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PROSPECTUS

Initial Public Offering of Prime Lands Residencies Limited
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INITIAL PUBLIC OFFER THROUGH AN OFFER FOR SUBSCRIPTION OF ONE HUNDRED MILLION (100,000,000) NEW ORDINARY VOTING SHARES AT LKR 10.40 PER SHARE (WITH THE OPTION TO ISSUE A FURTHER EIGHTY SEVEN MILLION FIVE HUNDRED THOUSAND (87,500,000) NEW ORDINARY VOTING SHARES AT LKR 10.40 PER SHARE, IN THE EVENT OF AN OVERSUBSCRIPTION OF THE INITIAL ONE HUNDRED MILLION (100,000,000) ORDINARY VOTING SHARES).

 **ACUITY**
A joint venture of DFCC Bank and HNB

Financial Advisor and Manager to the Issue

To be listed on the Diri Savi Board (or Main Board as relevant) of the Colombo Stock Exchange.

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INITIAL PUBLIC OFFER THROUGH AN OFFER FOR SUBSCRIPTION OF ONE HUNDRED MILLION (100,000,000) NEW ORDINARY VOTING SHARES AT LKR 10.40 PER SHARE (WITH THE OPTION TO ISSUE A FURTHER EIGHTY SEVEN MILLION FIVE HUNDRED THOUSAND (87,500,000) NEW ORDINARY VOTING SHARES AT LKR 10.40 PER SHARE IN THE EVENT OF AN OVERSUBSCRIPTION OF THE INITIAL ONE HUNDRED MILLION (100,000,000) ORDINARY VOTING SHARES)

All resident Applicants should indicate in the Application for Shares, their NIC number or the company registration number as the case may be, the passport number may be indicated only if the Applicant does not have an NIC number.

As per the Directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited (CDS) dated November 30, 2010, all Shares allotted must be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a valid CDS account prior to submitting the Application, in order to facilitate the uploading of allotted Shares to their CDS account.

Please note that upon the allotment of Shares under this Offer, the allotted Shares would be credited to the Applicant's CDS account so indicated. Please note that SHARE CERTIFICATES WILL NOT BE ISSUED.

In instances where there is a discrepancy between the CDS account details provided in the Application Form and records held by CDS, the information held in the CDS account will take precedence in order to mitigate risk of allotting shares to an incorrect party.

Any Application which does not carry a valid CDS account number or indicates a number of a CDS account which is not opened at the time of the closure of the subscription list or which indicates an inaccurate/incorrect CDS account number, shall be rejected and no allotment will be made.

You can open a CDS account through any member/trading member of the Colombo Stock Exchange (CSE) as set out in Annex E or through any Custodian Banks as set out in Annex F of this Prospectus.

The delivery of this Prospectus shall not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of this Prospectus. However, if there are any material changes in the affairs of the Company from the date of this Prospectus, till the Company's Shares are listed; such material changes will be duly disclosed.

If you are in doubt regarding the contents of this document or if you require any advice in this regard, you should consult your Stockbroker, Bank Manager, Lawyer or any other professional advisor.

This Prospectus is dated April 23, 2021

The Colombo Stock Exchange (“CSE”) has taken reasonable care to ensure full and fair disclosure of the information in this Prospectus. However, the CSE assumes no responsibility for the accuracy of the statements made, opinions expressed, or reports included in the Prospectus. Moreover, the CSE does not regulate the pricing of the shares, which is decided solely by the Company/Issuer.

This Prospectus has been prepared from information provided by Prime Lands Residencies Limited (hereinafter referred to as “Prime Lands Residencies”, “PLR” or “Company”) and its Directors and/or from publicly available sources. The Company and its Directors having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading.

Where representations regarding the future performance of the Company have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to the Company and making assumptions that are considered to be reasonable at the present point in time in their best judgment.

The Company accepts responsibility for the information contained in this Prospectus. While the Company has taken reasonable care to ensure full and fair disclosure of information, prospective applicants are advised to carefully read this Prospectus and rely on their own examination and assessment of the Company including the risks involved prior to making any investment decision.

No person is authorized to give any information or make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company.

REGISTRATION OF THE PROSPECTUS

A copy of this Prospectus has been delivered to the Registrar General of Companies in Sri Lanka for registration in accordance with the provisions contained in the Companies Act No. 07 of 2007.

The following documents were also attached to the copy of the Prospectus delivered to the Registrar General of Companies.

- **The written consent of the Financial Advisor and Manager to the Issue**
The Financial Advisor and Manager to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Manager to the Issue and for the inclusion of their statements/declarations in the form in which it is included in the Prospectus.
- **The written consent of the Registrars to the Issue**
The Registrars to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Registrars to the Issue in the Prospectus.
- **The written consent of the Company Secretary**
The Company Secretary has given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Company Secretary in the Prospectus.
- **The written consent of the Auditors and Reporting Accountants to the Company**
The Auditors and Reporting Accountants to the Company have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Auditors and Reporting Accountants to the Company and for the inclusion of their report/statements in the form and context in which it is included in the Prospectus.
- **The written consent of the Lawyers to the Issue**
The Lawyers to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Lawyers to the Issue in the Prospectus.
- **The written consent of the Bankers to the Issue**
The Bankers to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their names as Bankers to the Issue in the Prospectus.
- A declaration made by each of the Directors of the Company in terms of the Companies Act No. 07 of 2007 confirming that each of them have read the provisions of the Companies Act and the CSE Listing Rules relating to the issue of the Prospectus and that those provisions have been complied with.

Registration of the Prospectus in Jurisdictions Outside of Sri Lanka

This Prospectus has not been registered with any authority outside of Sri Lanka. Non-resident applicants may be affected by the laws of the jurisdictions of their residence. Such applicants are responsible for complying with the laws relevant to the country of residence and the laws of Sri Lanka, when making the investment.

Representation

No person is authorized to give any information or make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company.

Forward Looking Statements

Any statements included in this Prospectus that are not statements of historical fact constitute “Forward Looking Statements”. These can be identified by the use of forward-looking terms such as “expect”, “anticipate”, “intend”, “may”, “plan to”, “believe”, “could” and other similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward-Looking Statements.

Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Company operates and its ability to respond to them, the Company’s ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry; and further uncertainties that may or may not be in the control of the Company.

Such factors may cause actual results, performance and achievements to materially differ from any future results; and changes to performance or achievements expressed or implied by Forward Looking Statements contained herein. Forward Looking Statements are also based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future.

Given the risks and uncertainties that may cause the Company’s actual future results, performance or achievements to materially differ from that expected, expressed or implied by Forward Looking Statements in this Prospectus, applicants are advised not to place sole reliance on such statements.

Investment Considerations

It is important that this Prospectus is read carefully prior to making an investment decision. For information concerning certain risk factors, which should be considered by prospective applicants, see “Investment Considerations and Associated Risk Factors” in Section 10 of this Prospectus.

Presentation of Currency Information and Other Numerical Data

The financial statements of the Company and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. References in the Prospectus to “LKR”, “Rupees”, and “Rs.” are references to the lawful currency of Sri Lanka. Reference to “USD” is with reference to United States Dollars, the official currency of the United States of America.

Certain numerical figures in the Prospectus have been subject to rounding adjustments; accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Presentation of Macroeconomic and Industry Data

Economic and industry data used throughout this Prospectus are derived from the Central Bank of Sri Lanka and various other industry data sources, which the Company believes to be reliable, but the accuracy and completeness of that information is not guaranteed. Similarly, industry surveys and other publications, while believed to be reliable, have not been independently verified and neither the Company nor the Managers to the Issue make any representation as to the accuracy of such information.

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SALIENT FEATURES OF THE OFFER FOR SUBSCRIPTION AT A GLANCE

Company	Prime Lands Residencies Limited
Number and Type of Securities to be Offered	100,000,000 new Ordinary Voting Shares of the Company with an option to issue a further 87,500,000 Ordinary Voting Shares of the Company
Share Issue Price	LKR 10.40 per Ordinary Voting Share
Amount to be Raised	LKR 1,040,000,000 with an option to raise a further LKR 910,000,000 in the event of an oversubscription
Minimum Subscription per Application	Minimum subscription per Application is 1,000 Shares (LKR 10,400/-). Applications exceeding the minimum subscription should be in multiples of 100 Shares Each successful Application shall receive the minimum subscription
Issue Opening Date	May 11, 2021
Issue Closing Date	June 02, 2021 or such earlier date on which; <ul style="list-style-type: none">▪ the Issue of 100,000,000 new Ordinary Voting Shares is oversubscribed; or▪ The Board of Directors decide to close the Issue upon the initial Issue of 100,000,000 New Shares becoming fully subscribed or on any other date the Board of Directors decide to close the issue upon the exercise of the Option of issuing a further 87,500,000 New Ordinary Shares Refer Section 3.10 of this Prospectus for further details on the Closure Date
Earliest Closing Date	May 11, 2021
Basis of Allotment	As described in Section 4.7 of this Prospectus
CSE Listing	To be listed on the Diri Savi Board (or Main Board as relevant) of the CSE subject to compliance with the CSE Listing Rules and SEC Directives (as applicable)

DEFINITIONS/INTERPRETATIONS

The following definitions/interpretations apply throughout this Prospectus, unless the context otherwise requires:

“Applicant/s”	Any person who submits an Application Form under this Prospectus
“Application Form”, “Application”	The Application Form that constitutes part of this Prospectus through which Applicants may apply for the Shares on Offer
“Articles of Association”	Articles of Association of Prime Lands Residencies Limited
“Auditors and Reporting Accountants to the Company”	BDO Partners
“AWPLR”	Last quoted Average Weighted Prime Lending Rate published by the Central Bank of Sri Lanka
“Bn”	Billion
“CAGR”	Compounded Annual Growth Rate
“CAR”	Capital Adequacy Ratio
“CBSL”	Central Bank of Sri Lanka
“CDS”	Central Depository Systems (Private) Limited
“Companies Act”	Companies Act No. 07 of 2007
“CSE”	Colombo Stock Exchange
“Directors”	The Directors for the time being of the Company, unless otherwise stated
“EPS”	Earnings Per Share
“ESC”	Economic Service Charge
“Float Adjusted Market Capitalisation”	Public holding percentage of the Company multiplied by the market capitalization of the Company
“FY”	Financial Year
“First Tranche”	Issue of the initial of One Hundred Million (100,000,000) new Ordinary Voting Shares of the Company
“GDP”	Gross Domestic Product
“IMF”	International Monetary Fund
“IPO”	Initial Public Offering through an Offer for Subscription of One Hundred Million (100,000,000) new Ordinary Voting Shares of the Company at LKR 10.40 per share with an option to issue a further Eighty Seven Million Five Hundred Thousand (87,500,000) new Ordinary Voting Shares of the Company at LKR 10.40 per share in the event of an oversubscription of the initial of One Hundred Million (100,000,000) new Ordinary Voting Shares
“KMP”	Key Management Personnel
“Issue”, “Offering”, “Offer”, “Offer for Subscription”	An invitation to the public by the to purchase new Ordinary Shares of the Company in terms of Section 3.2 of this Prospectus
“Issue Closing Date”, “Closure Date”	The date of closure of the subscription list as set out in Section 3.10 of this Prospectus
“LCB”	Licensed Commercial Bank
“LSB”	Licensed Specialized Bank
“LKR”, “Rs.”, “Rupees”	Sri Lankan Rupees
“Local Time”	Sri Lanka Time
“Market Day”	Any day on which the CSE is open for trading
“Mn”	Million
“NAV”	Net Asset Value
“NBT”	Nation Building Tax
“New Shares”, “Shares in Issue”, “Offered Shares”	One Hundred Million (100,000,000) New Ordinary Voting Shares or One Hundred and Eighty Seven Million Five Hundred Thousand (187,500,000)

	New Ordinary Voting Shares, as the case maybe, to be issued to the public at the Share Issue Price
“NIC”	National Identity Card
“NIM”	Net Interest Margin
“Opening Date”, “Issue Opening Date”	The date of opening of the subscription list as set out in Section 3.10 of this Prospectus
“Option”	Option to issue a further Eighty Seven Million Five Hundred Thousand (87,500,000) New Ordinary Voting Shares in the case of an oversubscription
“Ordinary Voting Shares”, “New Ordinary Voting Shares”, “Issued and Paid up Ordinary Shares”	Ordinary shares of the Company, with the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in dividends paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company in liquidation
“P/E”	Price Earnings Ratio
“PLR”, “Prime Lands Residencies”, “the Company”	Prime Lands Residencies Limited
“POA”	Power of Attorney
“Prospectus”	This Prospectus dated April 23, 2021 issued by the Company
“ROA”	Return on Assets
“ROE”	Return on Equity
“Shares”	Ordinary Voting Shares
“SEC”	Securities and Exchange Commission of Sri Lanka
“Second Tranche”	Issue of the further Eighty Seven Million Five Hundred Thousand (87,500,000) new Ordinary Voting Shares of the Company in the event of an oversubscription of the initial of One Hundred Million (100,000,000) new Ordinary Voting Shares
“Share Issue Price”	The price at which the New Ordinary Voting Shares will be issued to the public, as detailed in this Prospectus Share Issue Price of LKR 10.40 per Ordinary Voting Share
“SLAS”, “SLFRS”	Sri Lanka Accounting Standards
“Stated Capital”	The Stated Capital of Prime Lands Residencies Limited
“The Board”, “The Board of Directors”	The Board of Directors of Prime Lands Residencies Limited
“TTM”	Trailing 12 Months
“USA”, “United States”	The United States of America
“USD”	United States Dollars
“VAT”	Value Added Tax
“WHT”	Withholding Tax

1.0 CORPORATE INFORMATION

Company	Prime Lands Residencies Limited																		
Registered Office	75, D S Senanayake Mawatha Colombo 08, Sri Lanka Tel: +94 11 2699822 Fax: +94 11 4209691																		
Date, Place and Authority of Incorporation	A Limited Liability Company Incorporated in Sri Lanka on May 16, 2005 under the Companies Act No. 17 of 1982 and re-registered on September 15, 2008 under the Companies Act No. 07 of 2007. The Company was converted to a Public Company on February 12, 2021.																		
Company Registration Number (as a Public Company)	PB00234680																		
Company Secretary	PELE Consultants (Private) Limited Apart. No. 9/6, 10, Alfred House Gardens Colombo 03, Sri Lanka Tel: +94 77 7352370																		
Auditors and Reporting Accountants to the Company	Messrs. BDO Partners (Chartered Accountants) 65/2, "Charter House", Sir Chittampalam A Gardiner Mawatha Colombo 02, Sri Lanka Tel: +94 11 2421878-79/70 / +94 11 2387002/03 Fax: +94 11 2336064																		
Board of Directors	<table><tr><td>Mr. B Premalal</td><td>– Co-Chairman/Non-Independent Executive Director</td></tr><tr><td>Ms. H K S R Perera</td><td>– Co-Chairperson/Non-Independent Executive Director</td></tr><tr><td>Mr. N M Weerakkody</td><td>– Managing Director/ Non-Independent Executive Director</td></tr><tr><td>Mr. H M N U Kumara</td><td>– Non-Independent Executive Director</td></tr><tr><td>Ms. S S A P Brahmanage</td><td>– Non-Independent Executive Director</td></tr><tr><td>Mr. M Perera</td><td>– Non-Independent Non-Executive Director</td></tr><tr><td>Mr. D Kalapuge</td><td>– Non-Independent Non-Executive Director</td></tr><tr><td>Mr. S Bandara</td><td>– Independent Non-Executive Director</td></tr><tr><td>Mr. D Sooriyaarachchi</td><td>– Independent Non-Executive Director</td></tr></table>	Mr. B Premalal	– Co-Chairman/Non-Independent Executive Director	Ms. H K S R Perera	– Co-Chairperson/Non-Independent Executive Director	Mr. N M Weerakkody	– Managing Director/ Non-Independent Executive Director	Mr. H M N U Kumara	– Non-Independent Executive Director	Ms. S S A P Brahmanage	– Non-Independent Executive Director	Mr. M Perera	– Non-Independent Non-Executive Director	Mr. D Kalapuge	– Non-Independent Non-Executive Director	Mr. S Bandara	– Independent Non-Executive Director	Mr. D Sooriyaarachchi	– Independent Non-Executive Director
Mr. B Premalal	– Co-Chairman/Non-Independent Executive Director																		
Ms. H K S R Perera	– Co-Chairperson/Non-Independent Executive Director																		
Mr. N M Weerakkody	– Managing Director/ Non-Independent Executive Director																		
Mr. H M N U Kumara	– Non-Independent Executive Director																		
Ms. S S A P Brahmanage	– Non-Independent Executive Director																		
Mr. M Perera	– Non-Independent Non-Executive Director																		
Mr. D Kalapuge	– Non-Independent Non-Executive Director																		
Mr. S Bandara	– Independent Non-Executive Director																		
Mr. D Sooriyaarachchi	– Independent Non-Executive Director																		

2.0 RELEVANT PARTIES TO THE ISSUE

Financial Advisor and Manager to the Issue	Acuity Partners (Private) Limited 53, Dharmapala Mawatha Colombo 03, Sri Lanka Tel: +94 11 2206206 Fax: +94 11 2437149
Lawyers to the Issue	Sharm Fernando Associates 35/10, Wijayakumaratunga Mawatha Colombo 05, Sri Lanka Tel: +94 76 6993861
Auditors and Reporting Accountants to the Issue	Messrs, BDO Partners (Chartered Accountants) 65/2, "Charter House", Sir Chittampalam A Gardiner Mawatha Colombo 02, Sri Lanka Tel: +94 11 2421878-79/70 / +94 11 2387002/03 Fax: +94 11 2336064
Registrars to the Issue	S S P Corporate Services (Private) Limited 101, Inner Flower Road Colombo 03, Sri Lanka Tel: +94 11 2573894 / +94 11 2576871 Fax: +94 11 2573609
Bankers to the Issue	Seylan Bank PLC 90, Galle Road Colombo 03, Sri Lanka Tel: +94 11 2456789

3.0 DETAILS OF THE OFFERING

3.1 The Offering

The Issue contemplated herein shall constitute an invitation made to the general public to purchase One Hundred Million (100,000,000) New Ordinary Voting Shares of the Company at the Share Issue Price, with an Option of issuing a further Eighty Seven Million Five Hundred Thousand (87,500,000) New Ordinary Voting Shares at the Share Issue Price in the event of an oversubscription.

3.2 Nature of the New Ordinary Voting Shares

The Offered Shares shall, upon allotment, rank equal and *pari passu* in all respects with the existing Ordinary Shares of the Company and each New Share shall confer on the holder thereof the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in any dividend that may be paid by the Company after the allotment of the Offered Shares and the right to an equal share in the distribution of the surplus assets of the Company in a liquidation.

3.3 Size of the Issue

If fully subscribed, the Issue would raise Rupees One Billion and Forty Million (LKR 1,040,000,000) and if the Option is exercised and fully subscribed the total Issue would raise Rupees One Billion Nine Hundred and Fifty Million (1,950,000,000)

3.4 Share Issue Price

The Share Issue Price for Ordinary Voting Shares will be Sri Lankan Rupees Ten and Forty Cents (LKR 10.40) per share. The Board of Directors of PLR is of the opinion that the Share Issue Price is fair and reasonable to the Company and to all existing shareholders of the Company.

The Share Issue Price was determined by the Company in consultation with the Managers and Financial Advisors to the Issue, Acuity Partners (Private) Limited, in accordance with the research report prepared compiled by the Managers and Financial Advisors to the Issue, in line with Rule 3.1.4 (c) of the CSE Listing Rules. A copy of the research report is enclosed as Annexure E of this Prospectus. The Managers and Financial Advisors to the Issue have not withdrawn their written consent to the issue of the Prospectus with the research report in the form and context in which it is included.

Given below is the summary of the valuation based on the methods used for the purposes of arriving at the value of the Shares as detailed in the research report is enclosed as Annexure E of this Prospectus;

Valuation Method	Value per Share	(Discount)/Premium compared to the Issue Price
Discounted Cashflow Method	15.82	34.26%
Trailing 12 Months - P/E Multiple Method	16.34	36.36%
Forward FYE March 31, 2022	20.02	48.04%

The IPO price is at a discount ranging from 34.26% - 48.04% to the valuation methodologies adopted. This discount has been provided for the IPO investors to be given a potential upside on their investment.

The net asset value per share was LKR 4.24 as at January 31, 2021 based on the interim financial statements which have been subjected to a review by auditors, and the Ordinary Voting Share Issue Price is 2.45 times the net asset value.

Applicants should read the following summary with the risk factors included under Section 10 of this Prospectus and the details of the Company and its financial statements included in this Prospectus.

3.4.1 Quantitative Factors

The following quantitative aspects were also taken into consideration;

TABLE 3.1 - EARNINGS PER SHARE (EPS) AND RETURN ON EQUITY (ROE)

For the Period Ended	Earnings per Share (LKR)*			Return on Equity***	P/E (X)	
	Based on the Number of Shares as at Year End (Basic EPS)	Adjusted for the Subdivision of Shares (Diluted EPS) **			On Basic EPS	On Diluted EPS
March 31, 2018 – Audited	4.77	0.95		26.54%	2.18	10.91
March 31, 2019 – Audited	1.72	0.34		9.46%	6.05	30.23
March 31, 2020 – Audited	0.92	0.18		5.60%	11.34	56.68
Average	2.47	0.49		13.87%		
January 31, 2021						
- Using 10 Months Earnings	0.98	0.98		23.12%		
- Using Annualized Earnings	1.18	1.18		27.74% ⁺		

* Earnings Per Share = Net profit attributable to equity shareholders/Weighted average number of equity shares outstanding during the year or period

** A sub division of shares was carried out on January 25, 2021 in the ratio of 1:5, and the EPS has been adjusted for the same

*** Return on Equity = Net profit after tax/ Net assets as at the end of the year or period

⁺ Annualized ROE has been calculated by using the net asset value as at January 31, 2021 and the annualised profit after tax

Price Earnings Ratio (P/E)

The P/E in relation to the Ordinary Voting Share Issue Price of LKR 10.40:

- Based on the basic EPS of LKR 0.92 for the FY ended March 31, 2020, the P/E is 11.34(X).
Based on the diluted EPS of LKR 0.18 for the FY ended March 31, 2020 the P/E is 56.68(X).
- Based on the average basic EPS of LKR 2.47 for the last three (03) financial years, the P/E is 4.21(X).
Based on the average diluted EPS of LKR 0.49 for the last three (03) financial years, the P/E is 21.07(X).
- Based on the basic and diluted EPS of LKR 0.98 for the ten (10) months ended January 31, 2021, the P/E is 10.60(X).
Based on the annualised basic and diluted EPS of LKR 1.18 based on the earnings for the ten (10) months ended January 31, 2021, the P/E is 8.84(X).
- The P/E range of the industry peers is as given below;

As at March 10, 2021	Name of the Peer Company	P/E based on the Trailing 12 Months*
Highest	Millennium Housing Developers PLC	13.71
Lowest	Overseas Realty (Ceylon) PLC	11.47
Industry Composite**		12.59

Source – Colombo Stock Exchange

Sector Classification – Real Estate

*P/E ratios have been calculated by using closing share prices as at March 08, 2021 and Earnings Per Share for the trailing 12 months up to December 31, 2020

**Industry Composite P/E ratio has been calculated by averaging out the P/E ratios of selected peers listed in the table under the below heading of “Peer Entity Accounting Ratios”.

Net Asset Value (NAV)

The Net Asset Value per share was;

- a) LKR 16.39, based on the financial statements as at March 31, 2020 and LKR 3.28 when adjusted for the subdivision of shares.
- b) LKR 4.24, based on the interim financial statements for the ten (10) months ended January 31, 2021
LKR 3.74, based on the Post Issue of 100,000,000 shares and interim financial statements for the ten (10) months ended January 31, 2020 and LKR 3.39, based on the Post Issue of 187,500,000 shares and interim financial statements for the ten (10) months ended January 31, 2020
- c) The Issue Price is LKR 10.40 per Share.

Peer Entity Accounting Ratios

A peer company comparison of the quantitative factors discussed above using market data as at March 10, 2021 and the audited financial statements for the 12 months period ended March 31, 2020 or December 31, 2020 (as appropriate) together with the comparison based on trailing 12 months up to December 31, 2020 is provided below;

Peer Company	Net Asset Value per Share (LKR)		Earnings per Share (EPS)		P/E		Return on Equity	
	Audited	TTM	Audited	TTM	Audited	TTM	Audited	TTM
Overseas Realty (Ceylon) PLC*	34.46	35.87	3.49	1.40	4.47	11.43	10.12%	3.89%
Millennium Housing Developers PLC **	7.15	7.58	1.29	0.43	4.58	13.72	18.01%	5.68%

Source – Colombo Stock Exchange

Sector Classification – Real Estate

* Audited financial statements for the year ended December 31, 2020

** Audited financial statements for the year ended March 31, 2020

The above industry peer entities are the closest comparable peers from the entities listed on the CSE although the comparability is limited due to the nature of business, such as the inclusion of rental income, difference in market segments being targeted as well as the number and frequency of projects being carried out.

3.4.2 Qualitative Factors

The following qualitative factors were considered by the Company when arriving at the Share Issue Price;

- **The past track record of the Company** – since inception the Company has successfully completed and handed over 35 projects with 5 more under construction. The Company has managed to successfully execute the sales of these projects while ensuring that the profit margins are maintained.
- **Excellent land acquisition capabilities and insights in to the demand drivers** – with the land acquisition expertise stemming from the parent entity, Prime Lands (Private) Limited, PLR is poised to benefit by being able to identify suitable land for development of residential real estate projects based on the demand in the respective areas. Furthermore, the Company would be able to acquire land at competitive prices given this expertise.
- **Untarnished brand equity and brand recognition amongst the customers and general public** – these position the Company to be a preferred choice amongst its competitors and would provide the reliability and stability expected by the investors as well as the customers.

3.5 Purpose of Listing & Objectives of the Issue

The proceeds from the IPO will be utilised for the purposes mentioned below in the order in which it is mentioned below;

- (i) **Payment for the Acquisition of Land in Meegoda, Homagama** – the Company has earmarked a 22-acre land, named Kauluhena Estate in Meegoda, for the purposes of developing a condominium project as detailed under Section 5.6 of this Prospectus. LKR 333,312,500 from the IPO proceeds will be utilised for the balance payment before the end of Quarter 2 of 2021. The total land value is LKR 433,312,500 of which the Company has made an advance payment of LKR 100,000,000 and a sales and purchase agreement dated January 28, 2021 has been entered into between the Company and the seller of the land. Once the above amounts are settled there is no balance payment to be made. The price of the land was determined based on the negotiations with the seller of the land. The seller of the land is not a related party of the Company.
- (ii) **Settling the Revolving Import Loans taken for The Grand Project** - LKR 188,047,000 will be utilised to settle the import loans taken for this project from Seylan Bank PLC. These loans will be repaid upon maturity and the details of the loans are given below;

Loan Ref.	Date Granted	Amount	Interest Rate	Date of Maturity
RIL/BLA/20/03881	December 04, 2020	7,622,000	7.00%	June 01, 2021
RIL/BLA/20/03882	December 04, 2020	22,111,000	7.00%	June 01, 2021
RIL/BLA/20/04006	December 15, 2020	1,788,000	7.00%	June 11, 2021
RIL/BLA/20/04044	December 18, 2020	1,357,000	7.00%	June 15, 2021
RIL/BLA/20/04046	December 18, 2020	7,181,000	7.00%	June 15, 2021
RIL/BLA/20/04181	December 31, 2020	6,143,000	7.00%	June 28, 2021
RIL/BLA/21/00181	January 15, 2021	11,169,000	7.00%	July 13, 2021
RIL/BLA/21/00184	January 15, 2021	1,600,000	7.00%	July 13, 2021
RIL/BLA/21/00189	January 15, 2021	7,139,000	7.00%	July 13, 2021
RIL/BLA/21/00190	January 15, 2021	6,710,000	7.00%	July 13, 2021
RIL/BLA/21/00235	January 19, 2021	8,636,000	7.00%	July 16, 2021
RIL/BLA/21/00082	January 06, 2021	6,043,000	7.00%	July 02, 2021
RIL/BLA/21/00236	January 19, 2021	31,114,000	7.00%	July 16, 2021
RIL/BLA/21/00237	January 19, 2021	19,597,000	7.00%	July 16, 2021
RIL/BLA/21/00438	January 25, 2021	49,837,000	7.00%	July 22, 2021
Total		188,047,000		

The above loans have been identified for repayment from the IPO proceeds according to the maturity dates and since these loans have a maximum credit period upon the expiry of which the entire capital has to be settled. The above loans were obtained to settle the Letters of Credit obtained for the purpose of importing material for this project. In the event the Shares being Offered are not allotted prior to the maturity dates, the loans will be settled using permanent overdraft facilities and pre sales collections. In the event the any funds remain unutilised due to the materialization of the above, such funds will be used for the same objective, which is to settle revolving import loans.

- (iii) **To further strengthen the working capital of the Company** – the part of the IPO proceeds will be utilized in order to strengthen the working capital of the following projects.
- a. **The Palace Gampaha** – LKR 150,000,000 will be utilised to pay 50% of the mobilization advance to the contractor. This will be paid within Quarter 2 of 2021. The total mobilization advance will amount to LKR 300,000,000 which has been determined based on the total estimated project cost.
- b. **The Beach Front (Uswetakeiyawa II)** – LKR 90,000,000 will be utilised to fund a portion of the construction cost of the project. This will be paid within Quarter 2 of 2021. The total cost of construction is LKR 1,382 Mn for the entire project, determined based on the contract with the construction contractor, of which LKR 250 Mn has already been paid to the contractor as at February 28, 2021, and of the balance LKR 369 Mn is expected to fall due during Q2, Q3 and Q4 of 2021, for a portion

of which the IPO proceeds will be utilised. The balance amounts will be paid using the pre-sales collections.

c. **The Grand (Ward Place)**

The remaining portion of the IPO proceeds will be utilised to cover part of the construction cost of the project and will be utilized within Quarter 2 of 2021. The total cost of construction is LKR 15,995 Mn for the entire project, determined based on the contract with the construction contractor, of which LKR 9,810 Mn has already been paid to the contractor as at February 28, 2021, and of the balance LKR 4,462 Mn is expected to fall due during Q2, Q3 and Q4 of 2021, for a portion of which the IPO proceeds will be utilised. In the event only 100,000,000 new Ordinary Voting Shares are issued an amount of LKR 278.6 Mn will be utilised to cover a portion of the construction cost of this project and if 187,500,000 new Ordinary Voting Shares are issued this would increase to LKR 1,188.6 Mn.

The balance amounts will be paid using the pre-sales collections.

The above-mentioned IPO proceeds used for the purpose of strengthening the working capital of the Company amounts to only a portion of the entire working capital requirement, which is primarily based on the requirements of the on-going and projects to be launched. The remaining working capital requirements will be funded through internally generated funds, receipts from pre-sales and borrowings. The Company's working capital requirement as at 31 January 2021 is stated in Note 30.1 of the Interim Financial Statements as at 31 January 2021.

There is no minimum level of subscription to be raised with regard to meeting any of the objectives mentioned above. In the event the required proceeds are not raised, the Company will meet the funding requirements through internally generated funds, receipts from pre-sales and borrowings.

PLR does not require to obtain approval from any other regulator other than CSE for the Issue and no other approvals are required with regard to the objectives of the Issue other than the UDA approval for the Gampaha project.

The funds raised through the IPO will not be utilised for any related party transactions and the objectives mentioned above will not amount to a major transaction.

In addition to the above, the listing would facilitate PLR to broad-base the ownership of the Company while meeting the 'Public Holding' requirements of the CSE, which would also strengthen the corporate standing of the Company and further strengthen the governance structure and transparency thus ensuring sustainability.

Benefits to the IPO Investors from the Objectives of the Issue

With the implementation of the objective of the Issue mentioned above, the IPO investors as well as the existing shareholders would benefit through the enhanced project pipeline as well as the better working capital position of the Company, which will reflect in the financial statements in future.

Specific Risks Relating to the Objectives of the Issue

PLR has already made an advance payment of LKR 100 Mn for the purchase of this Meegoda land on January 28, 2021, with the commitment to pay the balance portion of LKR 333,312,500 within 90 days. Given the above the Company does not foresee any risk or delay with regard to the utilisation of these funds for this purpose.

The proceeds that are to be used for the purposes mentioned under (ii) & (iii) above are for projects that are already under construction except for The Palace Gampaha which is in the process of tendering for main construction work (bid submission date February 23, 2021) and for which pre-sales have been received. In this regard the Company does not foresee any risk or delay in utilising the proceeds for these objectives. There are no specific risks associated with this project other than what it disclosed under Section 10. The Company is

required to obtain the Urban Development Authority clearance and approval for the project, both of which have already been obtained.

Given the nature of the business and the pipeline of projects, the Company does not foresee any deviations from its objectives or delays in deploying the funds raised via the IPO as mentioned above during the time frames stipulated. However, if the funds raised via the IPO is utilised for any purpose, other than the purposes mentioned above, the Company will make necessary disclosures to the shareholders via the CSE and take necessary steps to obtain the approvals of the relevant parties including the shareholders as appropriate at that point in time.

The funds raised will be invested in a money market account at a Commercial Bank at current market rates (interest rates are 4.5% p.a. at present) during the interim period until utilization. In the event there is a delay in the utilisation of the funds raised for the purposes mentioned above it will be held in the money market account as detailed above until such time the funds can be utilised for the specified purpose.

PLR undertakes to disclose the progress of the utilization of proceeds in all of their future interim and annual financial statements, until funds are fully utilized for the respective objectives stated in the Prospectus in the format presented below.

Continuous Disclosure regarding status of utilisation of funds raised via IPO

IPO Proceeds Utilisation as at dd-mm-yyyy

Objective Number	Objective as per Prospectus	Amount Allocated as per Prospectus in Rs.	Proposed Date of Utilisation as per Prospectus	Amount Allocated from Proceeds in Rs. (A)	% of Total Proceeds	Amounts Utilised in Rs. (B)	% of Utilisation Against Allocation (B/A)	Clarification if not fully utilised including where the funds are invested (eg: whether lent to related party/s etc)

In the event the proceeds raised are fully utilized in terms of the objectives disclosed in the Prospectus the Company shall disclose the fact in the immediate succeeding annual report or the interim financial statements, whichever is published first.

3.6 Listing

The Issue herein contemplated comprises of One Hundred Million (100,000,000) new Ordinary Shares of the Company, with an Option of issuing a further Eight Seven Million Five Hundred Thousand (87,500,00) new Ordinary Shares of the Company. If fully subscribed, the New Shares will amount to 11.76% and 20% of the Issued and Paid up Ordinary Shares of the Company, respectively, subsequent to the Issue.

An Application has been made to and approved in principle by the CSE for permission to deal in and for a listing of up to Nine Hundred and Thirty Seven Million Five Hundred Thousand (937,500,000) Ordinary Voting Shares being the entirety of the Shares constituting the Stated Capital of the Company resulting after the Offer for Subscription if the Option is also exercised. However, the CSE reserves the right to withdraw such approval granted for the listing of the Shares mentioned above, in the circumstances set out in Rule 2.3 of the Listing Rules of the CSE.

PLR has already complied with Rule 2.1.2(ii)(a), Rule 2.1.2(ii)(b) and Rule 2.1.2(ii)(d) as well as Rule 2.1.2(i)(a), Rule 2.1.2(i)(b) and Rule 2.1.2(i)(d) of the CSE Listing Rules.

It is expected that the Company will meet the minimum Public Holding requirement [Rule 2.1.2(ii)(c)] of the CSE Listing Rules on the completion of the Offer (prior to exercising the Option) upon which the listing of the entire Ordinary Shares of the Company will take place on the Diri Savi Board of the CSE. However, if the Company meets the minimum Public Holding requirement [Rule 2.1.2(i)(c)] of the CSE Listing Rules on the completion of

the Offer, with exercising the Option, the listing of the entire Ordinary Shares of the Company will take place on the Main Board of the CSE.

The minimum public holding requirement for the Diri Savi Board stipulates that, if the Float Adjusted Market Capitalization of the Company is less than LKR 1 Bn, 10% of the total number of shares for which a listing is sought should be in the hands of a minimum number of 200 public shareholders, while the minimum public holding percentage should be 7.5% if the Float Adjusted Market Capitalization of the Company is a minimum of LKR 1 Bn. With regard to the above requirements the total number of shares for which a listing is sought should be in the hands of a minimum number of 200 public shareholders.

The minimum public holding requirement for the Main Board stipulates that, if the Float Adjusted Market Capitalization of the Company is less than LKR 2.5 Bn, 20% of the total number of shares for which a listing is sought should be in the hands of a minimum number of 500 public shareholders, while the public holding percentage should be 10%, 7.5% or 5% if the Float Adjusted Market Capitalization of the Company is LKR 2.5 Bn, LKR 5 Bn or LKR 7.5 Bn, respectively. If the Float Adjusted Market Capitalization of the Company is LKR 10 Bn or more, there is no minimum public holding percentage. With regard to the above requirements the total number of shares for which a listing is sought should be in the hands of a minimum number of 500 public shareholders.

In the event PLR is unable to meet the requirement of Rule 2.1.2(ii)(c), the Ordinary Voting Shares of the Company will not be listed on the CSE. In such an event the subscription amounts will be returned to the Applicants.

It should be noted that the aforesaid public holding requirements would be calculated by considering all Shares that are freely tradable, on the Date of Listing.

The shares mentioned in Section 9.2 will be locked in to be in compliance with CSE Listing Rules 2.1.1(d) and will not be available for trading. Refer Table 9.4 of this Prospectus for further information.

3.7 Cost of the Offering

The total costs associated with the Offering are estimated to be approximately LKR 68.2 Mn. These include all direct costs and expenses associated with the Issue, inclusive of but not limited to, the initial listing fees to the CSE; management/advisory fees payable to the Financial Advisor and Manager to the Issue; brokerage commission; fees for the registrar function; legal, consultancy and accountancy fees; advertising, promotional and printing costs. The costs will be met utilizing internal funds of the Company.

3.8 Brokerage

Brokerage at the rate of zero decimal six per centum (0.60%) of the value of the Shares will be paid in respect of the number of New Shares allotted on Applications bearing the original seal of any bank operating in Sri Lanka or a member/trading member of the CSE or Acuity Partners or any other intermediary appointed by the Company involved in the marketing of the Issue.

3.9 Minimum Subscription and Underwriting

There is no minimum amount required to be raised in this Issue.

The Company has entered into underwriting arrangements with Seylan Bank PLC and DFCC Bank PLC amounting to LKR 599,999,920/- or 57,692,300 of the Offered Shares. The Company would adopt the same order for the allocation of funds raised through underwriting if relevant, as detailed under Section 3.5 of this Prospectus.

Details of Underwriting

The Company has entered into Underwriting Agreements with Seylan Bank PLC (Seylan) and DFCC Bank PLC (DFCC) with regards to the IPO. In the event of an undersubscription of the First Tranche, Seylan Bank PLC and DFCC Bank PLC, the Underwriters, will collectively subscribe up to a maximum of 57,692,300 Shares (collectively underwriting 57.69% of the total Shares issued via the First Tranche of the IPO) at the Share Issue Price amounting to a total value of LKR 599,999,920/-, shared equally by the two Underwriters.

The Company shall seek a listing irrespective of whether the Issue is fully subscribed or not (subject to the Company satisfying the requirement of the CSE Listing Rules for such a listing as morefully described in Section 3.6 of this Prospectus). In the event of an undersubscription (subject to the Company satisfying the minimum public holding requirement as stipulated in Rule 2.1.2(i)(c) or 2.1.2(ii)(c)), the subscribers will be allotted the Shares they have applied for and the funds raised will be utilised to meet the objective i, ii and iii of the Issue in the order mentioned above, as stipulated in Section 3.5 of this Prospectus.

However, in the event of an undersubscription, and if the Company is unable to fulfil the minimum public holding requirement as stipulated in Rule 2.1.2(i)(c) and 2.1.2(ii)(c), the money collected will be returned to Applicants and the Company will not be listed on the CSE.

Profile of the Underwriters

Seylan Bank PLC

Seylan Bank PLC is a commercial bank regulated by the Central Bank of Sri Lanka and was incorporated on 28 August 1987. It commenced business on 24 March 1988, and operates under the authority of the license issued by Monetary Board of Central Bank of Sri Lanka.

Seylan Bank offers banking products and services ranging from savings accounts, current accounts, foreign currency services, deposits and investments, credit cards, loan facilities, leasing, e-commerce and personal financial planning services. Apart from the above, Seylan Bank offers personal banking facilities, trade finance, remittances, offshore banking, and pawning services.

Seylan Bank's network comprises of 172 Branches, 207 ATMs and 98 Student Savings Centers and has overseas presence in many countries including Lebanon, Oman, Saudi Arabia and the United Arab Emirates. They undertake remittance business on behalf of Sri Lankan expatriates in these countries while promoting Seylan Bank's other products to them. From the inception, Seylan Bank presented itself as a flexible, customer-friendly alternative, delivering the promise of its motto - 'The Bank with a Heart'. Seylan Bank owns 70.51% stake in Seylan Developments PLC, a quoted subsidiary formed in 1992 for the purpose of constructing the head office building of Seylan Bank, and presently is involved in property development/management.

DFCC Bank PLC

Established in 1955 as the first development bank in Sri Lanka and one of the oldest in the region, DFCC Bank has been the lender of choice for trailblazing Sri Lankan entrepreneurs and continues to be the preferred lender for "Green" development projects including waste-to-energy, hydro, wind, and solar energy projects. DFCC Bank is also renowned for SME financing & advisory services to Small and Medium Enterprises in many sectors.

Having honed its expertise in project lending for over six decades, the Bank turned to commercial banking in 2015. Today, DFCC Bank provides comprehensive development and commercial banking services and is at the forefront of pioneering digitally-enabled products and services, offering customers unparalleled service, convenience, and value.

DFCC Bank delivers its services through 139 branches island-wide. Customers have access to over 4,500 ATMs across the country via the LankaPay ATM network and can avail themselves of the Bank's services via online and mobile banking and DFCC MySpace, the Bank's self-banking solution.

3.10 Opening of the Subscription List and Closure Date

The Subscription List for the Shares will open at 9.00 a.m. on May 11, 2021 and shall, subject to the occurrence of the events in the following paragraph, remain open for fourteen (14) Market Days (including the date of opening) until closure at 4.30 p.m. on June 02, 2021 ("Issue Period").

In the event of an oversubscription of the 187,500,000 New Ordinary Shares, or on the date the Board of Directors decide to close the Issue upon the initial Issue of 100,000,000 New Ordinary Shares becoming fully subscribed or on any other date the Board of Directors decide to close the Issue upon the exercise of the Option of issuing a further 87,500,000 New Ordinary Shares, prior to June 02, 2021, the Company shall inform the CSE in writing immediately of such fact and the subscription list will be closed at 4.30 p.m. on the same day on which it is fully subscribed. Also, the Board reserves the discretion to close the subscription list on any Market Day within the period of fourteen (14) Market Days irrespective of whether the Issue is oversubscribed or not, by providing one (1) Market Day's prior notice to the CSE.

Subject to the above, as there is a preferential allocation, in the event the Board of Directors decided to close the Issue upon the fulfilment of subscription for the initial issue of 100,000,000 New Ordinary Shares the Company will accept all Application Forms received over and beyond the said 100,000,000 New Ordinary Shares.

3.11 Inspection of Documents

The Articles of Association, Auditor's Reports and Audited Financial Statements for the five (05) financial years ended March 31, 2020 (i.e the five (05) financial years immediately preceding the date of this Prospectus), Interim Financial Statements for the ten (10) months ended January 31, 2021 of the Company subjected to a limited review by the Auditors to the Company, the report on factual findings of gap analysis for 2019/20, the research report by the Managers to the Issue, material contracts, management agreements and all other relevant documents, will be made available for inspection by the public during normal working hours at the Registered Office of the Company, 75, D S Senanayake Mawatha, Colombo 08 for a period not less than fourteen (14) Market Days as per Rule 3.1.20(a) of the CSE Listing Rules.

The Prospectus, Application Form, Articles of Association of the Company and Audited Financial Statements of the Company will be available on the website of the CSE (www.cse.lk), on the website of the Company (www.ipo.primeresidencies.lk), and on the websites of the Managers to the Issue (www.acuity.lk) for a period of not less than fourteen (14) Market Days as stipulated in Rule 3.1.20(b) of the CSE Listing Rules.

The research report prepared by Acuity Partners (Private) Limited, the Managers to the Issue will be available on the website of the CSE (www.cse.lk), on the Company website (www.ipo.primeresidencies.lk), and on the websites of the Managers to the Issue (www.acuity.lk) from the date hereof, for a period not less than two (02) months as stipulated in Rule 3.1.20(c) of the CSE Listing Rules.

4.0 PROCEDURE FOR APPLICATION

4.1 Eligible Applicants

Applications are invited from the following categories of persons, **having a Valid Account in the Central Depository System (Private) Limited (CDS Account):**

- i. Citizens of Sri Lanka who are resident in or outside Sri Lanka and above 18 years of age; or
- ii. Companies, corporations or institutions incorporated or established within Sri Lanka; or
- iii. Corporate bodies incorporated or established outside Sri Lanka; or
- iv. Approved unit trusts licensed by the SEC; or
- v. Approved provident funds and contributory pension schemes registered/incorporated/established in Sri Lanka (in this case, Applications should be in the name of the Trustee/Board of Management in order to facilitate the opening of the CDS account); or
- vi. Foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas); or
- vii. Global, regional and country funds approved by the SEC.

Applications made by **individuals less than 18 years of age** or those in the names of **sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies** will be rejected.

Applications submitted under the Unit Trust Applicant Category should conform to the criteria defined by the SEC Directive dated June 06, 2011 (Ref: SEC/LEG/11/06/01) and CSE Listing Rules, 2.1.1(g)(ii)(b).

Eligible Applicants may fall into one of the following categories.

- Retail Individual Applicant Category
- Unit Trust Applicant Category
- Non-Retail Applicant Category

Please refer Section 4.2.1 for the definitions of the aforementioned categories.

4.2 The Procedure for Application

Applicants applying for the Shares should submit their Applications in the manner set out in this Prospectus.

The Prospectus will be made available free of charge from the collection points listed in Annex E. The Prospectus can also be downloaded from www.cse.lk, www.ipo.primeresidencies.lk and www.acuity.lk.

4.2.1 How to Apply

APPLICANTS SHOULD APPLY ONLY THROUGH ONE APPLICANT CATEGORY (INCLUDING JOINT APPLICANTS) AND WOULD BE PERMITTED TO SUBMIT ONLY ONE APPLICATION FORM. TWO OR MORE APPLICATIONS SUBMITTED BY THE SAME APPLICANT, EITHER UNDER THE SAME CATEGORY OR DIFFERENT CATEGORY WILL BE CONSTRUED AS MULTIPLE APPLICATIONS AND WILL BE REJECTED.

Only one Application should be made by an Applicant under the **Unit Trust Category**.

Applicants must apply for the Shares on the Application Form, which constitutes part of this Prospectus. The Application Form should be legibly completed and be received by the Registrars to the Issue.

Retail Individual and Non-Retail Applicant Category

Applicants falling under the **Retail Individual and Non-Retail Applicant Categories** should apply for the Shares on the **WHITE coloured** Application Form printed for this purpose, which constitutes part of this Prospectus. Such

Application Forms will be made available from the collection points listed in Annex E and can also be downloaded from www.cse.lk, www.ipo.primeresidencies.lk and www.acuity.lk. **Exact size copies of the Application form printed on WHITE coloured paper as specified herein will also be permissible under the Retail Individual and Non-Retail Applicant Categories.** The completed Application Forms should be submitted to the Registrars to the Issue.

'Retail Individual Applicant' as defined by the CSE Listing Rules, shall mean, an individual Applicant who subscribes for a maximum of 9,615 shares amounting to a value of not more than LKR 100,000 in a particular share class, whichever is higher.

Unit Trust Applicant Category

Applicants applying under the **Unit Trust Applicant Category** must apply for the Shares using the separate **YELLOW coloured** Application Form printed for this purpose, which constitutes part of this Prospectus. Such Application Forms will be made available through the registered office of the Company, 75, D S Senanayake Mawatha, Colombo 08, and Managers to the Issue, Acuity Partners (Private) Limited, 53, Dharmapala Mawatha, Colombo 3. **Exact size copies of the Application form printed on YELLOW coloured paper as specified herein will also be permissible under the Unit Trust Applicant Category.** The completed Application Forms should be submitted directly to the Managers to the Issue who will forward the same to the Registrars to the Issue.

Applications submitted under the Unit Trust Applicant Category should submit a confirmation by the trustee confirming that such unit trust is in conformity with the criteria defined by the SEC Directive dated June 06, 2011 (Ref: SEC/Leg/11/06/01) and CSE Listing Rules, 2.1.1(g)(ii)(b).

Applicants applying under the Retail Individual and Non-Retail Applicant categories should submit their Application Forms to the Registrars to the Issue in terms of Section 4.2.8.

Applications under the Unit Trust Applicant category should submit their Application Forms to the Managers to the Issue in terms of Section 4.2.8.

An Applicant of a Joint Application, applying through another Application Form is deemed to have made multiple Applications and will be rejected.

An Applicant who has made an Application under a margin trading account should not apply individually or jointly on a separate Application Form. Such Applications will also be construed as multiple Applications and will be rejected.

Subject to the above, the Company/Managers/Registrars to the Issue reserve the right to reject multiple Applications and suspected multiple Applications which are not allowed or to accept only one Application Form at their discretion.

Notwithstanding any provision contained herein, the Board of Directors shall reserve the right to refuse any Application or to accept any Application in full or part, for whatsoever reason.

Please note that Applicant information such as full name, address, NIC number/passport number and residency will be downloaded from the database of CDS, based on the CDS account number indicated in the Application Form. Such information shall take precedence over information provided in the Application Form.

Application Forms stating third party CDS accounts instead of their own CDS account numbers, except in the case of margin trading accounts will be rejected.

Care must be taken to follow the instructions on the reverse of the Application Form. Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible may be rejected.

PLEASE NOTE THAT AN ALLOTMENT OF SHARES WILL ONLY BE MADE IF YOU HAVE A VALID CDS ACCOUNT AT THE TIME OF SUBMISSION OF APPLICATION.

Applicants have the option of having their Shares ‘locked’ in the CDS. Shares that are ‘locked’ will not be available for trading purposes and will not be visible to the participant. Such Applicants would have to fill in the relevant section in the Application Form for this purpose. If the Applicant has not specified that the Shares need to be deposited to his/her ‘locked’ balance in the CDS account, the said Shares would be deposited to Applicant’s ‘trading’ balance in the CDS account.

Operation of a ‘locked’ balance in the CDS

In order to preserve the confidentiality of shareholder information and to ensure that securities are not made available for trading for those shareholders who do not want to trade the securities, the CDS provides a mechanism where securities can be ‘locked’ in the CDS account.

The CDS maintains two balances for each CDS account, namely a ‘trading’ balance and a ‘locked’ balance. The trading balance would be visible to the CDS participant and all dealings and trading would be permitted on the said trading balance, as done normally.

As opposed to the trading balance, the locked balance will not be visible to the CDS participant and all dealings on such locked balance would be suspended thereby maintaining the confidentiality of the information and also safeguarding the account holder from any unauthorised sale by a broker.

At the option and request of an account holder, the CDS would transfer a named quantity of securities from the locked balance to the trading balance of a CDS account and/or from the trading balance to the locked balance.

4.2.2 Number of Shares Applied

Application should be made for a minimum of One Thousand (1,000) Shares [for a value of Sri Lankan Rupees Ten Thousand Four Hundred (LKR 10,400/-)] and in multiples of One Hundred (100) Shares thereof.

Applications made for less than One Thousand (1,000) Shares or for a number which is not in multiples of One Hundred (100) Shares will be rejected and the accompanying cheques, bank drafts or bank guarantees will not be sent for clearing but be returned via ordinary post at the risk of the Applicant, or in the case of Joint Applicants, the first named Applicant. **The cheque or bank draft or bank guarantee should be issued/carried out to the exact value of the number of Shares applied for, multiplied by the Share Issue Price.** Cheques, bank drafts or bank guarantees not conforming to the above requirement will be rejected at the outset.

Please refer Section 4.3.1 for details with respect to the mode of remittance.

4.2.3 Identification Information

All Applicants should disclose their identification/registration information by filling in the space provided in the Application Form for this purpose.

Applicants are requested to state their residency and nationality in the appropriate spaces provided in the Application Form.

The NIC, passport, or company registration number as the case may be, must be stated in the Application Form and any Application Form which does not provide the appropriate identification information will be rejected.

Resident Applicants may use the passport for purposes of identification only if they do not have an NIC number.

Tabulated below is the relevant identification information that a prospective Applicant should provide depending on the legal status:

Citizenship/Legal Form	Identification Information			
	NIC Number	Passport Number	Company Registration Number	Common Seal or Rubber Stamp
Sri Lanka Citizens	✓			
Sri Lanka Citizens with no NIC Number*		✓		
Foreign Citizens**		✓		
Corporate Entities***			✓	✓

* In the case of Sri Lankan citizens, the passport number will be accepted only when the NIC number is not available. The CDS account must be for the same passport number.

** Foreign citizens must state the passport number in the space provided.

*** The company registration number must be provided. The common seal or rubber stamp should be affixed and the Application Form duly signed as stipulated in the constitutional documents of such Applicants.

A valid CDS account number must be stated in the Application Form and any Application Form which does not provide the appropriate identification information will be rejected. All non-resident Applicants, corporate Applicants and applicants with LI CDS accounts should ensure that the passport number/company registration number and the CDS Identification Number (CDS ID) are stated in the relevant cages of the Application Form. All information about the Applicant (i.e. name, address, nationality and NIC or passport number) will be downloaded from the database of the CDS, based on the number given in the Application Form. In the event of any discrepancy between the information in the CDS and in the Application Form, the information in the CDS shall take precedence.

If the CDS account number is not indicated in the Application Form, or the number indicated in the form is found to be inaccurate/incorrect, or the account number indicated is not opened at the time of closing the Offering, such Applications will be rejected and no allotment of Shares will be made.

4.2.4 Key Responsibility of a Non-Resident Applicant

Non-resident Applicants may be affected by the laws of the jurisdiction of their residence. If non-resident Applicants wish to apply for the Shares, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

4.2.5 Margin Trading

Applicants who wish to apply through their margin trading account should submit the Applications in the name of the “margin provider/Applicant’s name” signed by the margin provider.

The Applicants should state the relevant CDS account number relating to the margin trading account in the space provided for the CDS account number in the Application Form. The Shares shall be uploaded to the CDS account indicated in the Application Form.

The NIC, passport, or company registration number of the Applicant as the case may be, must be stated in the Application Form.

Resident Applicants may use the passport for purposes of identification, only if they do not have an NIC number.

A photocopy of the margin trading agreement must be submitted along with the Application.

Please note that the margin provider can apply under its own name and such Applications will not be construed as multiple Applications. Details of multiple Applications are available under Section 4.2.1.

4.2.6 Applications made under Power of Attorney

In the case of Applications made under Power of Attorney (POA), a copy of the said POA, **certified by a Notary Public** to be a true copy of the original, should be lodged with the Registrars to the Issue along with the Application Form. **The original POA should not be attached.**

4.2.7 Joint Applications

If the ownership of the Shares is desired in the name of one Applicant, full details should be given only under the heading, **SOLE/FIRST APPLICANT** in the Application Forms. In the case of joint Applicants, the signatures and particulars in respects of all Applicants must be given under the relevant headings in the Application Form.

Joint Application Forms are permitted only for natural persons not exceeding three Applicants. Joint Applicants should note that there should not be a combination of residents of Sri Lanka and non-residents. An Applicant of a joint Application shall not apply through a separate Application Form either individually or jointly.

4.2.8 Submission of Applications

Application Forms properly and legibly filled in accordance with the instructions thereof, along with the applicable remittance (cheque or bank draft or bank guarantee or RTGS transfer only) for the full amount payable on Application should be enclosed in a sealed envelope marked **“Prime Lands Residencies Limited – IPO”** on the top left-hand corner and be addressed and dispatched by post or courier or delivered by hand to the Registrars to the Issue at the following address **prior to 4.30 p.m. Local Time on the Issue Closing Date.**

SSP Corporate Services (Private) Limited

101, Inner Flower Road,
Colombo 3, Sri Lanka

Applications may also be handed over to the Financial Advisors and Managers to the Issue, Bankers to the Issue and its designated branches, members and trading members of the CSE as set out in Annex F **prior to 4.30 p.m. Local Time on the Issue Closing Date.**

In the case of Applications dispatched by courier or post, such Applications should reach the Registrars to the Issue **no later than 4.30 p.m. Local Time on the Market Day immediately following the Issue Closing Date.** Any Applications received after the above deadline shall be rejected even though the courier or post mark is dated prior to the Issue Closing Date.

Applicants applying under the Unit Trust Applicant category should submit their Application Forms directly to the Managers to the Issue.

4.3 Payment of Application Monies

4.3.1 Mode of Remittance

- (a) Payment in full for the total value of Shares applied for should be made separately in respect of each Application either by cheque or bank draft or bank guarantee drawn upon a Licensed Commercial Bank operating in Sri Lanka or RTGS transfer directed through any a Licensed Commercial Bank operating in Sri Lanka, as the case may be subject to (b) below. The remittances on Applications will be deposited in a separate bank account in the name of **“Prime Lands Residencies Limited – IPO”**.
- (b) The amount payable should be calculated by multiplying the number of Shares applied for under a particular category by the Share Issue Price of LKR 10.40. If there is a discrepancy in the amount payable and the amount specified in the cheque/bank draft or bank guarantee, the Application will be rejected.
- (c) **Payments for Applications for Shares of a value below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) may be supported by a cheque or bank draft or bank guarantee (only for Applications over LKR 1,000,000/-) on the Issue Opening Date.** In such instances, Application Forms should be accompanied by only one cheque or bank draft or bank guarantee and should be issued for the **full amount** indicated in the Application Form. **Any Application for Shares for Shares of a value below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) accompanied by two or more cheques or bank drafts or bank guarantees will be rejected at the outset. Payments for Applications through bank guarantee would be accepted only for Applications over the value of Sri Lanka Rupees One Million (LKR 1,000,000/-)**
- (d) **Applicants making Applications for Shares of a value above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) will be permitted to submit multiple bank drafts (not cheques) or bank guarantee or single RTGS transfer on the Issue Opening Date.** Such Applicants are required to attach a list to the Application Form giving details of payment, such as the amount of bank draft/bank guarantee, name of bank, name of branch and bank draft number/bank guarantee number.

Applications for Shares of a value above Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) accompanied by multiple bank drafts or multiple bank guarantees will not be rejected.

Cash will not be accepted. Anyone wishing to pay cash should obtain a bank draft from a Licensed Commercial Bank in Sri Lanka.

4.3.2 Cheques or Bank Drafts – Resident Sri Lankan Applicants

Cheques or bank drafts should be drawn on any Licensed Commercial Bank in Sri Lanka and crossed **“Account Payee Only”** and made payable to **“Prime Lands Residencies Limited – IPO”**.

Cheques or bank drafts accompanying Application Forms made for less than One Thousand (1,000) Shares, i.e for a value of Sri Lankan Rupees Ten Thousand Four Hundred (LKR 10,400/-) or for a number which is not in multiples of One Hundred (100) Shares (as mentioned in Section 4.2.2) will not be sent for clearing and shall be returned via ordinary post at the risk of the Applicant, or in the case of Joint Applicants, to the first named Applicant.

In the event that cheques are not realized within two (02) Market Days from the date of presenting the same to the bank for clearing, the Directors reserve the right to reject the Applications and return the Application monies. No allocation of Shares will be made to such Applicants.

Applicants residing in outstation areas from which cheque clearance may take over two (02) Market Days are advised to make payment via bank drafts to avoid any delays.

Cheques must be honoured on the first presentation to the bank for the Application to be valid. Applications supported by cheques which are not honoured on first presentation will be rejected.

4.3.3 Bank Guarantees – Resident Sri Lankan Applicants

Applications made by resident Sri Lankan applicants backed by bank guarantees presented in line with the requirements set out in Section 4.3.1 will be accepted. Bank guarantees will be presented to the respective banks only after the New Shares have been allotted. Bank guarantees should be issued by any Licensed Commercial Bank in Sri Lanka and in favour of **“Prime Lands Residencies Limited – IPO”** in a manner acceptable to the Company and payable on demand.

Bank guarantees should be valid for a minimum of one (01) month from the date of opening of the Offering (i.e. May 11, 2021).

Applicants are advised to ensure that sufficient funds/facilities are available in order to honour the bank guarantees, inclusive of charges when called upon to do so by the Registrars to the Issue. It is advisable that the Applicants discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved. All expenses with regard to such bank guarantees should be borne by the Applicants.

Payments for Applications through bank guarantee would be accepted only for Applications over the value of Sri Lanka Rupees One Million Thousand (LKR 1,000,000/-)

4.3.4 RTGS Transfers – Resident Sri Lankan Investors

In case of RTGS transfers (only for Application valued above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-)), such transfers should be made to the credit of **“Prime Lands Residencies Limited – IPO”** bearing the account number **0860 34340268 001 at Seylan Bank PLC with value on the Issue Opening Date (i.e. the funds to be made available to the above account/s).**

The Applicants should obtain a confirmation from the Applicant’s bank, to the effect that arrangements have been made to transfer payment in full for the total value of Shares applied for to the credit of **“Prime Lands Residencies Limited – IPO”** bearing the account number **0860 34340268 001 at Seylan Bank PLC** with value on Issue Opening Date (i.e. the fund to be made available to the above account on the Issue Opening Date and should be attached to the Application Form).

4.3.5 Foreign Currency Remittances

This section is applicable to;

- Citizens of Sri Lanka who are above 18 years of age and resident overseas;
- Corporate bodies incorporated or established outside Sri Lanka;
- Regional or country funds approved by the SEC; and
- Foreign citizens (irrespective of whether they are resident in Sri Lanka or overseas) who are above 18 years of age.

The abovementioned Applicants should make their payments using one of the following methods as the case may be.

- (a) A foreign Applicant may invest through a “Inward Investment Account” (IIA) maintained with any Licensed Commercial Bank in Sri Lanka. The procedure for arranging payments through an IIA is presented below;
 - A Foreign Applicant may use the services of a custodian bank as an intermediary when investing in the Sri Lankan securities market;
 - The intermediary may open an IIA, on an Applicant’s behalf;

- In conjunction with the IIA, an account with the CDS must be opened in case the Applicant does not already have a valid CDS account;
 - In respect of regional or country funds investing for the first time in Sri Lanka, the intermediary will facilitate the approval process regulated by the SEC;
 - Payment for Shares should be made through a bank draft or bank guarantee issued by a Licensed Commercial Bank in Sri Lanka against the funds arranged through the IIA and made payable to **“Prime Lands Residencies Limited – IPO”**.
- (b) A foreign Applicant may invest through inward remittances of foreign currency held in a Foreign Currency Banking Unit (FCBU) account of the Applicant maintained with any Licenced Commercial Bank in Sri Lanka. The procedure for arranging payments through an FCBU account is presented below;
- The Applicant should forward the Application Form supported by an unconditional bank guarantee drawn on the Applicant’s FCBU account pending allotment of the Offered Shares with confirmation from the LCB that upon notification of the allotment of Shares, the transfer value would be remitted through the Applicant’s IIA.
 - Upon allotment of Offered Shares, foreign currency to the extent of the Sri Lanka Rupee equivalent value of Offered Shares allotted would be called on the bank guarantee drawn on the Applicant’s FCBU account.
 - The requisite funds would then be credited to an IIA opened in favour of the Applicant via the aforementioned FCBU account. This procedure would protect a prospective Applicant from any losses accruing due to fluctuating exchange rates.
- (c) In addition to the payments made through IIA and FCBU as mentioned above, a foreign citizen resident in Sri Lanka under the Resident Guest Scheme may invest through a Resident Guest Foreign Currency Account (RGFCA) or Resident Guest Rupee Current Account (RGRCA) that Applicants maintain with any LCB in Sri Lanka. An Applicant who wishes to avail him/herself of this facility should make the payment for New Shares through a bank draft or an unconditional bank guarantee in Sri Lanka Rupees or by converting foreign currency funds available in the RGFCA/RGRCA, as the case maybe based on the guidelines provided by the Exchange Control Department of the CBSL, and made payable to **“Prime Lands Residencies Limited – IPO”**.

Cheques or bank drafts or bank guarantees or RTGS transfers should be endorsed by the issuing custodian bank, to the effect that, arrangements have been made to facilitate such payment to be made against funds available in the individual’s IIA account. The endorsement must be clearly indicated on the cheque or bank draft or the bank guarantee. Alternatively, a document detailing the endorsement could be submitted along with the payment and Application.

Any refund payments to Foreign Applicants are made in terms of Section 4.8 of this Prospectus.

Applications supported by foreign currency remittances should be made in conformity with requisite declarations accompanied by the documentation stipulated by the Controller of Exchange of the Central Bank of Sri Lanka.

4.3.6 Restrictions Applicable to Foreign Citizens Resident in Sri Lanka

Foreign citizens resident in Sri Lanka may make payments through Sri Lanka Rupee Accounts, only if they possess dual citizenship where one such citizenship is Sri Lankan. **Foreign citizens having Sri Lankan citizenship should attach a certified copy of the citizenship certificate with the Application Form.**

Foreign citizens residing in Sri Lanka having valid residency visas should note that they cannot make remittances via cheques or bank drafts or bank guarantees or RTGS transfers drawn upon Sri Lanka Rupee accounts maintained with any Licensed Commercial Bank in Sri Lanka but may do so via an IIA account as detailed in Section 4.3.5 above. **Applications made by foreign citizens not in accordance to the foregoing shall be rejected.**

4.4 Rejection of Applications

- Application Forms which are incomplete in any way and/or are not in accordance with the terms and conditions set out in this Prospectus will be rejected at the absolute discretion of the Company/Managers/Registrars to the Issue.
- Any Application Form which does not provide the NIC, passport (where NIC is not available) or company registration number as the case may be, will be rejected.
- Applications delivered by hand or by courier after 4.30 p.m. Local Time on the Issue Closing Date will be rejected. Applications received by courier/post after 4.30 p.m. Local Time on the succeeding Market Day immediately following the Issue Closing Date, will also be rejected even if they carry a courier acceptance date/postmark date earlier than the Closing Date.
- Applications made for less than One Thousand (1,000) Shares or for a number which is not in multiple of One Hundred (100) Shares will be rejected.
- **An Application which does not carry a CDS account number, or indicates a number of a CDS account which is not opened at the time of the closure of the subscription list (either at the time fixed for closing or on the date on which the Offering is subscribed), or which indicates an inaccurate/incorrect CDS account number, shall be rejected and no allotment of Shares will be made.**
- Application Forms stating third party CDS accounts instead of their own CDS account numbers, except in the case of margin trading accounts, will be rejected.
- Applicants should apply only through one Applicant category and would be permitted to submit only one Application Form. Two or more Applications submitted by the same Applicant either under the same category or different categories will be construed as multiple Applications and will be rejected.
- Application Forms submitted under a respective Applicant category, using the incorrectly coloured Application Forms will be rejected.
- The company reserves the right to reject multiple Applications and suspected multiple Applications which are not allowed, as mentioned in Section 4.2.1.
- Payment for Applications New Shares of a value below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) accompanying two or more cheques, bank drafts or bank guarantees as mentioned in Section 4.3.1, will be rejected at the outset.
- Applications made by individuals below 18 years of age or those in the names of sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.

Notwithstanding any provision contained herein, the Board of Directors shall reserve the right to refuse any Application or to accept any Application in full or part for any reason.

4.5 Banking of Payments

All cheques or bank drafts or bank guarantees received in respect of Applications will not be banked or called on until the Market Day after the Closure Date of the Subscription List, in terms of the CSE Listing Rules.

4.6 Returning of Monies on Rejected Applications

Where an Application Form is rejected, the cheque or bank draft or bank guarantee received in respect of the Application will be returned via ordinary post at the risk of the Applicant. In the case of Joint Applicants, the cheque or bank draft or bank guarantee received in respect of the Application will be returned to the first named Applicant.

Where the Application Form is accepted and the cheque or bank draft or bank guarantee is not honoured by the bank at the first presentation, the Application will also be rejected and the dishonoured cheque or bank draft or bank guarantee will be returned via ordinary post at the risk of the Applicant. In the case of Joint Applicants, the dishonoured cheque or bank draft or bank guarantee will be returned to the first named Applicant.

4.7 Basis of Allotment

The allotment of the Issued Shares will be made to the various categories of Applicants, as set out below:

Applicant Category	Percentage of Offer (%)
Unit Trusts *	10%
Retail Individual	40%
Non-Retail	50%
	100%

** Unit Trust Applicants should be growth or balanced unit trusts operated by managing companies licensed by the SEC, where such unit trusts comprise of not less than 500 unit holders resident in Sri Lanka who together hold at least 50% of that fund as per the Direction issued by the SEC (Ref: SEC/LEG/11/03/36 of 10 March 2011). Only one Application should be made under each category.*

Applications submitted under the Unit Trust Applicant Category should accompany a confirmation by the trustee confirming that such unit trust is in conformity with the criteria defined by the SEC Directive dated June 06, 2011 (Ref: SEC/Leg/11/06/01) and CSE Listing Rules, 2.1.1(g)(ii)(b).

Local and foreign individual Applicant/s who apply for up to a maximum of 9,615 Shares (value of not more than LKR 100,000) will be deemed as Retail Individual applicants for share allotment purposes.

Applicants who do not fall under the Retail Individual Applicant definition stated above will be deemed as Non-Retail applicants for Share allotment purposes. (All corporate bodies incorporated or established in Sri Lanka or outside Sri Lanka, global, regional or country funds approved by the SEC, shall fall under the Non-Retail category irrespective of the quantum of Shares applied for).

The Applicant categories have been selected to ensure the broadest possible spread of shareholders while treating all Applicants in a fair manner as may be decided by the Board at its discretion.

In the event of an under-subscription in the Unit Trust Applicant category, the Retail Individual Applicant category shall be given first priority, in allotment of the undersubscribed Shares.

In the event of an under-subscription in the Retail Individual Applicant category, the Unit Trust Applicant category shall be given first priority, in allotment of the undersubscribed Shares.

In the event of an under-subscription in the Non-Retail Applicant category, Retail Individual Applicant category will be given first priority followed by Unit Trust Applicant category in the allotment of the undersubscribed Shares.

Redistribution will not apply in the event of an oversubscription or undersubscription in all three categories stated above.

It should be noted that the Board shall reserve the right to allocate up to 80% of the Shares allotted to Non-Retail Investor Category or 40,000,000 Shares, whichever is lower, to institutional, strategic investor/s on a preferential basis of strategic and operational importance with whom the Company might have mutually beneficial relationships in the future.

The said 80% of Shares or 40,000,000 Shares, whichever is lower, to be preferentially allotted to the said institutional, strategic investor/s would be from the number of Shares allotted to Non-Retail Investor Category if 100,000,000 Shares are issued at the IPO or a minimum of 42.67% if the option to issue a further 87,500,000 Shares is exercised. Such preferential allotment to the said institutional, strategic investor/s would represent 40.00% of the total Shares on offer if 100,000,000 Shares are issued at the IPO or a minimum of 21.33% of the

total Shares on offer through the IPO if the option to issue a further 87,500,000 Shares is also exercised. Hence, the post-IPO number of Shares to be held by the said institutional, strategic investor/s would represent 4.71% of the issued quantity of the Company or a minimum of 4.27% of the issued quantity if the option to issue a further 87,500,000 Shares is also exercised.

In the event of an oversubscription, the Board will endeavour to decide the basis of allotment in a fair manner as soon as practicable so as to ensure compliance with the CSE Listing Rules.

Subject to the above, the Board of Directors of the Company will endeavour to decide and announce to the CSE the basis of allotment as soon as practicable so as to ensure compliance with the CSE Listing Rules. Upon the allotment being decided, an announcement will be made to the CSE.

In the event of an over subscription of any one or all three categories mentioned above, the basis of allotment will be decided by the Board of Directors of the Company in a fair and equitable manner.

4.8 Refunds on Applications

Where an Application is accepted only in part or rejected in its entirety subsequent to cheques being realized, the balance/entirety of the monies received on Application as the case may be, will be refunded, such refunds will be made on or before the expiry of eight (08) Market Days from the Closure Date (excluding the Closure Date) as required by the CSE Listing Rules. As required by Section 2.4(l) of the CSE Listing Rules, Applicants would be entitled to receive interest at the rate of last quoted Average Weighted Prime Lending Rate (AWPLR) published during the immediately preceding week by the Central Bank of Sri Lanka or any other authority (in the event Central Bank of Sri Lanka ceases to publish the AWPLR) plus five per centum (5.00%) for the delayed period on any refunds not made by the expiry of the aforementioned period.

- The Applicants may indicate the preferred mode of refund payments in the Application Form (i.e. direct transfer via SLIPS/RTGS or cheque)
- If the Applicant has provided accurate and complete details of his/her bank account in the Application, the Bankers to the Issue with the instructions of the Registrars to the Issue will make refund payments up to and inclusive of Rupees Five Million (LKR 5,000,000/-) to the bank account specified by the Applicant, through SLIPS and a payment advice will be sent.
- In the event of refunds over Rupees Five Million (LKR 5,000,000/-), if the Applicant has provided accurate and correct details of his/her bank account refunds will be made via RTGS or if the Applicant has not provided accurate and correct details of his/her bank account in the Application or if the Applicant has not provided details of the bank account in the Application Form, the refund payments will be made to the Applicant by way of a crossed cheque/s in favour of the Applicant and sent by post at the risk of the Applicant.
- Funds received via IIA accounts will be refunded via IIA accounts in the event there are refunds to be made.
- In the event the refund payment is effected via SLIPS or RTGS based on the bank account details provided by the Applicant in the Application Form, but is rejected by the Applicant's bank due to inaccurate or incomplete information, such refund payments would be made via a crossed cheque/s in favour of the Applicant and sent by ordinary post at the risk of the Applicant. In such instances, the Company together with the Registrars to the Issue will send the refund cheques to such Applicants at the earliest possible time and the Applicant should not hold the Company or the Registrars to the Issue accountable for such delays.
- If the Applicant has not provided details of the bank account in the Application Form or has provided inaccurate or incomplete details of the bank account with respect to refunds via SLIPS, the refund payment will be made by a crossed cheque in favour of the Applicant and sent by ordinary post at the risk of the Applicant. In the case of a Joint Application, a crossed cheque will be drawn in favour of the Applicant whose name appears first in the Applicant Forms.

Bank codes and branch codes could be obtained from the following website, through the Quick Links access; http://www.lankaclear.com/products_and_services/sl_interbank_payment_system_guideline.php

4.9 Successful Applicants and CDS Lodgement

The Shares allotted will be directly uploaded to the respective CDS accounts given in the Application Form before the expiry of twelve (12) Market Days from the Issue Closure Date as requested by the CSE Listing Rules.

A written confirmation, upon the completion of crediting the respective CDS accounts will be sent to the shareholder within Two (02) Market Days of crediting the CDS accounts by ordinary post to the address provided by each shareholder in their respective Applications.

Applicants have the option of having their Shares 'locked' in the CDS. Shares that are 'locked' will not be available for trading purposes and will not be visible to the participant. Such Applicants would have to fill in the relevant section in the Application Form for this purpose. If the Applicant has not specified that the Shares need to be deposited to his/her 'locked' balance in the CDS account, the said Shares would be deposited to Applicant's 'trading' balance in the CDS account.

Refer Section 4.2.1 for the definition of 'locked'.

New Shares shall not be transferable by the shareholders during the period between the date of allotment of the New Shares and up to the date of listing (excluding the date of listing) of the Ordinary Shares on the CSE. Further, the Company shall not allot any Shares of the Company (other than the allotment of the New Shares) or transfer existing Ordinary Voting Shares during the interim period between the date of the Initial Listing Application and the date of Listing of the Shares of the Company.

Upon the Ordinary Shares being listed on the CSE, such Shares shall be freely transferable except for those Shares mentioned in Section 9.2 of this Prospectus, which will be locked-in to be in compliance with CSE Listing Rules 2.1.1(d).

4.10 Declaration to the CSE and Secondary Market Trading

The Company will submit to the CSE a "Declaration" on the Market Day immediately following the day on which the Applicants' CDS accounts are credited with the New Shares. Trading of the Ordinary Shares on the secondary market will commence on or before the third (3rd) Market Day from the receipt of the Declaration by the CSE as per the CSE Listing Rules.

5.0 BUSINESS OPERATIONS OF PRIME LANDS RESIDENCIES LIMITED

5.1 Overview of Prime Lands Residencies Limited

Prime Lands Residencies Limited (PLR) was incorporated under the name of Prime Homes International (Private) Limited, as a limited liability company in Sri Lanka on May 16, 2005 under the Companies Act No. 17 of 1982 and was re-registered on September 15, 2008 under the Companies Act No. 07 of 2007. Prime Homes International (Private) Limited was renamed as Prime Lands Residencies (Private) Limited in June 2015. Subsequently in January 2016, two associate companies, Prime Homes (Private) Limited and Living Homes (Private) Limited was amalgamated with PLR to create a larger corporate.

Prime Lands (Private) Limited, the parent entity of PLR, a leader in the real estate sector in Sri Lanka, identified a gap between the luxury apartment and the lower-level apartment segments in the country. PLR was created to meet this gap by making the 'Affordable Luxury' concept a reality in Sri Lanka. With the expertise of the parent, PLR has been able to offer unique and ideal locations in and around the metropolitan of Colombo district to its customers.

The major shareholders of Prime Lands (Private) Limited are Mr. B Premalal holding 69% and Mrs. H K S R Perera holding 30%.

PLR has completed and handed over 35 fully completed projects while a further 15 plus projects are currently in the planning or construction stage.

As at the date of this Prospectus i.e. April 23, 2021, PLR is a fully owned subsidiary of Prime Lands (Private) Limited.

5.2 Project Portfolio

As at the date of this Prospectus PLR has completed and handed over 35 projects, with a further 15 plus projects currently in the planning or construction stage, as given below;

TABLE 5.1 – PROJECT PORTFOLIO

Project	Total Residential Units	Total Value of Project (LKR Mn)	Completion	Project Categorization
Completed in full				
1. Prime Residencies Athurugiriya Stage I	79	498.2	June 2014	Affordable Luxury/ Lifestyle apartments
2. Prime Residencies Athurugiriya Stage II	24	205.8	July 2016	Affordable Luxury/Lifestyle apartments
3. Prime Residencies Battaramulla I	20	248.2	January 2014	Affordable Luxury/Lifestyle apartments
4. Prime Residencies Kottawa	57	520.0	December 2014	Affordable Luxury/Lifestyle apartments
5. Prime Residencies Rajagiriya	29	344.7	April 2015	Affordable Luxury/Lifestyle apartments
6. Prime Residencies Battaramulla II (T C Garden)	26	305.6	March 2016	Affordable Luxury/Lifestyle apartments
7. Prime Residencies Nawala (4th Lane)	25	418.8	March 2016	Affordable Luxury/Lifestyle apartments

8.	Prime Residencies Ethul Kotte	38	742.0	April 2016	Affordable Luxury/Lifestyle apartment
9.	Prime 306 - Nugegoda	52	979.7	July 2016	Luxury
10.	Prime Residencies - Pagoda	40	719.3	July 2016	Luxury
11.	Prime Residencies Pelawatta	15	284.3	November 2016	Luxury
12.	Prime 298 - Nugegoda	37	723.4	February 2017	Luxury
13.	Siebel Avenue (Colombo 05)	31	629.9	December 2017	Affordable Luxury/Lifestyle apartments
14.	Prime Residencies – Pallekele	39	359.3	March 2017	Affordable Luxury/Lifestyle apartments
15.	Prime Residencies - Panadura	40	386.4	June 2017	Affordable Luxury/Lifestyle apartments
16.	Prime Residencies - Buddhaloka Mawatha I	14	428.4	January 2019	Luxury
17.	Fiero Thalawathugoda	60	900.2	January 2017	Affordable Luxury/Lifestyle apartments
18.	Prime Aqua - Nawala	60	1,334.4	June 2018	Luxury
19.	Prime Residencies 616 - Ethul Kotte	35	698.9	May 2018	Luxury
20.	Battaramulla Libra	60	1,178.0	June 2018	Luxury
21.	Prime Residencies - Malabe	60	747.3	August 2018	Affordable Luxury/Lifestyle apartments
22.	Prime 194 - Nugegoda	40	915.0	November 2018	Luxury
23.	Prime Residencies - Edmonton I	32	770.0	January 2019	Luxury
24.	Prime Residencies – Kiribathgoda (K-100)	101	1,222.2	September 2017	Affordable Luxury/Lifestyle apartments
25.	Prime Residencies - Wattala	84	1,336.7	August 2020	Affordable Luxury/Lifestyle apartments
26.	Prime Residencies - Barnes Place	15	747.9	November 2017	Luxury
27.	Prime Residencies - Kynsey Road	17	884.3	February 2018	Luxury
28.	Prime Wrendale - Rajagiriya	54	1,932.6	March 2019	Luxury
29.	Prime Splendour - Rajagiriya	68	1,665.3	October 2019	Luxury
30.	Prime Residencies - Buddhaloka Mawatha II	14	542.6	April 2019	Luxury
31.	Prime Residencies - Jawatte	14	712.5	May 2019	Luxury
32.	Kandawatta Terrace	24	688.6	October 2019	Luxury
33.	Prime Residencies - Castle Street	40	1,354.7	October 2019	Luxury
34.	The Beach Front - Uswetakeiyawa I	72	1,446.4	January 2021	Leisure
35.	Prime Residencies – Edmonton II	28	875.6	December 2020	Luxury
		1,444	27,767.1		
Construction in Progress					
36.	Prime Bella - Rajagiriya	60	1,402.0	March 2021	Luxury
37.	Jawa 25 - Kassapa Road	25	1,001.0	May 2021	Luxury
38.	Prime Residencies Kassapa Road II	35	1,323.6	November 2021	Luxury
39.	The Beach Front - Uswetakeiyawa II	112	2,687.9	April 2023	Leisure
40.	The Grand – Colombo 07	331	27,753.3	June 2022	Ultra-Luxury
		563	34,167.7		

Projects in hand (Pre-Launch/Planning Stage Projects)					
41.	The Palace - Gampaha	480	5,982.3	March 2024 (est.)	Affordable Luxury/Lifestyle apartment
42.	Kurunegala	225	3,500.0 (est)	December 2023 (est)	Affordable Luxury/Lifestyle apartment
43.	Negombo	72	1,400.0 (est)	March 2023 (est)	Affordable Luxury/Lifestyle apartment
44.	Nuwara Eliya	43	1,700.0 (est)	December 2023 (est)	Leisure
45.	Meegoda, Homagama	300	4,000.0 (est)	December 2023 (est)	Affordable Luxury/Lifestyle apartment
		1,120	16,582.3 (est)		

Source – Prime Lands Residencies Management

The projects are mainly classified under 4 categories as detailed below;

Affordable Luxury / Lifestyle Projects

These projects cater to the middle-income segment of the market and are located around the other major cities in Sri Lanka and the suburbs of Colombo. These apartments range from LKR 7,000 to LKR 14,500 per square foot.

Leisure Projects

Leisure projects target the market looking for a holiday home in locations with some tourist attraction. At present the Company has developed two such projects in beach front Uswetakeiyawa.

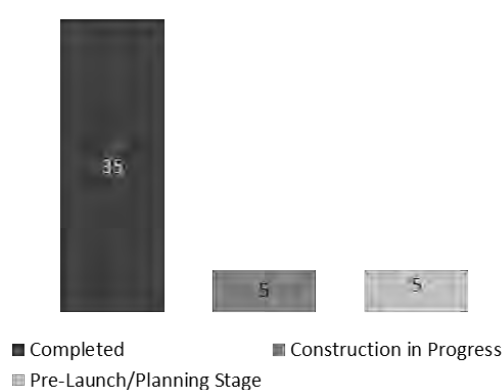
Luxury Projects

The Luxury projects are developed within the city limits of Colombo and the affluent suburbs. These projects provide the occupants common amenities such as pool, gym etc with high quality finishes and specifications while being priced at LKR 20 Mn upwards. The Luxury apartments range between LKR 14,500 to LKR 40,000 per square foot.

Ultra-Luxury Projects

The ‘Ultra Luxury’ apartments occupy the most prestigious addresses and are equipped with the most luxurious amenities, branded finishes and fittings, with prices starting from LKR 50,000 per square foot. While the primary focus of the Company remains the Affordable Luxury/Lifestyle and Luxury markets, the Company launched ‘The Grand’, an Ultra-Luxury project located on Ward Place, Colombo 07 to cater to the high-end clientele who would like to enjoy the extraordinary quality and service levels that Prime Lands Residencies provide to their clients. The Ultra Luxury project prices start from LKR 50,000 per square foot.

GRAPH 5.1 – PROJECT PIPELINE



GRAPH 5.2 – GEOGRAPHICAL DISTRIBUTION OF PROJECTS

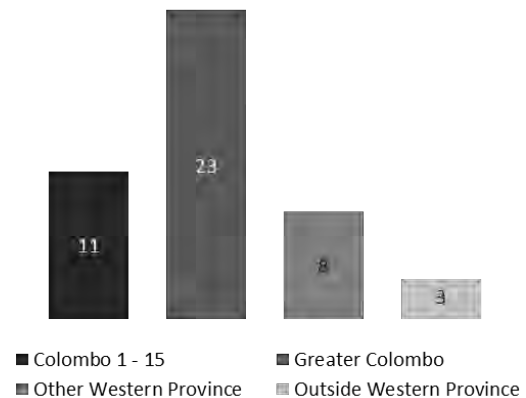
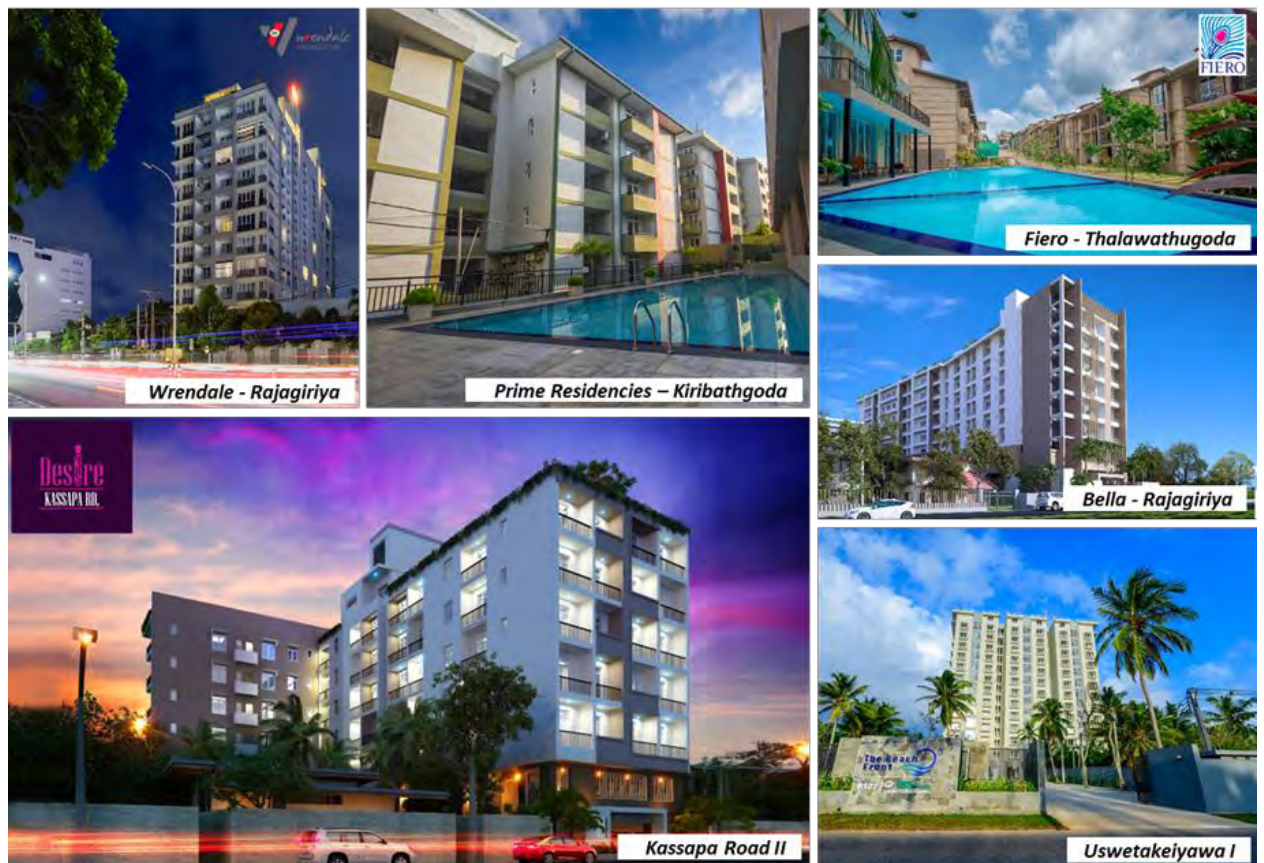


FIGURE 5.1 – PROJECT MAP



The above map does not include the completed project in Pallekelle and the planning stage projects in Kurunegala and Nuwara Eliya

FIGURE 5.2 – IMAGES OF COMPLETED PROJECTS





Prime 306 - Nugegoda



Edmonton I - Colombo 05



Kynsey Road



Prime Residencies - Pagoda



Prime 298 - Nugegoda



Ethul Kotte



Splendor - Rajagiriya



Barnes Place



Prime Aqua - Nawala



Jawatta Road



Kandawatte Terrace - Nugegoda



Battaramulla Libra

Management Corporations

As per Apartment Ownership (Amendment) Act No. 45 of 1982, Section 20B, a 'Management Corporation' should be established upon the registration of the condominium plan, in order to manage and maintain common elements of the condominium complex. PLR has taken the initiative to form and initiate the management

corporations for each of their projects on a timely basis in order to ensure a smooth handing over to the owners, while also illustrating the Company's commitment to ensuring that all relevant approvals are obtained and documentation is maintained in an orderly manner.

5.3 Accolades and Ratings

Credit Rating from ICRA – ICRA Lanka Limited has affirmed an Issuer rating of [SL]A- with a stable outlook for Prime Lands Residencies Ltd in March 2020.

'Best Developer in Sri Lanka' for 2018 & 2019 – Prime Group was awarded the 'Best Developer in Sri Lanka' at the PropertyGuru - Asia Property Awards for 2018 and 2019.

'Best Luxury Condominium in Sri Lanka' – The Grand, Ward Place was awarded the title by PropertyGuru - Asia Property Awards in 2019

'Best Mid-End Condo Development in Sri Lanka' – Wrendale, Rajagiriya was awarded the title by PropertyGuru - Asia Property Awards in 2018

5.4 Human Resources

The Company serves its clients with 59 employees as at January 31, 2021. Functions such as finance, legal, IT, administration & human resources, land acquisition, development & approval of real estate projects and internal audit & compliance, business promotion & marketing are carried out as shared services under the service provider agreement, whereby the relevant services are provided by the parent company, Prime Lands (Pvt) Ltd through the staff employed at Prime Lands which pays the salaries for these staff members. As at the date of this Prospectus, there were no labour unions, significant agreements entered into between the labour unions and the Company or actions pending against the Company in the Labour Tribunal.

5.5 Summarized Financials for the Five Years Ended March 31, 2020

TABLE 5.2 – SUMMARIZED AUDITED INCOME STATEMENTS

(LKR Mn)	2016	2017	2018	2019	2020	CAGR (%)
For the Year Ended March 31,						
Revenue	2,939	6,308	5,590	3,595	5,716	18.10%
Cost of Sales	(2,081)	(4,411)	(4,086)	(2,713)	(4,643)	22.22%
Gross Profit	858	1,896	1,504	882	1,073	5.76%
Other Income	4	5	11	22	19	51.70%
Fair Value Gains/ (Losses)	-	-	-	198	5	
Distribution Expenses	(16)	(34)	(24)	(22)	(30)	16.67%
Administrative Expenses	(142)	(220)	(300)	(238)	(283)	18.71%
Operating Profit	703	1,648	1,191	843	784	2.78%
Finance Income	3	5	62	53	23	60.95%
Finance Expenses	(165)	(598)	(518)	(622)	(626)	39.53%
Profit before Tax	541	1,055	735	274	182	-23.86%
Income Tax Expenses	(17)	(3)	(20)	(16)	(44)	27.56%
Profit for the Period	525	1,052	715	258	138	-28.43%

TABLE 5.3 – SUMMARIZED AUDITED STATEMENT OF FINANCIAL POSITION

(LKR Mn)	2016	2017	2018	2019	2020	CAGR (%)
For the Year Ended March 31						
Total Non-Current Assets	12	509	588	1,035	1,035	203.54%
Current Assets						
Inventory Property	6,812	6,667	7,831	10,269	8,506	5.71%
Advances Paid for Contractors	510	481	458	2,275	3,807	65.29%
Cash and Cash Equivalents	314	715	941	213	145	-17.52%
Total Current Assets	7,940	8,447	9,581	12,855	12,547	12.12%
Total Assets	7,953	8,956	10,168	13,890	13,583	14.32%
Total Equity	1,427	2,404	2,694	2,727	2,458	14.58%
Non-Current Liabilities						
Interest Bearing Borrowings	2,672	2,635	2,273	2,552	1,589	-12.19%
Total Non-Current Liabilities	2,681	2,647	2,289	2,595	1,656	-11.34%
Current Liabilities						
Trade and Other Payables	159	321	400	505	497	32.90%
Interest Bearing Borrowings	1,457	1,460	717	869	1,594	2.27%
Customer Advance Collection	1,958	1,835	3,510	4,859	3,915	18.91%
Income Tax Payables	16	3	-	-	119	65.04%
Bank Overdraft	252	285	538	2,326	2,936	84.71%
Total Current Liabilities	3,845	3,906	5,186	8,568	9,468	25.27%
Total Equity & Liabilities	7,953	8,956	10,168	13,890	13,583	14.32%

The Interim Financial Statements for the ten (10) months ended January 31, 2021 of the Company subjected to a limited review by the Auditors to the Company is enclosed in Annex D of this Prospectus and the report on factual findings of gap analysis for 2019/20 is enclosed as Annex C.

5.6 Impact of Covid-19 on the Company and the Business Operations

Although a slowdown in demand was observed during the initial lockdown in 2020 and for a few months thereafter, mainly owing to the inability to personally visit the sites as well as due to the operations ceasing in many related industries, a steady growth in demand has been observed subsequently in line with the sales. The low interest rate regime has also boosted the demand for residential real estate due to the higher borrowing capacity as well as the low returns on fixed income investments.

During the Covid-19 pandemic the Company has also been able to look into newer avenues in order to cater to new segments of the market. In line with this the Company has been able to plan and launch the project in Gampaha, which is the largest project in terms of the number of units (480 units over 60 blocks) as well as acquire land for other projects like Meegoda and Negombo. The recovery of demand over the recent months is further evident from the pre-sales of 216 units that has been secured within 90 of the soft launch of the Gampaha project.

5.7 Future Outlook for Prime Lands Residencies Limited

PLR is a forward-looking organisation constantly striving to deliver a high level of service and a superior quality product to its customers, while also focusing on developing the product offering to cater to market needs and gaps that have been identified. In this regard the Company is continually seeking to introduce new projects to the market on a regular basis. At present the Company has identified several locations to develop projects, which are currently at the planning stage, as given below;

- **Kurunegala** – expected to be launched in 2021, this apartment and housing project will be located right adjacent to the expressway entrance. The project will comprise of low-rise buildings spanning across 8 acres comprising of 225 units.
- **Negombo** – this development is in prime real estate located on the very popular Negombo Hotel Road. The project will be directly facing the beach, and will develop a total of 72 apartments units.
- **Nuwara Eliya** – the leisure project expected to be in the form of 43 luxury villas will be located in scenic Ambewela, Nuwara Eliya.
- **Meegoda, Homagama** - 22-acre land has been acquired in Meegoda in order to develop a 300-unit lifestyle apartment and housing project.

Apart from the above projects the Company will continue its on-going projects while also identifying locations which would be ideal for projects both in terms of the positioning as well as the demand.

The Company intends to mainly focus on the Affordable Luxury/Lifestyle product category since this segment caters to the middle-income sector of the market, especially in the suburbs of Colombo. PLR has identified this sector as being a growing segment due to the affordability of this product together with the expanding middle-income population of Sri Lanka as well as urbanisation.

Prime Lands Residencies as a leader in real estate development is keen to work towards redefining the urban landscape of Sri Lanka. Sri Lanka in terms of town planning is not as developed as some of the regional peers. PLR has identified through their projects that proper planning when launching a project enhances the value of the project as well as the surrounding properties and regional economy. The Company intends to work closely with the regulators in establishing any required developments to the legislature and in introducing new concepts in planning of projects. In line with this the Company plans to develop projects in the form of gated communities which are self-sufficient to a greater extent with the planned-out amenities and close proximity to service providers.

Prime Lands Residencies also envisages to become a global real estate player by looking at opportunities to expand into the region and other geographical locations where the expertise gained and product offering can be replicated or altered to cater to the requirements of such locations.

The Company expects to maintain a superior level of professionalism and governance in its operations and management thereby ensuring that the stakeholder interest is safeguarded.

The risks associated with the future plans of the Company are discussed under Section 10 of this Prospectus.

5.8 Assumption Related to the Future Plans of Prime Lands Residencies Limited

The above-mentioned future plans of the PLR would be dependent on market and industry conditions prevailing at the time of execution. Furthermore, the strategies are also based on the primary assumption that there will be no significant events that will have material impact on the economy which will affect the affordability and thereby the demand for the projects. Any significant changes in the economy, industry, competition or regulatory environment may require amendment to the plans and strategies of the Company. The following assumptions were made when developing the aforementioned plan;

Regulatory Aspects – It has been assumed that there will be no material changes to the regulatory aspects such as taxation, restrictions on foreigners purchasing apartments and condominium units in Sri Lanka etc which would have a negative impact on the demand for the projects being planned. Considering the current economic condition and the need for foreign investments it is unlikely that there will be major government policy changes.

Interest Rate Environment – It has been assumed that the current interest rate regime will remain without any significant changes in the short term. At present the low interest rate regime has boosted demand for real estate by improving affordability of the customers. Any significant upward revisions on the interest rates are likely to dampen demand which would be affect the Company’s performance negatively. In addition to reducing the demand, interest rate revisions are likely to affect the interest expense of the Company thereby increasing the cost of the projects and reducing the profitability of the same.

Unexpected Cost Escalations – It has been assumed that the costs will remain within reasonable level in the short to medium term and that there will be no increases beyond the contingency figures that are factored in the project cost calculations. Any unexpected cost escalations due to currency devaluation, import duty changes or any other factor is likely to affect the pricing of the projects which would thereby reduce the affordability or profitability of the projects.

6.0 RESIDENTIAL REAL ESTATE SECTOR IN SRI LANKA

6.1 Overview

Sri Lanka's real estate sector has gained increased attention over the past few years. With improvements in the economic activities in the urban areas of the country there are great opportunities and challenges. Urbanization rates were relatively low during the 30 years of conflict and during the five years post conflict. However, the government is expecting a 3-4% yearly increase from now on (<https://home.kpmg/lk/en/home/industries/real-estate.html>).

As the country moves towards a highly diversified economy, the role of the real estate sector will become increasingly critical. Real estate sector in Sri Lanka consists of commercial, industrial, and residential real estates, where commercial consists of office, retail and office space and industrial is logistics and warehousing.

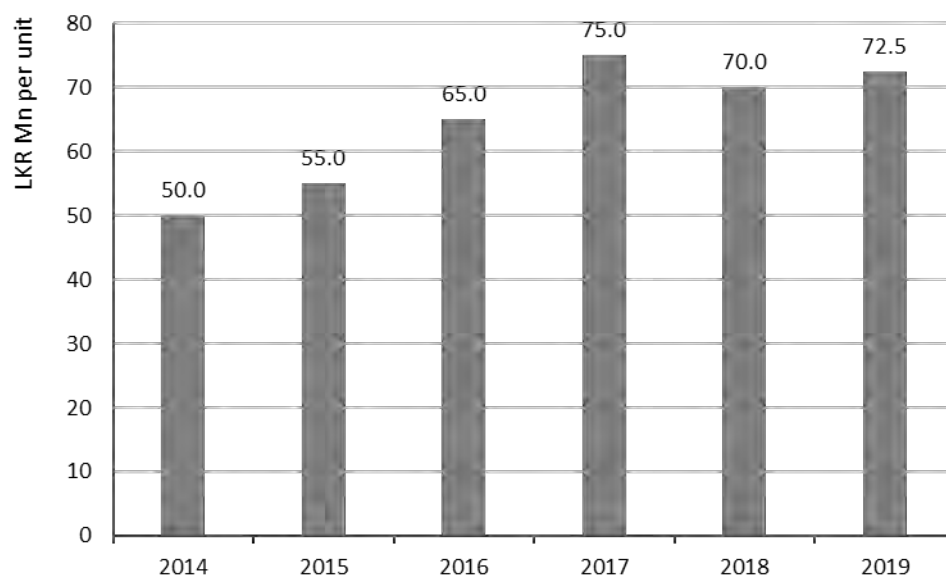
6.2 Residential Real Estate

The residential real sector is the most a resilient subsegment of the real estate industry in Sri Lanka. Locally the residential real estate sector primarily consists of individual houses and condominium properties, where it can be either in the form of high-rise condominium properties or low-rise condominium properties that are generally in the form of a gated community. Condominium properties are more commonly seen in Colombo and its suburbs as well as in a few of the main cities. The products offering is also seen to be quite diverse depending on the location which directly translates into the market segment being targeted based on affordability. The high growth in land prices in Colombo and its suburbs and the main cities have directly contributed towards the growing popularity of Condominium properties.

The Colombo condominium market has remained buoyant throughout diverse economic conditions. From an investor's perspective, apartment investments in Colombo benefit from stable cash flows regardless of market conditions as well as capital appreciation. (*COVID-19 reshaping the Sri Lankan Real Estate Market – Impact & Outlook, Jones Lang LaSalle, May 2020*).

In 2020 it was estimated by the Central Bank of Sri Lanka (CBSL) that more than 7,600 luxurious rental residences have been built over the last decade across the capital metropolis. Moreover, in early 2020, industry experts estimated the annual demand for luxury residences to be 1,700. (<https://www.ft.com/content/dec0e25a-5c8f-11ea-ac5e-df00963c20e6>).

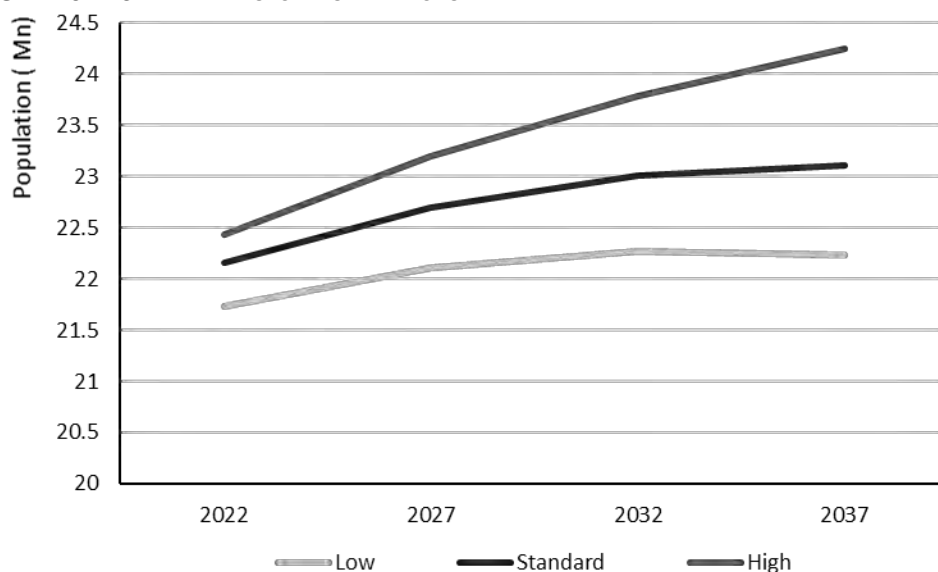
Graph 6.1 – Asking Price Per House In Sri Lanka



Source: LankaPropertyWeb

Population growth together with per capita income growth, urbanisation and reducing household sizes are expected to boost the residential real estate industry as detailed below.

GRAPH 6.2 - SRI LANKAN POPULATION PREDICTION



Source: https://srilanka.unfpa.org/sites/default/files/pub-pdf/Population%20Projection%20Publicati%20%20for%20WEB%20%281%29_0.pdf

6.3 Demand Drivers

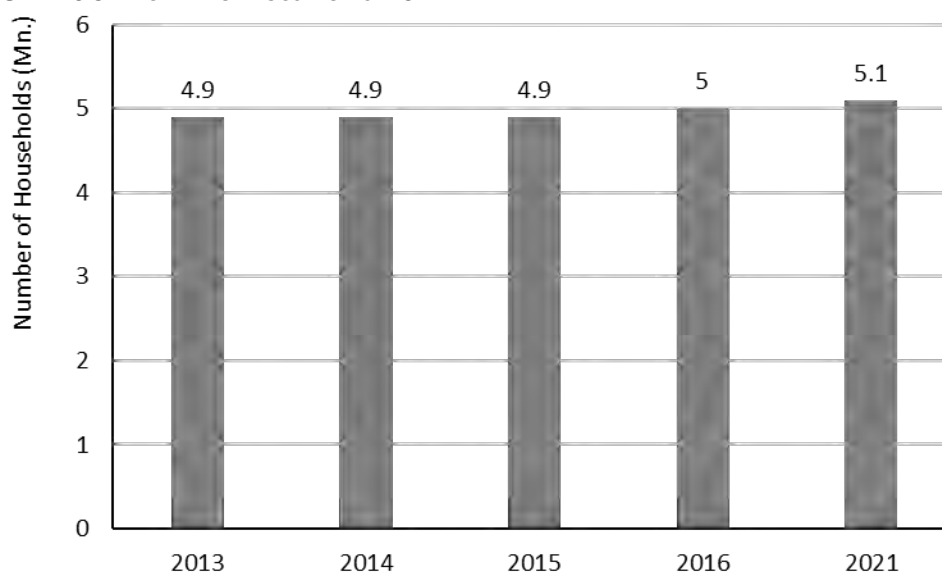
6.3.1 Growth in Population and Number of Households

The Sri Lankan population was estimated to be 21.8 Mn by mid-2019, recording a growth of 0.6% over the previous year (CBSL Annual Report 2019). At the same level of growth, the population is expected to reach approximately 23 Mn. In addition to the population growth over the years an increase in the number of households has been observed, whereby in 2019 there were 16,424,000 households when compared with the 15,449,000 households in 2016 (CBSL Annual Report 2019), recording a growth of 2.06% per annum. In addition to this the household size has been declining over the years reaching an average household size of 3.9 in 2019

from 4.2 in 2002 and 5.1 in 1985/86 (*Economic and Social Statistics of Sri Lanka 2020, CBSL*). The reducing household size together with the increasing population creates a demand for the residential real estate market. Furthermore, the aging population in the country is also likely to create a demand specifically for condominium housing given the convenience associated with such living conditions.

The western province has the highest provincial population with a population of 6.149 Mn accounting for 28.2% of the total population. Of this Colombo district accounts for close to 40% of Western Province population and 11.2% of the entire population (*Economic and Social Statistics of Sri Lanka 2020, CBSL*), which reflects the high demand for residential real estate in the Western province and more specifically the Colombo district.

GRAPH 6.3 – NUMBER OF HOUSEHOLDS IN SRI LANKA



Source: https://srilanka.unfpa.org/sites/default/files/pub-pdf/Population%20Projection%20Publication%20for%20WEB%20%281%29_0.pdf

6.3.2 Urbanization

The urban population of Sri Lanka as of 2019 was merely 18.59% with an annual growth of 1.2% according to the World Bank whereas the world average was 55.71% and 1.89% respectively (*The World Bank Data, https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=LK*). According to the UN's 2014 World Urbanisation Prospects study, Sri Lanka was ranked as the fifth least urbanised country out of 233 countries. Sri Lankan urban population has increased only by 0.36% over the decade, which marks it as one of the lowest rates in the world (<https://ourworldindata.org/urbanization>). However, this figure is quite a norm among the South Asian countries, and the definition of 'Urban' also plays a critical part in the statistics and thus the country's urbanization rate cannot be measured solely by this figure.

The Western Province covering 6% of land, consisting of 28% of the population, accounting for 45% of the GDP and 80% industrial value shows a stunning 80% of urban population and majority of it is based in the Colombo Metropolitan Area (<https://www.adb.org/sites/default/files/publication/373316/sri-lankan-economy.pdf>). Moreover, the Western province serves as a major education hub with more than 1,300 Schools which include over 965,000 students and 45,000 teachers. Over 50% of Undergraduate students occupy the Universities in the Western Province. In addition to educational institutes, other commercial setups and service providers are moving in, thereby improving the living standards of the residents (https://www.ugc.ac.lk/downloads/statistics/stat_2018/Chapter3.pdf).

Educational Institutes



NSMB is situated in Homagama whilst CINEC & SLIIT are located in Malabe with SLTC in Padukka. Thus, we see that there are educational institutes located in the suburbs.

Health Services Providers



Government Services



Sethsiripaya Office Complex in Battaramulla housing a number of Government Ministries and Departments

Military headquarters in Akuregoda

Shopping Experiences

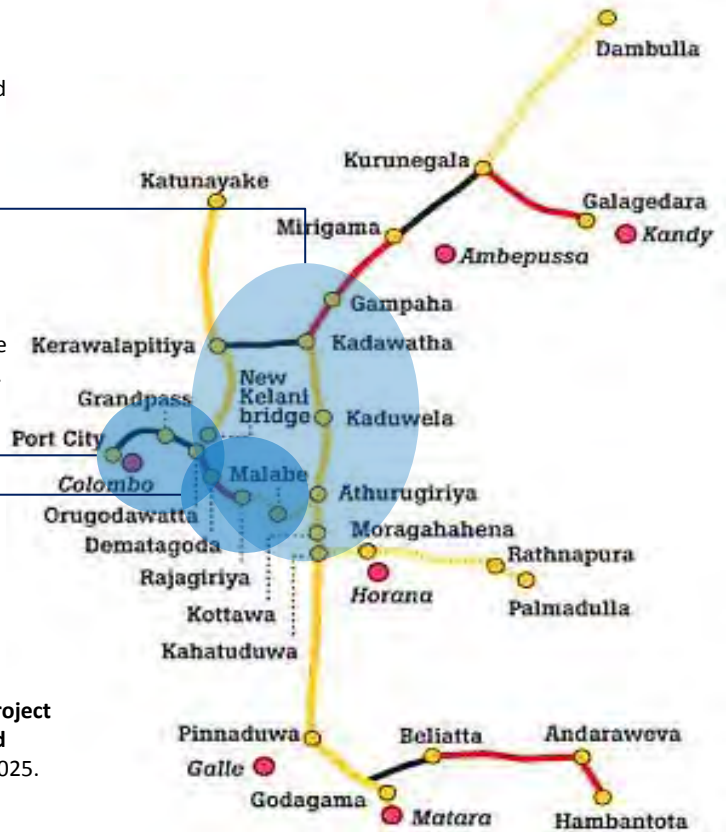
<p>33 new outlet openings during the last two financial years mainly focusing on suburbs</p>	<p>58 new outlet openings during the last two financial years mainly focusing on suburbs</p>
	<p>Hyper market opened in Mount Lavinia, in addition to the stores in Malabe, Orion City (Dematagoda), Nawala, Kottawa, Nugegoda, etc</p>
<p>Stores in Moratuwa & Ja-Ela</p>	
	<p>Modern stores in Thalawathugoda, Malabe, Pepiliyana, Kalubowila etc</p>

In addition to the above, better connectivity and efficiencies in travel time attracts more residents into the suburbs of Colombo. Developers expects increased demand for condominiums to originate from the suburban residents who will soon tire of their commute. It is said that nearly 44% of the daily commuters to the city take up 87% of the road space on private vehicles due to the lack of quality in public transport (<https://www.echelon.lk/a-prime-slump/>). With the development of the Outer Circular Road linking the suburbs to the Colombo city has increased the demand for residential properties in the suburbs, especially in close proximity to the expressway entry points.

- 18.9 Km long **Colombo Outer Circle Highway (Phase I, II and III) project** connecting Kottawa, Kadawatha and Kerawalapitiya.

- 5.3 Km long **Port Access Elevated Highway project** connecting the New-Kelani bridge and the Galle face to be completed by the end of 2022.

- 17.3 Km long **Elevated Highway project** connecting New-Kelani bridge and Athurugiriya to be completed in 2025.



Source - http://www.rda.gov.lk/source/rda_roads.htm, google maps

Katunayake to Port City

Katunayake – Colombo normal way

35.3 Km, 1 hour and 15 minutes (c)

*Katunayake to New Kelani Bridge via E03 at 60 Km/h,
New Kelani Bridge to Port City Via Elevated Highway at
60 Km/h*

34.8 Km, 35 minutes (c)

Athurugiriya to Port City

Via Kotte – Bope road

24.1 Km, 55 minutes (c)

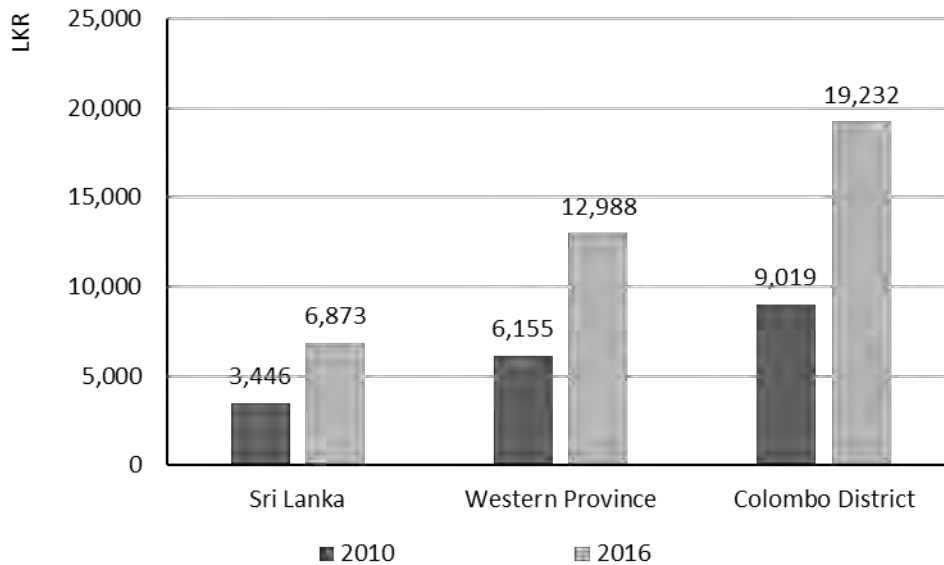
*Athurugiriya to New Kelani Bridge via proposed Elevated
Highway at 60 Km/h and New Kelani Bridge to Port City
Via Elevated Highway at 60 Km/h*

22.6 Km, 25 minutes (c)

6.3.3 Growth In Per Capita Income

The mean household income has seen a rapid increase since 2010, from LKR 36,451 in 2010 to LKR 45,878 in 2013, increasing to LKR 62,237 in 2016. The average household income in Colombo and its suburbs was significantly higher than the other areas, with the Western Province recording an average per capita income of LKR 84,221 in 2016 when compared with LKR 62,237 for the Island. With the per capita household income in Sri Lanka increasing rapidly, the level of lifestyle people prefer also changes. Hence, expenditure on housing is also at a rise in Colombo and urban areas. Based on the Household Income and Expenditure Survey that was carried out in 2016, the average consumer expenditure share on housing in Sri Lanka was 19.2% while that of the Western Province was 25% (*Economic and Social Statistics of Sri Lanka 2020, CBSL*), clearly illustrating the higher expenditure on residential properties which creates a market for affordable yet high quality projects.

GRAPH 6.4 – MEAN HOUSEHOLD EXPENDITURE PER MONTH ON HOUSING



Source: Sri Lanka Social Economic Data 2018, CBSL

6.3.4 Borrowing Capability

The borrowing capability of real estate buyers play a major role in the residential real estate development of the country. Commercial Banks lending for personal housing which included purchasing, construction and repairs amounted to LKR 563 Bn representing 9.4% of the total loans and advances to the private sector disbursed by Commercial Banks as at end of 2019 (*CBSL Annual Report 2019*), being the category to which the highest amount has been lent.

With the historically low interest rates at present with housing loan interest rates being as low as 7%, the personal borrowings for housing are increasing further due to the increased borrowing capacity of buyers.

GRAPH 6.5 – WEEKLY PRIME LENDING RATE (2014 – 2020)



Source: CBSL

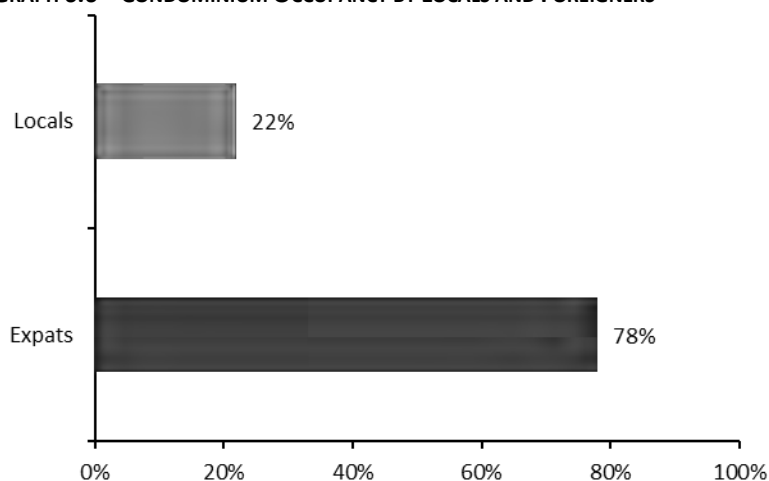
Furthermore, the proposal to increase the retirement age from 55 to 62 years will further boost the borrowing ability of potential buyers which will in turn increase the demand for housing.

6.3.5 Expatriate Workers Wanting to Have a Base in Sri Lanka

Additionally, worker remittances, foreign direct investments and investments by Sri Lankans are creating significant demands for residential properties in Colombo. Moreover, 3% of luxury condos are directly owned by foreign nationals while the indirect holdings of luxury condominiums by foreigners are estimated to be at a higher percentage (<https://www.ft.com/content/dec0e25a-5c8f-11ea-ac5e-df00963c20e6>).

Around 95% of condominium buyers are Sri Lankans, either resident or non-resident, as many of them have made real estate investments for the rental income as well as the capital. Moreover, average condo occupants are as indicated below and majority of them are expats who either buy or rent condominiums.

GRAPH 6.6 – CONDOMINIUM OCCUPANCY BY LOCALS AND FOREIGNERS



Source: <https://www.ft.com/content/dec0e25a-5c8f-11ea-ac5e-df00963c20e6>

6.3.6 Investment Purposes

Real estate investments are a high yielding asset class when compared with other investments in the medium to long term, given the low interest rate regime and the potential high inflation scenario in future. Of the real estate sector, the residential real estate and more specifically Condominium rental yields are quite attractive. Rental yields that apartments offer range from 5.5% to 7.5%, in comparison to rental yields of landed residential property which ranges from 1% to 1.5% (<https://www.echelon.lk/a-prime-slump/>).

Relative affordability, convenience and cost-effective management make apartments a more attractive investment option for a majority of real estate investors. According to RIU the luxury apartment rental yields in Sri Lanka has remained fairly attractive when compared with some regional peers, although the marginal slowdown in the rental yields owing to the increase in apartment inventory observed in last few years is expected to continue in the short term (*RIU Real Estate Market Report – Sri Lanka 2020*). The significant number of expatriates who occupied these properties, exiting the country as a result of the Easter Attacks and Covid-19, as well as the hit on the tourism industry has put pressure on the rental yields over the past few months, which is not expected to continue in the medium to long term (<https://economynext.com/sri-lanka-rents-falling-on-expat-exit-covid-19-but-low-rates-help-real-estate-buys-75179/>).

The removal of Value Added Tax (VAT) and Nation Building Tax (NBT) on the purchase of condominium properties also provided an impetus to investors to invest in residential real estate for investment purposes.

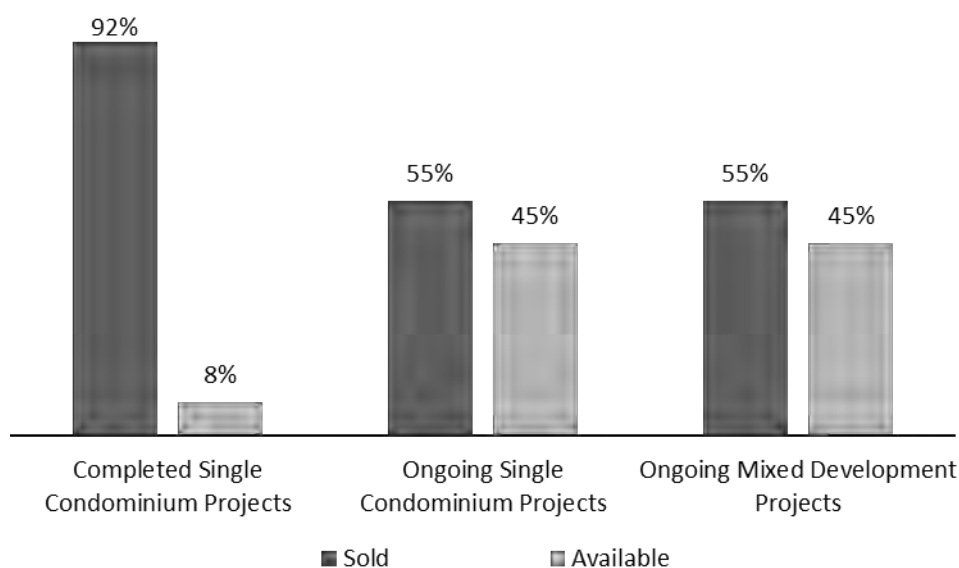
Despite a short-term slump in rental yields, the yields are expected to return to reasonable levels in the medium term, which is expected to drive demand for the residential real estate sector.

6.4 Supply

6.4.1 Condominium Sales – General Overview

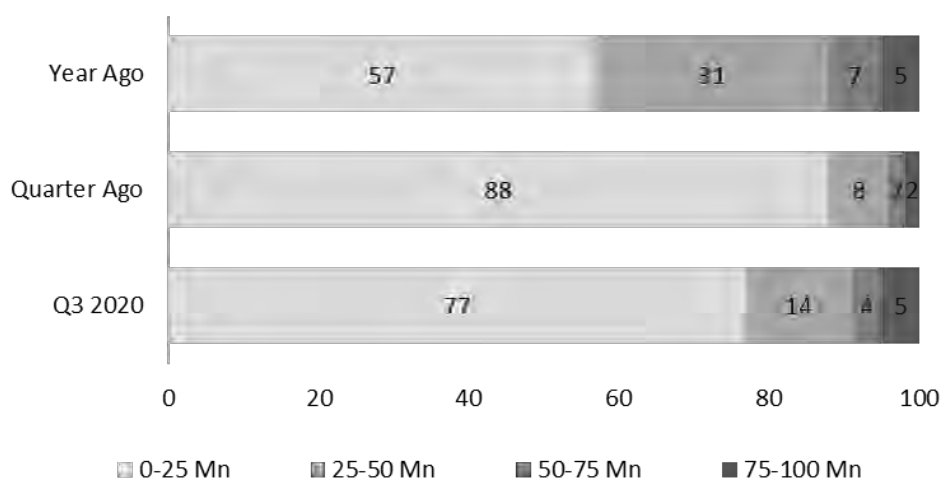
With the low interest rate structure and increased mobility in-between the first and second waves of the pandemic, sales transactions increased significantly during Q3 of 2020 compared to Q2. Sales have increased in both mixed development and single condominium projects in Colombo district and has indicated a high preference among the buyers for units priced below LKR Rs.25 million, in the single condominium project category, mainly owing to the higher affordability of this category. As at Q3 2020, 92% of the units in completed single condominium projects were sold and 55% of the units in both single and mixed development projects in the ongoing projects were reserved (*CBSL, Condominium Market 3rd Quarter of 2020*).

GRAPH 6.7 – SALES STATUS OF CONDOMINIUM PROJECTS



Source: *Condominium Market 3rd Quarter of 2020, CBSL*

GRAPH 6.8 - PERCENTAGE OF CONDOMINIUM SALES

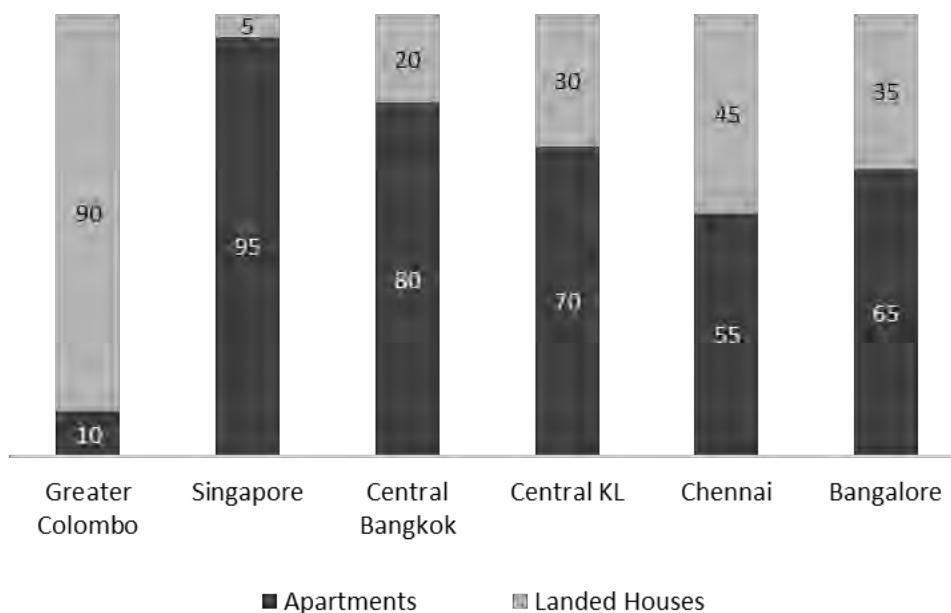


Source: *Condominium Market 3rd Quarter of 2020, CBSL*

Over 75% of the condominium sales of Q3 2020 has been in the below LKR 25 Mn range and 14% in the LKR 25-50Mn range (*CBSL, Condominium Market 3rd Quarter of 2020*). Prime Lands Residencies stands to benefit from this sales trend since they are primarily focused on these two categories.

Majority of the condominium buyers were identified as being residents of Sri Lanka with most of them purchasing the said units for immediate living. Meanwhile, the majority of funds have been in the form of own funds (CBSL, Condominium Market 3rd Quarter of 2020).

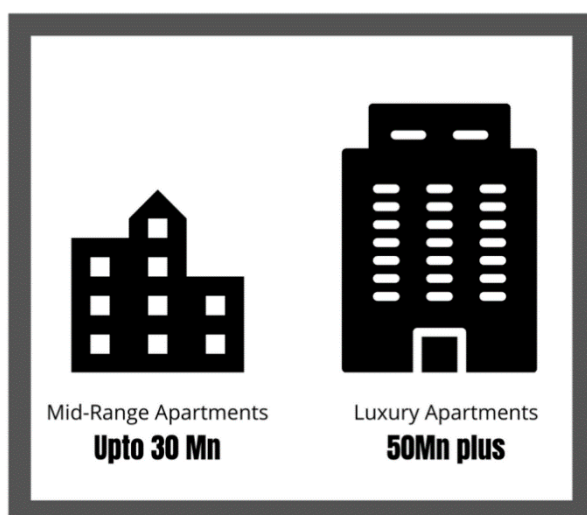
GRAPH 6.9 - APARTMENTS AND LANDED HOUSES PERCENTAGE



Source: <https://www.keells.com/resource/investor-presentation-Q1-2020.pdf>

Nevertheless, the condominium to landed houses ratio in Colombo is still at a low 10%: 90% which is notably low when compared to other Asian cities as shown in the graph above.

6.4.2 Pricing



Source: https://www.lankapropertyweb.com/house_prices.php

Average price of a 4-bedroom house in Sri Lanka in the four quarters of 2020 was approximately LKR 37.4, 37.3, 38 and 44 Million, respectively. Meanwhile, the average price of a 3-bedroom apartment in the four quarters of 2020 has been LKR 39.1, 40.2, 40.2 and 41 Million respectively (https://www.lankapropertyweb.com/house_prices.php). The above prices have been derived from advertised prices as opposed to the actual price at which transaction were completed, which may not reflect the accurate property prices of Sri Lanka. Through these figures it is evident that there has been a shift in the perceived value of landed houses in 2020 as it may considered to be safer than residential apartments in light of Covid-19.

However, despite the slightly higher demand for landed houses, apartment prices have been stable throughout the years, given that housing investment trends are moving towards apartments, as it is a more sustainable option in the long term.

6.4.3 Industry Players



Source: Company Management

Based on the price ranges, Ultra-luxury apartments are approximately more than LKR 57Mn and given the economic conditions the affordability of such units is quite low (<https://www.lankapropertyweb.com/>). This reflects PLR's strategy of focusing on affordable luxury segment, which caters to the middle and upper middle-income segment with an appropriate pricing strategy that offers value for money. Although, Prime Lands Residencies Limited operates independently, they benefit from the land bank and land acquisition expertise available with their parent company, Prime Lands (Pvt) Limited, which is a competitive advantage.

6.4.4 Regulatory Aspects

The Condominium Management Authority (CMA) is the main regulator that monitors and regulates the activities of the management co-operations and systematically maintain the common amenities and facilities of condominium properties and welfare of the occupants of such property. Main objective of CMA is to control, manage, maintain, and administer the common elements and the amenities of condominium properties. Moreover, they also ensure that the properties are maintained in good order and assist the management corporation to undertake such activities in the event they fail to carry out maintenance activities.

Thereby, condominium management is regulated through the following laws,

1. Apartment Ownership Law No: 11 of 1973
2. Apartment Ownership (Amendment) Act. No: 45 of 1982
3. Common Amenities Board (Amendment) Act. No: 46 of 1982
4. Apartment Ownership (Special Provisions) Act No: 4 of 1999
5. Apartment Ownership (Special Provisions) (Amendment) Act No: 27 of 2002
6. Apartment Ownership (Amendment) Act No: 39 of 2003
7. Common Amenities Board Law No: 10 of 1973
8. Common Amenities Board (Amendment) Act No: 24 of 2003

(http://www.condominium.lk/index.php?option=com_content&view=article&id=45&Itemid=54&lang=en)

Recently the Ministry of Justice called for the views from the general public on the laws related to this sector for the future development of the condominium industry.

Apart from the above the property development projects are governed by the local authorities for approval of the building plans etc, while the tax aspects are governed through the Finance Act as detailed further in Section 11.

6.4.5 Perception of Instability in the Industry

Colombo's sky line is being changed rapidly with the increasing number of high rise buildings and apartments. With the boom in the real estate industry there is an increase in the corruption associated with the industry.

Compared to some industry players, Prime Lands Group has a history of over 25 years of pioneering in the condominium sector with over 41 projects in Colombo and its suburbs, with 35 projects already completed and handed over to customers. In addition to that, PLR has been given the 'The Best Developer of Sri Lanka' award by Asia Property Guru for two consecutive years as well as special recognition in CSR and many more awards. PLR is considered to be the Maestro of real estate in Sri Lanka due to their evergreen vision to create a better place on earth whilst ensuring to bring the best values for their stakeholders, ensuring their satisfaction is parallel to its own growth (<https://www.primeresidencies.lk/about/company-profile>).

6.5 Future Outlook

In recent years, increased investor appetite and a maturing economy have transformed Colombo into a dynamic modern city that still retains a sense of its past. The post war surge of economic growth has greatly affected Sri Lanka's property market. Urbanization, increase in employment rates in urban areas, increase in income have all played their part in the evolution of housing as well as commercial properties.

Real estate experts predict that the property market of Sri Lanka is expected to keep on growing strongly despite it still being in the early development stages (<https://www.globalpropertyguide.com/Asia/Sri-Lanka/Price-History>).

Subsequent to the April 2019 Easter Bombing the sector experienced some downturn which was on the path of recovery when the Covid-19 became a pandemic. As a result of this, in the short to medium term, the demand is likely to reduce marginally due to diminished consumer confidence, reduced mobility, and liquidity in the first half of 2020. In addition to this there is likely to be delays in launching and handing over projects while the cost escalations are also anticipated to have a negative impact on the industry. However, experts believe this downturn will be temporary and that demand for residential real estate will start showing signs of recovery with the normalization of the outbreak and will show signs of growth once the situation has been brought under control, driven by its strong exposure to stable, long term income profile and defensive investment characteristics. (*COVID-19 reshaping the Sri Lankan Real Estate Market – Impact & Outlook, Jones Lang LaSalle, May 2020*).

Factors such as land availability constraints, demographic changes and rise in per capita income have a favourable long-term effect on the real estate industry of the country. The uprising apartment segment already accounts for almost 4% of the total housing units within Colombo. To add on, it is expected by ICRA Lanka that the apartment segment is set to expand greatly given that the urbanization levels keep increasing. The new tax changes implemented by the new government such as the abolishment of the NBT Act and VAT exemption on the sales of condominium apartments are highly likely to increase the demand for the real estate and apartment sector of Sri Lanka in the short term (<https://www.icralanka.com/rationale/icra-lanka-assigns-sla-stable-rating-for-prime-lands-residencies-pvt>).

Furthermore, with the development of the Colombo Port City Project it is estimated that approximately 210,000 direct and 131,000 indirect jobs will be created once the project is operational. With the high foreign direct

investments also expected to be attracted to the Port City (*Economic Impact Assessment of the Port City Colombo, PWC*) it is anticipated that there will be a higher demand for luxury and ultra-luxury residential real estate units within the City of Colombo.

7.0 CORPORATE STRUCTURE

7.1 Board of Directors

The Board of Directors guide and supervise the business and operations of the Company. The Board consists of two (02) Independent Non-Executive Directors, two (02) Non-Independent Non-Executive Directors, and five (05) Executive Directors who is the Managing Director. As at the date of this Prospectus, the composition of the Board is as follows.

TABLE 7.1– DETAILS OF PRIME LANDS RESIDENCIES LIMITED BOARD OF DIRECTORS

Name	Address	Designation
Mr. B Premalal	721/59, Bird Park Residencies, Sri Nanda Mawatha, Madinnagoda	Co-Chairman/ Executive Director
Ms. H K Sandamini R Perera	211, Lake Drive, Rajagiriya	Co-Chairperson/ Executive Director
Mr. N Manjula Weerakkody	9/34, Perera Mawatha, Divulapitiya, Boralesgamuwa	Managing Director/ Executive Director
Mr. H M Nalinda U Kumara	588/16, Sangabo Mawatha, Makola North, Makola	Executive Director
Ms. Shehana S A P Brahmanage	721/59, Bird Park Residencies, Sri Nanda Mawatha, Madinnagoda	Executive Director
Mr. Mahinda Perera	9/6, Prince Alfred Towers, No. 10, Alfred House Gardens, Colombo 03.	Non-Independent Non- Executive Director
Mr. Dhammika Kalapuge	102/1, 6-4 Rosmead Place, Colombo 07	Non-Independent Non- Executive Director
Mr. Sanjaya Bandara	22/8, Wijesekara Mawatha, Mirihana, Nugegoda	Independent Non-Executive Director
Mr. Deepal Sooriyaarachchi	28/10, Birnamwood, Wijesekara Mawatha, Mirihana, Nugegoda	Independent Non-Executive Director

7.2 Profiles of the Board of Directors

Mr. B. Premalal – Co-Chairman / Executive Director

Mr. Premalal, has served Sri Lanka’s real estate sector for over two decades. He is a prominent figure in the Sri Lankan business landscape, is the Co-Founder and Co-Chairman of Prime Lands (Pvt) Ltd, the parent company of PLR, with investments in real estate, property development and financial services through its subsidiaries, Director of Bhoomi Realty Holdings (Pvt) Ltd and a Director of Prime Lands Australia Pty Ltd.

He is an alumnus of Thurstan College, Colombo and a fellow member of the Chartered Institute of Management Accountants (United Kingdom), Sri Lanka Institute of Marketing, Chartered Business Administrator (Canada) and holds a Master of Business Administration from the Open University of Malaysia and a Postgraduate Diploma in Marketing from the University of Sri Jayawardenapura, Sri Lanka. He was conferred with the prestigious UCD Entrepreneur of the year in 2011 considering his vast experience in the real estate industry and exposure to many other industries as an entrepreneur. Mr. Premalal was honoured as being one of the 2018 A-List of Sri Lankan Businesspeople by LMD, listing among the top 50 businessmen in Sri Lanka who have driven the nation’s engine of growth and are the country’s true assets. Given his experience and leadership in various industries and his contribution towards the advancement of entrepreneurship in Sri Lanka, he was awarded at the ‘Most Outstanding Entrepreneur in Sri Lanka’ for the year 2018 by the International Association of Lions Club. He was also recognized as one of Asia’s Greatest Brand Leaders in 2017. Under his leadership, Prime Group has won the most prestigious award in the industry for Best Developer awarded by Property Guru at the Asia Property

Awards 2018, and also earned the reputation of being placed among the Great Workplaces in Sri Lanka for the 4th consecutive year.

Ms. H K Sandamini R Perera - Co-Chairperson / Executive Director

Ms. Perera is a Co-Founder and Co-Chairperson of Prime Lands (Pvt) Ltd with over 25 years' experience in the real estate sector. She is also a Director of Bhoomi Realty Holdings (Pvt) Ltd, Executive Director of Prime Finance PLC and Director of Prime Lands Australia Pty Ltd. Being an entrepreneur, she has achieved remarkable results for her own organisations as well as in her professional career.

She is the holder of a MSc in Strategic Marketing from the Asia e-University, Malaysia, and is a member of Sri Lanka Institute of Marketing and is a Practicing Marketer. She was recognized as the 3rd most Powerful Business Woman in Sri Lanka by the Echelon Magazine in 2013. She is also a winner of the prestigious International Award for Excellence in Women Empowerment in 2014 by World Consulting and Research Corporation in New-Delhi India. She is also a winner of the Best Women Entrepreneur - Large category for 2014/2015 at the Professional & Career Women Awards from Women in Management in Sri Lanka.

Mr. N Manjula Weerakkody - Managing Director/ Executive Director

Mr. Manjula Weerakkody is an experienced professional engineer with a wealth of experience spanning over 2 decades. He holds a BSc Engineering degree from the University of Moratuwa, a Master of Business Administration in Management of Technology from the University of Moratuwa and a Postgraduate Diploma in Structural Engineering Design from the University of Moratuwa. In addition to this he holds a Diploma in Commercial Arbitration from the Institute of the Development of Commercial Law and Practice. Mr. Weerakkody is also a Chartered Engineer of the Institute of Engineers, Sri Lanka.

Prior to joining Prime Group, he was employed at ATSL International (Pvt) Ltd (Member of Access Group) as General Manager – Civil Infrastructure Development from April 2011 to June 2016, preceding which he was the Chief Operating Officer of Sierra Civil Engineering (Pvt) Ltd from June 2009 – March 2011. He now serves as the Managing Director of Prime Lands Residencies (Pvt) Ltd since 2016 to date. He has gained prior experience during his tenures at Dialog Telecom PLC and Sierra Construction (Pvt) Ltd.

Mr. Heenatigala M Nalinda U Kumara - Executive Director

Mr. Nalinda Heenatigala is a Director of Prime Lands (Pvt) Ltd, and tallies over 24 years of experience in the real estate sector. He is also a Director of Bhoomi Realty Holdings (Pvt) Ltd.

Mr. Heenatigala holds a Bachelor of Management Studies degree awarded by the Open University of Sri Lanka, a Commonwealth Executive Master of Business Administration from the Open University of Sri Lanka. He is currently reading for his PHD at the University of Colombo and is a Certified Member of the Sri Lanka Institute of Marketing (SLIM). Mr Kumara is a business idol in Sri Lanka having been featured in many business media interviews related to real estate growth/condominium trends in the country. He was also captured in top business magazines for topics related to the success story of the Prime Group and its awards.

Ms. Shehana S A P Brahmanage - Executive Director

Ms. Shehana Brahmanage serves as a Director at Prime Lands (Pvt) Ltd.

Ms. Shehana Brahmanage holds a Bachelor of Arts Honours degree in Accounting and Finance from the University of Greenwich, UK and she is currently pursuing her MBA at the University of Sri Jayawardenepura. Prior to being appointed a director of Prime Group she gained experience as the Senior Business Analyst at Prime Lands (Pvt) Ltd, and as an Intern at KPMG, Sri Lanka, thereafter climbing the ranks to Associate Trainee. Ms. Shehana Brahmanage has represented the Group in numerous real estate conventions overseas and has recently been recognized as one of the 2020 A List Millennial Torchbearers by LMD Magazine.

Mr. Mahinda Perera - Non-Independent Non-Executive Director

Mr. Perera counts over 30 years of professional experience in the commercial sector in Finance, Management and Legal disciplines. He is a Fellow of the Chartered Institute of Management Accountants (FCMA, UK) and a CGMA and has obtained a Master's Degree in Business Management (MBA) from the Postgraduate Institute of Management of the University of Sri Jayawardenepura. Pursuing a diversified career, Mr. Perera successfully read for a Bachelor of laws Degree (LLB) from the Open University of Sri Lanka and entered the legal field as an Attorney-at-Law.

He has wide experience in manufacturing and export industries having held senior positions in companies in multiples sectors such as food and beverage, packaging and ceramic industries. In addition to many years of experience in Accounting and Finance, he has gained extensive experience in senior corporate management and in the legal profession. He has held Board positions in several listed and unlisted entities.

At present, Mr. Perera serves on the Boards of HNB Finance PLC and Prime Finance PLC as well as on several other unlisted companies. In addition, he provides professional consultancy services and legal advice on Commercial, Corporate, Employment and Investment Law to local and foreign clientele.

Mr. Dhammika Kalapuge - Non-Independent Non-Executive Director

Mr. Kalapuge has over twenty years of experience in services marketing. He is a Director of Prime Finance PLC and is also the Director at SIPCOM – 1 (Pvt) Ltd, a company involved in total people development.

He is a member of the Chartered Institute of Marketing, UK, and Post Graduate Diploma holder of CIM, UK. He holds a Diploma of Marketing from Marketing Council, Australia and is a Fellow member of the Australian Marketing Institute. In addition, he also holds an Advanced Diploma in Business Administration from Association of Business Executives, UK and is a Fellow Member.

Mr. Kalapuge was the Former Vice President–Marketing at DFCC Bank. Has also had held senior marketing positions at Sampath Bank, Eagle Insurance and Eagle NDB Fund Management. He also participated in many professional development programmes locally as well as abroad. At present he works as the principal management consultant and an inspirational trainer focusing towards service quality enhancement, system study and employee motivation to achieve higher productivity.

Over the last two and half decades, he has conducted nearly three thousand inspirational workshops in management, entrepreneurial development, customer care, service excellence, relationship marketing and motivation with over 800 leading public and private sector institutions in Sri Lanka and abroad with nearly 400,000 participants. In the year 2000 he was presented with the Sri Lanka Institute of Marketing first ever 'Recognition Award' for the contribution he made to enhance the professional competence of the customer interface community in Sri Lanka.

The programmes designed and conducted for the benefit of the Cabinet of Ministers in year 2004, Presidential Secretariat and Government Institutions were commended by Her Excellency the former President of Sri Lanka. He has several publications on 'Service Marketing' both in local and foreign journals.

Mr. Sanjaya Bandara - Independent Non-Executive Director

Mr. Bandara holds a Bachelor of Science Degree in Accountancy & Financial Management from the University of Sri Jayawardenepura and a Masters Degree in Business Administration from the University of Colombo. He is a fellow member of the Institute of Chartered Accountants of Sri Lanka and the Association of Accounting Technicians, Sri Lanka. He is also the Vice President of the Institute of Chartered Accountants of Sri Lanka and a Board Member of the Confederation of Asian Pacific Accountants (CAPA) and Sri Lanka Accounting and Auditing Standards Monitoring Board. Further he is a member of the governing council of the University of Kelaniya and the Association of Accounting Technicians of Sri Lanka. He is a technical advisor to the South Asian Federation of

Accountants (SAFA) as well. He is a partner of B. R De Silva & Co, Chartered Accountants (Member firm of Nexia International) and counts over 23 years of experience in practice.

Mr. Bandara was the Chairman of Mercantile Investments and Finance PLC and is a visiting faculty member at leading state and private sector universities.

Mr. Deepal Sooriyaarachchi - Independent Non-Executive Director

Mr. Sooriyaarachchi counts over four decades of wide industry experience, and out of that more than 15 years at board level. He is a Fellow member of the Chartered Institute of Marketing UK, Fellow Member of the Sri Lanka Institute of Marketing, and holds a Masters of Business Administration from the University of Sri Jaywardenepura. He is also an Alumni of National University of Singapore, Asian Institute of Management, and the Stanford Business School USA.

He is also a well-known Management Consultant and an Accredited Master Coach and a Mentor. He is a consulting partner of RBL USA as well.

A former Managing Director of Aviva NDB Insurance PLC (Now AIA Insurance Lanka Limited and unlisted), former Commissioner - Sri Lanka Inventors' Commission, a Past President of Sri Lanka Institute of Marketing, he has served several National bodies as well. He currently serves on a number of leading business organizations as a non-executive independent director.

7.3 Other Directorships Held by the Board

TABLE 7.2– OTHER DIRECTORSHIPS

Name	Directorships in Other Institutions
Mr. B Premalal	Co-Chairman – Prime Lands (Pvt) Ltd Non-Executive Director – Prime Finance PLC Executive Director – Bhoomi Realty Holdings (Pvt) Ltd Executive Director – Prime Entertainment (Pvt) Ltd Executive Director – Prime Lands Australia Pty Ltd
Ms. H K Sandamini R Perera	Co-Chairperson – Prime Lands (Pvt) Ltd Executive Director – Prime Finance PLC Executive Director – Bhoomi Realty Holdings (Pvt) Ltd Executive Director – Prime Entertainment (Pvt) Ltd Executive Director – Prime Lands Australia Pty Ltd
Mr. N Manjula Weerakkody	N/A
Mr. H M Nalinda U Kumara	Executive Director – Prime Lands (Pvt) Ltd Executive Director – Bhoomi Realty Holdings (Pvt) Ltd
Ms. Shehana S A P Brahmanage	Executive Director – Prime Lands (Pvt) Ltd
Mr. Mahinda Perera	Non-Executive Director – Prime Finance PLC Non-Executive Director – HNB Finance PLC Managing Director – My Cola Beverages (Pvt) Ltd Executive Director – Pele Consulting (Pvt) Ltd
Mr. Dhammika Kalapuge	Non-Executive Director – Prime Finance PLC Executive Director - Sipcom-1 (Pvt) Ltd
Mr. Sanjaya Bandara	Chairman - Mercantile Investments and Finance PLC Partner – B.R. De Silva & Co. (Chartered Accountants)
Mr. Deepal Sooriyaarachchi	Independent Non-Executive Director – AIA Insurance Lanka Limited Independent Non- Executive Director – Pan Asian Power PLC Independent Non-Executive Director – Siyapatha Finance PLC Independent Non-Executive Director – Singer Sri Lanka PLC

Independent Non-Executive Director – Kelani Cables PLC
Independent Non-Executive Director – Lanka Shipping and Logistics (Pvt) Ltd
Managing Director - SATI Human Development Institute (Pvt) Ltd

7.4 Directors' Interest in Shares

7.4.1 Directors' Direct and Indirect Shareholdings in the Company

The Directors' direct and indirect shareholdings in the Company as at the date of this Prospectus i.e. April 23, 2021 are tabulated below.

TABLE 7.3– DIRECTORS' DIRECT & INDIRECT SHAREHOLDINGS IN PRIME LANDS RESIDENCIES LIMITED AS AT APRIL 23, 2021

Name of Director	Number of Shares Held	Percentage of Shareholding (%)
Ordinary Voting Shares – Direct		
Mr. B Premalal	15	0.0000%
Ms. H K Sandamini R Perera	15	0.0000%
Ordinary Voting Shares – Indirect through Prime Lands (Pvt) Ltd		
Mr. B Premalal		
Ms. H K Sandamini R Perera	749,999,970	100.0000%
Mr. H M Nalinda U Kumara		
Ms. Shehana S A P Brahmanage		

7.4.2 Sale or Purchase of Shares by the Directors

There were no sales, transfers or purchases of shares made by the Directors of the Company during the last 12 months prior to the date of this Prospectus.

7.4.3 Directors' Emoluments

The Directors were remunerated in the form of salaries remuneration, allowances and fees during the financial year 2019/20 to an extent of LKR 47,770,500. The Directors are expected to be remunerated in the form of salaries remuneration, allowances and fees during the financial year 2020/21 to an approximate extent of LKR 87,000,000. The significant increase in directors' emoluments is due to 4 new directors being appointed to the board during 2020/21 and the annual revision in Directors' Fees.

7.4.4 Directors' Interest in Assets

The Directors hold no interest in assets acquired, disposed of or leased by the Company during the two years preceding the IPO. Furthermore, it is not proposed that the Directors will hold any interest in assets to be acquired, disposed of or leased by the Company in the two years subsequent to the IPO.

7.4.5 Directors' Interest in Material Contracts

There are no contracts or arrangements in force as at the date of this Prospectus i.e. April 23, 2021 in which the Directors of the Company are materially interested in relation to the business of the Company.

7.4.6 Statement - Board of Directors

No Director or a person nominated to become a Director of the Company is or was involved in any of the following events:

- A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- Convicted for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

7.5 Corporate Governance Practices

Corporate Governance involves the methods and systems through which companies are primarily directed and controlled, whereby the composition, role and remuneration of the board of directors, shareholder relations, accountability and audit are the main components. As per the corporate governance principles adopted in Sri Lanka, the company should be headed by an effective board of directors who should direct, lead and control the company. In light of this, the board of directors of Prime Lands Residencies Ltd was reconstituted on February 03, 2021 with the appointment of Independent and Non-Executive Directors with the relevant professional expertise as well as to include the board sub committees to be in line with the requirements of the CSE Listing Rules.

The following board subcommittees are in place to support the governance of the Company;

1. Audit Committee
2. Related Party Transaction Review Committee
3. Remuneration Committee

7.5.1 Audit Committee

The audit committee constitutes of the following directors;

- Mr. Sanjaya Bandara – Independent Non-Executive Director – Chairman of the Committee
- Mr. Deepal Sooriyaarachchi – Independent Non-Executive Director
- Mr. Mahinda Perera – Non-Independent Non-Executive Director

The audit committee has been formed with the following terms of reference;

- Overseeing of the preparation, presentation and adequacy of disclosures in the financial in accordance with Sri Lanka Accounting Standards.
- Overseeing of the Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.
- Overseeing the processes to ensure that the Company's internal controls and risk management, are adequate, to meet the requirements of the Sri Lanka Auditing Standards.
- Assessment of the independence and performance of the external auditors.
- To make recommendations to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.

The committee meets regularly and adequately throughout the financial year to discharge its duties.

The Managing Director, General Manager Finance and the Consultant – Internal Audit and Compliance attend the audit committee meetings.

7.5.2 Related Party Transaction Review Committee

The Related Party Transaction Review Committee constitutes of the following directors;

- Mr. Sanjaya Bandara – Independent Non-Executive Director – Chairman of the Committee
- Mr. Mahinda Perera – Non-Independent Non-Executive Director
- Ms. H K Sandamini R Perera – Executive Director

The purpose of the Committee is to review all proposed related party transactions other than those transactions explicitly exempted in the CSE Listing Rules. Accordingly, except for transactions mentioned under Rule 9.5 of the

CSE Listing Rules, all other related party transactions require review by the Committee either prior to entering into a transaction or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

The scope of the Committee includes the following;

- Adopting policies and procedures to review related party transactions of the Company and reviewing and overseeing existing policies and procedures.
- Reviewing in advance all proposed related party transactions of the Company except those explicitly exempted by the Rule 9.5 of the CSE Listing Rules.
- Determining whether related party transactions to be entered into by the Company require Board or shareholder approval.
- Establishing a set of guidelines as explained in the CSE Listing Rules where related party transactions are “recurrent in nature”, for the senior management to follow in their continuing dealings with the relevant related party.
- Ensuring that no Director of the Company participates in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.
- If there is any potential conflict in any related party transaction, the Committee may recommend the creation of a special committee (including an independent consultant if necessary) to review and approve the proposed related party transaction.
- Ensuring that immediate market and Annual Report disclosures are made in a timely and detailed manner as required by the CSE Listing Rules.

The committee meets at minimum on a quarterly basis.

7.5.3 Remuneration Committee

The remuneration committee constitutes of the following directors;

- Mr. Deepal Sooriyaarachchi – Independent Non-Executive Director – Chairman of the Committee
- Mr. Sanjaya Bandara – Independent Non-Executive Director
- Mr. Dhammika Kalapuge – Non-Independent Non-Executive Director

The scope of the Committee includes the following;

- Recommending and approving total remuneration package and incentivisation packages of the executive directors including the managing director.
- Considering and recommending to the board, the broad policy for the remuneration and incentivisation package of Executive Directors and Key Corporate Management.
- Reviewing Company’s remuneration practices and policies to ensure fairness in directors’ remuneration.
- Determining the policy for the terms of employment of the executive Directors.
- Monitoring the performance conditions subject to which any long-term incentive awards may be granted under the schemes adopted by the Company and approving grant of long term incentive awards, such as share appreciation rights and performance shares for Executive Directors and Key Corporate Management.
- Reviewing the design of all share incentive schemes.
- Bearing the responsibility for selecting and appointing any remuneration consultants who advises the committee.

7.6 Corporate Management

The key management personnel set out below are employees of the Company and are responsible for managing the affairs of PLR according to the key responsibilities allocated to each individual.

Mr. N Manjula Weerakkody - Managing Director

Refer profile under Section 8.2.

Mr. Anura Pathirage – General Manager Finance

Mr. Pathirage is a professional in the finance field counting over 20 years' experience in the private sector. He is the Director Finance of Prime Lands (Pvt) Ltd, the parent company of Prime Group as well as Non-Executive Director of Prime Finance PLC which is listed subsidiary of Prime Group.

He holds a BSc Management (Special) Degree with Second Class honours from University of Sri Jayawardenepura, is a Chartered Tax Advisor of the Chartered Accountants of Sri Lanka, is a Fellow Member of the Sri Lanka Institute of Taxation and is a member of the Association of Accounting Technicians Sri Lanka.

Prior to the aforesaid appointments he was providing management consultancy services and tax advisory at a senior level at Baker Tilly-Sri Lanka, Chartered Accountants, he was a Director of Corporate Secretaries Practice (Pvt) Ltd, the secretarial unit of the accountancy firm. He also gained over six year's financial management experience overseas in the areas of international trade, airlines and tourism as the Chief Accountant of Cyprea Group of Companies in Maldives. In addition, he has gained financial management experience in the fields of apparel and insurance in Sri Lanka.

Ms. Dinusha Fernando – General Manager Legal

Ms. Fernando joined the Prime Lands Group in 2001 and is currently its Director Legal of Prime Lands (Private) and an Executive Director of Prime Finance PLC who provide professional legal advice and guidance on conveyance and land matters to group companies.

Ms. Fernando holds a Master's Degree in Law (LLM) from the University of Colombo and is an Attorney-at-Law having entered the Bar in 1998. During her 20 years of association with the real estate industry she has gained extensive experience and expertise in drafting and review of legal documents, negotiation of terms and conditions and facilitation of title transfers relating to real estate.

Mr. Ruminda Randeniya – General Manager Real Estate

Mr. Randeniya is an accomplished strategic management professional counting over 20 years' experience in the real estate sector. He is presently a Director of Prime Lands (Pvt) Ltd having being recognized for his exceptional performance in the real estate business during his career at Prime Group, is a Director of Bhoomi Realty Holdings (Pvt) Ltd which is an affiliated company of Prime Lands (Pvt) Ltd and is on the Board of Directors of Prime Finance PLC as an Executive Director.

Mr. Randeniya holds a Bachelor's Degree in Business Management from the Open University of Sri Lanka and a Diploma in Marketing from Sri Lanka Institute of Marketing (SLIM). His strength lies in his unique ability to recognize potential properties for development in many parts of the country and executing winning strategies to profitably market them.

Mr. Shaminda Hewapathirana – General Manager Engineering

Mr. Hewapathirana has 25 years hands on experience in construction of high-rise, commercial, residential construction, road and bridges and marine construction with many local and multinational companies. He joined the Company as the Chief Engineer and currently functions as General Manager – Engineering in PLR. He started his career at Sanken Lanka/Mitsui Construction. He has also gained experience at Ceylinco group, Jetwing Hotels and China Harbour Engineering Company.

Mr. Hewapathirana holds the membership at the Institute of Incorporated Engineers, Sri Lanka (IIESL)

Major General Prabath Dematanpitiya – General Manager Administration & Human Resource Management

Major General Dematanpitiya joined the Sri Lanka Army in 1985 and commissioned in the rank of Second Lieutenant in 1986 having completed his basic military training at Sri Lanka Military Academy and Officers Training School Pakistan. Subsequently, he was posted to the Sri Lanka Signal Corps as a Young Officer and thereafter promoted to the ranks of Lieutenant, Captain, Major, Lieutenant Colonel, Colonel and Brigadier.

Major General Dematanpitiya is an old boy of prestigious Nalanda College, Colombo. He is a graduate of the Army Command and Staff College, Sapugaskanda and became the proud recipient of Golden Pen Award for producing the best research paper in the year 2001. Moreover, he is a proud alumna of National Defence University Pakistan, he holds an MSc in National Security and War Studies earned from the National Defence University Pakistan and an MBA in Supply Chain Management from the Kotelawala Defence University.

Mr. Shantha Fernando – General Manager Marketing

Mr. Fernando is currently the Group Director Marketing at Prime Lands (Pvt.) Ltd. He is a Strategic, Fiscal and operations Leader who's illustrious and vastly experienced career spans 20 years across a variety of multinational companies.

Prior to joining the Prime Group, Mr. Fernando started his career at Unilever Sri Lanka Ltd and led brand marketing for household cleaning, face care, oral and social mission categories as well as sales for modern trade, general trade and B2B sales from 2000 to 2012. Mr. Fernando was then appointed as Country Marketing Manager for Coca-Cola Sri Lanka (Pvt) Limited and led marketing and commercial operations for Sri Lanka and Maldives from 2012 to 2018. His career was then propelled even further as he was appointed as the General Manager - Head of Mobile Business (Sri Lanka & The Maldives) of Samsung India Electronics (Pvt) Limited from 2018 to 2020.

Mr. Fernando is a member of the Chartered Institute of Marketing UK (MCIM) and he is currently reading for the thesis of Master of Business Administration from the University of Wales. Mr. Fernando is an active member in the marketing fraternity and was part of the jury panel for Effie Awards 2019 and SLIM Digis 2.0 2020.

Mr. Sisira Kumara – Consultant Internal Audit & Compliance

Mr. Sisira Kumara has experience in the field of finance and accounting for over 3 decades holding various positions in finance and administration in leading organizations including multinational corporations overseas. He holds a Master of Business Administration from the University of Derby (UK) and is a Member of the Chartered Institute of Management Accountants (CIMA-UK).

He started his career at Associated Newspapers of Ceylon Limited (Lake House), and other reputed institutions including the Urban Development Authority, State Trading General Corporation, Ceylon Leather Products Ltd and Lankem Ceylon PLC. He has gained experience in various business sectors including manufacturing, trading, constructions and leisure during this time.

Mr. Rasika Udayanga – Head of Information Technology

Mr. Rasika is an all-rounder in information communication technology with over 10 years' experience with a proven track record in network infrastructure, system administration, software development, VOIP technologies and business management. He is currently working at Prime Lands (Pvt) Ltd as the Head of IT. The whole IT operation, including the SAP business, which has been implemented across the group entities, of Prime Lands, Prime Lands Residencies and Bhoomi Realty Holdings is under his purview.

He is a professional member of the British Computer Society and a Post Graduate of the University of Colombo.

Prior to joining Prime Land, he has proven his performance not only in ICT, but also in business operations where he was involved in managing the business operation to deliver committed performance to the clientele of

Bellvantage (Pvt) Ltd. He also managed MIS, training and quality assurance departments during his tenure at Bellvantage as a senior manager. He became employee of the year in 2016 and won the unmatched performance award for three years in 2018.

Mr. Himesh Kavinda – Chief Quantity Surveyor

Mr. Himesh holds a BSc (Hons) degree in Quantity Surveying from the University of Moratuwa, Sri Lanka and MSc Real Estate and Property Management from the University of Salford, Manchester, United Kingdom. He received the Professional Membership (MAIQS) from the Australian Institute of Quantity Surveying, and became a Chartered Quantity Surveyor (AIQSSL) with the receipt of Associate Membership from Institute of Quantity Surveyors Sri Lanka.

He has more than 10 years of experience in UAE, Azerbaijan and Sri Lanka. Prior to joining PLR, Mr. Himesh served for 7 years as Commercial Manager in Pasha Construction LLC in Baku, Azerbaijan. His areas of expertise include all aspects of procurement and commercial management from design and construction phases until to projects handover.

Mr. Kovinda Perera – Head of Strategy & Business Development

Mr. Perera has over 8 years of accumulated experience in the real estate and equity fields in England and wider markets. After relocating to Sri Lanka, he joined Prime Group, as their Head of Strategy and Business Development. At which current position, Mr. Perera is involved in analysing investment strategy, financial projections, forecasts and market trends. He also holds a Directorship at HNB Finance PLC, where he brings forth the perspective of foreign markets and trend analytics.

Mr. Perera began his academic journey as a physicist at the prestigious Imperial College London. Towards the latter part of his academia, he focused more on how to analyse, evaluate and predict the market trends with gained exposure. This passage was apparent from his research into market modelling and speculator simulations. His interest in market trends led him to the fields of real estate and then onto bespoke investment advisory.

7.6.1 Corporate Management Emoluments

The Corporate Management (including the MD) were remunerated in the form of salaries and performance-based bonuses during the FY 2019/20 to the value of LKR 25,145,150. The Corporate Management is expected to be remunerated in the form of salaries and bonuses during the FY 2020/21 including the amount attributable to Corporate Management in the Management Fees as per the Shared Service Agreement to an approximate value of LKR 58,500,000.

7.7 Statement – Managing Director

The Managing Director of the Company has not been involved in any of the following:

- A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- Convicted for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

8.0 OTHER INFORMATION

8.1 Degree of Dependence on Customers or Suppliers

There is no material dependency on key customers or suppliers in terms of the overall business operations of the Company.

8.2 Dividends

8.2.1 Dividend Policy

The Company may, subject to the provisions of the Articles of Association and the Companies Act No. 07 of 2007, make dividend payments by way of interim and final dividends to its shareholders in relation to the profits made from time to time. The Company will declare dividends subject to;

- the solvency requirements of the Companies Act No. 07 of 2007, and
- cash flow position of the Company, return from operations, business prospects, current and expected obligations, funding needs for growth opportunities, maintenance of a strong capital structure and any other factor which the Board of Directors may deem relevant

In addition to the above-mentioned cash dividends, the Company may consider payment of dividends in the form of scrip dividends as deemed appropriate.

8.2.2 Dividend History

The Company has declared and paid the following dividends during the last three financial years immediately preceding the date of this Prospectus.

TABLE 8.1 – DIVIDEND HISTORY

(LKR)	Financial Year Ended		
	March 31, 2020	March 31, 2019	March 31, 2018
Interim Dividends	-	-	-
Final Dividends	-	225,000,000*	425,000,000**
Total Dividend for the Year	-	225,000,000	425,000,000
Dividend Per Share – Pre-Subdivision of Shares	-	LKR 1.50	LKR 2.83
Dividend Per Share – Post Subdivision of Shares	-	LKR 0.30	LKR 0.57

* The dividend was attributable to FY 2017/18

** The dividend was attributable to FY 2016/17

8.3 Details of Material Indebtedness

Particulars of the Company's loan capital and finance leases outstanding as at March 11, 2021 are as follows:

TABLE 8.2 – PARTICULARS OF MATERIAL INDEBTEDNESS

Name of Bank/Finance Institution	Type of Facility	Value of Facility	Tenure	Outstanding as at March 11, 2021 (LKR)
Seylan Bank PLC	Term Loan	1,000,000,000	3 years	558,332,400
	Revolving Import Loan	6,789,000	180 Days	6,789,000
	Revolving Import Loan	17,366,000	180 Days	17,366,000

	Revolving Import Loan	3,223,000	180 Days	3,223,000
	Revolving Import Loan	7,470,000	180 Days	7,470,000
	Revolving Import Loan	78,398,000	180 Days	78,398,000
	Revolving Import Loan	3,225,000	180 Days	3,225,000
	Revolving Import Loan	4,075,000	180 Days	4,075,000
	Revolving Import Loan	1,490,000	180 Days	1,490,000
	Revolving Import Loan	2,079,000	180 Days	2,079,000
	Revolving Import Loan	3,359,000	180 Days	3,359,000
	Revolving Import Loan	14,507,000	180 Days	14,507,000
	Revolving Import Loan	7,622,000	180 Days	7,622,000
	Revolving Import Loan	22,111,000	180 Days	22,111,000
	Revolving Import Loan	1,788,000	180 Days	1,788,000
	Revolving Import Loan	1,357,000	180 Days	1,357,000
	Revolving Import Loan	7,181,000	180 Days	7,181,000
	Revolving Import Loan	6,143,000	180 Days	6,143,000
	Revolving Import Loan	6,043,000	180 Days	6,043,000
	Revolving Import Loan	11,169,000	180 Days	11,169,000
	Revolving Import Loan	1,600,000	180 Days	1,600,000
	Revolving Import Loan	7,471,000	180 Days	7,471,000
	Revolving Import Loan	7,139,000	180 Days	7,139,000
	Revolving Import Loan	6,710,000	180 Days	6,710,000
	Revolving Import Loan	8,636,000	180 Days	8,636,000
	Revolving Import Loan	31,114,000	180 Days	31,114,000
	Revolving Import Loan	19,597,000	180 Days	19,597,000
	Revolving Import Loan	9,872,000	180 Days	9,872,000
	Revolving Import Loan	5,115,000	180 Days	5,115,000
	Revolving Import Loan	49,837,000	180 Days	49,837,000
	Revolving Import Loan	11,959,000	180 Days	11,959,000
	Revolving Import Loan	3,804,000	180 Days	3,804,000
	Revolving Import Loan	39,821,000	180 Days	39,821,000
	Revolving Import Loan	5,362,000	180 Days	5,362,000
	Revolving Import Loan	4,363,000	180 Days	4,363,000
	Revolving Import Loan	7,882,000	180 Days	7,882,000
	Revolving Import Loan	80,502,000	180 Days	80,502,000
	Permanent Overdraft	225,000,000	N/A	7,692,707
	Permanent Overdraft	1,000,000,000	N/A	743,112,078
Sampath Bank PLC	Term Loan	2,200,000,000	5 Years	1,385,377,000
	Permanent Overdraft	222,000,000	N/A	125,112,416
Hatton National Bank PLC	Term Loan	350,000,000	3 years	38,888,896
DFCC Bank PLC	Term Loan	200,000,000	108 Month	109,395,916
	Revolving Loan	200,000,000	180 Days	200,000,000
	Permanent Overdraft	280,000,000	N/A	156,841,483
Nations Trust Bank PLC	Permanent Overdraft	175,000,000	N/A	18,008,701
Prime Finance PLC*	Term Loan	50,000,000	5 Years	36,351,807
	Finance Lease	63,175,000	5 Years	48,741,910
Total		6,606,824		3,777,192,831

* The term loan and finance lease from Prime Finance PLC have been issued at the rate of 20% p.a for a tenure of 5 years on an arms lengths basis with a personal guarantee from a director of PLR who is not a director of Prime Finance PLC.

Apart from the above there were no other leasing, lease purchase and hire purchase commitments of the Company outstanding as at January 31, 2021.

There were no material contingent liabilities, including acceptances and guarantees outstanding as at March 11, 2021 other than in the ordinary course of business.

There were no mortgages or charges on assets of the Company as at March 11, 2021 except for the following.

TABLE 8.3 – PARTICULARS OF MORTGAGES AND CHARGES ON THE ASSETS OF THE COMPANY

Description of Property	Underlying Borrowing	Date of Purchase	Total Cost / Valuation (LKR)
62, 64, Ward Place, Colombo 07	Sampath Bank PLC LKR 2.2 Bn Term Loan	March 30, 2016	2,336,000,000
30, Kassapa Road, Colombo 05	Hatton National Bank PLC LKR 350 Mn Term Loan	September 14, 2017	235,920,000
61, D S Senanayake Mawatha, Colombo 08	DFCC Bank PLC LKR 200 Mn Term Loan	May 13, 2016	225,000,000
43, Kassapa Road, Colombo 05	Seylan Bank PLC LKR 225 Mn Permanent Overdraft	May 28, 2018	345,000,000
123, Castle Street, Colombo 08	Nations Trust Bank PLC LKR 175 Mn Permanent Overdraft	January 19, 2017	210,165,712
Corporate guarantee from Prime Lands (Pvt) Ltd	Seylan Bank PLC LKR 1 Bn Term Loan	-	-
Lien over LKR fixed deposits of Prime Lands (Pvt) Ltd	DFCC Bank PLC LKR 200 Mn Term Loan	-	-
Personal guarantee from Directors of PLR	Prime Finance PLC LKR 50 Mn Term Loan	-	-
Corporate guarantee from Prime Lands (Pvt) Ltd	Seylan Bank PLC LKR 307.879 Mn Term Loans	-	--
Corporate guarantee from Prime Lands (Pvt) Ltd	Hatton National Bank PLC LKR 289 Mn Permanent Overdraft	-	-
Lien over USD & LKR fixed deposits of PLR	Sampath Bank PLC LKR 222 Mn Permanent Overdraft	-	-
Corporate guarantee from Prime Lands (Pvt) Ltd & Lien over LKR fixed deposits of Prime Lands (Pvt) Ltd	Seylan Bank PLC LKR 1 Bn Permanent Overdraft	-	-
Corporate guarantee from Prime Lands (Pvt) Ltd	Union Bank of Colombo PLC LKR 50 Mn Permanent Overdraft	--	-
Lien over LKR fixed deposits of Prime Lands (Pvt) Ltd	DFCC Bank PLC LKR 280 Mn Permanent Overdraft	-	-

8.4 Working Capital

The Board is of the opinion that the working capital is sufficient for the purpose of carrying out day to day operations of the Company and that the use of proceeds will further strengthen the working capital position of the Company.

8.5 Litigation, Disputes and Contingent Liabilities

There are no litigations or disputes and there are no contingent liabilities of the Company as at the date of this Prospectus.

There are no legal, arbitration or mediation proceedings which have a significant effect on the Company's financial position or profitability as at the date of this Prospectus.

8.6 Management Agreements

There are no management agreements presently in force or currently being considered by the Company, except for the following;

▪ Real Estate Development Agreement – The Palace, Gampaha Project

<i>Date of Attestation</i>	December 23, 2020
<i>Agreement Number</i>	5797
<i>Purpose</i>	The owner (Prime Lands (Pvt) Ltd) of the land marked by Lots C1, C2, C3 and C4 depicted in Plan No. 6415 dated September 16, 2020 has agreed to permit the developer (Prime Lands Residencies Limited) to develop and construct 480 numbers of condominium apartments via a project called 'The Palace' in 4 floors (ground + 3 = 60 buildings) to sell.
<i>Permission granted by the owner</i>	<ul style="list-style-type: none">- Uprooting trees, re-surveying, bulldozing and subdivision and also advertising- Advertise and find suitable and prospective buyers for cash or on loan facilities, to collect money and enter in to any agreements pertaining to such sales- Transfer apartment units time to time from any place decided by the developer unto nominees of the developer
<i>Financial Obligation</i>	Total cost of the project born by the owner amounting to LKR 818,987,921.63 agreed to pay the proportionate cost with the interest of AWPLR+1% unto the owner time to time at the time of transferring the ownership of the apartment unit to the customer
<i>Validity</i>	Until finalization of sale of apartment units in the project
<i>Terms & Conditions</i>	<ul style="list-style-type: none">- The developer shall bear all the expenses for the development activities- Owner will sign the deed on the request of the developer to any person if the developer performed its obligations under the agreement- Legal expenses for the preparation of deed/s of transfer should be borne by the said nominee

▪ Shared Service Agreement

<i>Purpose</i>	In order to reimburse the proportionate cost incurred by the parent entity (Prime Lands (Pvt) Ltd) for the shared services rendered to PLR covering finance, legal, IT, administration & human resources, sales & marketing, management of land acquisitions, developments and approvals of real estate projects, audit and compliance.
<i>Management Fee</i>	LKR 2,500,000/- per month for the first year. The monthly fee will be reviewed on an annual basis.
<i>Term</i>	For a 5 year period commencing from April 01, 2020.

8.7 Material Contracts

There are no material contracts entered into by the Company other than those contracts entered into in the ordinary course of business.

8.8 Details of Commissions Paid

No commission has been paid in the two (02) years preceding the Issue or payable for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares of the Company.

8.9 Details of Benefits Paid to Promoters

No benefit has been paid or given within the two (02) years preceding the Issue and there are no benefits intended to be paid or given to any promoter.

8.10 Details of Transactions Relating to Property

There were no transactions relating to a property of the Company completed within the two (02) preceding years from March 31, 2020 in which any vendor of the property to the Company or any person who is or was at the time of the transaction, a Promoter or a Director or proposed Director of the Company had any interest, direct or indirect.

8.11 Details of Penalties Imposed by Regulatory and State Institutions

Subsequent to the amalgamation of Prime Lands Residencies (Private) Limited, Prime Homes (Private) Limited and Living Homes (Private) Limited, an assessment was issued by the Inland Revenue Department of Sri Lanka whereby the tax exemption enjoyed by the Company under Section 17(A) of the Inland Revenue (Amendment) Act No. 08 of 2012 was considered no longer applicable. In light of this the Company was imposed penalties of LKR 22,259,194/- and LKR 681,600/- during the financial years 2019/20 and 2018/19 respectively, for the years of assessment 2015/16, 2016/17 and 2017/18.

9.0 CAPITAL STRUCTURE

As at the date of this Prospectus, the Stated Capital of the Company is Sri Lankan Rupees One Billion Five Hundred Million (LKR 1,500,000,000.00) divided into Seven Hundred and Fifty Million (750,000,000) fully paid-up Ordinary Voting Shares.

9.1 An Overview of the Capital Structure

The detailed breakdown of the Stated Capital of Prime Lands Residencies Limited is given below.

TABLE 9.1 - STATED CAPITAL OF PRIME LANDS RESIDENCIES LIMITED

	January 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
Stated Capital (LKR)	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Number of Ordinary Voting Shares in Issue	750,000,000*	150,000,000	150,000,000	150,000,000**

* A subdivision of share was carried out in the ratio of 1:5 on 25 January 2021

** A capitalisation of reserves was carried out thereby issuing 50 Mn new shares on 21 March 2018

There was no any redemption of repurchase of during the two-year period immediately preceding the date of this Prospectus (April 23, 2021) in terms of Sections 63, 64, 66, 67, 68, 69, 93 and 100 of the Companies Act and of any reduction of stated capital in terms of Section 59 of the Companies Act.

There are no any statutory restrictions on the free transferability of the Ordinary Voting Shares of the Company.

9.2 Shareholding Structure Pre and Post IPO

The current and the post IPO shareholding structures are as shown below.

TABLE 9.2 - SHAREHOLDING STRUCTURE – PRE AND POST IPO

Name	Pre IPO		Post IPO			
			Issue of 100,000,000 Shares		Issue of 187,500,000 Shares	
	No. of Ordinary Voting Shares	%	No. of Ordinary Voting Shares	%	No. of Ordinary Voting Shares	%
Existing Shareholders	750,000,000	100.00%	750,000,000	88.24%	750,000,000	80.00%
IPO Shareholders	-	-	100,000,000	11.76%	187,500,000	20.00%
Total	750,000,000	100.00%	850,000,000	100.00%	937,500,000	100.00%

In terms of CSE Listing Rule 2.1.1(d)(i), shares held by Non-Public Shareholders, as defined in Section 9.3, namely the 750,000,000 Ordinary Voting Shares, held by Prime Lands (Private) Limited and other Non-Public Shareholders as shown in Table 9.3 below, would be subject to a 'lock-in' for a period of six (06) months from the date of listing of Shares. As such these shares would not be available for secondary market trading on the CSE upon PLR obtaining listing of its shares subsequent to the IPO contemplated via this Prospectus until the expiry of the aforesaid six (06) month period from the respective date of listing.

However, shares held by Public Shareholders prior to the date of the listing application shall not be locked-in.

Since there were no share allotments or share transfers during the period of twelve (12) months immediately preceding the date of an Initial Listing Application, no further shares will be subject to a lock-in, in terms of CSE Listing Rule 2.1.1(d)(iii) or 2.1.1(d)(iv), except for the shares mentioned above.

TABLE 9.3 - SHARES LOCKED IN – PRE IPO

Category of Shareholders (Pre-Listing)	Locked-in Ordinary Voting Shares	The Months after which the Ordinary Voting Shares will be Available for Trading	No. of Ordinary Voting Shares	No. of Shares as a percentage of Total Number of Ordinary Voting Shares in Issue (Pre-Listing)
Non-Public	Shares held by Non-Public Shareholders prior to the date of the Initial Listing Application - Locked-in	6 months from the date of listing	750,000,000	100.00%
Public	Not Locked-in	-	-	-
Total			750,000,000	100.00%

*'Public' defined under the definition mentioned in CSE Listing Rules 2.1.1 (Refer Section 9.3 of the Prospectus)

The Company hereby confirms that the information furnished herewith shall remain unchanged to the date of listing.

Pre-IPO Public Holding of the Ordinary Voting Shares (Shares held by the 'Public' as a percentage of the total Pre-IPO number of Ordinary Voting Shares), as per the 'Public' definition provided in the, CSE Listing Rules 2.1.1 is 0%

TABLE 9.4 - SHARES LOCKED IN – POST IPO

Category of Shareholders (Post-Listing)	Locked-in Ordinary Voting Shares	The Months after which the Ordinary Voting Shares will be Available for Trading	Issue of 100,000,000 Shares		Issue of 187,500,000 Shares	
			No. of Ordinary Voting Shares	No. of Ordinary Voting Shares as a percentage of Total Number of Ordinary Voting Shares in Issue (Post-Listing)	No. of Ordinary Voting Shares	No. of Ordinary Voting Shares as a percentage of Total Number of Ordinary Voting Shares in Issue (Post-Listing)
Non-Public	Locked-in (Pre IPO Shares)	6 months from the date of listing	750,000,000	88.24%	750,000,000	80.00%
Public *	Not Locked-in (Pre IPO Shares)	-	-	-	-	-
Public *	Not Locked-in (IPO Shares)	-	100,000,000	11.76%	187,500,000	20.00%
Total			850,000,000	100.00%	937,500,000	100.00%

* 'Public' defined under the definition mentioned in CSE Listing Rules 2.1.1 (Refer Section 9.3 of the Prospectus)

Post -IPO Public Holding of the Ordinary Voting Shares (Using the CSE Listing Rules), provided that the Issue is fully subscribed by "Public" Shareholders; (Total unlocked Ordinary Voting Shares post-IPO that will be held by the public as a percentage of the total Ordinary Voting Shares in issue Post-IPO)

Issue of 100,000,000 New Ordinary Voting Shares at IPO	11.76%
Issue of 187,500,000 New Ordinary Voting Shares at IPO	20.00%

Tabulated below are the shareholders of the Company as at the date of this Prospectus i.e. April 23, 2021.

TABLE 9.5 – SHAREHOLDERS – ORDINARY VOTING SHARES - PRE IPO

	Name	No. of Ordinary Voting Shares	%
01	Prime Lands (Private) Limited	749,999,970	100.000
02	Mr. B Premalal	15	0.000
03	Mrs. H K Sandamini R Perera	15	0.000
	Total shares held by Shareholders	750,000,000	100.000

There were no share transfers relating to shareholders mentioned above, during the period of twelve (12) months immediately preceding the date of the Initial Listing Application.

9.3 Free Transferability of Shares

In accordance with CSE Listing Rule 2.1.1(d):

- All Shares held by ‘**Non-Public Shareholders**’* prior to the date of the Initial Listing Application shall be locked-in for a period of **six (06) months** from the date of listing of the Company.
- All Shares held by ‘**Public Shareholder**’** prior to the date of the Initial Listing Application shall **not be locked-in**.
- **All shares acquired by way of a transfer from another shareholder** (irrespective of being Non-Public or Public Shareholders) **during the period of twelve (12) months** immediately preceding the date of the Initial Listing Application shall be **locked in for a minimum of six (06) months** from the date of listing or **twelve (12) months** from the date of acquisition of those shares, whichever is longer.
- All Shares acquired by way of an allotment during the period of **twelve (12) months** immediately preceding the date of the Initial Listing Application shall be dealt with by the discretion vested in the Securities and Exchange Commission under Section 28A of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987. PLR does not require a waiver from the Securities and Exchange Commission of Sri Lanka under the Section 28A of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987.

* *Non-Public Shareholders, shall mean the following parties who hold, directly or indirectly, shares of the Company;*

- a) its parent, any subsidiary or associate companies or any subsidiaries or associates of its parent company,*
- b) its Directors who are holding office as Directors of the entity and their close family members,*
- c) Chief Executive Officer and his/her close family members,*
- d) Key Management Personnel and their close family members,*
- e) Any party acting in concert with the parties set out in a), b), c) and d) above,*
- f) Shareholders whose shares are in a locked account with the CDS due to a statutory or regulatory requirement other than those shareholders exempted under (h) below and whose shares have been subject to a voluntary lock-in at the option of the shareholder,*
- g) Employees of the Company, who have been allotted shares of a Listed Entity which are directly or indirectly controlled by the management or the majority shareholder of the Company,*
- h) Any Entity or an individual or individuals jointly or severally holding 5% or more of the shares of the Listed Entity if the Company is a Main Board Entity and 10% or more of the shares if the Company is a Main Board Entity, except where such shareholder is;*
 - i. a statutory institution managing funds belonging to contributors or applicants who are members of the public; or*
 - ii. an entity established as a unit trust or any other investment fund approved by the SEC; or*
 - iii. not a related party declared in terms of Sri Lanka Accounting Standards or a party acting in concert declared in terms of the Company Takeovers and Mergers Code.*

‘Close Family Member’ shall mean the spouse or a financially dependent child.

'Key Management Personnel' shall mean those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

*** Public Shareholders shall mean any party who hold Shares of the Company other than the parties identified as 'Non-Public Shareholders' abovementioned.*

The details of the lock-in periods for the shares are mentioned in Tables 9.3 and 9.4 above and the shares that will be subject to a lock-in will not be will be available for trading.

9.4 Other Securities

The Company has not issued any convertible debt securities or any other class of shares other than the shares stated above. Further, there are no securities of the same or other class subscribed or sold privately in conjunction with this IPO.

9.5 Takeover Offers

There have been no takeover offers by third parties in respect of the Company's shares during the past two years and no takeover offers have been made by the Company in respect of shares of third parties.

10.0 INVESTMENT CONSIDERATIONS AND ASSOCIATED RISK FACTORS

Risk Factors

Prior to investing in the Offered Shares, prospective applicants should pay particular attention to the fact that the Company and its business activities are subject to a number of risk factors which may be within or outside the control of the Company.

The risk factors that follow may be considered material to applicants in making an informed judgment on the Company. If any of the considerations and uncertainties given below develops into actual events, the Company's business, financial conditions or results of operations and prospects could be adversely affected. However, given the importance of the industry in which the Company operates and due to strategic initiatives employed by the Company, the business operations of the Company are expected to be sustainable in the foreseeable future.

10.1 Risks Related to the Real Estate Sector

Changes in the Tax Structure: In the past 3 years, Sri Lanka's real estate market was negatively affected due to the imposition of VAT & NBT on the sale of condominium properties, which reduced the affordability of the customers thereby reducing the demand for the projects. However, the NBT Act was abolished and an exemption on VAT was granted in early 2020 on the sale of condominiums. The government's fiscal policy changes specifically with regard to the residential real estate sector as well as the construction materials etc will have a direct impact on the Company's performance. The risk of the construction cost escalating can be managed to a large extent by ensuring that the costing of the projects is accurate and by ensuring that the timelines with regard to construction are met. Furthermore, the risk of cost overruns can be mitigated to a greater extent through adjusting the unit prices of any unsold units to recover the cost escalations on a reasonable basis.

Regulatory Changes:

The real estate sector is heavily regulated and monitored by the Urban Development Authority and the Ministry of Housing and Construction of Sri Lanka, while condominium projects are regulated by the Condominium Management Authority, which pose both favourable and unfavourable conditions for the Company. Any significant changes to the regulatory aspects will have a direct impact on the Company's projects and the approval process of the projects. However, PLR is quite stringent on ensuring that the regulatory requirements are met with regard to the projects and are keen to embrace the positive changes suggested by the regulators.

Economic Downturn: The direct relationship with economic factors such as the economic growth rate, the income levels and the money and capital market performance, pose a direct risk to the Company's financial performance, by impacting the affordability of the projects, project cost aspect as well as the financial cost structure of the Company. The Company has built a strong brand name as well as an outstanding reputation in the residential real estate sector, while also being supported by the parent company, which will enable the Company to be ahead of the competitors even in times of economic downturn. In addition to this, PLR's mitigates the impact of economic downturn by catering to all the verticals in the residential real estate market which will enable the Company to cater to segments that are less affected by such economic conditions.

Real Estate Bubble: This is a type of economic bubble that takes place periodically in local or global real estate markets followed by a boom in land prices. Compared to financial markets, real estate markets involve long boom periods and prices decline at a slow rate because the real estate market is less liquid. Thereby, concerns over a bubble in the residential real estate market in Sri Lanka have been nullified by readjustments in demand and supply factors. Hence, the residential real estate market in Sri Lanka is expected to flourish at a healthy growth rate over the next few years whilst providing opportunity for all stakeholders of the industry. The

Company is constantly updated with regard to the industry dynamics which assist in planning the future projects based on the demand as well as supply in the industry.

10.2 Risks Related to Business Operations

Credit Risk: Credit risk arises when the Company incurs losses due to the inability of the customers to honour their obligations to repay the dues on time or permanently default their dues. This is not applicable to PLR as the company enters into a tri-party agreement with the financiers and customers when selling an apartment. The company transfers the ownership of the property to the client only after receiving the full payment of the sales value. Moreover, Prime group is the first institution in Sri Lanka, to receive a prestigious issuer rating of [SL]A-(Stable) from ICRA Lanka Limited. This rating was awarded based on the exceptional financial and operational linkages of PL and PLR.

Interest Rate Risk: This risk is the potential that a change in overall interest rates will have an impact on the customers being able to finance the acquisition of residential real estate while also affecting the Company's financial cost structure. While a low interest rate regime will boost the demand, it will also lower the Company's interest cost, a high interest rate structure can affect the demand for apartments due to the high funding cost for customers. However, since PLR is mainly focusing on the affordable luxury category which is primarily driven by housing need rather than investment needs, the impact is likely to be less even in the event of a hike in interest rates. Similarly, in a low interest rate regime like at present, the demand for the Company's high-end projects will be high on the basis of being a good investment opportunity. PLR's exposure to interest rate risk is moderate due to the ability to negotiate reasonable interest rates from lenders, but can be mitigated further by financing more of the construction work through pre-sales and by covering any cost overruns by readjusting sales prices of any unsold inventory.

Operational Risk: Operational risk arises due to inadequate or failed process, systems, people, or external events. PLR partners with reputed contractors to construct apartments. Moreover, a performance-based bank guarantee is obtained at the point of awarding the construction contract. The company also maintains an inhouse quantity surveying department that continuously monitors the construction work carried out by external contractors.

10.3 Risks Related to Future Plans

In addition to the risks discussed in 10.1 and 10.2 above, the future plans of the Company will be subject to the risk factors identified below;

Lack of Demand for New Projects: The Company may face the risk of depressed demand for their new projects mentioned under future plans as well as for any other projects that are to be launched in future. Although this risk is common to all industry players and have been quite evident in many projects carried out by other developers, PLR carried out detailed studies on the level of demand for potential projects when selecting the land itself. This pre land acquisition study takes into account the population density, proximity to main roads, the expressway and to the main city while also looking at other factors such as availability of schools, shopping and infrastructure facilities. The pricing is done in line with the findings of these studies which assists the Company to ensure that the projects are not overpriced. Given that most projects are located in the suburbs of Colombo and are targeted at the middle-income category the demand is likely to be sustainable.

Strong Competition in the Industry: Despite many developers trying to follow the same concept as PLR, the Company has been able to establish an untarnished reputation in the industry for the quality, reliability as well as value for money. The professionalism and expertise of the management team and the careful execution of the operations will assist the Company to remain ahead of competition.

10.4 Risks Related to the IPO

Nonexistence of Prior Market for the Shares: Prior to the IPO there has been no public market for the Company's Shares. There can be no assurance that an active trading market for the Shares will develop or if developed, will be sustained, or that the market price of the Shares shall not decline below the Share Issue Price. The Share Issue Price may not be indicative of the market price for the Company's Shares after completion of the IPO.

Price Volatility in the Secondary Market: The price of the Shares may fluctuate due to and not limited to the following: variations in operating results, changes in the operating environment, transitions in the regulatory front, strategic alliances or acquisitions, industrial or environmental laws, fluctuations in the market prices for products or raw materials, macroeconomic factors, and external events. Price of Shares may follow general Applicant sentiment prevalent in the market at any given time. In addition, the price of the Shares in the market will fluctuate as a result of share trading volumes.

11.0 TAXATION

The following information is an overview of selected taxation and other regulations that may be relevant to the Company and potential applicants with regard to share transactions in the Democratic Socialist Republic of Sri Lanka. The discussion does not claim to be a comprehensive explanation of regulations and consideration that pertain to the purchase, ownership and disposition of the Offered Shares. The explanations are based on provisions effective in Sri Lanka at the time of printing of this Prospectus. Applicants are advised to consult their own advisors prior to engaging in transitions relating to the Issue.

Income Tax

Taxation will be based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act and any subsequent amendments thereon. Prime Lands Residencies Limited is liable for Income Tax at the rate of 24% for the year of assessment 2020/21.

However, the aggregate income tax payable by the Company (other than on gains from the realization of investment assets) shall be reduced by 50% for the year of assessment commencing from April 01, 2021 (2021/2022). Further gains and profits of the Company (other than gains from the realization of investment assets) shall be taxed at the rate of 14% for the three years of assessment commencing from April 1, 2022. (2022/2023 to 2024/2025.) as per item 2(i) of the Notice PN/IT/2021-01 issued by the Inland Revenue Department dated January 13, 2021 – Tax proposals announced in the national budget – 2021.

Taxation of Share Transactions (On Commencement of Trading of Shares on the CSE)

Upon the listing of the Shares of the Company, a transaction levy at the rate of 0.3% on the sales and purchases of all share transactions is charged from both the buyer and the seller in terms of the Finance Act No. 05 of 2005 (as amended). The capital gain tax on profit of sales of shares will be exempted if the aforesaid share transaction Levy has been paid.

Income Tax on Dividend Distribution

The dividends distributed out of dividends received from another resident company is exempt from income tax for a resident or non-resident person. The dividends distributed out of profits of the Company will form part of the income of a resident person unless such person is exempt from income tax as a person referred to in item (a) or (e) of the third schedule to the Inland Revenue Act No. 24 of 2017. Any dividend paid to a non-resident person is exempt from income tax.

Advance Income Tax (AIT) is deductible on dividend payment made to any resident person subject to the consent given by the shareholder based on the rate indicated in the declaration. The tax deducted could be claimed as a credit against the income tax liability of the shareholder. Where the consent has not been received from the shareholder, such dividend has been distributed without deduction of AIT.

12.0 STATUTORY DECLARATIONS

Statutory Declaration by the Directors

April 22, 2021

We the undersigned, who are named in the Prospectus as Directors of PLR, hereby declare and confirm that we have read the provisions of the CSE Listing Rules and of the Companies Act No. 07 of 2007 and any amendments to it relating to the issue of this Prospectus, and that those provisions have been complied with.

This Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of PLR have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to PLR and making assumptions that are considered to be reasonable at the present point in time by our best judgement.

Name	Designation	Signature
Mr. B Premalal	Co-Chairman/Non-Independent Executive Director	<i>Sgd</i>
Ms. H K Sandamini R Perera	Co-Chairperson/Non-Independent Executive Director	<i>Sgd</i>
Mr. N Manjula Weerakkody	Managing Director/ Non-Independent Executive Director	<i>Sgd</i>
Mr. H M Nalida U Kumara	Non-Independent Executive Director	<i>Sgd</i>
Ms. Shehana S A P Brahmanage	Non-Independent Executive Director	<i>Sgd</i>
Mr. Mahinda Perera	Non-Independent Non-Executive Director	<i>Sgd</i>
Mr. Dhammika Kalapuge	Non-Independent Non-Executive Director	<i>Sgd</i>
Mr. Sanjaya Bandara	Independent Non-Executive Director	<i>Sgd</i>
Mr. Deepal Sooriyaarachchi	Independent Non-Executive Director	<i>Sgd</i>

Statutory Declaration by the Managers to the Issue – Acuity Partners (Private) Limited

April 22, 2021

We, Acuity Partners (Private) Limited, of 53, Dharmapala Mawatha, Colombo 03 being the Financial Advisor and Manager to the Issue of PLR, hereby declare and confirm that to the best of our knowledge and belief the Prospectus constitutes full and true disclosure of all material facts about the Offer and of PLR, whose Ordinary Voting Shares are being Offered.

Sgd.
Director

Sgd.
Director

Statutory Declaration by the Company

April 22, 2021

An application has been made to the CSE for permission to deal in and for a listing for all of the Ordinary Voting of the Company and those Ordinary Voting Shares which are the subject of this Offer. Such permission will be granted when shares are listed on the CSE. The CSE assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the CSE is not to be taken as an indication of the merits of the Company or of the Shares Offered.

Sgd.
Director

Sgd.
Director

ANNEXURE A: ACCOUNTANT'S REPORT AND FIVE-YEAR SUMMARY

11th March, 2021

The Board of Directors,
Prime Lands Residencies Limited,
No. 75, D.S. Senanayake Mawatha,
Colombo 08.

Dear Sirs / Mesdames,

ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS OF PRIME LANDS RESIDENCIES LIMITED

Introduction

This report has been prepared for the inclusion in the Prospectus of Prime Lands Residencies Limited for the purpose of the issue of One Hundred Million (100,000,000) New Ordinary Voting Shares with the option to issue a further Eighty-Seven Million and Five Hundred Thousand (87,500,000) New Ordinary Voting Shares in the event of an Oversubscription of the Initial One Hundred Million (100,000,000) Ordinary Voting Shares to the general public by way of an Offer for Subscription in the Colombo Stock Exchange and the listing of up to Nine Hundred and Thirty-Seven Million Five Hundred Thousand (937,500,000) Ordinary Voting Shares on the Diri Savi Board or Main Board of the Colombo Stock Exchange.

We have examined the financial statements of Prime Lands Residencies Limited (the "Company") for the periods ended 31st March 2016 to 31st January 2021, and report as follows:

1. Incorporation

Prime Lands Residencies Limited is a public limited liability company, incorporated on 15th September, 2008 in Sri Lanka as a private limited liability company, and converted to a public limited liability company on the 12th February 2021 under the Companies Act No. 07 of 2007. The registered office and principal place of business is situated at No. 75, D.S. Senanayake Mawatha, Colombo 08. The Company's principal activities during the period were purchasing lands and constructing residential apartment complexes. The Company's immediate and ultimate parent undertaking is Prime Lands (Private) Limited which has been incorporated in Sri Lanka.

2. Appointment of auditors

We were appointed as Auditors of Prime Lands Residencies Limited with effect from the financial year ended 31st March, 2015.

3. Financial information

3.1 Five-year summary of audited financial statements

A summary of statements of comprehensive income, statements of financial position, statements of changes in equity and statements of cash flows of the Company for the financial years ended 31st March 2016 to 31st March 2020, based on the audited financial statements are set out on Appendix 1 to the Accountants' report.

3.2 Audited financial statements for the year ended 31st March 2020

Our audit report on the financial statements of the Company for the year ended 31st March, 2020 together with such financial statements comprising the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows along with the accounting policies and notes thereon is available on the Annexure of the prospectus.

3.3 Audit and Review reports

Audit reports

We have audited the financial statements of the Company for the financial years ended 31st March, 2016 to 31st March 2020. Audit opinions issued are summarized in the table below:

Financial year ended 31 st March	Audit opinion	Date of Auditors' Report
2016	Unmodified audit opinion	25 th October 2016
2017	Unmodified audit opinion	19 th September 2017
2018	Unmodified audit opinion	23 rd October 2018
2019	Unmodified audit opinion	21 st November 2019
2020	Unmodified audit opinion	16 th October 2020

Review report

We have reviewed the interim financial statements for the ten months period ended 31st January 2021 and issued an unmodified review report dated 15th February 2021 on those statements.

3.4 Accounting policies

The financial statements of the Company for the financial years ended 31st March 2016 to 31st March 2020 have been prepared in accordance with the Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The accounting policies of the Company as per SLFRS for SMEs are stated in detail in the audited financial statements of the Company for the year ended 31st March 2020. There were no material changes in the accounting policies of the Company for the years ended 31st March 2016 to 31st March 2020.

However, the Company first adopted the Sri Lanka Accounting Standards (SLFRS/LKAS) during the ten months period ended 31st January 2021. Accordingly, the financial statements for the ten months period ended 31st January 2021 are the first set of financial statements prepared by the Company in accordance with SLFRS/LKAS. The accounting policies of the Company on adoption of SLFRS/LKAS are stated in detail in the reviewed financial statements of the Company for the ten months period ended 31st January 2021.

3.5 Dividends

The Company has paid dividends during the financial periods ended 31st March 2016 to 31st January 2021 as follows.

Financial period	Dividend paid (Rs.)	Dividend per share (Rs.)
Year ended 31 st March 2016	25,000,000	0.50
Year ended 31 st March 2017	75,000,000	0.75
Year ended 31 st March 2018	425,000,000	2.83
Year ended 31 st March 2019	225,000,000	1.50
Year ended 31 st March 2020	-	-
Ten months period ended 31 st January 2021	-	-

3.6 Events after the reporting date

There were no significant events which occurred after the reporting date other than those disclosed in the Note 35 to the Interim Financial Statements (Annexure of the Prospectus) and Note 31 to the audited financial statements for the year ended 31st March 2020 (Annexure of the Prospectus).

4. Restriction on use

This report is made solely for the inclusion in the Prospectus of Prime Lands Residencies Limited for the purpose of the issue of One Hundred Million (100,000,000) New Ordinary Voting Shares with the option to issue a further Eighty-Seven Million and Five Hundred Thousand (87,500,000) New Ordinary Voting Shares in the event of an Oversubscription of the Initial One Hundred Million (100,000,000) Ordinary Voting Shares to the general public by way of an Offer for Subscription in the Colombo Stock Exchange and the listing of up to Nine Hundred and Thirty-Seven Million Five Hundred Thousand (937,500,000) Ordinary Voting Shares on the Diri Savi Board or Main Board of the Colombo Stock Exchange.

Yours faithfully,



CHARTERED ACCOUNTANTS

VR/dm

PRIME LANDS RESIDENCIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME

	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	5,716,288,413	3,595,043,841	5,590,375,325	6,307,503,288	2,938,884,972
Cost of sales	(4,643,344,148)	(2,712,702,942)	(4,086,105,396)	(4,411,409,377)	(2,081,256,207)
Gross profit	1,072,944,265	882,340,899	1,504,269,929	1,896,093,911	857,628,765
Other income	19,309,102	22,183,548	10,847,535	5,474,701	3,645,625
Gain on fair value of investment property	4,578,424	197,819,765	-	-	-
Distribution expenses	(29,779,794)	(22,292,447)	(23,909,267)	(33,758,940)	(16,071,949)
Administrative expenses	(282,624,655)	(237,509,554)	(300,280,307)	(219,615,310)	(142,336,558)
Operating profit	784,427,342	842,542,211	1,190,927,890	1,648,194,362	702,865,883
Finance income	23,215,477	52,798,162	62,264,001	4,940,097	3,459,617
Finance expenses	(625,725,497)	(621,667,701)	(517,876,766)	(597,987,965)	(165,075,176)
Profit before taxation	181,917,322	273,672,672	735,315,125	1,055,146,494	541,250,324
Tax expenses	(44,291,465)	(15,611,147)	(20,209,668)	(2,802,230)	(16,727,969)
Profit for the year	137,625,857	258,061,525	715,105,457	1,052,344,264	524,522,355
Other comprehensive income					
Other comprehensive income net of tax	-	-	-	-	-
Total comprehensive income for the year	137,625,857	258,061,525	715,105,457	1,052,344,264	524,522,355
Earnings per share	0.92	1.72	4.77	10.52	10.49

Figures in brackets indicate deductions.



FIVE YEAR SUMMARY

APPENDIX 1 (CONTD...)

PRIME LANDS RESIDENCIES LIMITED
STATEMENT OF FINANCIAL POSITION

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	111,929,881	76,088,813	19,071,822	14,951,165	12,195,810
Investment property	653,000,000	689,000,000	491,180,235	494,369,899	-
Intangible assets	166,027	161,665	154,687	172,709	-
Financial investment - Long-term	270,194,898	269,724,650	75,971,040	-	-
Total non-current assets	1,035,290,806	1,034,975,128	586,377,784	509,493,773	12,195,810
Current assets					
Inventory properties - Houses and apartments	8,505,835,575	10,268,673,606	7,831,346,082	6,666,784,103	6,811,656,325
Investments in quoted shares	180,000	208,500	258,000	285,000	339,000
Advance paid for contractors	3,807,469,438	2,274,705,470	458,033,887	480,771,935	510,048,194
Amounts due from related party	-	-	-	287,418,422	284,264,137
Financial investment - Short term	27,283,134	-	278,628,553	250,000,000	-
Trade and other receivables	61,442,854	94,275,000	72,302,947	46,898,139	20,323,420
Income tax recoverable	-	4,478,359	-	-	-
Cash and cash equivalents	145,258,578	213,128,971	941,399,502	714,590,459	313,822,044
Total current assets	12,547,469,579	12,855,469,906	9,581,968,971	8,446,748,058	7,940,453,120
Total assets	13,582,760,385	13,890,445,034	10,168,346,755	8,956,241,831	7,952,648,930
EQUITY AND LIABILITIES					
Equity					
Stated capital	1,500,000,000	1,500,000,000	1,500,000,000	1,000,000,000	500,000,000
Retained earnings	958,360,465	1,227,055,639	1,193,994,114	1,403,888,657	926,544,393
Total equity	2,458,360,465	2,727,055,639	2,693,994,114	2,403,888,657	1,426,544,393
Non-current liabilities					
Interest bearing borrowings - Long-term liability	1,589,086,191	2,551,769,163	2,273,179,633	2,634,922,003	2,672,317,905
Lease creditor - Long-term liability	48,270,500	26,870,169	-	-	1,983,967
Retirement benefit obligation	18,979,453	16,621,424	15,549,676	11,833,528	6,517,937
Total non-current liabilities	1,656,336,144	2,595,260,756	2,288,729,309	2,646,755,531	2,680,819,809
Current liabilities					
Trade and other payables	497,324,507	504,895,748	400,416,202	321,128,422	159,442,020
Amount due to related party	5,966,006	4,681,229	19,953,281	-	-
Amount due to directors	391,000,000	-	-	-	-
Interest bearing borrowings - Short-term liability	1,593,957,546	869,115,286	717,266,603	1,459,563,529	1,457,256,990
Customer advance collection	3,915,371,098	4,859,171,238	3,510,113,131	1,835,013,234	1,958,299,629
Lease creditor - Short term liability	9,383,560	4,031,557	-	1,985,152	2,000,880
Income tax payable	118,745,977	-	-	2,802,230	16,005,285
Bank overdraft	2,936,315,082	2,326,233,581	537,874,115	285,105,076	252,279,924
Total current liabilities	9,468,063,776	8,568,128,639	5,185,623,332	3,905,597,643	3,845,284,728
Total liabilities	11,124,399,920	11,163,389,395	7,474,352,641	6,552,353,174	6,526,104,537
Total equity and liabilities	13,582,760,385	13,890,445,034	10,168,346,755	8,956,241,831	7,952,648,930
Net assets value per share	16.39	18.18	17.96	24.04	28.53

Figures in brackets indicate deductions.



FIVE YEAR SUMMARY

APPENDIX 1 (CONTD...)

PRIME LANDS RESIDENCIES LIMITED
STATEMENT OF CHANGES IN EQUITY

	Stated capital Rs.	Retained earnings Rs.	Total Rs.
Balance as at 01st April, 2015	500,000,000	427,022,038	927,022,038
Total comprehensive income for the year	-	524,522,355	524,522,355
Dividends - 2014/2015	-	(25,000,000)	(25,000,000)
Balance as at 31st March, 2016	500,000,000	926,544,393	1,426,544,393
Total comprehensive income for the year	-	1,052,344,264	1,052,344,264
Capitalization of reserves during the year	500,000,000	(500,000,000)	-
Dividends - 2015/2016	-	(75,000,000)	(75,000,000)
Balance as at 31st March, 2017	1,000,000,000	1,403,888,657	2,403,888,657
Total comprehensive income for the year	-	715,105,457	715,105,457
Capitalization of reserves during the year	500,000,000	(500,000,000)	-
Dividends - 2016/2017	-	(425,000,000)	(425,000,000)
Balance as at 31st March, 2018	1,500,000,000	1,193,994,114	2,693,994,114
Total comprehensive income for the year	-	258,061,525	258,061,525
Dividends - 2017/2018	-	(225,000,000)	(225,000,000)
Balance as at 01st April, 2019	1,500,000,000	1,227,055,639	2,727,055,639
Impact on adoption of IFRIC 23	-	(406,321,031)	(406,321,031)
Adjusted balance as at 01st April, 2019	1,500,000,000	820,734,608	2,320,734,608
Total comprehensive income for the year	-	137,625,857	137,625,857
Balance as at 31st March, 2020	1,500,000,000	958,360,465	2,458,360,465

Figures in brackets indicate deductions.



PRIME LANDS RESIDENCIES LIMITED
STATEMENT OF CASH FLOWS

	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
	Rs.	Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities					
Profit before taxation	181,917,322	273,672,672	735,315,125	1,055,146,494	541,250,324
Adjustment for					
Depreciation	29,456,977	7,960,055	11,088,392	8,104,072	3,195,613
Amortization	20,638	18,022	18,022	7,510	-
Provision on retirement benefit obligation	3,921,104	1,772,998	5,216,148	5,458,091	4,528,812
Interest expenses	214,664,259	166,826,326	32,338,992	29,891,457	20,047,693
Lease interest	8,061,436	166,666	76,985	249,909	618,257
Loan interest	401,305,871	450,785,831	479,494,298	564,985,194	126,664,603
Interest on debentures	(14,698,485)	-	-	-	-
Fair value loss on share investment	28,500	49,500	27,000	54,000	(24,000)
Exchange loss on investment in debenture	14,228,237	-	-	-	-
Fair value gain on investment property	(4,578,424)	(197,819,765)	-	-	-
Interest income	(8,516,992)	(52,798,162)	(62,264,001)	(4,337,866)	(3,611,625)
	643,893,121	376,961,471	465,995,836	604,412,367	151,419,353
Operating cash flows before change in working capital	825,810,443	650,634,143	1,201,310,961	1,659,558,861	692,669,677
Changes in working capital					
(Increase)/decrease in inventory properties	1,762,838,031	(2,437,327,524)	(1,164,561,979)	100,426,222	(4,351,864,596)
(Increase)/decrease in cash advances	-	-	-	-	167,600,000
(Increase)/decrease in advance paid for lands	-	-	-	-	488,725
(Increase)/decrease in contractor advances	(1,532,763,968)	(1,816,671,583)	22,738,048	29,276,259	(510,048,194)
(Increase)/decrease in trade and other receivables	(57,616,763)	(23,208,404)	(25,404,808)	(26,574,719)	(6,713,744)
(Increase)/decrease in amounts due from related parties	-	-	287,418,422	(3,154,285)	(284,264,137)
(Decrease)/increase in trade and other payables	(7,571,241)	104,479,546	79,287,780	161,686,402	144,950,470
Increase/(decrease) in amounts due to related parties	1,284,777	(15,272,052)	19,953,281	-	(55,174,373)
Increase/(decrease) in amounts due to directors	391,000,000	-	-	-	-
(Decrease)/increase in customer advance collection	(943,800,140)	1,349,058,107	1,675,099,897	(123,286,395)	975,566,542
Cash generated from/(used in) operations	439,181,139	(2,188,307,767)	2,095,841,602	1,797,932,345	(3,226,789,630)
Income tax paid	(236,939,251)	(20,089,506)	(23,011,898)	(16,005,285)	(1,568,716)
Interest paid	(214,664,259)	(166,826,326)	(32,338,992)	(29,891,457)	(20,047,693)
Gratuity paid	(1,563,075)	(701,250)	(1,500,000)	(142,500)	(137,500)
Net cash generated from/(used in) operating activities	(13,985,446)	(2,375,924,849)	2,038,990,712	1,751,893,103	(3,248,543,539)
Cash flows from investing activities					
Interest income	7,633,858	52,798,162	62,264,001	4,337,866	3,611,625
Withdrawal from investment in fixed deposits	-	278,628,553	-	-	-
Investment in fixed deposits	(26,400,000)	-	(28,628,553)	(250,000,000)	-
Investment in debentures	-	(192,517,259)	(75,971,040)	-	-
Acquisition of intangible assets	(25,000)	(25,000)	-	(180,219)	-
Disposal of investment property	48,000,000	-	-	-	-
Acquisition of investment property	(7,421,576)	-	-	(452,847,760)	-
Acquisition of property, plant and equipment	(65,298,045)	(33,976,890)	(12,019,385)	(7,935,566)	(5,814,132)
Net cash generated from/(used in) investing activities	(43,510,763)	104,907,566	(54,354,977)	(706,625,679)	(2,202,507)
Cash flows from financing activities					
Lease installments paid	(13,484,102)	(265,096)	(2,062,137)	(2,249,604)	(6,066,683)
Dividends paid	-	(225,000,000)	(425,000,000)	(75,000,000)	(25,000,000)
Proceeds from lease creditor	32,175,000	-	-	-	-
Proceeds from interest bearing borrowings	894,436,000	1,143,998,753	751,500,000	1,710,000,000	4,020,000,000
Repayment of interest bearing borrowings	(1,132,276,712)	(713,560,540)	(1,855,539,296)	(1,745,089,363)	(361,703,976)
Loan interest paid	(401,305,871)	(450,785,831)	(479,494,298)	(564,985,194)	(126,664,603)
Net cash generated from/(used in) financing activities	(620,455,685)	(245,612,714)	(2,010,595,731)	(677,324,161)	3,500,564,738
Net increase/(decrease) in cash and cash equivalents during the year	(677,951,894)	(2,516,629,997)	(25,959,996)	367,943,263	249,818,692
Cash and cash equivalents at the beginning of the year	A (2,113,104,610)	403,525,387	429,485,383	61,542,120	(188,276,572)
Cash and cash equivalents at the end of the year	B (2,791,056,504)	(2,113,104,610)	403,525,387	429,485,383	61,542,120
Cash and cash equivalents at the beginning of the year					Note A
Cash in hand	43,420,620	20,156,263	106,131,263	26,643,633	169,561
Cash at bank	169,708,351	921,243,239	608,459,196	287,178,411	72,987,741
Bank overdraft	(2,326,233,581)	(537,874,115)	(285,105,076)	(252,279,924)	(261,433,874)
	(2,113,104,610)	403,525,387	429,485,383	61,542,120	(188,276,572)
Cash and cash equivalents at the end of the year					Note B
Cash in hand	1,669,117	43,420,620	20,156,263	106,131,263	26,643,633
Cash at bank	143,589,461	169,708,351	921,243,239	608,459,196	287,178,411
Bank overdrafts	(2,936,315,082)	(2,326,233,581)	(537,874,115)	(285,105,076)	(252,279,924)
	(2,791,056,504)	(2,113,104,610)	403,525,387	429,485,383	61,542,120

Figures in brackets indicate deductions.