assessment of Rs. 455,774,694/- on 5th September 2023, followed by another default assessment of Rs. 251,326,886/- on 19th March 2025. On both occasions, the Company responded to the Inland Revenue Department of Sri Lanka, outlining the determination issued by the Court of Appeal. Accordingly, management remains confident that their position will prevail. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. Accordingly, no additional provision has been made in the Financial Statements.

38.7 Lee Hedges Investments Limited (Company)

The Company has received a determination on the income tax appeal dated 12.03.2024 in respect of the assessment year 2012/13. The tax amount is Rs. 666 Mn with a penalty amount of Rs. 333 million. The appeal has been dismissed, and the bank guarantee amounting to Rs 249.9 Mn has been released from the bank for this case on 04.04.2024. The case has now been escalated to the Court of Appeal by the Company on 29.05.2024 and the management is confident of a favorable outcome based on its interpretation of the tax legislation and prior experience. Accordingly, no provision has been recognised in the financial statements.

The bank guarantee claimed by IRD amounts to Rs. 249.9 Mn as at 31st March 2025. The Board of directors recognised a provision for this amount during the year ended 31st March 2024. However, after evaluating the time of possible recoverability of Rs.249 Mn which was recovered by Inland Revenue Department utilising the bank guarantee provided by the Company on account of this income tax assessment, and considering the time expected to take for the recovery of such balance, the Group has recognised a provision for impairment in full for bank guarantee claimed by Inland Revenue Department as at 31st March 2025.

39 EVENTS AFTER THE REPORTING PERIOD

Transfer of Investment in Lanka Realty Developments (Private) Limited

Lee Hedges PLC, a subsidiary of Lanka Realty Investments PLC, obtained unanimous shareholder approval at an Extraordinary General Meeting held on 28 April 2026 to purchase 57,204,262 ordinary shares held by Lanka Realty Investments PLC in Lanka Realty Developments (Private) Limited, representing 51% of the issued ordinary shares of Lanka Realty Developments (Private) Limited, for a total consideration of Rs. 1,610,334,180.

Transfer of Investment in On'ally Holdings PLC

On 22 July 2026, Lanka Realty Investments PLC completed the divestment of its entire direct shareholding of 47,325,368 ordinary shares, representing 50.886% of the issued ordinary shares of On'ally Holdings PLC, to Lee Hedges PLC, a subsidiary of the Company, at a consideration of Rs. 47.76 per share, amounting to a total consideration of Rs. 2,260,259,575.68.

Sale of Investment Property owned by the Group

On 25th June 2026, a building identified as investment property in Lee Hedges PLC, a subsidiary of Lanka Realty Investment PLC, was disposed for Rs. 2,700,000,000.

Notes to the Financial Statements

40 SEGMENT ANALYSIS

The segment information is based on one segmental format. The business segment is considered as the primary format and based on the management structure of the group.

The management is of the view that the Executive Directors are considered the decision makers and resources are allocated and performance assessed based on the following sectors.

In LKR ('000)	Investment and services		Manufacturing	
For the year ended 31st March,	2026	2025	2026	2025
Total revenue	325,147	404,807	36,558	17,625
Intra group revenue	(325,147)	(404,807)	-	-
External revenue	-	-	36,558	17,625
Segment results				
Results from operating activities	281,785	390,812	(4,230)	(8,198)
Net finance income/ (cost)	(60,933)	(68,473)	(28,077)	(26,520)
Profit/ (loss) before tax	220,852	322,339	(32,308)	(34,718)
Tax	(71,003)	(98,857)	(3,166)	(13,090)
Depreciation on property, plant & equipment	-	-	2,845	4,164
Increase in fair value of investment properties	-	-	-	-
Total assets	12,757,062	9,792,527	550,272	533,432
Additions to property, plant & equipment	-	-	223	-
Non interest bearing liabilities				
Deferred tax liability	-	-	122,372	113,347
Employee benefit obligations	-	-	1,394	1,409
Trade and other payables	1,303	1,360	12,631	22,862
Cash flows				
Segment cash flows from operating activities	2,869,188	(96,525)	104	2,982
Segment cash flows from investment activities	(2,943,221)	170,371	(223)	-
Segment cash flows from financing activities	(118,570)	(29,039)	-	-

Commercial /residential development		Leisure/ Hoteliering		Adjustments and eliminations		Total	
2026	2025	2026	2025	2026	2025	2026	2025
993,070	962,603	231,203	224,852	-	-	1,585,978	1,609,886
-	-	-	-	-	-	(325,147)	(404,807)
993,070	962,603	231,203	224,852	-	-	1,260,831	1,205,079
(81,522)	170,645	(20,198)	19,874	(329,541)	(405,527)	(153,706)	167,606
(352,180)	(475,401)	(96,520)	(92,242)	277,814	234,436	(259,896)	(428,200)
1,835,621	152,443	(116,717)	(72,368)	577,352	(171,091)	2,484,800	196,605
(867,581)	(72,544)	12,363	135,168	-	-	(929,388)	(49,323)
18,726	8,387	3,902	3,767	-	-	25,473	16,318
3,223,523	457,199	-	-	-	-	3,223,523	457,199
32,413,043	19,459,650	2,324,585	2,188,998	(18,432,073)	(12,799,053)	29,612,889	19,175,554
14,778	161	11,111	9,431	-	-	26,113	9,592
4,040,429	2,362,052	288,786	322,945	-	-	4,451,588	2,798,344
39,468	23,581	4,991	3,936	-	-	45,853	28,926
322,737	241,279	104,419	78,934	-	-	441,089	344,435
(3,680,149)	74,827	108,675	36,070	597,816	(12,751)	(30,865)	4,604
112,056	(173,579)	(18,665)	(9,431)	(99,383)	(99,383)	(2,949,438)	(112,022)
2,986,253	(69,633)	(108,350)	(49,854)	99,383	99,383	2,858,717	(49,143)

10 Year Summary

LKR '000 31st March	2017 Restated	2018	2019	2020 Restated	2021	2022	2023	2024	2025	2026
Operating Results										
Turnover	182,688	146,123	149,335	203,902	431,877	1,240,450	1,796,016	1,124,465	1,205,079	1,260,831
Profit before Tax	42,587	269,663	15,540	762,328	(151,952)	1,706,302	4,723	131,970	196,605	2,484,800
Income Tax	(9,315)	(34,176)	(11,901)	(152,443)	(49,072)	(428,171)	(893,338)	(114,180)	(49,323)	(929,388)
Profit After Tax	33,272	235,487	3,639	609,885	(201,024)	1,278,131	(888,615)	17,790	147,282	1,555,411
Non-Controlling Interest	5,559	4,370	(330)	(5,568)	11,003	317,792	163,009	275,223	241,802	748,559
Profit/(Loss) Attributable to the Group	27,713	231,117	3,969	615,454	(212,027)	960,339	(1,051,624)	(257,433)	(94,520)	806,853
Capital Employed										
Stated Capital	156,716	156,716	785,425	6,380,094	7,048,663	7,048,663	7,048,663	7,048,663	7,048,663	7,048,663
Reserves	517,410	856,249	859,315	1,542,500	1,400,223	2,638,574	1,238,704	1,041,800	1,071,152	1,443,588
Other components of equity	23,100	23,100	23,100	23,100	23,100	23,100	23,100	23,100	23,100	23,100
Shareholders' Funds	697,226	1,036,065	1,667,840	7,945,694	8,471,986	9,710,337	8,310,467	8,113,563	8,142,915	10,642,178
Non-Controlling Interest	100,691	131,862	32,483	33,273	1,200,550	1,436,796	1,511,640	1,697,115	1,776,948	8,195,980
Total Liabilities	499,199	583,084	358,207	3,504,298	5,602,844	6,840,402	8,395,201	8,726,612	9,255,957	10,774,731
Total Equity & Liabilities	1,297,116	1,751,011	2,058,530	11,483,266	15,275,381	17,987,535	18,217,308	18,537,290	19,175,820	29,612,889
Assets Employed										
Non-Current Assets	1,273,273	1,734,810	1,919,078	9,882,352	12,873,472	15,393,780	16,590,740	17,262,471	18,054,418	28,141,638
Current Assets	23,844	16,201	139,452	1,600,914	2,401,909	2,593,754	1,626,568	1,274,818	1,121,402	1,471,250
Total Assets	1,297,116	1,751,011	2,058,530	11,483,266	15,275,381	17,987,535	18,217,308	18,537,290	19,175,820	29,612,889
LKR										
Share Price	23.00	32.50	23.90	33.50	38.90	14.30	13.00	10.40	12.00	42.70
Earnings/(loss) per Share	2.19	18.26	0.15	4.48	(1.02)	4.54	(4.98)	(1.22)	(0.45)	3.82
Dividend per Share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Book Value per Share	55.08	81.85	37.65	41.07	40.08	45.94	39.32	38.39	38.52	50.35



Investor Information

SHARE DISTRIBUTION

Shareholding as at 31st March 2026

Shareholdings	RESIDENT			NON RESIDENT			TOTAL		
	Number of Shareholders (Resident)	No.of Shares (Resident)	% (Resident)	Number of Shareholders (Non Resident)	No.of Shares (Non Resident)	% (Non Resident)	Number of Shareholders (Total)	No.of Shares (Total)	% (Total)
1-1,000	2,106	491,488	0.23	18	4,194	0.00	2,124	495,682	0.23
1,001-10,000	529	1,893,814	0.90	3	14,500	0.01	532	1,908,314	0.90
10,001-100,000	215	7,698,168	3.64	3	200,909	0.10	218	7,899,077	3.74
100,001-1,000,000	74	20,020,512	9.47	7	3,519,749	1.67	81	23,540,261	11.14
1,000,001 & Over	7	49,734,981	23.53	8	127,792,113	60.46	15	177,527,094	83.99
Total	2,931	79,838,963	37.77	39	131,531,465	62.23	2,970	211,370,428	100.00

Type	No. of share Holders	%	Holding	%
Individuals	2,773	93.3670	88,246,957	41.7499
Institutions	197	6.6330	123,123,471	58.2501
Total	2,970	100.0000	211,370,428	100.0000

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY

Name	31st March 2026		31st March 2025	
	No. of Shares	(%)	No. of Shares	(%)
1 EIGHTH WONDER	61,662,684	29.173	23,912,684	11.313
2 LOLC FINANCE PLC/M.H.JAMALDEEN	35,402,545	16.749	-	-
3 MR. P. MORGAN	31,143,205	14.734	28,729,496	13.592
4 MR. A.J.B. WARMAN	12,878,709	6.093	10,665,000	5.046
5 MR. S.G. RODEN	8,622,680	4.079	8,622,680	4.079
6 MR. J.D. MARKLAND	8,148,828	3.855	8,148,828	3.855
7 PRIMA LAND (PRIVATE) LIMITED	5,013,333	2.372	5,013,333	2.372
8 MR. J.H. LEANAGE	4,497,357	2.128	-	-
9 ANIMAL MAGIC PRODUCTION LTD	2,520,000	1.192	2,520,000	1.192
10 MRS. E.S. KALBIAN	1,597,860	0.756	1,597,860	0.756
11 MR. M.F. FAROOK	1,325,000	0.627	1,325,000	0.627
12 SEYLAN BANK PLC/MOHAMED MUSHTAQ FUAD	1,244,183	0.589	-	-
13 MR. T.C. SMITH	1,218,147	0.576	1,218,147	0.576
14 PEOPLE S LEASING AND FINANCE PLC/VERITE RESEARCH (PVT) LTD	1,150,000	0.544	-	-
15 STERADIAN CAPITAL INVESTMENTS PRIVATE LIMITED	1,102,563	0.522	1,102,563	0.522
16 MRS. F.S. SABRY	1,000,000	0.473	-	-
17 COMMERCIAL BANK OF CEYLON PLC/N.S.T. PREMATHIRATNE & P.N. PREMATHIRATNE	963,635	0.456	-	-
18 DEUTSCHE BANK AG-NATIONAL EQUITY FUND	940,145	0.445	-	-
19 MR. S.A. COORAY & MR. P.T.COORAY,MRS. S.NUGAPITIYA	915,000	0.433	-	-
20 MR. R.J. MCMULLEN	871,500	0.412	871,500	0.412
Top 20 Total	182,217,374	86.208	93,727,091	44.342
OTHERS	29,153,054	13.792	117,643,337	55.658
TOTAL	211,370,428	100.000	211,370,428	100.000

Investor Information

DIRECTORS' SHAREHOLDING AS AT 31ST MARCH 2026

Name	No. of Shares	%
Sarravanan NEELAKANDAN	50,000	0.02%
Mohamed Hisham JAMALDEEN		
Shares held in the following manner		
LOLC FINANCE PLC / Mohamed Hisham JAMALDEEN	35,402,545	16.75%
Archie James Buckland WARMAN	12,878,709	6.09%
Mohamed Firdouse FAROOK	1,325,000	0.63%
Piers MORGAN	31,143,205	14.73%
Brian Vinod SELVANAYAGAM	0	0.00%

MARKET PRICE PER SHARE

	31st March 2026	31st March 2025
Highest during the year (LKR)	57.40	16.20
Lowest during the year (LKR)	37.30	9.70
Last traded price (LKR)	42.70	12.00

SHARE TRADING INFORMATION

	31st March 2026	31st March 2025
Number of transactions during the year	8,860	10,321
Number of shares traded during the year	35,768,884	30,001,704
Value of shares traded during the year (LKR)	1,765,689,050.00	384,476,188.30

PUBLIC HOLDING

- 1 The percentage of shares held by the public as at 31st March 2026 was 30.88%.
- 2 The number of shareholders representing the public holding was 2,961.
- 3 Consequent to Eighth Wonder being a party acting in concert with Lanka Realty Investments PLC in the acquisition of shares of Lee Hedges PLC with effect from 8th January 2026, the Public Holding and the number of shareholders representing the Public Holding as at 8th January 2026 reduced to 31.0055% and 2,926 respectively.
- 4 The float adjusted market capitalization as at 31st March 2026 was LKR 2,787,517,103.70.
- 5 The float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

Corporate Information

LEGAL FORM

A Public Limited Liability Company incorporate in Sri Lanka under the Companies Ordinance No. 51 of 1938 (Cap 1245), (Registered under the Companies Act No.07 of 2007) and listed on the Colombo Stock Exchange.

COMPANY REGISTRATION NUMBER

PQ 139

REGISTERED OFFICE

HQ Colombo 1st Floor
464A, T B Jayah Mawatha
Colombo 10
Sri Lanka

Tel : 011 2331556
Fax : 011 2331555
Email : info@Lriplc.com

DIRECTORS

Mr S Neelakandan
Mr P Morgan
Mr M H Jamaldeen
Mr A J B Warman
Mr M F Farook
Mr B V Selvanayagam

AUDIT COMMITTEE

Mr B V Selvanayagam
Mr S Neelakandan
Mr M F Farook

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr B V Selvanayagam
Mr S Neelakandan
Mr M F Farook

REMUNERATION COMMITTEE

Mr M F Farook
Mr S Neelakandan
Mr P Morgan

NOMINATIONS AND GOVERNANCE COMMITTEE

Mr B V Selvanayagam
Mr S Neelakandan
Mr P Morgan

AUDITORS

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P O Box 101
Colombo 03

LAWYERS

Sarravanan Neelakandan
Law Associates
HQ Colombo (Level 4)
464A T.B. Jayah Mawatha
Colombo 01000

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd
3/17, Kynsey Road
Colombo 08

Tel : 011-4640360
Email : pwcs@pwcs.lk

REGISTRARS

Corporate Solutions Unit
Central Depository Systems (Pvt) Ltd
Ground Floor, M&M Centre
No.341/5, Kotte Road
Rajagriya

Tel : 011-2356444
Fax : 011-2440396
Email : registrars@cse.lk

BANKERS

Sampath Bank PLC
Pan Asia Banking Corporation PLC
Bank of Ceylon
National Development Bank PLC
Commercial Bank of Ceylon PLC
Hatton National Bank PLC

Group Directory

Company Name	PV	% Ownership	Type	Date of Incorporation
Amtrad Limited	PB 1317	80%	Manufacturing & selling of cement concrete building blocs and paving blocks	March 28, 1980
285 Darley Road (Private) Limited	PV 109954	100%	Residential Property Developemnt	November 23, 2015
Alexandra Holdings (Private) Limited	PV 97631	100%	Real Estate Development	March 18, 2014
Almond Trees (Private) Limited	PV 80159	100%	Operators of Leisure Property	July 20, 2011
Baseline Holdings (Private) Limited	PV 104087	100%	Real Estate Development	February 25, 2015
Crown Resorts (Private) Limited	PV 73541	100%	Real Estate Development	August 02, 2010
Ilook Villa (Private) Limited	PV 78938	100%	Operators of hotels	May 20, 2011
L & A Quarries (Private) Limited	PV 79275	100%	Operators of Crusher Plants	June 07, 2011
Lanka Realty Ambalangoda (Private) Limited	PV 91199	100%	Development of Hotels	February 22, 2013
Lanka Realty Developments (Private) Limited	PV 12802	51% (Subsequently disposed to Lee Hedges PLC)	Commercial Property Development	October 04, 2006

Registered Address	Telephone Number	Directors	Stated Capital LKR
"HQ Colombo 1st Floor No. 464A, T.B. Jayah Mawatha Colombo 10"	011 2331556	A J B Warman (Chairman) M H Jamaldeen M F Farook	87,800,000.00
"HQ Colombo 1st Floor No. 464A, T.B. Jayah Mawatha Colombo 10"	011 2331556	M H Jamaldeen A J B Warman R G D Kasun	1,048,935,226.00
HQ Colombo 1st Floor No. 464A, T.B. Jayah Mawatha Colombo 10"	011 2331556	M H Jamaldeen A J B Warman R G D Kasun	231,657,537.00
HQ Colombo 1st Floor No. 464A, T.B. Jayah Mawatha Colombo 10	011 2331556	M H Jamaldeen A J B Warman R G D Kasun"	93,350,901.00
HQ Colombo 1st Floor No. 464A, T.B. Jayah Mawatha Colombo 10	011 2331556	M H Jamaldeen A J B Warman R G D Kasun	1,142,632,108.00
HQ Colombo 1st Floor No. 464A, T.B. Jayah Mawatha Colombo 10	011 2331556	M H Jamaldeen A J B Warman R G D Kasun"	50,717,090.00
HQ Colombo 1st Floor No. 464A, T.B. Jayah Mawatha Colombo 10	011 2331556	M H Jamaldeen A J B Warman R G D Kasun"	19,985,960.00
HQ Colombo 1st Floor No. 464A, T.B. Jayah Mawatha Colombo 10	011 2331556	M H Jamaldeen A J B Warman R G D Kasun"	94,372,920.00
HQ Colombo 1st Floor No. 464A, T.B. Jayah Mawatha Colombo 10	011 2331556	M H Jamaldeen A J B Warman R G D Kasun"	9,981,600.00
HQ Colombo 1st Floor No. 464A, T.B. Jayah Mawatha Colombo 10"	011 2331556	M H Jamaldeen A J B Warman M F Farook R G D Kasun"	830,000,006.00

Group Directory

Company Name	PV	% Ownership	Type	Date of Incorporation
Lanka Realty Leisure (Private) Limited	PV 84290	100%	Development of Hotels	February 15, 2012
Mulberry Holdings (Private) Limited	PV 100666	100%	Real Estate Development	September 03, 2014
Oak Street (Private) Limited	PV 12729	100%	Real Estate Development	April 06, 2009
Thudella Holdings (Private) Limited	PV 95031	100%	Real Estate Development	October 14, 2013
On'ally Holdings PLC	PQ 107	50.89%	Property Developers, Letting of Shop & Office Space	June 25, 1982
Lee Hedges PLC	PQ 152	51.00%	Property Developers, Letting of Office Space	22-May-08

Registered Address	Telephone Number	Directors	Stated Capital LKR
HQ Colombo 1st Floor No. 464A, T.B. Jayah Mawatha Colombo 10	011 2331556	M H Jamaldeen A J B Warman R G D Kasun	35,469,410.00
"HQ Colombo 1st Floor No. 464A, T.B. Jayah Mawatha Colombo 10"	011 2331556	M H Jamaldeen A J B Warman R G D Kasun	456,866,196.00
HQ Colombo 1st Floor No. 464A, T.B. Jayah Mawatha Colombo 10	011 2331556	M H Jamaldeen A J B Warman R G D Kasun	2,255,641,870.00
HQ Colombo 1st Floor No. 464A, T.B. Jayah Mawatha Colombo 10	011 2331556	M H Jamaldeen A J B Warman R G D Kasun	699,037,348.00
Unit 603, 4th Floor, Unity Plaza Building, No 2, Galle Road, Colombo 04	011 2501622	A J B Warman M H Jamaldeen T Sarveshwaran E A C Piyashantha H R S C Gunathilake S Neelakandan A A Marikar N L S Joseph K D Chithrapala M G Hemachandra	279,493,203.00
353, Kollupitiya Road Colombo 3	112 301035	A J B Warman M H Jamaldeen D S L P Wijesinghe AE Walpita R M M J Ratnayake A A Marikar N L S Joseph S S Vamadevan V V Vamadevan	51,205,460.00

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty Sixth (56th) Annual General Meeting of Lanka Realty Investments PLC will be held at the Sri Lanka Foundation, No. 100, Padanam Mawatha, Independence Square, Colombo 07 on 16th October 2026 at 3.00 p.m. for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Financial Statements for the year ended 31st March 2026 together with the Report of the Auditors thereon.
2. To re-elect as a Director, Mr. Brian Vinod Selvanayagam who retires by rotation in terms of Articles 83 and 84 of the Articles of Association of the Company.
3. To re-appoint as a Director, Mr. Piers Morgan who is 79 years of age by passing the following resolution:

"IT IS HEREBY RESOLVED THAT Mr. Piers Morgan who is 79 years of age be and is hereby re-appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. Piers Morgan."
4. To re-appoint Messrs Ernst & Young, Chartered Accountants, as the Company's Auditors and authorize the Directors to determine their remuneration.
5. To authorize the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.

By Order of the Board
Lanka Realty Investments PLC

ADWYERU

P W Corporate Secretarial (Pvt) Ltd
Secretaries

23rd September 2026

Notes:

1. A shareholder is entitled to appoint a Proxy to attend and vote at the meeting on his/her behalf.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy accompanies this Notice.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, 1st Floor, HQ Colombo, 464A, T.B. Jayah Mawatha, Colombo 10 by 3.00 p.m. on 14th October 2026.

Form of Proxy

I/We*
(NIC/Passport/Co. Reg. No.) of.....
being a shareholder / shareholders of LANKA REALTY INVESTMENTS PLC hereby appoint
..... (NIC/Passport No.....) of
..... or failing him/her*,

Mr. Saravanan Neelakandan	or failing him *
Mr. Piers Morgan	or failing him*
Mr. Mohamed Hisham Jamaldeen	or failing him*
Mr. Archie James Buckland Warman	or failing him*
Mr. Mohamed Firdouse Farook	or failing him*
Mr. Brian Vinod Selvanayagam	

as my/our* proxy to represent me/us* and to vote as indicated hereunder for me/us* and on my/our* behalf at the Fifty Sixth (56th) Annual General Meeting of the Company to be held on 16th October 2026 at 3.00 p.m. and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
(1) To re-elect as a Director, Mr. Brian Vinod Selvanayagam who retires in terms of Articles 83 and 84 of the Articles of Association of the Company.	☐	☐
(2) To pass the ordinary resolution set out under item 3 of the Notice of Meeting for the re-appointment of Mr. Piers Morgan as a Director.	☐	☐
(3) To re-appoint the retiring Auditors Messrs Ernst & Young, Chartered Accountants as the Company's Auditors and authorize the Directors to determine their remuneration.	☐	☐
(4) To authorize the Directors to determine donations for the year ending 31st March 2027 up to the date of the next Annual General Meeting.	☐	☐

In witness my/our* hands this day of Two Thousand and Twenty Six.

.....
Signature of Shareholder/s

*Please delete what is inapplicable.



Form of Proxy

Instructions for completion

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Proxy should be deposited at the Registered Office of the Company, 1st Floor, HQ Colombo, 464A, T.B. Jayah Mawatha, Colombo 10, by 3.00 p.m. on 14th October 2026.
3. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarial certificate copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
4. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.



LANKA REALTY
INVESTMENTS PLC

www.lriplc.com