

DELIVERING ON OUR

# *Promise*



ANNUAL REPORT 2021/22



# DELIVERING ON OUR *Promise*

Prime Lands Residencies PLC is proud to report on another successful year of opening doors to holistic communities and happy neighbourhoods. In this, our second report since becoming a public listed company, we salute our stakeholders for their undeterred faith and support that inspires us to deliver on our promise of “Building Futures”.

For over 26 years, Prime Group has built a reputation for excellence and earned the trust of all those who partner with us. While we have seen complex changes in our operating context, we have always overcome the tough times by re-imagining our future and renewing our promise to build Livable, Lovable Neighborhoods where our customers can thrive.

Even as our economy now grapples with tough challenges and our industry enters an era of increasing uncertainty, we remain committed to navigate the coming years with confidence.

In doing so, we are inspired by the lessons of our past, encouraged by the expertise we have built within and determined to “Building Futures” to “Delivering on our Promise”.

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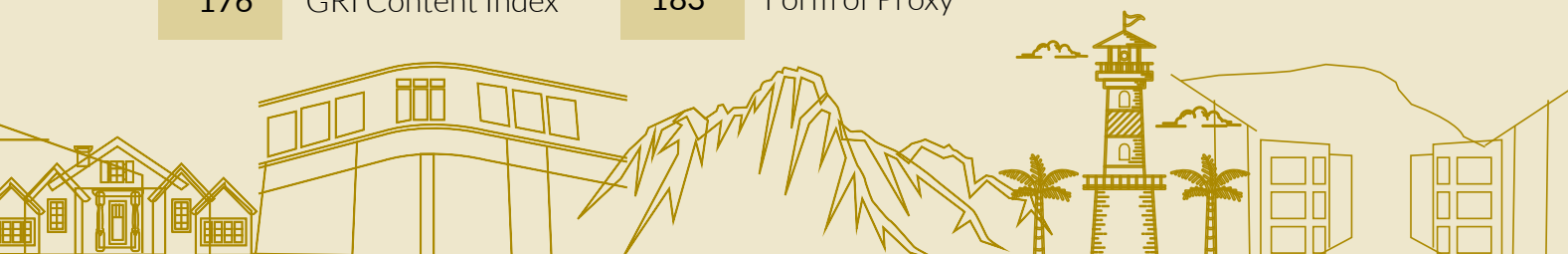
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# Report Profile



Moreover all relevant business units and department heads have approved the content of this Annual Integrated Report. Thereafter all content has been reviewed by the Board Audit Committee prior to being recommended to PLR’s Board of Directors for approval.



## INTRODUCTION

This is Prime Lands Residencies PLC’s (PLR) second Integrated Annual Report. Being the second Annual Report published since achieving listed status in June 2021, the intent of this report is to provide appropriate information to all our key stakeholders. In this context Report seeks to show how PLR’s strategy takes into account all material, financial and non-financial aspects relevant to The Company and how from thereon resources are allocated through the six capitals in order to create sustainable value for all our stakeholders.

Annual reports prepared in previous Year 2020/21 is publicly available in Colombo Stock Exchange Website (<https://www.cse.lk>) and our website [www.primeresidencies.lk](http://www.primeresidencies.lk) and reports prior to listing, have been reserved only for private circulation among shareholders..

## SCOPE AND BOUNDARY

This Integrated Annual Report covers PLR operations for the period 01st April 2021 to 31st March 2022, and includes among others; a synopsis of our strategy, operational performance in relation to risks and opportunities in our immediate operating environment, PLR’s financial results for the FY 2021/22, and an overview of the corporate governance, risk management and compliance frameworks within which the Company operates.

## REPORTING FRAMEWORKS

With regard to financial information, the report adheres to all relevant regulatory compliance requirements applicable to entities listed on the Colombo Stock Exchange. Beyond this, the report aims to benchmark global best practices for reporting and disclosure of sustainability information.

<b>FINANCIAL REPORTING</b>	Companies Act No.7 of 2007	Regulatory
	Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka	Regulatory
<b>GOVERNANCE, RISK AND COMPLIANCE REPORTING</b>	Listing Rules of the Colombo Stock Exchange	Regulatory
	Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka	Voluntary
<b>SUSTAINABILITY REPORTING</b>	International Integrated Reporting Council (IIRC’s) Integrated Reporting Framework <IR> using the Six Capital Reporting format	Voluntary
	Global Reporting Initiative (GRI) Standards - “Core” option	Voluntary
	UN Sustainable Development Goals (SDG’s)	Voluntary

## MATERIALITY

The principle of Materiality has been applied as the basis for determining the content of this report. What we consider Material Topics are those issues that could substantially affect PLR's ability to create value in the short, medium and long term. Page 35 of this report outlines the Material Topics relevant to PLR.

## FORWARD LOOKING STATEMENTS

The Report includes forward-looking statements, which relate to the possible future financial position and performance of PLR's operations. These statements by their nature involve an element of risk and uncertainty, as they relate to events and depend on circumstances that may or may not occur in the future. As such, PLR does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information or future events or otherwise.

## ASSURANCE

We use a combined assurance model to ensure the accuracy of our reporting. Internal assurance is achieved through the risk management process and internal control procedures as well as the governance structures established by the Board.

Moreover all relevant business units and department heads have approved the content of this Annual Integrated Report. Thereafter all content has been reviewed by the Board Audit Committee prior to being recommended to PLR's Board of Directors for approval.

PLR's annual financial statements are audited by our external auditors - M/S BDO Partners (Chartered Accountants). Their report is available on page 116. From time to time, we also hire independent experts to assess and assure various other aspects of the business operations as well.

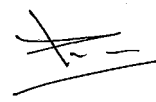
## BOARD RESPONSIBILITY STATEMENT

The PLR Board acknowledges its responsibility to ensure the integrity of this Annual Integrated report. Having thoroughly reviewed its contents, the Board is of the opinion that the report provides a fair and accurate representation of all Material Topics that have a bearing on the Company's capacity to create value over the short, medium and long term.

The report was unanimously approved by the Board on 09th June 2022 and is signed on its behalf by:



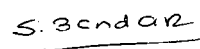
**Mr. Premalal Brahmanage**  
Co-Chairman/Director



**Ms. H.K. Sandamini R. Perera**  
Co-Chairperson/Directress



**Mr. N. Manjula Weerakkody**  
Managing Director



**Mr. S.M. Sanjaya Bandara**  
Director (Chairman of Audit Committee)

## FEEDBACK

PLR welcomes feedback regarding this report and requests that such feedback or queries to be directed to;

### Mr. Pathirage Anura W. Perera

General Manager - Finance  
Prime Lands Residencies PLC  
75, D S Senanayake Mawatha,  
Colombo 08, Sri Lanka.  
anura@primelands.lk

# About the COMPANY



## VISION

Committed to Creating a Better Place on Earth.

The leader of real estate artistry in Sri Lanka, Prime Group, is constructed by its subsidiaries; associating lands, houses, finance and condominiums. Having celebrated over 26 years of unparalleled trust and excellence, Prime Group is driven by its evergreen vision 'Committed to Creating a Better Place on Earth' which forms the inspiration behind the company's drive to excel and passion to bring life to its customers' dreams.

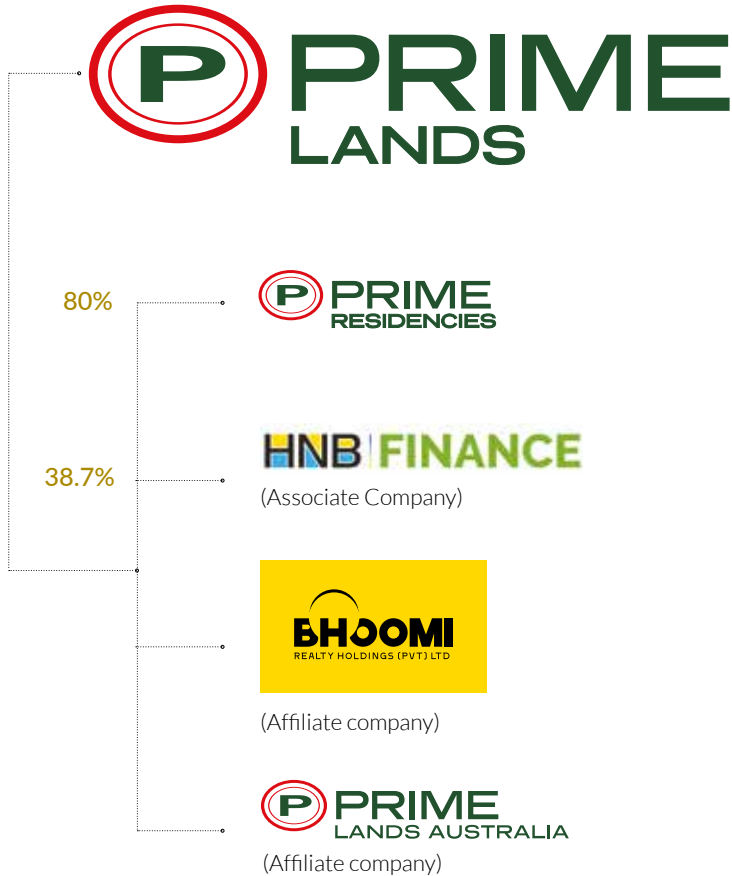
Prime Group has made history as the first institution in the Sri Lankan real estate industry to receive the prestigious issuer rating and upgraded to [SL] A (Stable) from ICRA Lanka, a subsidiary of Moody's Investors Service. The condominium property arm of the group, Prime Lands Residencies PLC, comprises over 41 apartment projects located in Colombo and the suburbs, with 37 projects fully completed and handed over to its residents, to date.

Prime Group has been recognized for two consecutive years as 'The Best Developer of Sri Lanka' by Asia PropertyGuru, along with being awarded special recognition for the company's CSR efforts. The PLR's ultra-luxury flagship property "The Grand" Ward Place, located in Colombo 07 is undoubtedly the jewel of the crown, and was recognized as the 'Best Luxury Condominium Development in Sri Lanka' at the PropertyGuru Asia Property Awards. The Group has also been recognized as the 'Most Respected Real Estate entity in Sri Lanka' for four times since 2017 and awarded as the 'Most Awarded Real Estate Entity' by LMD while ranked for the first time as the 'Most Valuable Real Estate Entity' by Brand Finance in the recent LMB Brands Annual 2022. Prime Group was also awarded as a Great Place to Work for six years. Prime Group was further accredited among 'Asia's Best Brands' and 'The Best Entrepreneur of 2018' by Asia One magazine.

## Corporate Values



**GROUP STRUCTURE**



\*Prime Finance PLC, which was a subsidiary of Prime Lands (Private) Limited was acquired by HNB Finance PLC on 20th Dec. 2021

**HIGHEST CREDIT RATED REAL ESTATE GROUP**  
BY ICRA LANKA

**[SL] A (STABLE)**



**MOST AWARDED**

**MOST RESPECTED**  
ENTITIES IN SRI LANKA

**MOST VALUABLE REAL ESTATE BRAND BRANDS**  
ANNUAL



**ACHIEVEMENTS OF PRIME LANDS RESIDENCIES PLC**

"Best Developer in Sri Lanka" awarded by the PropertyGuru Asia Property Awards (2018, 2019).

Prime Lands Residencies PLC was awarded with the Lands & Property Companies Compliance Awards by The Institute of Chartered Accountants of Sri Lanka at the 56th Annual Report Awards Ceremony 2021.

Best Luxury Condominium Development in Sri Lanka - "The Grand" - Ward Place (Colombo 07) by PropertyGuru Asia Property Awards at their latest awards ceremony.

Most Valuable Real Estate brand & Listed as the top hundred brand & also ranked among the best of the best category by Brand Finance in LMD Brands Annual in April 2022

Most Respected Entity in Sri Lanka for four years (2017,2019,2020,2021)- by LMD.

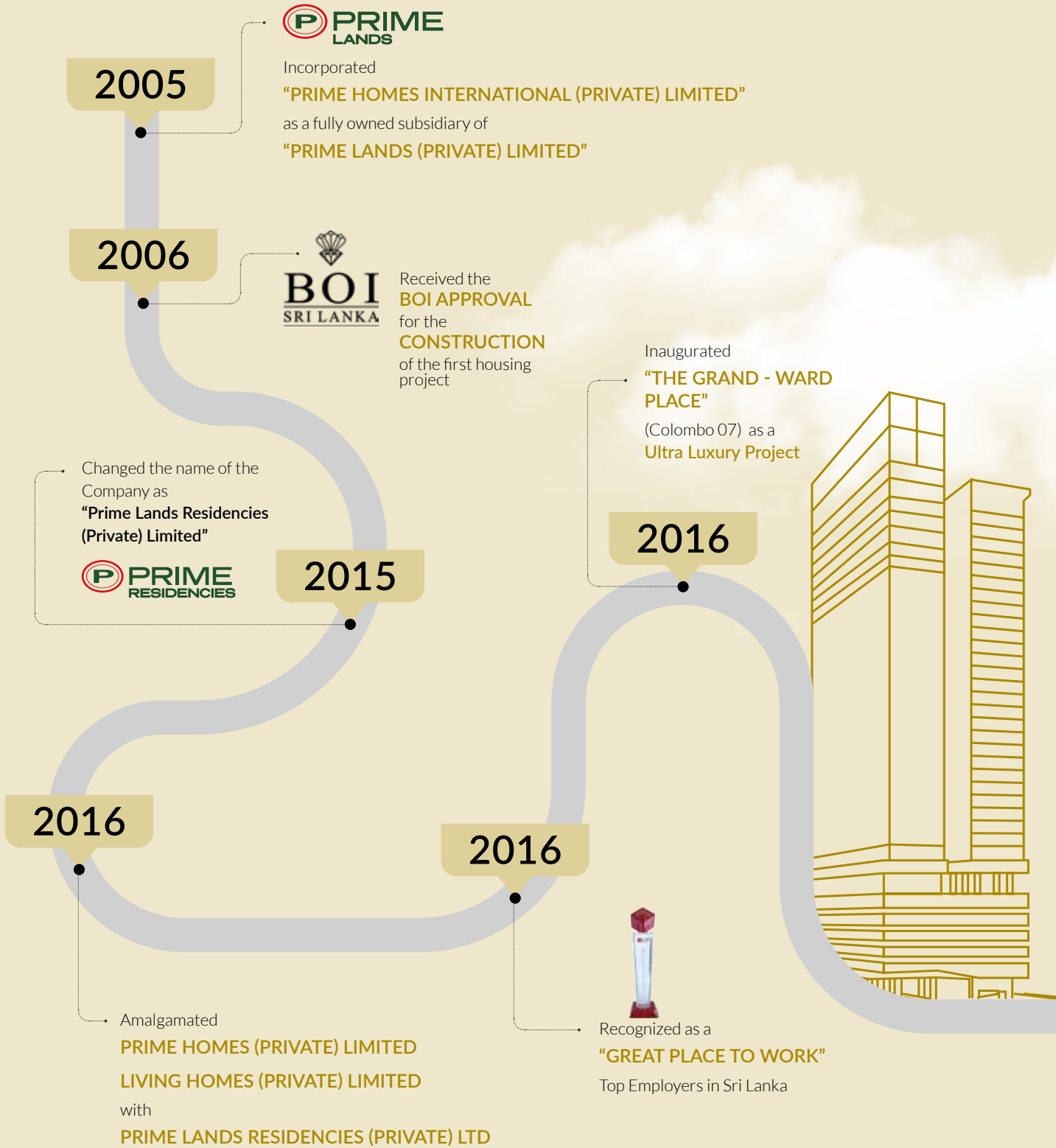
Most Awarded Entity in Sri Lanka for two consecutive years (2021, 2022)- by LMD.

Upgraded the Credit rating to [SL] A (Stable) by ICRA Lanka Limited, a subsidiary of Moody's Investors Services in 2022.

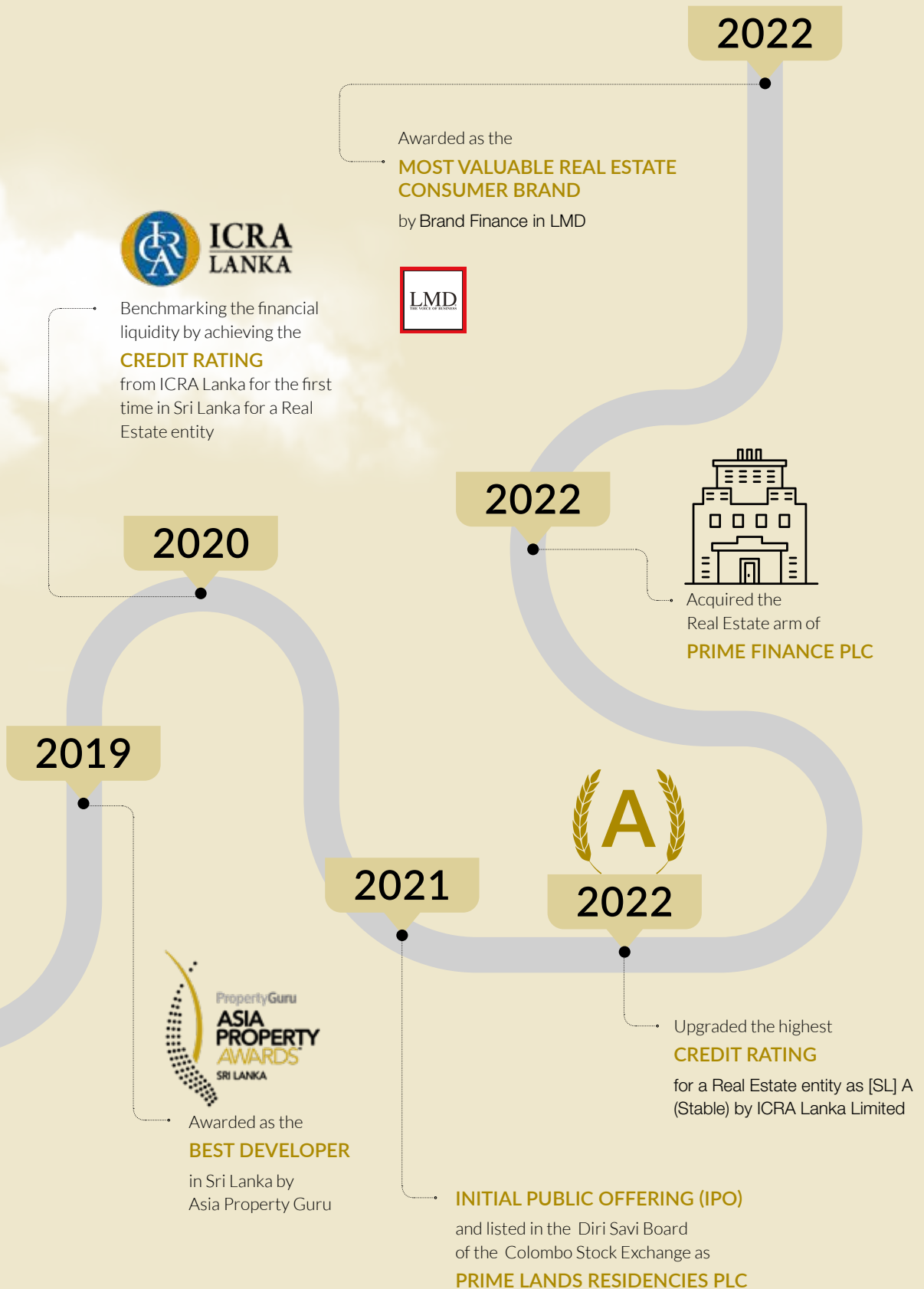
Awarded as a Great Place to work for the 6th Year by Great Place to Work Institute.

Prime Wrendale - Rajagiriya was awarded the best mid end condo development in Sri Lanka by PropertyGuru Asia Property Awards 2018.

# Journey to Greatness







# Our Properties at a Glance



Prime Wrendale Rajagiriya



Prime Residencies K100



Prime Residencies Edmonton Road II





Prime Residencies Panadura



Prime Residencies Jawatte



Prime Residencies Bauddhaloka Mawatha 1



Prime Residencies Malabe



Prime Residencies Pelawatta









# Board of Directors

○ **MR. PREMALAL  
BRAHMANAGE**  
Co-Chairman /  
Executive Director



○ **MS. SANDAMINI  
PERERA**  
Co-Chairperson /  
Executive Director



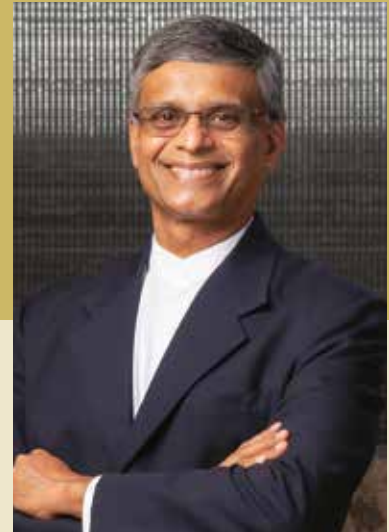
○ **MR. MANJULA  
WEERAKKODY**  
Managing Director /  
Executive Director



○ **MR. NALINDA  
HEENATIGALA**  
Executive Director /  
Director - Corporate Affairs



○ **MS. SHEHANA  
BRAHMANAGE**  
Executive Director



○ **MR. DEEPAL  
SOORIYAARACHCHI**  
Independent Non-  
Executive Director /Senior  
Independent Director



○ **MR. DHAMMIKA  
KALAPUGE**

Independent  
Non-Executive Director



○ **MR. MAHINDA PERERA**

Independent  
Non-Executive Director



○ **MR. SANJAYA  
BANDARA**

Independent Non-  
Executive Director



○ **MR. NOEL JOSEPH**

Independent  
Non-Executive Director\*

\*Appointed to the Board w.e.f. 30 October 2021

# Board of Directors

## PREMALAL BRAHMANAGE Co-Chairman/Executive Director

### APPOINTED

To Company	May 2005
To Board	May 2005

### BOARD COMMITTEE MEMBERSHIP

N/A

### EXPERTISE

Entrepreneur, Business Strategist, Financial Acumen

### QUALIFICATIONS AND EXPERIENCE

Mr. Brahmanage is 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 is an alumnus of Thurstan College, Colombo.

He has served Sri Lanka's real estate sector for three decades and a prominent figure in Sri Lankan business landscape, is the Founder and Group Chairman of Prime Lands (Private) Limited, the parent company of Prime Lands Residencies PLC which is the leader in real estate industry.

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. Brahmanage 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 Lands Residencies PLC has been awarded the Most Valuable Real Estate Brand by Brand Finance in LMD's Brands Annual April 2022.

### POSITIONS CURRENTLY HELD IN OTHER COMPANIES

Mr. Brahmanage currently serves in the capacity of an Executive Director of Prime Lands (Private) Limited, Bhoomi Realty Holdings (Private) Limited and a Director of Prime Lands Australia Pty Ltd. He is also a Non- Executive Director of Prime Finance PLC.

He is the President of Condominium Developers Association – Sri Lanka (CDASL) for the year 2021/22.

## SANDAMINI PERERA

### Co-Chairperson /Executive Director

### APPOINTED

To Company	May 2005
To Board	May 2005

### BOARD COMMITTEE MEMBERSHIP

N/A

### EXPERTISE

Entrepreneur, Business Strategist, Sales and Marketing and Real Estate Acumen.

### QUALIFICATIONS AND EXPERIENCE

Ms. Perera is the Co-founder of Prime Group and currently serving in the Capacity of Group Co- Chairperson and possess over 26 years of experience in the Real Estate industry. She holds an MSc in Strategic Marketing from Asia e-University Malaysia and a Member of Sri Lanka Institute of Marketing (SLIM).

She was recognized as the third most powerful woman in Sri Lanka by Echelon Magazine, a leading business magazine in Sri Lanka in 2013 and the "Best Women Entrepreneur" Large Category in

2014/2015 by Women in Management Sri Lanka. She was also awarded the "Honoured Leaders Excellence Award" for excellence in Women's empowerment from World Consulting and Research Corporation in New Delhi.

### POSITIONS CURRENTLY HELD IN OTHER COMPANIES

Ms. Perera currently serves in the capacity of Executive Director of Prime Lands (Private) Limited, Bhoomi Realty Holdings (Private) Limited and as a Director of Prime Lands Australia Pty. Ltd.

## MANJULA WEERAKKODY

### Managing Director / Executive Director

### APPOINTED

To Company	July 2016
To Board	September 2017

### BOARD COMMITTEE MEMBERSHIP

N/A

### EXPERTISE

Engineering, Business Strategist

### QUALIFICATIONS AND EXPERIENCE

Mr. 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. He is also a Chartered Engineer of the Institute of Engineers, Sri Lanka.

### POSITIONS CURRENTLY HELD IN OTHER COMPANIES

N/A

**NALINDA HEENATIGALA****Executive Director / Director -  
Corporate Affairs****APPOINTED**

To Company	May 2005
To Board	December 2016

**BOARD COMMITTEE MEMBERSHIP**

N/A

**EXPERTISE**

Sales and Marketing, Business Development and Real Estate Acumen

**QUALIFICATIONS AND EXPERIENCE**

Mr. Heenatigala is a veteran in real estate industry for 25 years and 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.

He has been appointed as a member to the Steering Committee of the Skill Council of the Faculty of Arts, University of Colombo as part of an initiative of the World Bank-Accelerating Higher Education Expansion and Development (AHEEAD) grant of the Faculty of Arts (Program ID:P159995). He 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. He is also a Certified Member of the Sri Lanka Institute of Marketing (SLIM).

**POSITIONS CURRENTLY HELD IN  
OTHER COMPANIES**

He currently serves in the capacity of Executive Director of Prime Lands (Private) Limited and Director of Bhoomi Realty Holdings (Private) Limited.

**SHEHANA BRAHMANAGE****Executive Director****APPOINTED**

To Company	February 2019
To Board	February 2019

**BOARD COMMITTEE MEMBERSHIP**

N/A

**EXPERTISE**

Sales and Marketing

**QUALIFICATIONS AND EXPERIENCE**

Ms. Brahmanage holds a Bachelor of Arts Honours degree in Accounting and Finance from the University of Greenwich, UK. She has represented the company in numerous real estate conventions locally and internationally. She was recognized as one of the A List Millennial Torch-bearers in 2020 by LMD, listing among the top 25 Sri Lankans from the millennial generation who are poised to feature among the Captains of business in the future.

**POSITIONS CURRENTLY HELD IN  
OTHER COMPANIES**

Ms. Brahmanage serves as an Executive Director of Prime Lands (Private) Limited.

**DEEPAL SOORIYAARACHCHI****Independent Non-Executive Director /  
Senior Independent Director****APPOINTED**

To Company	N/A
To Board	February 2021

**BOARD COMMITTEE MEMBERSHIP**

Board Audit Committee, Related Party Transaction Review Committee, Remuneration Nomination and Human Resources Committee.

**EXPERTISE**

Marketing, Human Resources Management, General Management, Executive Coaching and Mentoring

**QUALIFICATIONS AND EXPERIENCE**

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 Jayawardenapura. 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 on several National bodies as well.

**POSITIONS CURRENTLY HELD IN  
OTHER COMPANIES**

He currently serves in the capacity of Independent Non-Executive Director in AIA Insurance Lanka Limited, Pan Asian Power PLC, Kelani Cables PLC, Siyapatha Finance PLC, Lanka Shipping and Logistics (Private) Limited and Singer Sri Lanka PLC. He is the Managing Director of SATI Human Development Institute (Private) Limited.

# Board of Directors

## DHAMMIKA KALAPUGE

### Independent Non-Executive Director

APPOINTED	
To Company	N/A
To Board	February 2021

### BOARD COMMITTEE MEMBERSHIP

Remuneration, Nomination and Human Resources Committee.

### EXPERTISE

Management, Entrepreneurial Development, Customer Care, Service Excellence and Relationship Marketing

### QUALIFICATIONS AND EXPERIENCE

Mr. Kalapuge is a Post Graduate Diploma holder of Chartered Institute of Marketing (UK) and a Chartered Marketer. Diploma of Marketing from Marketing Council of Australia, a Fellow of the Australian Marketing Institute (AMI) and Certified Professional Marketer (CPM) of AMI. Advanced Diploma in Business Administration from Association of Business Executives (UK) and a Fellow Member. A former Executive Committee Member of Sri Lanka Institute of Marketing (SLIM).

Over the last two and half decades he has conducted over three thousand inspirational workshops in Management, Entrepreneurial Development, Customer Care, Service Excellence, Relationship Marketing and Motivation in over 800 leading public and private sector institutions in Sri Lanka and ten other countries with nearly 400,000 participants. In year 2000 he was presented with the Sri Lanka Institute of Marketing, first ever 'Recognition Award' for the contribution 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 and has served as a Chief Examiner at the Institute of Bankers of Sri Lanka. He was a Former Vice President - Marketing at DFCC Bank and has held senior marketing positions at Sampath Bank, Eagle Insurance and Eagle NDB Fund Management.

### POSITIONS CURRENTLY HELD IN OTHER COMPANIES

He is a Director at SIPCOM - 1 (Private) Limited, a company involved in total people development.

## MAHINDA PERERA

### Independent Non-Executive Director

APPOINTED	
To Company	N/A
To Board	February 2021

### BOARD COMMITTEE MEMBERSHIP

Board Audit Committee and Related Party Transaction Review Committee

### EXPERTISE

Finance Acumen, Management and Legal

### QUALIFICATIONS AND EXPERIENCE

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 Jayawardenapura. 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 multiple 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. During his career he has been on many Boards, both in listed and unlisted entities in diversified business sectors.

### POSITIONS CURRENTLY HELD IN OTHER COMPANIES

He holds Board positions in the capacity of Non-Independent Non-Executive Director at HNB Finance PLC, Managing Director at My Cola Beverages Group of Companies.

## SANJAYA BANDARA

### Independent Non - Executive Director

APPOINTED	
To Company	N/A
To Board	February 2021

### BOARD COMMITTEE MEMBERSHIP

Board Audit Committee, Related Party Transaction Review Committee, Remuneration Nomination and Human Resources Committee

### EXPERTISE

Financial Acumen and Strategic Management

### QUALIFICATIONS AND EXPERIENCE

Mr. Bandara holds a Bachelor of Science Degree in Accountancy & Financial Management from the University of Sri Jayawardenapura and a Master's 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. Mr Bandara counts over 23 years of experience in auditing practice.

### POSITIONS CURRENTLY HELD IN OTHER COMPANIES

Mr. Bandara is the President of the Institute of Chartered Accountants of Sri Lanka and a Board Member of the Confederation of Asian Pacific Accountants (CAPA), South Asian Federation of Accountants (SAFA) and Sri Lanka Accounting and Auditing Standards Monitoring Board. Further, he is a member of the governing council of the University of Kelaniya. He is a partner of B. R De Silva & Co, Chartered Accountants (Member firm of Nexia International) and a Director of Nexia Services Management (Private) Limited and Nexia BPO Private Limited. He is also a visiting faculty member at leading state and private sector universities.

positions in organizations such as State Engineering Corporation, Heavyfab Limited, Development Consultants Lanka (Private) Limited, Safari Company Limited Saudi Arabia and Baharudden P M S Associates, Brunei.

### POSITIONS CURRENTLY HELD IN OTHER COMPANIES

He serves on the Boards of Regnis Lanka PLC, Singer Industries (Ceylon) PLC and On'ally Holdings PLC in the capacity of Non-Executive Director. He is also the Managing Partner of Cadteam and Managing Director/Proprietor of N J Consultants.

### NOEL JOSEPH

#### Independent Non-Executive Director

APPOINTED	
To Company	N/A
To Board	October 2021

### BOARD COMMITTEE MEMBERSHIP

N/A

### EXPERTISE

Engineering

### QUALIFICATIONS AND EXPERIENCE

Mr. Joseph is a Member of the Institution of Electrical and Electronic Engineers (MIEEE)-USA, The Institution of Lighting Engineers (MILE) – UK, The New York Academy of Science (MNYAS) – USA, the Illumination Engineering Society (MIES) – USA, Incorporated Engineer - UK (IEng) and the Institution of Engineering Technology (MIET) – UK and the American Society of Heating, Refrigerating and Air-Conditioning Engineers (MASHRAE)-USA.

He holds over 32 years of multi-faceted experience in engineering and engineering consultancy in Sri Lanka and internationally. He has held senior

# Management Team



**MR. MANJULA  
WEERAKKODY**  
Managing Director



**MR. RUMINDA  
RANDENIYA**  
General Manager  
Real Estate



**MS. DINUSHA  
FERNANDO**  
General Manager  
Legal



**MR. SHAMINDA  
HEWAPATHIRANA**  
General Manager  
Engineering



**MR. ANURA  
PATHIRAGE**  
General  
Manager Finance



**MR. KOVINDA  
PERERA**  
Head of Strategy &  
Business Development



**MR. HIMESH  
KAVINDA**  
Chief Quantity  
Surveyor



**MR. SISIRA  
KUMARA**  
Consultant Internal  
Audit & Compliance



**MR. RASIKA  
UDAYANGA**  
Head of Information  
Technology



**MR. SHANTHA  
FERNANDO**  
General Manager  
Marketing



**MS. SANJANI  
KUMARIHAMI**  
Chief HR Officer



**MR. MANJULA WEERAKKODY**  
**Managing Director**

Refer profile under Board of Directors Profiles.

**MR. RUMINDA RANDENIYA**  
**General Manager Real Estate**

Mr. Randeniya is an accomplished strategic management professional counting over 22 years' experience in the real estate sector. Mr. Randeniya is presently the Deputy Chief Executive Officer of Prime Lands (Private) Limited having being recognized for his exceptional performance in the real estate business during his career at Prime Group.

Mr. Randeniya also serves as an Executive Director of Prime Lands (Private) Limited as well as an Executive Director of Bhoomi Realty Holdings (Private) Limited, which is a subsidiary of Prime Lands (Private) Limited. At present, he also serves as the General Manager of the Real Estate Division of Prime Lands Residencies PLC.

His strength lies in his unique ability to recognize potential properties for development in many parts of the country and executing winning strategies to profitable, to market them.

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).

**MS. DINUSHA FERNANDO**  
**General Manager Legal**

Ms. Fernando joined Prime Lands (Private) Limited in 2001 and currently serving as the Executive Director Legal, Prime Lands (Private) Limited and Executive Director of Bhoomi Realty Holdings (Private) Limited, which is a subsidiary of Prime Group. Ms. Fernando gives leadership to the entire group on legal guidance on real estate.

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

**MR. SHAMINDA HEWAPATHIRANA**  
**General Manager Engineering**

Mr. Hewapathirana joined the Company as the Chief Engineer adding value to the company with his 26 years of experience in the fields of high-rise, commercial, residential, roads, bridges and marine construction liaising with both local and international companies. At the inception of his career, he worked at Sanken Lanka/ Mitsui Construction and gradually climbed the ladder by working for well-known companies in the field of Engineering, such as Ceylinco Group, Jetwing Hotels and China Harbour Engineering Company.

Mr. Hewapathirana completed his tertiary education at University of Moratuwa (NDT) & Engineering Council (UK). He holds a Diploma in Project Planning and

Management at CAD centre, India and currently reading for his Masters at University of Uva Wellasaa, Sri Lanka. Mr. Hewapathirana holds the membership at the Institute of Incorporated Engineers, Sri Lanka (IIESL).

Mr. Hewapathirana is currently leading the Engineering Department at Prime Lands Residencies PLC as the General Manager – Engineering.

**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 (Private) Limited, 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 honors from University of Sri Jayewardenepura, 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 (Private Limited), 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.

# Management Team

## MR. KOVINDA PERERA

### Head of Strategy & Business Development

Mr. Perera has over 11 years of accumulated experience in the real estate and equity fields in the UK and wider markets. After relocating to Sri Lanka, he joined Prime Group.

As the 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.

## MR. HIMESH YAKUPITIYAGE

### Chief Quantity Surveyor

Mr. Yakupitiyage joined Prime Lands Residencies PLC as the Chief Quantity Surveyor. His experience spans 10 long years in Sri-Lanka, Azerbaijan and in the UAE, where he worked as the Commercial Manager for 7 years in Pasha Construction LLC in Baku, Azerbaijan. His knowledge in the fields of procurement and commercial management from the inception of a project until project completion has added value to his leadership and team.

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

## MR. SISIRA KUMARA

### Consultant Internal Audit & Compliance

Mr. Kumara has experience in the field of finance and accounting for over three 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 Limited 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. Udayanga is an all-rounder in ICT industry with over 10 year experience with a proven track record in network infrastructure, system administration, software development, VOIP technologies and business management. He has joined Prime Lands (Private) Limited as the Head of IT. Mr. Udayanga is spearheading the rollout of the SAP Business One among all business verticals of Prime Group.

He is a professional member of the British Computer Society and a Post Graduate of the University of Colombo. Prior to joining Prime Lands (Private) Limited, he has gathered rich experience in business operations apart from ICT at Bellvantage (Private) Limited. 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.

**MR. SHANTHA FERNANDO****General Manager Marketing**

Mr. Fernando is currently the Group Director Marketing at Prime Lands (Private) Limited. He is a Strategic, Fiscal and Operations Leader who's illustrious and vastly experienced career spans 21 years across a variety of multinational companies. Prior to joining the Prime Group, Mr. Fernando started his career at Unilever Sri Lanka Limited 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 the Country Marketing Manager for Coca-Cola Sri Lanka (Private) 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 (Private) 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.

**MS. SANJANI KUMARIHAMI****Chief HR Officer**

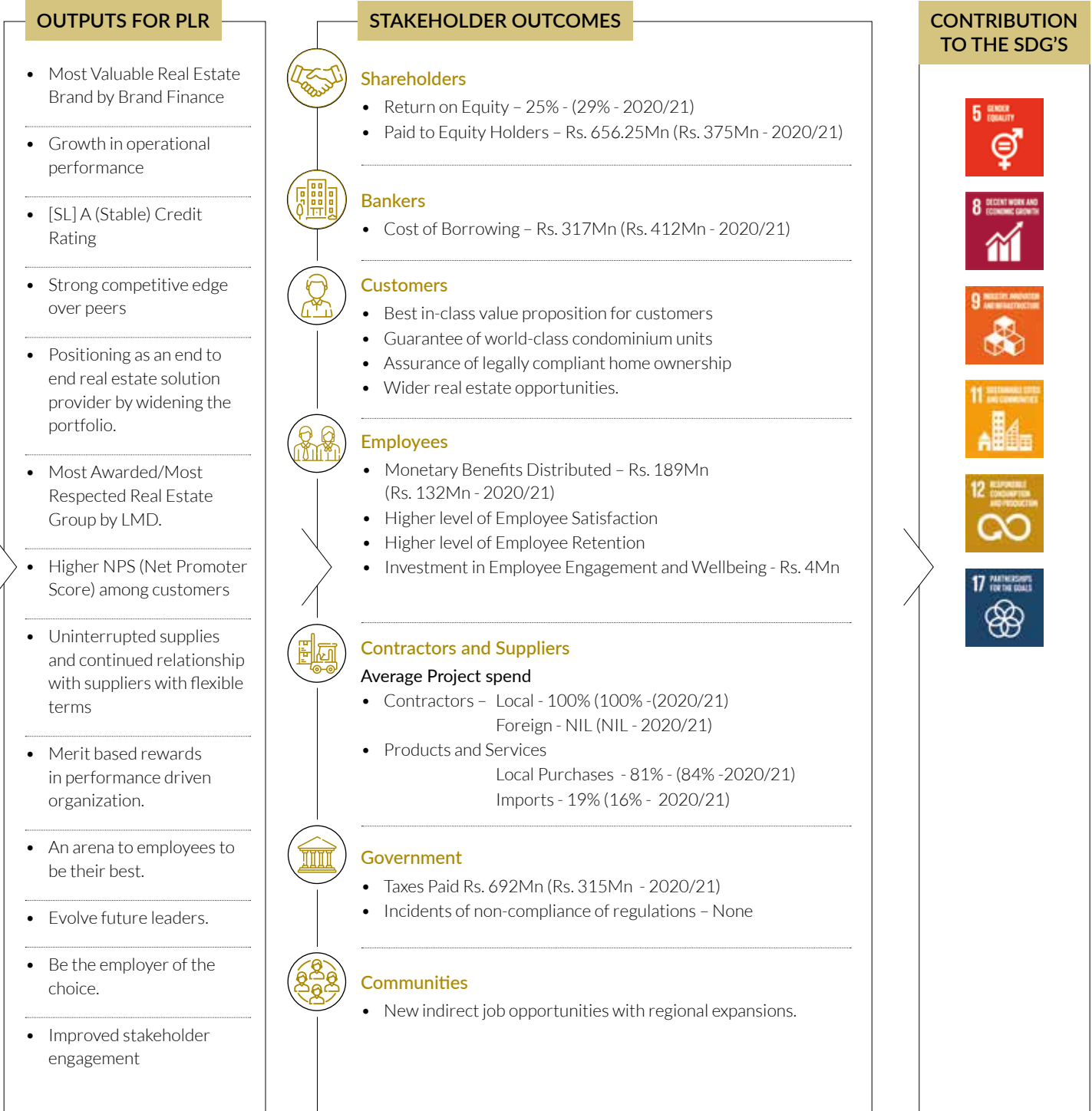
Ms. Kumarihami is serving as the Chief HR Officer at Prime Group. She is a Graduate in Human Resource Management from the University of Kelaniya and completed her Master's in Business Studies at University Colombo. Ms. Kumarihami is an Associate Member of Chartered Institute of Personnel Management and a Certified HR Auditor in Sri Lanka. She practices human resources management for over one and half a decades and expertise in organizational development, process re-engineering, talent acquisition & development, change management, cross culture management, coaching and mentoring, and employee engagement. Ms. Kumarihami has experience in Human Resources Management in local and multinational conglomerates in various industries including real estate, apparel, ICT, travel, manufacturing, infra-structure development and entertainment.

Ms. Kumarihami has been recognized as one of the Best Women Leaders in Sri Lanka by the World HRD Congress in the year 2018 and one of the Most Influential Global HR Leaders in 2018. She has honoured as an Outstanding Women Leader by Women Icon powered by the World Women Council and the Times Women, New York in 2021. Being a member of Women in Management, Sri Lanka, and her aspiration is driving teams towards success and inspire women to win the challenges in their personal and career lives.

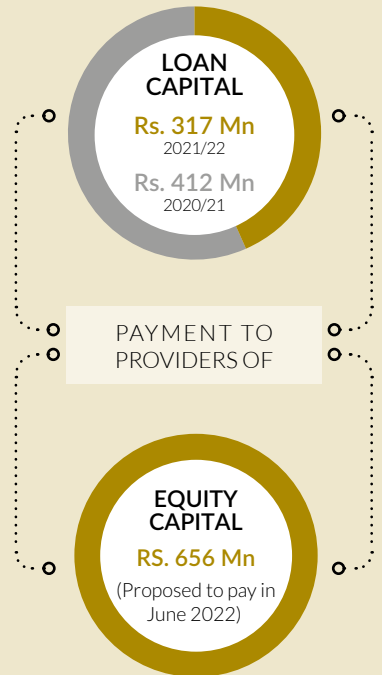
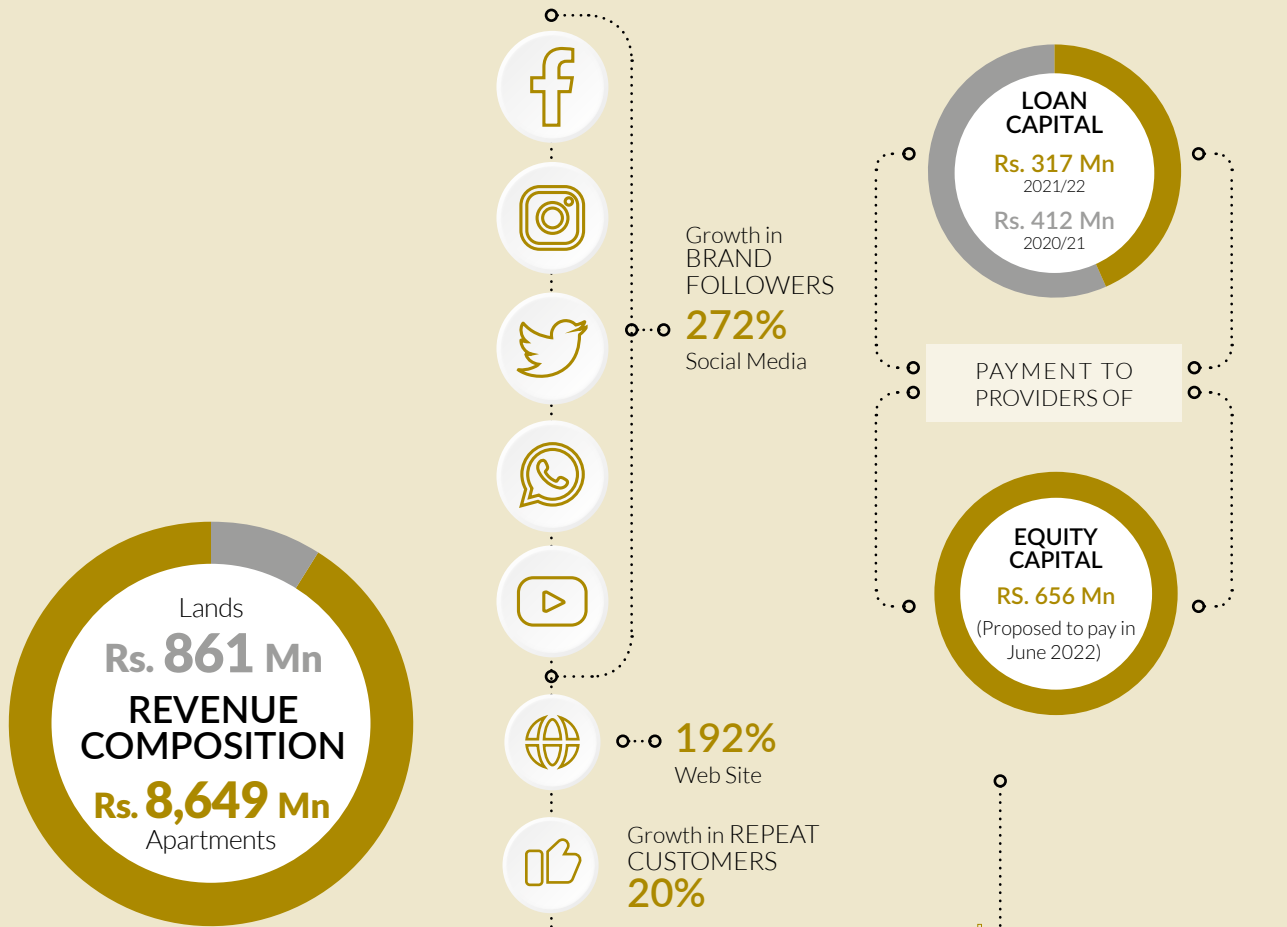
# Value Creation Model

EXTERNAL ENVIRONMENT - OPPORTUNITIES AND CHALLENGES





# Highlights



PIPELINE PROJECTS <b>02</b> (95 Units)	UNDERTAKEN IN F/Y 2021/2022 <b>01</b> (145 Units)	LAUNCHED IN PREVIOUS YEARS <b>03</b> (921 Units)
PROJECT IN PROGRESS <b>04</b> (1,066 Units)	COMPLETED PROJECTS <b>37</b> (1,563 Units)	TOTAL PROJECTS <b>41</b> (2,629 Units)



# Key Risks

PLR's approach to Risk Management is based on strategic thinking, aimed at identifying risk events connected to the Company's internal operations or as a result of developments in the external environment. Risks identified in this way are categorized and prioritised using a Risk Heat Map which measures the likelihood of occurrence against the impact to the Company. The results of the stringent risk evaluations are depicted through a Risk Heat Map for the purpose of easy identification and focusing greater attention on the most important risks. All key risks are formally documented in the Company's Risk Register which is maintained under the stewardship of the Internal Audit, Risk and Compliance Department. Effective risk monitoring and timely reporting of risks are major components of PLR's overall approach to Risk Management.

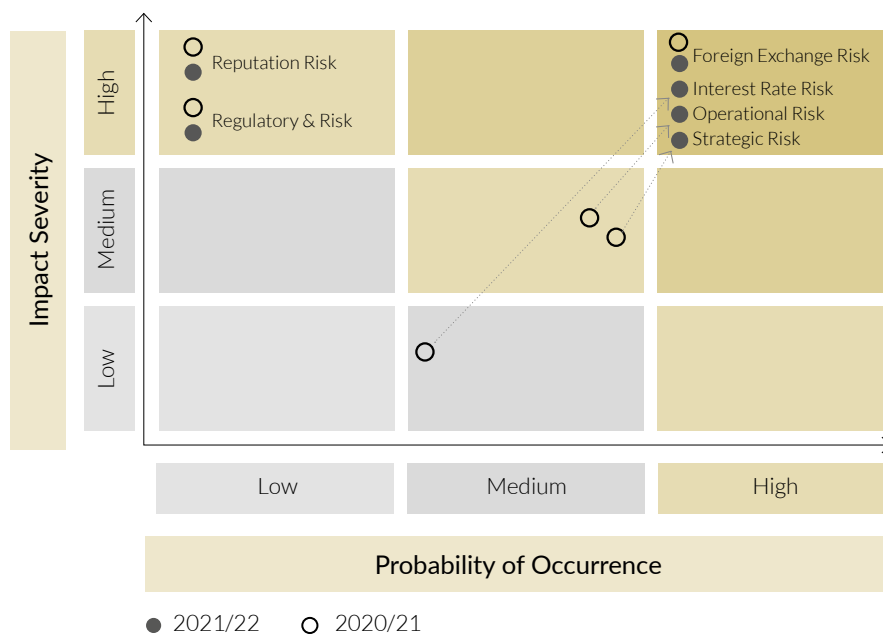
## RISK MANAGEMENT FRAMEWORK AND RISK GOVERNANCE STRUCTURE

The Company's Risk Governance framework is underpinned by the three-lines of defence mechanism that is based on the principle assumption that all employees - from the Board and Corporate Management to operational employees (risk owners), fully understand their responsibility to effectively manage and control risk.

Divisional-level risk owners - Department Heads are required to adhere to the established risk control frameworks pre-approved by the PLR's Audit Committee or the Board. Risk owners also use their knowledge and technical expertise to identify potential risks that may arise across their departmental value chain. Such risk assessments are documented and escalated up the chain of command on a quarterly basis, or sooner if required.

The Department Heads are also responsible for implementing corrective action identified by higher authorities and for

PLR's Risk Heat Map 2021/22



providing feedback for queries raised through internal audit reports. In this way, Department Heads and their employees serve as the first line of defence in the PLR's Risk Management Framework.

The Company's Executive Committee (EXCO) has oversight over the first line of defence by reviewing the quarterly divisional risk assessments to determine the adequacy of existing risk controls and establish the need for further improvements. In the year under the review, the Executive Committee undertook to streamline the overall risk reporting process through the introduction of a comprehensive digital reporting system which uses data to capture risk information through dynamic reports and dashboards.

The Internal Audit, Risk and Compliance (IARC) Department serves as the second line of defence in the Risk Management Framework. The IARC Department is responsible for maintaining a programme of routine selective due diligence activities aimed at providing assurance regarding the efficacy of the Company's risk control mechanisms. An annual audit plan is drawn up in advance to facilitate the due

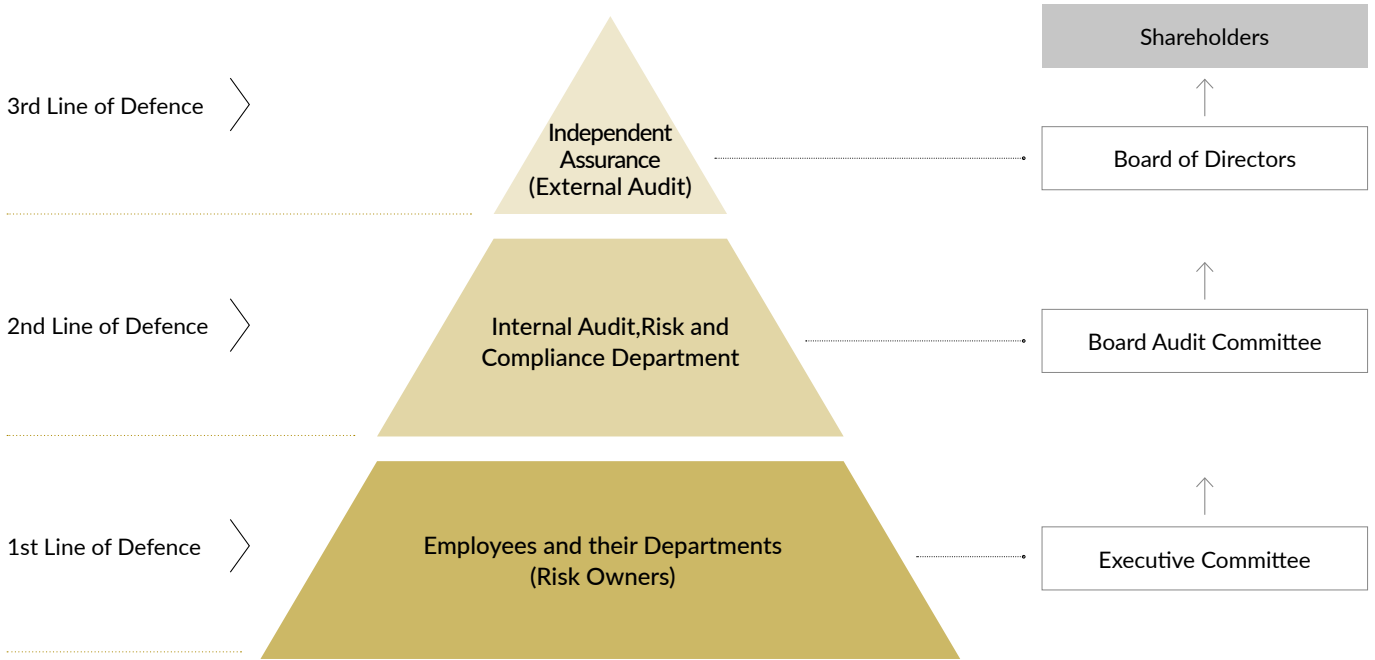
diligence programme. In formulating the Audit Plan, the IARC Department works with the Board Audit Committee to work towards the broader risk management objectives of the PLR's Board. The IARC Department submits their findings from the internal audit process to the Board Audit Committee for review on a quarterly basis. The Senior Management (Chairman & Co - Chairperson) holds separate discussions with relevant managers and seeks explanations on High Risk issues/ major deviations in the standard processes as raised in the internal audit reports. This promotes continuous improvement in the Risk Management Framework.

The Audit Committee evaluates these quarterly reports in detail, and after discussion with the Board, introduces changes to revise and update policies and procedures to strengthen risk management activities.

The External Auditors serve as the third line of defence in PLR's Risk Governance Structure and provide independent assurance to the shareholders through the Board.

# Key Risks

## RISK GOVERNANCE STRUCTURE



### CONTINUOUS IMPROVEMENT MEASURES FOR FY 2021/22

Reflecting the commitment towards continuous improvement of the Risk Management Framework, the Board Audit Committee implemented the following initiatives;

- Introduced several Board-approved policies to strengthen Operational Risk Management. The new policies introduced included the Procurement Policy, IT Policy and the Land Acquisition, Approvals and Development Policy, all aimed at streamlining the relevant processes and introducing necessary controls to manage/mitigate risks across these respective departments
- The Audit Plan was updated to increase the frequency of due diligence on significant risk areas
- Undertook a comprehensive review to determine the adequacy of the current governance structure, after which it was established that the PLR's existing governance structure is adequate to support the scope and scale of the business for the foreseeable future.

### RISK AWARENESS CULTURE

PLR expects all employees to be aware of the attendant risks and their risk responsibilities for identifying and managing risks related to their areas of work. Premised on this, the Company strives to foster a sound culture where employees have a high level of risk awareness to help them make proper judgements and take appropriate actions based on good sense and ethical standards embedded in the corporate culture. The IARC Department conducts regular training and awareness to promote responsible Risk Management among employees at all levels.

### FUTURE PLANS

Amidst the highly volatile economic conditions predicted for the coming year, strict cost control measures will be exercised to ensure cost benchmarks are not exceeded. Supply chain diversification will also be another key priority. This will be coupled with strategic re-pricing of selected

projects in line with the behaviour of the USD/LKR parity.

At the same time PLR will aim to strengthen the revenue diversification with special focus on strengthening the Company's presence in the residential land development segment.

Risk Training Initiatives for FY 2021/22		
Topic	Target Group	No. of Participants
<b>Appreciate Risk</b> (An introduction to Risk Management)	All the HODs and key Executives	45
<b>Bridge the Gap</b> (Senior Management commitment towards a Risk Culture)	Executive Committee	13
<b>AML-CFT Training</b> (Introduction to Anti Money Laundering and Combating the Financing of Terrorism)	Sales and Recovery Staff and HODs	56

	Impact to PLR	Mitigation Strategies	Additional Measures taken in FY 2021/22
<b>FOREIGN EXCHANGE RISK</b>	Increase in cost of production due to higher cost of imported raw materials caused by the currency devaluation and import controls	<ul style="list-style-type: none"> <li>Closely monitor currency rate fluctuations</li> <li>Currency hedging for large transactions (currently suspended)</li> <li>Negotiate fixed price contracts by way of advance payment against unconditional Bank Guarantees</li> <li>Encourage installment payments from non- resident and non-citizen customers in USD routed through an IIA account to 'BFCA' account</li> </ul>	<ul style="list-style-type: none"> <li>Minimize the lead-time in establishing LCs and import clearance process</li> <li>Increase local sourcing of material to reduce the dependency on imports</li> </ul>
<b>INTEREST RATE RISK</b>	Lower Revenue due to the reduction in apartment sales due to high cost of borrowing	<ul style="list-style-type: none"> <li>Offering structured flexible payment plans to customers settling through bank loans</li> <li>Offer substantial discounts for customers to encourage upfront early settlement</li> </ul>	<ul style="list-style-type: none"> <li>A series of new innovative financial solutions were offered to customers to enable them to benefit from the low interest rates, during first three quarters of the year</li> </ul>
	Higher cost of funds due to rising interest rates	<ul style="list-style-type: none"> <li>Prudent liquidity management</li> <li>Negotiate credit terms with banks based on AWPLR + margin</li> </ul>	<ul style="list-style-type: none"> <li>Maintain long- term fixed interest rate agreements with advantageous grace period</li> </ul>

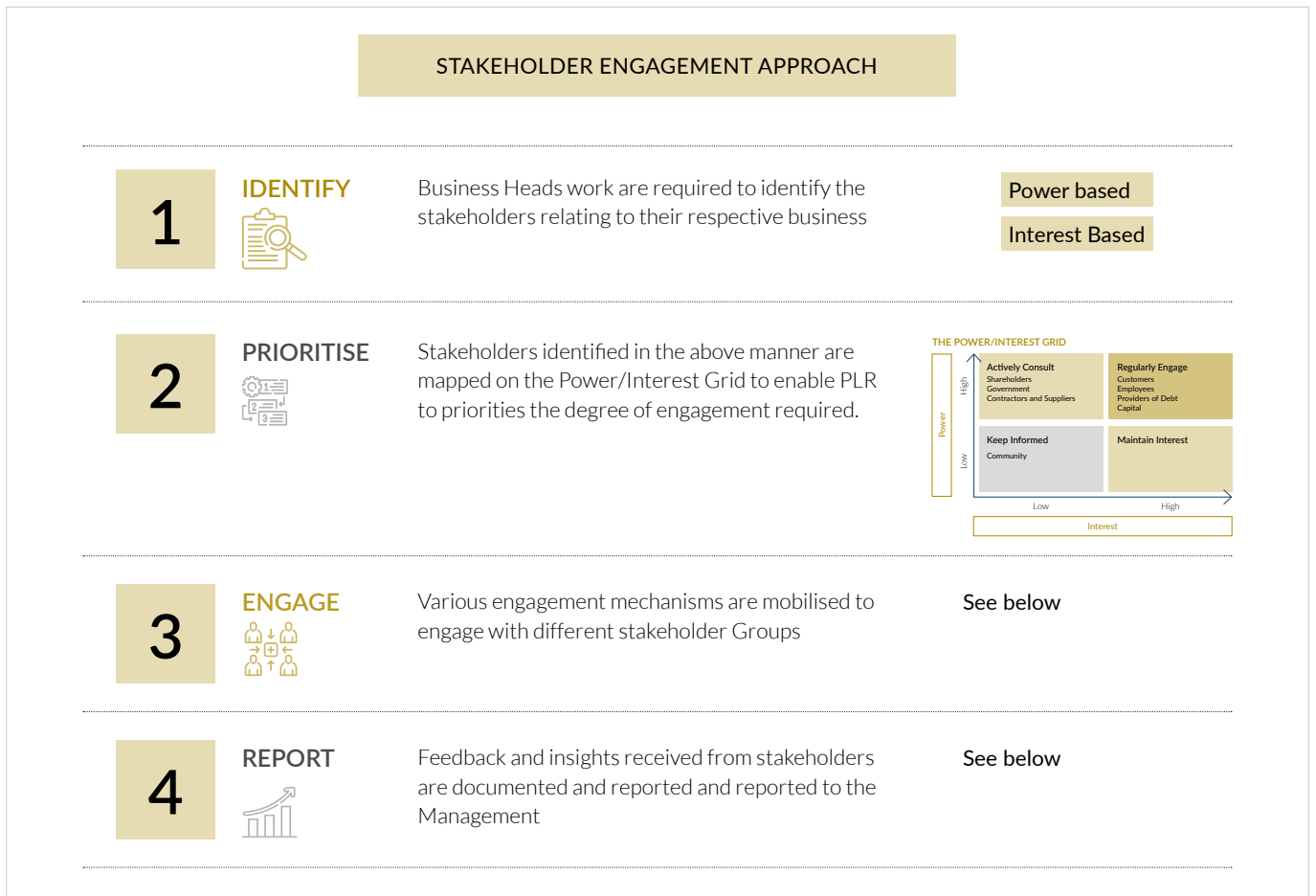
# Key Risks

	Impact to PLR	Mitigation Strategies	Additional Measures taken in FY 2021/22
<b>OPERATIONAL RISK</b>	Pressure on margins caused by rising price of raw materials as a result of currency devaluation and the delays in the allocation of foreign currency for imports by the Banks	<ul style="list-style-type: none"> <li>• Enter into long-term fixed price contracts with suppliers</li> <li>• Diversify the supply chain by focusing on local sourcing</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic procurement and inventory management</li> </ul>
	Delays in meeting project completion deadlines due to supply chain disruptions owing to unhealthy economic conditions and impact of the COVID-19 pandemic	<ul style="list-style-type: none"> <li>• Inclusion of a mandatory clause in the construction contract stipulating delivery project milestones for the entirety of the project</li> <li>• Monitoring of project timelines monthly, based on expected milestones to ensure no major deviations</li> </ul>	<ul style="list-style-type: none"> <li>• Increase local sourcing to reduce the dependency on imports, without compromising the quality</li> </ul>
<b>REPUTATION RISK</b>	Loss of brand equity due to negative perceptions of clients, contractors, suppliers and negative public opinion	<ul style="list-style-type: none"> <li>• Prompt resolution of customer complaints</li> <li>• Monitoring of feedback received through the corporate website and social media platforms</li> <li>• Conducting Customer Surveys periodically, gain an insight into the customer mindset</li> <li>• Continuous monitoring of compliance status by the Internal Audit, Risk and Compliance team</li> <li>• Monitoring and follow up of pending litigation by the Legal Department</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce a formal reporting process to document shareholder concerns and the Company's response to these concerns and ensure the Board is notified of all such matters promptly when required.</li> </ul>

	Impact to PLR	Mitigation Strategies	Additional Measures taken in FY 2021/22
<b>STRATEGIC RISK</b>	Frequent tax and other legislative changes and uncertainty due to policy changes such as price controls . Import restrictions affecting financial position and strategic objectives	<ul style="list-style-type: none"> <li>Portfolio diversification to ensure multiple revenue streams</li> </ul>	<ul style="list-style-type: none"> <li>Expanding the portfolio to residential land development and sale segment.</li> </ul>
	Pressure on margin due to stiff competition for core products from peers.	<ul style="list-style-type: none"> <li>Create a differentiated value proposition based on high quality offerings for all market segments</li> <li>Focus on high volume in the mainstream and higher yield from niche markets</li> </ul>	<ul style="list-style-type: none"> <li>Changes to project launch strategy to obtain pre sales after completing the super structure at a minimum, to ensure accurate pricing amidst uncertain market conditions</li> </ul>
<b>REGULATORY AND COMPLIANCE RISK</b>	Adverse financial impacts to the Company due to non-compliance with laws and regulations including government policies	<ul style="list-style-type: none"> <li>Quarterly review of the Company's compliance status by the Board Audit Committee</li> <li>Ongoing review of the regulatory environment by the Board and the Board Audit Committee</li> <li>Independent assurance provided by the External Audit, annually</li> <li>Obtaining guidance and advise from tax and legal consultants, as and when needed, to address any legal, regulatory and compliance requirements</li> </ul>	<ul style="list-style-type: none"> <li>Proactive monitoring by the IARC Department using the compliance dashboard</li> <li>Due diligence activities by the IARC Department as per the annual audit plan</li> </ul>

# Stakeholder Engagement

Our fundamental purpose of being in business is to deliver what our shareholders expect of us. To be able to do this in a sustainable manner we need to first understand the expectations, needs and concerns of anyone who is affected by what we do and where we operate. We follow a four-pronged approach to ensure we get the best possible outcomes from our stakeholder engagement process.



## IDENTIFY

Business Heads are required to identify the stakeholders relating to their respective business

**Power Based** - Stakeholders who are directly connected to the Company and have the power to influence business outcomes

- SHAREHOLDERS
- GOVERNMENT
- CUSTOMERS
- CONTRACTORS & SUPPLIERS
- EMPLOYEES
- PROVIDERS OF DEBT CAPITAL

**Interest Based** - Stakeholders do not have a direct influence over business activities but who are nevertheless interested in the affairs of the Company -

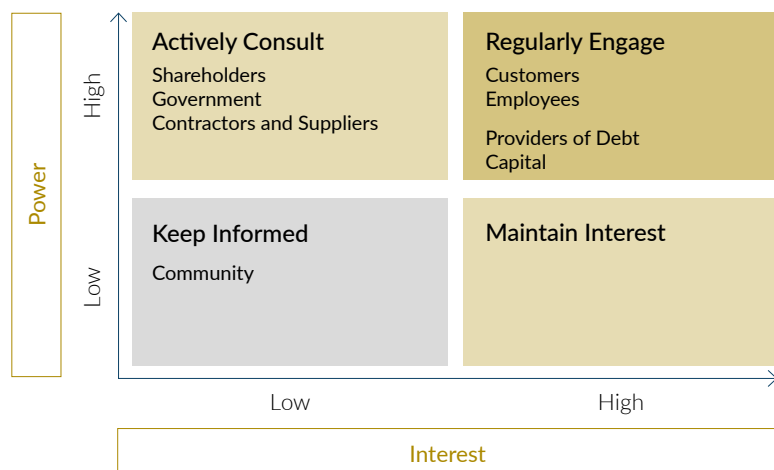
- COMMUNITY




## PRIORITISE

Stakeholders identified in the above manner are mapped on the Power / Interest Grid to enable PLR to prioritise the degree of engagement required







## THE POWER/INTEREST GRID



Stakeholder	Engagement Mechanism	Frequency	Key Concerns Raised	Our Response
<b>Shareholders</b> 	Interim Financial Statements	Quarterly	Financial performance	PLR takes a prudent approach towards managing its financial resources, to ensure adequate resources are reinvested in the business, while fully honouring stakeholder obligations.
	Annual Report & AGM	Annually	Business strategies and operational efficiency	
	Announcements to the CSE	As required	Governance stability and sustainability	
	PLR's digital platforms		Risk management	
	Press releases			
<b>Employees</b> 	HR Digital platform (HRIS), WhatsApp Groups, Group Email	Continuous & ongoing	Employee engagement and communication Technology collaboration	PLR is committed to assure an excellent employee experience throughout the employee lifecycle. The Company believes a friendly and supportive work environment will be a definite positive impact on productivity and service quality improvement. PLR makes a conscious effort to inculcate the Company's core values among employees to drive the team towards a high performance organization; ultimately meeting the expectations of all the stakeholders.
	One-on-one discussions	As required	Industrial Harmony	
	Staff meeting		Employee wellbeing Conducive work environment	
	Regular performance review	Monthly & bi-annual evaluations	Career growth and improving productivity	
	Training need analysis (TNA)	Annually	Employee development and enhancing quality of the service	
	Remuneration and benefit review	Annually	Competitive remuneration benefits	
	<b>Customers</b> 	One-to-one interaction	As needed	
Marketing and promotional activities		Continuous and Ongoing		
Press releases				
PLR's digital platforms				

# Stakeholder Engagement

Stakeholder	Engagement Mechanism	Frequency	Key Concerns Raised	Our Response
<b>Government</b> 	One-on-one meetings	As needed	Regulatory and statutory compliance	PLR aims to lead by example in complying with all laws and regulations applicable to every aspect of the Company's operations.
	Compliance Verification Framework		Environmental management and compliance	
	Compliance Audits		Health and safety management	
	Other correspondence			
<b>Contractors and Suppliers</b> 	One-on-one meetings	Continuous and Ongoing	Cost effectiveness and the quality of the work performed	PLR strives to build strong trust-based relationships with all suppliers including contractors. Contractors are selected based on a strict tender procedure, while other suppliers are comprehensively vetted to ensure their alignment with PLR's ethical procurement standards.
	Other correspondence		Timely delivery	
	Progress reviews		Procurement practices	
			Payment schedule Business ethics and compliance Supply chain management	
<b>Providers of Debt Capital</b> 	One-on-one meetings	As needed	Financial Stability and liquidity	PLR aims to enhance its credibility among the banking sector by meeting all debt service obligation in a timely manner.
	Other correspondence		Timeliness of debt servicing	
	Annual Report	Annually	Organisational resilience and Business Continuity	
<b>Community</b> 	Annual Report	Annually	Development opportunities for regional economies	PLR remains committed to contribute towards improving community well-being and the development of sustainable communities across Sri Lanka.
	PLR's digital platforms	Continuous and Ongoing		
	Announcements to the CSE	As needed		
	Press releases			

# Material Topics

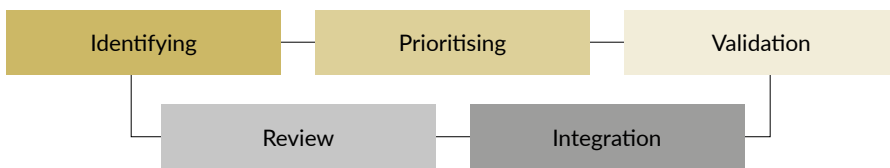
Material issues are those that either represent a significant risk or opportunity to PLR’s business operations or could possibly affect our stakeholders, positively or negatively.

Each year, we conduct a materiality assessment to identify and prioritize the most Material Topics that are relevant to the business or to our stakeholders. These Material Topics, once approved by the Board are then integrated into the

Company’s strategy through our internal policy frameworks and accompanied by specific goals and targets.

No change was noted in the Material Topics or topic boundaries for FY 2021/22 compared to the previous financial year.

## MATERIALITY DETERMINATION PROCESS



### IDENTIFYING

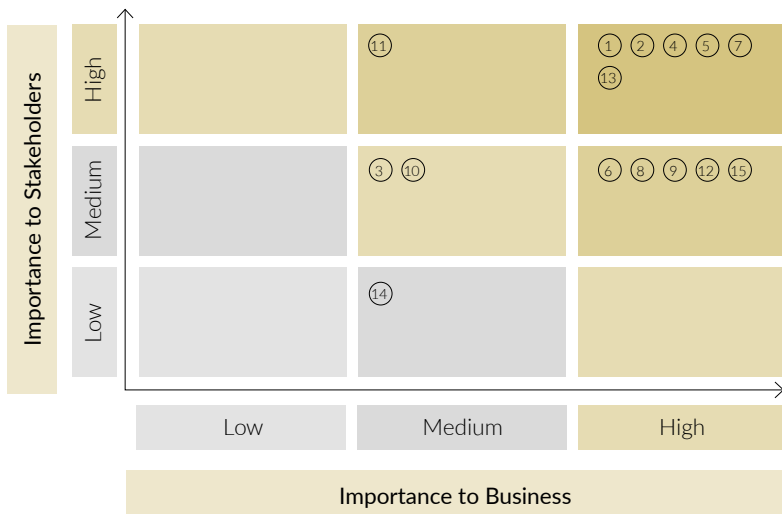
- PESTLE (Political-Economic-Social-Technological-Legal/Regulatory-Environment) factors identified through the Risk Identification Process
- Insights and feedback from stakeholder engagement
- PLR’s core values, policies, strategies, operational management systems, goals and targets

- Industry Best Practices
- Compliance Requirements
- Internal Audit Reports
- Global Sustainability benchmarks such as the GRI Standards, IIRC Framework and the UN Sustainable Development Goals.

### PRIORITISING

- Prioritise material topics using the Materiality Matrix
- Quantitative and qualitative assessments
- Value Chain Analysis
- Challenges and opportunities for our sector, as identified by peers and competitors

## MATERIALITY MATRIX



1. Profitability
2. Financial Stability
3. Land Inventory
4. Project Execution
5. Land Inventory
6. Culture and Conduct
7. Excellence in Quality
8. Resilience and Business Continuity
9. Customer Experience
10. Supplier Relations
11. Pay and Benefits
12. Career Prospects
13. Health and Wellbeing
14. Community Impact
15. Environmental Stewardship

- Economic and Governance Topics
- Social Topics
- Environmental Topics

# Material Topics

## VALIDATION

Review and approval of Material Topics by the Executive Committee

## INTEGRATION

Presentation of Material Topics to the Board for discussion and strategy integration through target setting

## REVIEW

- Continuous evaluation by the Internal Audit, Risk and Compliance Department
- Measurement against external benchmarks
- Quantitative and qualitative outcomes

Material Topic	Topic Boundary	Why it is considered Material	Management Approach	Further References	Evaluating the effectiveness of our management approach
Profitability	Internal	Improves shareholder returns	Consistent revenue growth and strong cost management	Financial Capital Page 53	NPBT NPAT ROE
Financial Stability	Internal	Strengthens brand equity and strengthens resilience	Strike the optimal balance between equity, debt and investor funding	Financial Capital Page 53	Debt: Inventory Property Ratio Credit Rating No. of new projects Land Inventory
Land Inventory	Internal / External	Supports business Growth	Investment Strategy	Manufactured Capital Page 58	Growth in Asset Base No. of new projects Land inventory
Project Execution	Internal / External	To ensure on-time completion of projects	Project lifecycle management	Manufactured Capital Page 58	Project milestones Sold: Unsold ratio
Brand Image	Internal / External	Reinforces PLR's competitive position in the real estate industry	Brand Positioning Regulatory Compliance	Intellectual Capital Page 60	Industry recognition for the brand Compliance track record
Culture and Conduct	Internal / External	Builds trust among customers and strengthen public confidence in the brand	Ethics and Integrity Transparency of marketing information Confidentiality and Customer Data Privacy	Intellectual Capital Page 60  Social and Relationship Capital Page 70	Complaints regarding ethics violations Incidents reported through the Whistleblower process
Excellence in Quality	Internal / External	Builds trust among customers and enhances PLR's competitive edge	Tacit knowledge of employees Standards and Certifications Memberships and Affiliations Quality Control Framework	Intellectual Capital Page 60	Brand recognition Customer NPS (Net Promoter Score) Customer Feedback
Resilience and Business Continuity	Internal / External	Safeguards operations against unforeseen challenges	IT Infrastructure and System	Intellectual Capital Page 60	System downtime

Material Topic	Topic Boundary	Why it is considered Material	Management Approach	Further References	Evaluating the effectiveness of our management approach
<b>Customer Experience</b>	Internal / External	Builds trust among customers and strengthen public confidence in the brand	Product Responsibility Transparency of marketing information Confidentiality and Customer Data Privacy Customer Support	Social and Relationship Capital Page 70	Customer NPS (Net Promoter Score) Customer Feedback  Effective Management of Customer
<b>Supplier Relationships</b>	Internal / External	Minimises potential supply chain disruptions that could affect project timelines  Maintain the Quality of material and services provided by the suppliers	Supply Chain Management	Social and Relationship Capital Page 70	Project milestones No. of suppliers working with the Company for over 5 years
<b>Pay and Benefits</b>  <b>Career Prospects</b>	Internal	Helps to attract and retain the best in-class talent  To evolve future leaders	Attract Retain Develop Reward	Human Capital Page 64	Net Promoter Score Number of unsolicited CVS Employee Satisfaction Rate Employee Attrition Rate Employee Value Proposition Investment in Employee Engagement & wellbeing activities
<b>Health and Wellbeing</b>		Increases employee motivation and satisfaction			
<b>Community Impact</b>	Internal / External	Reduces inequalities between regions	Contribution towards the development of local economies	Social and Relationship Capital Page 70	Urbanisation trends in the area
<b>Environmental Stewardship</b>	Internal / External	Supports the national environmental goals	Construction Best Practices Sustainable Resource Utilisations	Natural Capital Page 80	Incidents of non-compliance

# Strategy and Resource Allocation

Based on the Material Topics identified through the materiality determination process, we have developed four strategic themes to drive PLR forward. Each strategic theme is in turn underpinned by a series of strategic imperatives, which serves as key catalysts for meeting stakeholder deliverables and for achieving our medium and long term growth objectives.

As Sri Lanka's pioneer condominium developer, Prime Lands Residencies PLC (PLR) has always worked with a clear purpose to achieve its objectives and thereby consistently meet stakeholder deliverable. It was this premise that motivated PLR to diversify into the Ultra Luxury condominium space with the commencement of The Grand – Ward Place (Colombo 07) in 2016, thus augmenting the Company's market reach across a wider customer bandwidth. It was this same rationale that prompted the Company to enter into the land sale domain in early 2022.

## ACHIEVE FINANCIAL EXCELLENCE



### Strategic Imperatives

- Strategic expansion of PLR's land inventory to facilitate continuous growth of the project pipeline
- Invest in new projects with the benchmark net margin
- Monitoring and controls to ensure achievement of project milestones
- Streamlined procurement to support the achievement of project milestone
- Introduced a strategic business vertical to sell residential land plots on top of the apartments

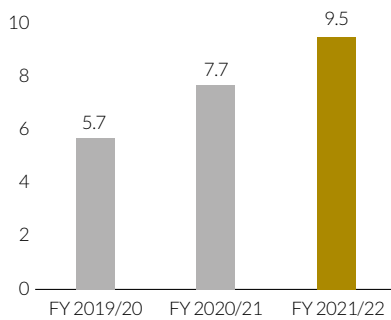
### Key Highlights for 2021/22

- Invested Rs. 3.5 Bn on new land acquisitions
- Invest in Rs. 2.9 Bn worth lands for apartment projects
- Leveraged on the low interest rates to rationalize debt

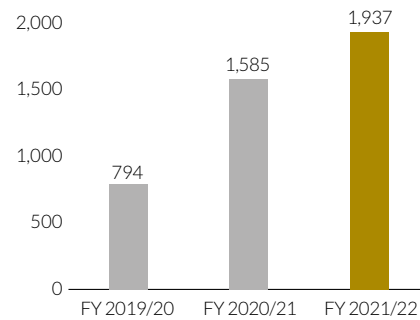
### Scorecard

- Upgraded the issuer rating as [SL] A (Stable) by ICRA Lanka Limited, a subsidiary of Moody's Investors Service

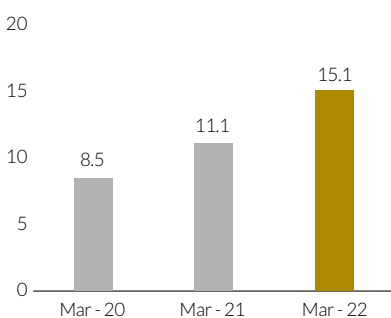
### Revenue (Bn)



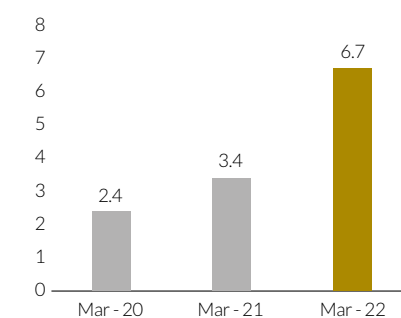
### Operating Profit (Mn)



### Inventory Properties - Apartments & Lands (Bn)



### Total Equity (Bn)





## BE THE REAL ESTATE DEVELOPER MOST TRUSTED BY CUSTOMERS



### Strategic Imperatives

- Invest in condominium developments catering to diverse customer segments
- Build a strong brand presence
- Equitable pricing to match the profile of each customer segment
- Benchmark international standards for design, safety and construction quality
- Demonstrate compliance leadership
- On-time completion of projects
- 360-degree innovation to improve the customer value proposition
- Build customer intimacy through regular communication as well as clear and transparent disclosure of information

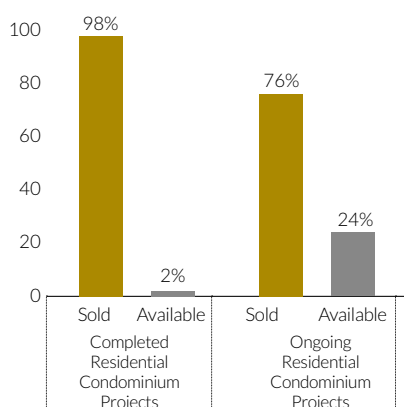
### Key Highlights for 2021/22

- Rolled out a range of financial solutions and easy payment plans for customers
- Further established a range of digital tools to support customer needs for information and feedback

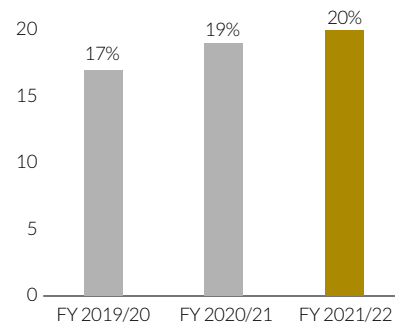
### Scorecard

- Recognition by LMD as the most valuable Real Estate Entities in Sri Lanka

#### Sales Status of Condominium Projects (%)



#### Ratio of Repeat Customers (%)



## EARN THE RESPECT OF THE WIDER COMMUNITY



### Strategic Imperatives

- Expand the Company's geographical presence
- Demonstrate compliance leadership
- Benchmark international green building standards
- Prioritize recycling and responsible waste disposal

### Scorecard

- Recognition by LMD as the most awarded & most respected entity in Sri Lanka

# Strategy and Resource Allocation

## BE AMONG THE MOST PREFERRED EMPLOYER BRANDS



Strategic Imperatives

- Guarantee a positive employee experience throughout the employee lifecycle
- A unique employee value proposition
- Foster ownership culture
- Execute corporate best practices

Key Highlights for 2021/22

- Certified as a best work place in Sri Lanka
- Successfully rolled-out HRIS
- Special allowance paid to employees as a relief of the high living cost
- Performance bonus paid for the FY 2021/22
- Comprehensive Medical Insurance and life cover to employees

Scorecard



**2015** - Rated as one of the 25 Great Work Places in Sri Lanka



**2016** - Best in Medium Size Enterprise Category - Gold Award



**2017** - Best in Medium Size Enterprise Category - Silver Award



**2018** - Rated as one of the 25 Great Work Places in Sri Lanka



**2019** - "Laureate 2015-2019" and Ranked as one of the top 25 Best Places to Work for in Sri Lanka



**2022** - Certified as a Great Place to Work in Sri Lanka

# Joint Statement by Co-Chairman and Co-Chairperson



We will aim to continue to meet the demands of today's property buyers through an innovation-led approach. To stay ahead of the market, we will focus on creating strong value propositions, centered on fulfilling lifestyle needs and enabling sustainable living, and coupled with the right pricing to continue generating new business growth.



**Mr. Premalal Brahmanage**  
Co-Chairman



**Ms. Sandamini Perera**  
Co-Chairperson

# Joint Statement by Co-Chairman and Co-Chairperson

Dear Stakeholders,

We are delighted to share with you the annual report and financial statements of Prime Lands Residencies PLC (PLR), for the year ending 31st March 2022.

If we are to take a moment to reflect on this past year, a few things stand out this year signifies PLR's 17th year in operation. We are proud of our contribution in advancing Sri Lanka's residential real estate industry. Since our IPO in May 2021, we have had a very busy and exciting year of learning and evolving, all as we began advancing our business more holistically.

From a business perspective, it has been a year of significant adjustment, perhaps more so than in the previous year as we moved ahead to frame our responses to the new normal. At the same time heightened uncertainty in our operating environment called our urgent attention. Strengthening our defences against the impact from the pandemic induced import restrictions, the foreign exchange liquidity crisis and the Rupee devaluation in March 2022, remained top of mind in all our Board discussions throughout this past year.

Even amidst all this, we kept a firm handle on our core to ensure that our business continues to grow and thrive, notwithstanding challenges.

Standing testament to these efforts is PLR's record breaking financial performance for FY 2021/22. Revenue at Rs. 9.5 Bn tops the previous year's figure of Rs. 7.7 Bn by 23%, while PAT is at Rs. 1,848Mn denotes an impressive 44% growth year on year.

Another key achievement was the upgrade in PLR's issuer rating to [SL] A (Stable) Outlook by ICRA Lanka Limited from the [SL] A- (Stable) rating assigned in the previous year. The rating upgrade is a clear validation of PLR's financial and operational stability, and is in fact the best certificate we can offer our valued stakeholders to enhance their confidence in us.

The significance of the rating upgrade is further highlighted when considering the fact that it comes at a time when the Country's sovereign rating was subject to a major downgrade.

## STRATEGY AND FOCUS

PLR's strategy stems from our desire to create liveable, lovable, neighbourhoods. While this has been our master strategy since the inception, our ability to deploy unique, customized approach that reflect the customer needs which has been the key differentiator fuelling our success over the years.

Often times, our suburban developments have been known to be singularly responsible for raising the residential profile of the area, thus paving the way for greater investments into infrastructure and community development.

Our deep understanding of the market has revealed that in recent times, mainstream customers appear to be increasingly demanding value added offerings combining a higher degree of affordability.

## COMMITMENT TO GOOD GOVERNANCE

We believe that strong and effective Corporate Governance is critical to our success. Our governance framework underpins how the PLR delivers our strategy to achieve business growth and address the interests of our stakeholders. Each strategic decision is carefully deliberated and challenged at both Board and management level, with a view towards ensuring that the PLR's reputation and the trust that our stakeholders have placed on us, are not compromised.

Meanwhile, to strengthen PLR's Board balance in line with the Code of Best Practice for Corporate Governance, Mr. Deepal Sooriyaarachchi was appointed as a Senior Independent Director (SID) to the PLR Board in June 2021. We would like to extend a warm welcome to Mr. N.L.S. Joseph, who joined the Board with effect from 30th October 2021.

## GOING FORWARD

As we move forward, we are confident the trust we have built with our stakeholders over the years will sustain our continued business growth and enable us to navigate successfully through what is widely expected to be a period of prolonged uncertainty in the coming months.

We will aim to continue to meet the demands of today's property buyers through an innovation-led approach. To stay ahead of the market, we will focus on creating strong value propositions, centred on fulfilling lifestyle needs and enabling sustainable living and coupled with the right pricing to continue generating new business growth.

In the meantime, we expect to carefully read the market and respond accordingly in determining the feasibility of other pipeline projects. Furthermore, now that our business model is more diverse, PLR is well equipped with the flexibility to reorient its strategic thrust to strike the right balance to produce sustained earnings growth and build resilience for the future.

## APPRECIATIONS

We would like to thank the members of the PLR Board for their outstanding service and insights to steer the Company over the year. Our heartfelt appreciation also to the Management team and all employees of PLR for the commitment and passion they have shown in executing their duties year after year.

We would like to place on record our thanks to our valued customers for their unfailing support.

Finally, big thanks to our shareholders, contractors & suppliers, business partners, banking partners and all other stakeholders for their continued support. We wish to reiterate that the PLR Board remains committed to keep on enhancing the value delivered to you in the years ahead.



**Mr. Premalal Brahmanage**  
Co-Chairman



**Ms. Sandamini Perera**  
Co-Chairperson

# MD's Review



**MR. MANJULA WEERAKKODY**  
Managing Director



I am deeply proud to see that PLR continues to be recognised for its contribution to the growth and development of Sri Lanka's real estate industry. In the past year, PLR was declared the Most Valuable Real Estate Consumer Brand by Brand Finance Lanka - the local franchise holder for the global Brand Finance property.



# MD's Review

*Dear Stakeholders,*

I am sure you will agree that FY 2021/22 is best described as a tale of two halves - the first half being one of recovery and respite, while the second half marked by uncertainty and turmoil.

It was indeed a relief to see the pandemic slowly subsiding, thus paving the way for broad based resumption of economic activity thereafter. The resulting economic rebound saw the Sri Lankan economy staging a strong comeback to record GDP expansion of 3.7% in 2021. Nonetheless, the business environment in the Country continued to be framed by ongoing import restrictions as well as the lack of foreign currency liquidity in the system which together had a cascading effect on the ease of doing business. Negative headwinds further intensified following the devaluation of the Rupee in March 2022.

Challenging aside, it was very encouraging to see the demand for apartments continuing to grow throughout 2021. Sri Lankans by nature are predominantly conservative investors with a strong affinity for real estate and property, especially given its appreciation value over time. The trend towards investing in apartments, although relatively new, essentially stems from this same premise. In this past year, we saw a notable uptick in the appetite for apartments, as traditional investments became less appealing amidst inflationary pressures and the low average returns.

## RESILIENT FINANCIAL PERFORMANCE

PLR recorded its best ever financial results in the FY 2021/22, which I believe is a testament to the relevance of our business model vis-a-vis market trends.

Quick to capitalise on the market skew towards investing in apartments, the Company recorded a healthy increase in sales. Consequently, revenue jumped by

23% year on year to hit an all time high of Rs. 9.5 Bn. Also responsible for the higher topline results was the revenue injection of Rs. 861 Mn. attributed to PLR's new land sales operation that commenced in the last quarter of 2021/22.

Cost of Sales increased significantly amidst unprecedented cost escalations owing to the combined impact of pandemic induced global supply chain shortages as well as the devaluation of the Rupee in the latter part of the year. In fact an additional provision of Rs. 283 Mn was made to account for cost overruns due to the exchange rate differential. Nevertheless, the Revenue infusion from land sales together with higher sales volumes, especially from The Grand - Ward Place (Colombo 07) project, ensured GP margins stayed on point.

Despite higher distribution and administrative expenses attributed to the business, operating profit also improved by 22% over the year.

A combination of higher operating income, lower finance cost and higher finance income saw Pre-tax profits increase from Rs. 1,277 Mn in the previous year to Rs. 1,848 Mn in FY 2021/22, reflecting a solid 45% growth year on year.

Consequently, Profit after Tax (PAT) also improved to Rs. 1,682 Mn from Rs. 989 Mn reported in the previous financial year. The post IPO tax break that allows PLR to benefit from lower taxable rate was also partly responsible for the PAT results.

## ACHIEVING PROJECT MILESTONES

PLR made good progress on its project pipeline. The disruptive impact of the pandemic was well managed. Rather than easing up on the COVID-19 safety measures that were put in place the year before, we worked with our contractor partners to further increase vigilance and promote early detection of exposure through random PCR and RAT testing of on-

site teams. Consequently, there were zero lost days reported at any of our sites owing to COVID-19.

I am indeed pleased to announce that work on our flagship project - The Grand - Ward Place (Colombo 07) is nearing its completion. With almost 90% of the work completed at the time of writing, I am confident that we will be in a position to commence the handing-over procedures by the end of 2022.

Making up for time lost at the onset of the pandemic in the previous year, we moved to expedite the completion of Java 25 - Kassapa Road and Prime Desire - Kassapa Road (Located in Colombo 05) to handover by end of March 2022 while Prime Bella - Rajagiriya was completed and handed over in April 2021.

The Beach Front Uswetakeiyawa (UK II) has progressed to the next stage where following the successful completion of the piling work process, progressed on to the superstructure development, which was commenced in early 2022 where it has reached to a 50% completion to date. Construction work on The Palace - Gampaha project has also started in May 2021 and marking a progression of 27% to date while piling work on Amber Skye - Negombo commenced in December 2021.

In related developments, 09 new management corporations have established in the year under review, bringing the total network to 30 as at end-March 2022.

## PIVOTING TOWARDS INNOVATION

Seeing how customers and prospective buyers have to grapple with the challenges and limitations of being confined at home for extended periods during pandemic related lockdowns, we moved quickly to expand our digital presence to enable our customers to stay connected and engaged with PLR.





**Cost of Sales increased significantly amidst unprecedented cost escalations owing to the combined impact of pandemic induced global supply chain shortages as well as the devaluation of the Rupee in the latter part of the year.**

Key steps taken in this regard included the revamping of our corporate website to create a more user-friendly interface. To support a more dynamic customer experience, the website back end was further integrated with PLR's core ERP system to provide real time updates on the progress of projects and stock availability across our apartment portfolio. A fulltime team was appointed to look into ongoing content improvement across social and digital media platforms and strengthen PLR's visibility in this space.

We also undertook a pilot project, where we developed and rolled out a mobile application for new customers to lodge complaints. The app, which is linked to PLR's core ERP systems, ensures all complaints are picked up in real time and resolved with the established time parameters, with the customer being alerted of the progress through real time push notifications on the app. The app was planned to roll out to all new customers taking ownership of apartment units in the future and if proven to be successful, will be implemented on a permanent basis as part of the condominium management programme.

## STRENGTHENING THE TEAM

It is an accepted fact that PLR's competitive position and status as a market leader are both underscored by the expertise of our teams. It is why we continue to place so much emphasis on recruiting and retaining the best talent. A total of 34 new recruits were hired in the current financial year to strengthen PLR's team expertise. PLR's team was further expanded with the addition of the 13-member team who are experts in real estate, estate and residential land property. They joined the sales team in January 2022 to further strengthen the sales and marketing team.

Meanwhile, notwithstanding the pandemic related challenges all PLR employees were granted a 5% increment in the FY 2021/22. All salaries, annual bonus entitlements and other benefits were paid in full and on time. To provide employees with some relief against the rising cost of living and traveling costs, special allowances and meal facilities were also provided.

For the protection of all our employees we continued the deployment of all recommended COVID-19 safety measures during this year as well. Additional measures such as, random PCR and RAT were introduced to support early detection to the virus exposure among our employees. All COVID positive employees were granted special medical leave with pay along with other necessary assistance to enable them to fulfill quarantine requirements. We also encouraged all PLR employees to get fully vaccinated.

We also looked more intently at updating our internal employee development framework which led to the implementation of a new human capital value creation model aimed at holistically enhancing PLR's employee value proposition. As a first step, we began working towards improving the integration of PLR's core HR process

## REVENUE

**Rs. 9.5 Bn**

(2020/21: Rs. 7.7Bn)

## OPERATING PROFIT

**Rs. 1.9 Bn**

(2020/21: Rs. 1.6Bn)

architecture to enable employees to gain an excellent career experiences.

## AWARDS AND ACCOLADES

I am deeply proud to see that PLR continues to be recognised for its contribution to the growth and development of Sri Lanka's real estate industry. In the past year, PLR was declared the most valuable real estate consumer brand by Brand Finance Lanka - the local franchise holder for the global Brand Finance property. PLR was also ranked as "Best of the Best" in Real Estate Segment and ranked among the top 100 most valuable brands in the LMD's annual brand ranking.

The fact that PLR was again within the top employers in Sri Lanka at the Great Place to Work survey for the 6th year, I believe is a further testament to our absolute commitment to our people.

## OUTLOOK AND PROSPECTS

As we move forward into a period of uncertainty, I expect that the real estate industry as a whole, including PLR will face some setbacks in the coming months. If the crisis of foreign currency and import restrictions are to continue, access to primary raw materials such as cement and steel along with other necessary materials may be challenging. The fuel and power crisis too is likely to have an adverse impact

# MD's Review

“  
**Our fundamental approach in tackling these challenges will remain unchanged where we expect to focus on growing sustainably, in order to continue delivering our promises to customers and other stakeholders.**  
”

on our project completion deadlines. On the demand side, lower disposable income on the back of inflationary pressure will likely to dampen the capacity for investments in real estate.

However, I have no doubt that our strong foundation, resilient business model and solid brand equity will hold PLR in good stead, in meeting and overcoming these headwinds. Our fundamental approach in tackling these challenges will remain unchanged where we expect to focus on growing sustainably, in order to continue delivering our promises to customers and other stakeholders. In saying so, I expect our decision to venture into residential land sales will also be a catalyst in pivoting to market opportunities in the years ahead.

## ACKNOWLEDGEMENTS

In closing, I wish to thank PLR's management team and staff for their collective efforts that have made it possible for PLR to achieve this year's commendable results.

I am also deeply grateful to the Board for their guidance and commitment that has helped the Company to navigate through the past year.

A special word of appreciation to all the regulatory authorities for their continued support.

Finally, a very big thanks to all our shareholders, customers, contractors & suppliers, banking partners and other stakeholders for their continued support in this past year and always. I hope we can continue to work together to capture the benefits of shared growth in the years ahead.



**Mr. Manjula Weerakkody**  
Managing Director

# Operating Environment



The residential condominium market in Sri Lanka, while traditionally centric to the Country's western province, has in recent years moved to other fast developing commercial hubs such as Gampaha and Kurunegala. Expansions into these regions have seen a growing number of condominium projects targeting the mainstream market, mainly the middle to lower-middle income customer segments.



## PERFORMANCE OF THE SRI LANKAN ECONOMY

The Sri Lankan economy made a slight improvement in 2021 amidst the resumption of economic activity following the successful roll out of the government-led COVID-19 vaccination campaign. Overall GDP expansion of 3.7% in 2021 was driven by healthy contributions from all key sectors. Statistics published by the Department of Census and Statistics Point to a 2% growth in the agriculture sector along with a 5.3% in the industry sector and 3% reported in the services sector. The steady uptick in economic activity saw the Country's unemployment rate declining to 5.1% in 2021 from the 5.5% in 2020.

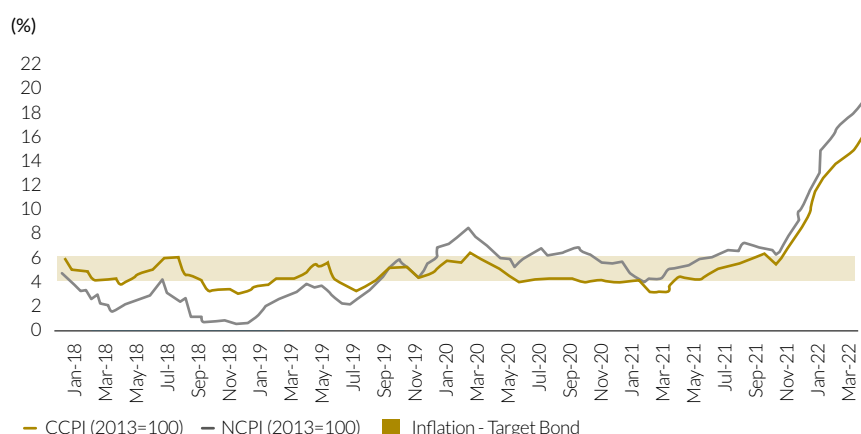
The overall size of the economy expanded to US Dollars 84.5 billion in 2021 from US Dollars 81.0 billion in the previous year, while Per capita GDP grew to US Dollars 3,815 in 2021 from US Dollars 3,695 in 2020.

Meanwhile, domestic consumption increased significantly driven by household consumption expenditure which grew by 10.8% in 2021, compared to just a mere 1% growth in the previous year.

## INFLATION

Inflationary pressures remained high with headline inflation breaching the desired 4-6% band to hit 12.1% by end 2021, before accelerating further to 18.7% by end-March 2022.

## Headline Inflation (Year-on-Year)



Source: Department of Census and Statistics Central Bank of Sri Lanka

Several upward revisions made to energy prices and other administrative prices reflected the rise in prices in the international market as well as volatile food prices stemming from the pandemic related supply side disruptions and the loss of production of certain items, mostly contributing to the acceleration in inflation.

## EXTERNAL SECTOR DEVELOPMENTS

The external sector remained under pressure as a combination of factors saw the current account deficit widening significantly in 2021. Despite a notable improvement in exports, imports again overshoot exports amidst the higher import bill attributed to rising global commodities prices as well as the increase

in the Country's import of medical and pharmaceutical items, including vaccines.

Limited inflows to the financial account, depleting gross official reserves owing to the Country's mounting debt servicing requirements along with the depreciation of the Sri Lanka rupee, were also responsible for the widening current account deficit.

## EXCHANGE RATE

The Sri Lankan Rupee remained broadly stable throughout 2021 supported by Central Bank interventions to maintain the currency around Rs. 200 level.

However, the Central Bank's March 2022 decision to allow greater flexibility in the determination of the exchange rate, saw the

# Operating Environment

Rupee plummeting by 27% in the January - March 2022 quarter alone, a sharp contrast to the 7% devaluation recorded for the entirety of 2021.

## MONETARY SECTOR DEVELOPMENTS

After close to eighteen months of accommodative monetary policy measures, the Central Bank reversed its stance and proceeded to raise key policy interest rates in August 2021. The Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) which were both raised by 50 basis points each to 5% and 6% respectively in mid-August 2021, have since continued to be on the upward trend.

Driven by severe external pressures, the Central Bank in early April 2022 moved to raise policy rates by a massive 700 basis points - the highest ever single day increase. Consequently, the SDFR and SLFR increased to 13.50% and 14.50%, respectively, effective from the close of business on 08 April 2022.

## RESIDENTIAL CONDOMINIUM MARKET IN SRI LANKA

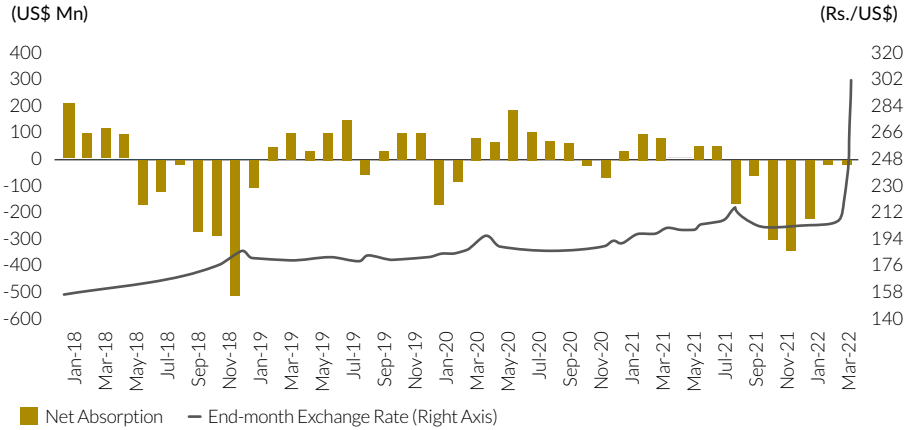
### Overview

The residential condominium market in Sri Lanka, while traditionally centric to the Country's western province, has in recent years moved to other fast developing commercial hubs such as Gampaha and Kurunegala. Expansions into these regions have seen a growing number of condominium projects targeting the mainstream market, mainly the middle to lower-middle income customer segments.

The luxury condominium footprint meanwhile continues to be anchored to the Colombo city limits along with a few in sought after suburbs in close proximity to the main city.

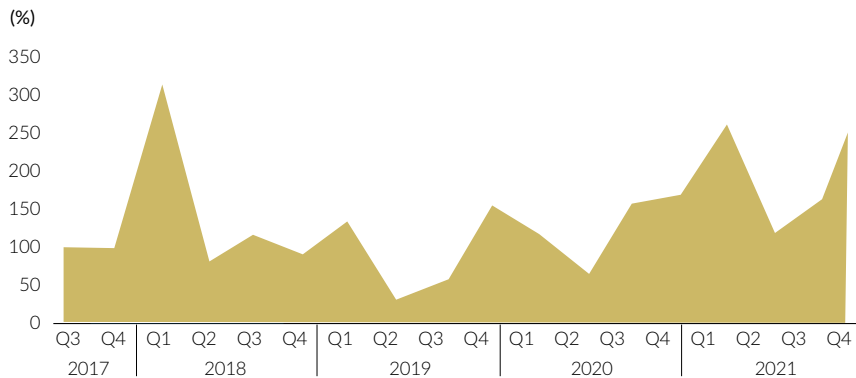
Taken as a whole, the condominium mix remains more or less equally balanced.

## Exchange Rate and Central Bank Intervention in the Domestic Foreign Exchange Market

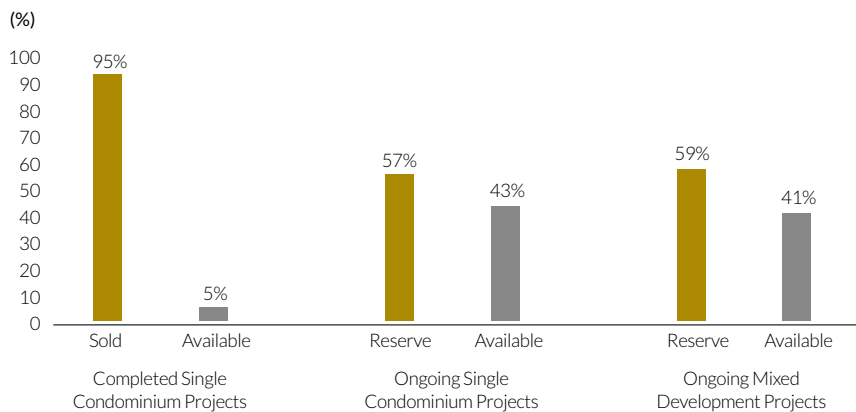


Source: CBSL AR 2021

## Condominium Property Volume Index<sup>2</sup>



## Sales Status of Condominium Projects





Despite being afflicted by raw material shortages due to import restrictions and pandemic induced global supply chain disruptions, the local condominium industry appeared to make good headway in 2021.



While the mainstream segment shows a stronger island-wide bandwidth, these structures are mostly limited in height and thus have a lesser number of units on average per development. In contrast the profile of the luxury segment is such that many developments consist of several multi-level towers, each with a large number of units.

Despite being afflicted by raw material shortages due to import restrictions and pandemic induced global supply chain disruptions, the local condominium industry appeared to make good headway in 2021. As per the Condominium Property Volume Index, incremental volume growth was noted throughout the year. The most significant improvement was seen in Q4, 2021 where the volume increase was 49% higher compared to Q4, 2020 and also reflected growth of 48.4% compared to Q3, 2021.

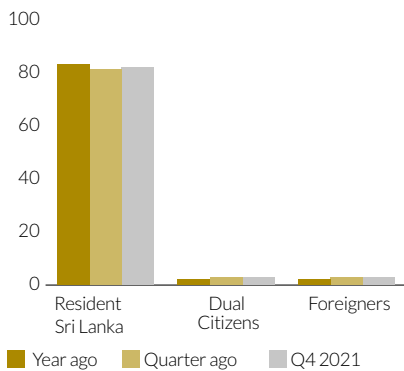
**MARKET DYNAMICS**

Following the lull in demand seen in 2020, the appetite for condominiums improved notably aided by the relatively low interest rates in 2021. Erosion of investment returns owing to rising inflation as against the guaranteed appreciation value of real estate, also remained a key motivator that vetted the market appetite for condominiums.

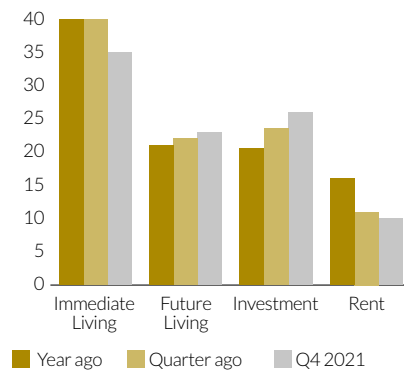
Meanwhile, a notable shift in demand patterns was seen in 2022 with a strong demand for luxury projects as well as offerings at the higher end of the mainstream market. Available data suggests that only 49% of the transactions for Q4, 2021 were below Rs.25 million, compared to over 77% for the corresponding period in 2020. Moreover, the Single Condominium projects in the Colombo district remain to be the most preferred category in Q4, 2021.

An analysis of buyer profiles showed that most were Sri Lankan residents with only a few dual citizens and foreigners in the overall mix. Purchase of condominiums for investment purposes and for future living increased during Q4, 2021 while the proportions of purchases for immediate living and for rent have reduced significantly. The prime source of funding used for condominium purchasing remained to be buyers' own funds, while on average 27% of buyers have obtained bank loans during Q4, 2021.

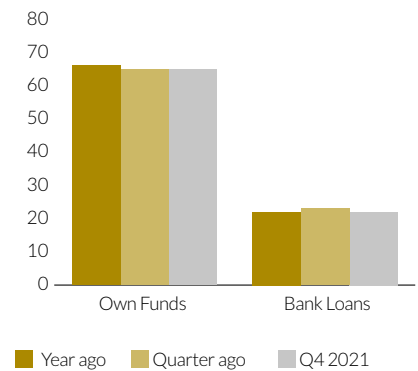
**Residene Status (%)**



**Purpose of Purchasing (%)**



**Source of Financing (%)**





# Review of Business Operations



On a positive note, the market demand for apartments picked up notably on the back of the low interest rates regime in the first half of the year. Moving swiftly to capitalize on this trend amidst stiff market competition, PLR intensified on-ground promotional activities and launched a series of social and digital media campaigns targeting various market segments.



PLR made good headway in its project pipeline, with all ongoing projects progressing well, albeit at a slower pace than expected amidst challenges due to COVID-19. In addition, ongoing import restrictions and the forex liquidity crisis that surfaced towards the end-2021 continued to hamper procurement activities, while the devaluation of the Rupee in the early part of 2022 had bearing on the cost structures and profitability of the business.

Disruptions due to COVID-19 lockdown were handled in a more efficient manner taking the learnings from last year. All necessary precautions were taken for the safety of employees. Work schedules at project sites continued to be in roster basis while the bubble work model also remained in place. Random weekly PCR and RAT testing were introduced as an additional precautionary measure at the construction sites.

Efforts to tackle procurement challenges saw PLR working to expand supply networks locally. Meanwhile with the cost overruns resulting from the significant cost escalations of imported materials affecting the Company's profitability, cost structures of all ongoing projects were revisited and stringent cost control measures deployed to cut recurring and avoidable variable costs.

On a positive note, the market demand for apartments picked up notably on the back of the low interest rates regime in the first half

of the year. Moving swiftly to capitalize on this trend amidst stiff market competition, PLR intensified on-ground promotional activities and launched a series of social and digital media campaigns targeting various market segments. A range of digital solutions were also introduced to improve customer support.

Meanwhile, in January 2022 PLR acquired the real estate arm of Prime Finance PLC, through which the Company ventured into the development and sale of land plots for residential purposes.

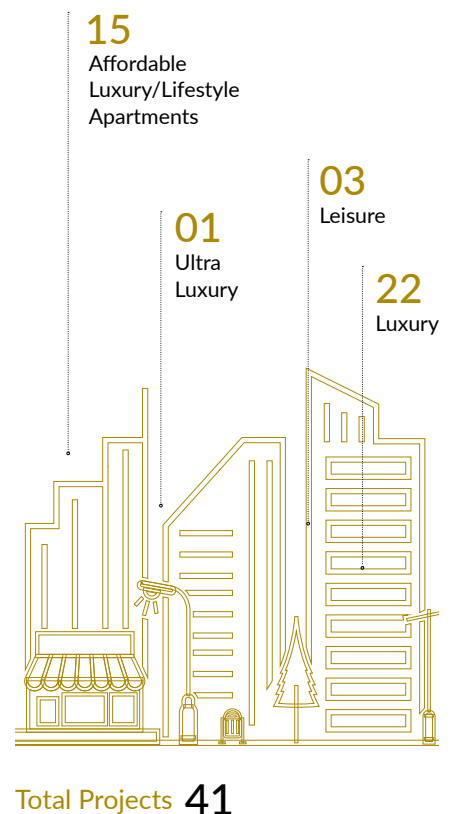
## PROGRESS ON THE PROJECT PIPELINE

The Grand - Ward Place (Colombo 07), PLR's iconic ultra luxury project remained on track, despite challenges. With over 88% of the work completed as at 31st of March 2022, the handing over process is scheduled to start by end of 2022.

The Beachfront - Uswetakeiyawa (UK II), after the completion of piling work, proceeded to the superstructure construction stage in line with project milestones. Construction work on The Palace - Gampaha project was also started in May 2021, while piling work on the Amber Skye - Negombo commenced in December 2021.

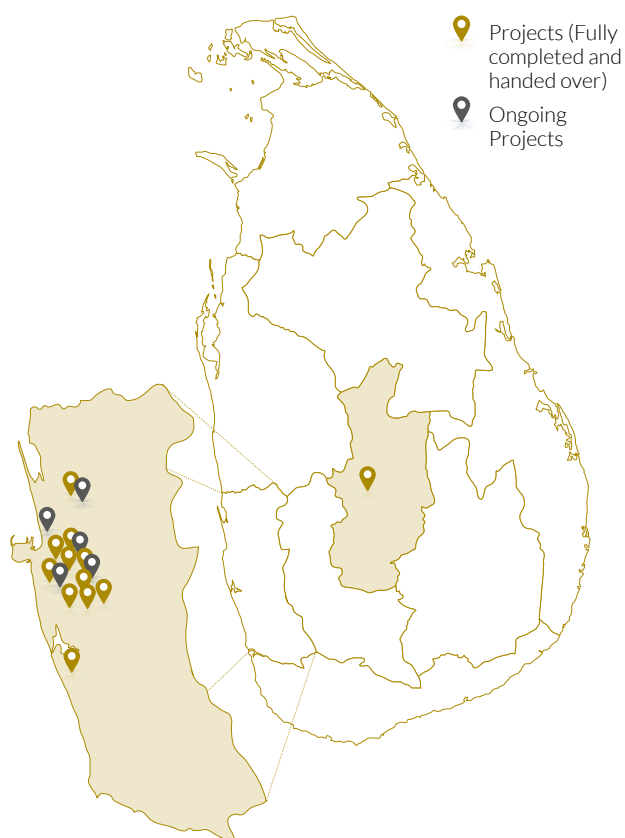
Prime Bella - Rajagiriya project was completed and handed over in April 2021. The Prime Residencies Java 25 - Kassapa

Road and the Prime Desire - Kassapa Road project deliveries were affected by COVID-19 challenges in the first three quarters of the year. Nevertheless both projects were completed and handed over in March 2022 and April 2022 respectively. On a related note, 09 new management corporations were incorporated for the year. The total number of management corporations stands at 30, as at 31st March 2022.



Project	Location	Construction Completion %	Initiation of the Project
The Beachfront (UK II)	Uswetakeiyawa	47%	July-20
The Grand	Ward Place (Colombo 07)	88%	Dec-16
The Palace	Gampaha	24%	Dec-20
Amber Skye	Negombo	15%	Jul-21

### PLR'S CONDOMINIUM FOOTPRINT



Ongoing Projects	No. of units
The Beachfront Uswetakeiyawa (UK II)	108
The Grand - Ward Place (Colombo 07)	333
The Palace - Gampaha	480
Amber Skye - Negombo	145

Projects (Fully completed and handed over)	No. of Units
Prime Residencies - Athurugiriya Stage I & 2	103
Prime Residencies - Battaramulla 1	20
Prime Residencies - Kottawa	57
Prime Residencies - Rajagiriya	29
Prime Residencies - Battaramulla 2	26
Prime Residencies - Nawala	25
Prime Residencies - Ethul Kotte	38
Prime Residencies - Nugegoda 306	52
Prime Residencies - Pagoda	40
Prime Residencies - Pelawatta	15
Prime Residencies - Nugegoda 298	37
Prime Residencies - Sieble Avenue (Colombo 05)	31
Prime Residencies - Pallekele	39
Prime Residencies - Panadura	40
Prime Residencies - Buddhaloka Mawatha 1	14
Prime Residencies - Thalawathugoda Fierro	60
Prime Aqua - Nawala	60
Prime Residencies - Ethul Kotte - 616	35
Prime Residencies - Battaramulla Libra	60
Prime Residencies - Malabe	60
Prime Residencies - Nugegoda 194	40
Prime Residencies - Edmonton Road (Colombo 05)	32
Prime Residencies - K100	100
Prime Residencies - Wattala	84
Prime Residencies - Barnes Place	15
Prime Residencies - Kynsey Road	17
Prime Wrendale - Rajagiriya	54
Prime Splendour - Rajagiriya	68
Prime Residencies - Buddhaloka Mawatha 2	14
Prime Residencies - Jawatte	14
Prime Residencies - Kandewatta Terrace	24
Prime Residencies - Castle Street	40
Prime Residencies - The Beachfront Uswetakeiyawa (UK I)	72
Prime Residencies - Edmonton Road II	28
Prime Bella - Rajagiriya	60
Prime Residencies Java 25 - Kassapa Road	25
Prime Desire - Kassapa Road	35

# Review of Business Operations

Meanwhile, with sales picking up, a total of 545 apartment units were sold during the year across various projects, including the few remaining at Prime Residencies – Edmonton 2, Prime Residencies – Kynsey Road and the Prime Aqua - Nawala.

PLR achieved some notable ground on the land sale front as well. Leveraging the land inventory of PLR along with the expertise from the newly acquired real estate arm, PLR launched 21 new land projects in the third quarter of the current financial year to further strengthen its presence in the residential land sales segment. Consequently 344 land plots were sold in the January to March 2022 quarter.

## **FUTURE TARGETS**

The key target for the future is to meet The Grand - Ward Place (Colombo 07) project completion milestone. In addition, two pipeline projects the Lifestyle Apartments in Malabe and Leisure Apartments in Dehiwala are also expected to start in the coming months. At the same time, PLR will focus more aggressively on growing the land sale segment in the coming months.

# Capital Management Review



## Financial Capital

### MATERIAL TOPICS



Profitability



Financial Stability



Driven by strong operating results and lower net financial costs, PLR posted a 45% increase in Net Profit Before Tax (NPBT). Meanwhile Net Profit After Tax improved by 70% year on year owing to a combination of improved operating profits and the advantageous post-listing concessional income tax rate.



### MANAGEMENT APPROACH

PLR takes a prudent approach towards managing its financial resources to ensure adequate resources are available to manage the day to day operations, meet stakeholder obligations and continue with business expansion to support the Company's long term growth objectives.

### Contribution to the SDG's



Revenue
Operating Profit
Net Profit
Asset Base
Equity and Borrowings

### VALUE TRANSFORMATION

#### VALUE DELIVERED TO STAKEHOLDERS

- Consistent Dividend Returns
- Benefits from share prices movement
- Stable ROI
- On-time payments for employees, contractor & suppliers
- Credit rating upgraded to [SL] A (Stable) from [SL] A- (Stable) by ICRA Lanka Limited

#### VALUE GENERATED BY PLR

- The ability to consistently grow the asset base and build MANUFACTURED CAPITAL
- A strong financial position enhance the credibility of the brand and strengthens INTELLECTUAL CAPITAL
- Financial resources channelled towards recruiting, retaining and developing people improves PLR's Human Capital

### REVENUE

Total Revenue for the year consist of the sales generated from the apartments and sales generated from the newly added segment, which is land plots for residential purposes in Q4 2022.

As per PLR's Revenue Recognition Policy, Rs. 8,653 Mn was recognised as Revenue from apartment sales, of which, The Grand - Ward Place (Colombo 07) accounted for the largest share which amounts to Rs. 5,568 Mn.

#### PLR'S REVENUE RECOGNITION POLICY

The policy takes a prudent approach towards revenue recognition. Revenue is recognized using the percentage of completion method as construction progresses. Accordingly the lower of the percentage of project completion or percentage of advances received subject to the completion of both the criteria of

- The minimum construction to be completed at a minimum of 25%
- Advances received from the customer at a minimum of 20%

As per the policy, only actual cash receipts are recognised in a particular year and no trade debtors shown in the balance sheet.

# Capital Management Review

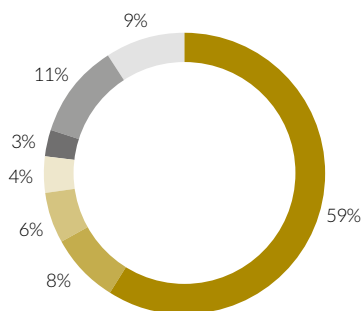
## Financial Capital

“The Beachfront Uswetakeiyawa (UK II)”, project became eligible under Revenue Recognition Policy, after reaching the 25% construction threshold in June 2021. Accordingly, The Beachfront Uswetakeiyawa (UK II) project contributed Rs. 808 Mn towards the total Revenue for FY 2021/22.

Prime Bella - Rajagiriya, Prime Desire - Kassapa Road and the Java 25 - Kassapa Road projects accounted for Rs. 569 Mn, Rs. 365 Mn and Rs. 270 Mn of total Revenue, respectively, while the Company's other projects made a collective contribution of Rs. 1,073 Mn.

The newly introduced segment of Land plots for residential purpose, made a contribution of Rs. 861 Mn towards the Revenue for FY 2021/22.

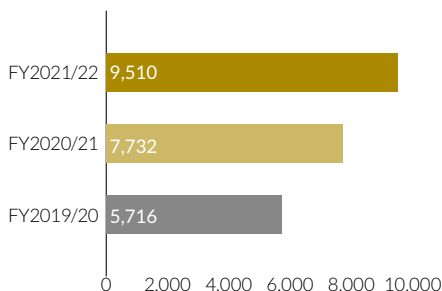
### Revenue (%)



- The Grand - Ward Place (Colombo 07)
- The Beachfront Uswetakeiyawa (UKII)
- Prime Bella - Rajagiriya
- Prime Desire - Kassapa Road
- Java 25 - Kassapa Road
- Others projects
- Sales of Lands

	For the year ended 31.03.2022	For the year ended 31.03.2021	For the year ended 31.03.2020
Revenue (Rs.)	9,510,383,251	7,732,398,134	5,716,288,413

### Revenue (Rs. Mn)



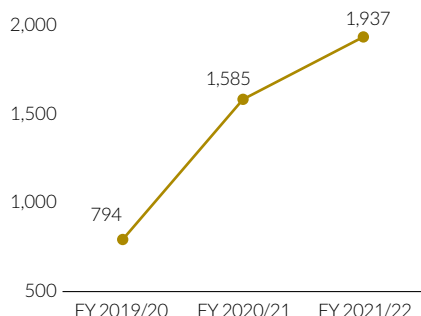
## OPERATING PROFIT

PLR's Operating Profit recorded 22% growth in the current financial year, primarily attributed to the higher average GP margin of the land sales operation.

Also contributing towards the higher Operating Profits for the year was Rs. 65 Mn recognised as Profit from the fair valuation of investment properties.

	For the year ended 31.03.2022	For the year ended 31.03.2021	For the year ended 31.03.2020
Operating Profit (Rs.)	1,936,561,052	1,585,039,550	794,248,876

### Operating Profit (Mn)



## TAX LIABILITY

The Company's Tax liabilities declined in the year under review owing to the reduction in the applicable tax rate post-listing. Having obtained CSE approval to list, PLR is eligible to benefit from income tax concessions for the next 4 years. Consequently, the aggregate income tax payable by the Company (other than on gains from the realization of investment assets) reduced by 50% effective from the current financial year. On this basis, current year gains and profits declared by the Company (other than gains from the realization of investment assets) are taxed at the rate of 12%. Concession rate of 14% will remain applicable for the next three years of assessment.



The Company paid a total of Rs. 165 Mn in corporate tax for the year ended 31st March 2022

	For the year ended 31.03.2022	For the year ended 31.03.2021	Variance %
Tax expenses (Rs.)	165,548,364	288,161,691	-43%
Effective tax rate	12%	24%	-50%

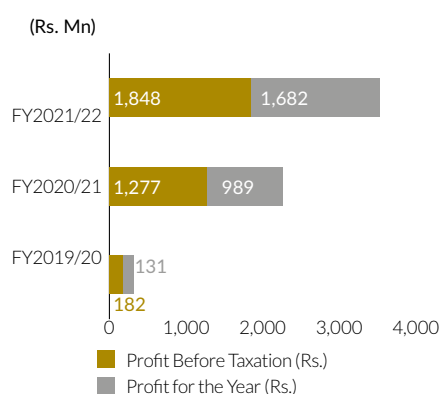
## NET PROFIT

Driven by strong operating results and lower net financial costs, PLR posted a 45% increase in Net Profit Before Tax (NPBT). Also contributing to improved NPBT was the exchange gain of Rs. 262 Mn resulting from rupee devaluation during the year.

Finance costs declined significantly by 71% year on year as a result of healthy post-IPO liquidity levels. It has also helped to curtail the overdraft interest which contributes to improve the savings over the interest expenses.

Meanwhile Net Profit After Tax, improved by 70% year on year owing to a combination of improved operating profits and the advantageous post-listing concessional income tax rate.

	For the year ended 31.03.2022	For the year ended 31.03.2021	For the year ended 31.03.2020
Profit before taxation (Rs.)	1,847,921,605	1,277,417,267	181,783,508
Profit for the year (Rs.)	1,682,373,241	989,255,576	130,795,892



## ASSET BASE

PLR's Asset Base reported an increase of 45%. The increase is attributed by the introduction of new real estate segment's land inventory which is valued at Rs. 3.5 Bn. In addition, a healthy post-IPO liquidity levels also contributed towards augmenting the Company's Balance Sheet.

Driven by the significantly higher profits, PLR's registered a strong improvement in ROA.

	As at 31.03.2022	As at 31.03.2021	As at 31.03.2020
Assets Base (Rs.)	18,866,482,275	12,999,916,466	13,582,760,385
Return on Assets (ROA)	9%	8%	1%

# Capital Management Review

## Financial Capital

### CAPITAL STRUCTURE

Driven by strong bottom-line results and the IPO contribution of Rs. 1.95 Bn, PLR's retained earnings increased, in turn boosting total capital by a solid 95%.

Despite of obtaining new borrowing of Rs. 2 Bn, PLR's Debt: Equity ratio declined by 58% as the Company leveraged the IPO proceeds.

	As at 31.03.2022	As at 31.03.2021	As at 31.03.2020
Stated capital (Rs.)	3,450,000,000	1,500,000,000	1,500,000,000
Retained earnings (Rs.)	3,242,182,545	1,932,952,648	942,717,586
Total equity (Rs.)	6,692,182,545	3,432,952,648	2,442,717,586
Total Borrowing (Rs.)	3,438,047,864	4,247,971,619	3,240,697,797
Debt/ Equity Ratio	51%	124%	133%

### DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Value distributed by the Company to employees increased significantly in FY 2021/22, compared to the previous year owing to salary increments and new recruitments as well as additional cadre absorbed from the acquisition of the real estate arm of Prime Finance PLC.

Dividend to shareholders increased as the Company proposed a dividend of 70 cents per ordinary share, a 75% increase over the value paid in the previous financial year.

Payments to the government on current year profit reduced, mainly as a result of the post-listing concessional tax rate applicable to the Company. However total amount paid to the government increased due to IFRIC 23 assessment on previous year profit and stamp duty on purchased lands.

Debt service commitments also declined due to lower AWPLR during the first 3 quarters of the FY 2021/22 (since all the bank borrowings are in AWPLR + Margin)

	As at 31.03.2022	As at 31.03.2021
<b>Direct economic value generated</b>		
Revenue	9,510,383,251	7,732,398,134
<b>Economic value distributed</b>		
Operating Cost	7,384,558,093	6,048,347,460
Employee wages & Salary	189,264,106	131,938,418
Payment of providers to equity Capital	656,250,000	375,000,000
Payment to government	692,472,737	315,259,112
Payment of providers to loan Capital	396,950,042	412,363,514
<b>Economic value retained</b>	<b>190,888,273</b>	<b>449,489,630</b>

### KEY PRIORITIES FOR THE FUTURE



- First interim dividend payment of Rs. 656 Mn to shareholders has enabled maintaining a dividend payout ratio of over 40% on distributable profit.
- Maintaining Debt: Equity ratio below 50% while maintaining the debt to Inventory property ratio below 20%. (Currently at 23%)
- Revenue recognition from 3 new project starting from 1st half of next financial year (reaching the 25% construction threshold)
- Maintain adequate liquidity level through expediting the customer collection.
- In order to face unprecedented cost escalation of construction materials, mutually align with customers to share a component of the cost increase to ensure project continuity.
- Manage financial capital to support the growth strategy

**HIGHEST** CREDIT RATED  
**REAL ESTATE GROUP**  
 BY ICRA LANKA



**[SL] A (STABLE)**

# Capital Management Review



## Manufactured Capital

### MATERIAL TOPICS



Land Inventory



Project Execution



PLR’s real estate team play an important role in our efforts to acquire the right land at the right price to satisfy the project requirements. After rigorous screening and due diligence to verify the legality of the land, the real estate team will submit their recommendations to the EXCO for final approval.



### MANAGEMENT APPROACH

Our approach to developing Manufactured Capital reflects PLR’s desire to be the architect of change responsible for transforming Sri Lanka’s residential property market on par with global standards. We invest in building our asset base with the intention of delivering the best possible outcomes to our stakeholders.

### Contribution to the SDG’s



Land Inventory

Property Development Machinery and Equipment

### VALUE TRANSFORMATION

#### VALUE DELIVERED TO STAKEHOLDERS

- Ability to access the most sought-after residential locations in the Country
- A bigger range of affordable properties to suit the budgetary needs of diverse customers
- Strong appreciation value of assets

#### VALUE GENERATED BY PLR

- The ability to consistently grow the Land Inventory enables the Company to deliver sustainable returns that augments FINANCIAL CAPITAL
- The collective strength of the asset base builds trust and confidence among key stakeholders and enhances SOCIAL AND RELATIONSHIP CAPITAL
- A strong Land Inventory, enhances PLR’s brand ranking and elevates the Company’s standing among peers, in turn improving INTELLECTUAL CAPITAL

### LAND INVENTORY

PLR’s land inventory is the foundation on which the Company’s business is built. Our extensive land inventory currently consists of over 07 properties, all acquired for their strategic locality either in established cities or up and coming urban neighbourhoods around the Country.

A systematic process drives our efforts to expand our land inventory in correlation to our project pipeline. Key considerations include;

- Suitability of the property for the particular project
- Ease of access to basic facilities such as water and electricity as well as logistics infrastructure such as road networks / expressways etc.

Appreciation value of the land in over the next 3 - 5 year time frame

PLR’s real estate team play an important role in our efforts to acquire the right land at the right price to satisfy the project requirements. After rigorous screening and due diligence to

verify the legality of the land, the real estate team will submit their recommendations to the EXCO for final approval. Once land acquisition has been finalized, project timelines are drawn up and development work is undertaken immediately. Such post acquisition development work significantly raises the value of the land even before construction work has commenced.

### KEY PRIORITIES FOR THE FUTURE

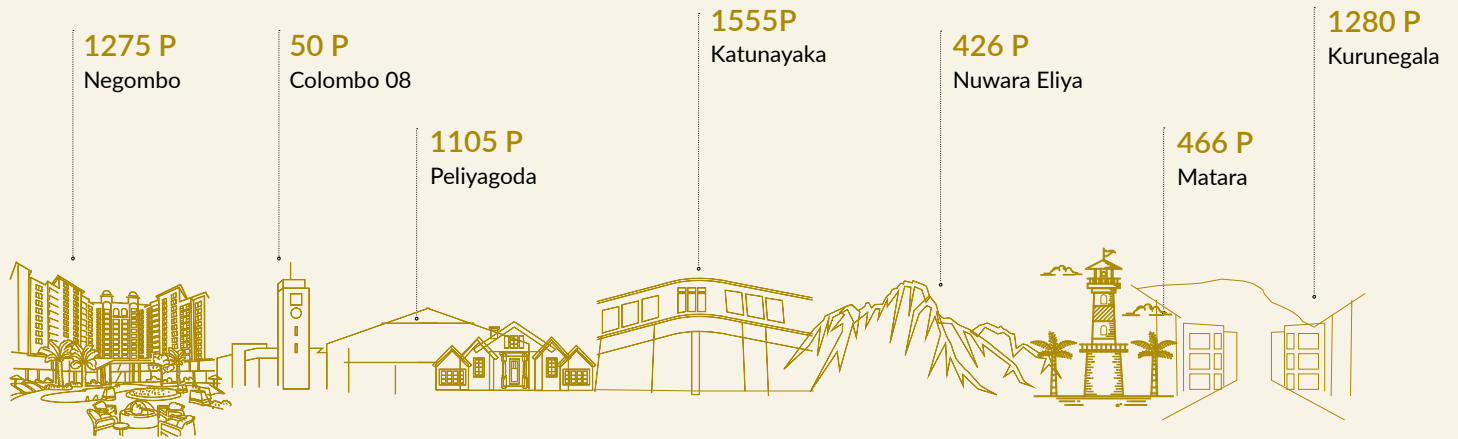


Strengthen PLR’s land inventory through strategic acquisitions across Sri Lanka to drive the expansion of the Company’s project pipeline



Leverage on technology to expedite due diligence activities and streamline the land acquisition process

LAND EARMARKED FOR DEVELOPMENT OF APARTMENTS





# Capital Management Review

## Intellectual Capital

**MATERIAL TOPICS**




Brand Image



Culture and Conduct



Excellence


 As the pioneer Real Estate Developer in Sri Lanka, the “PRIME” brand has established a solid reputation for its role in fuelling the transformation of urban lifestyle living in Sri Lanka. Leveraging the synergies of our parent Company “Prime Lands (Private) Limited”, PLR has sought to carve out its own identity as the residential real estate expert of the Group.



### MANAGEMENT APPROACH

Our approach to developing an Intellectual Capital is consistent with PLR’s business objectives and long term strategic intent to be the No. 01 Residential Real Estate developer trusted by all Sri Lankans. With this in mind, we focus our efforts on augmenting the unique and distinct attributes that differentiates PLR from its peers, with detailed plans and budgets drawn up annually to facilitate ongoing development of PLR’s Intellectual Capital through targeted, high impact initiatives.

### Contribution to the SDG’s



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



Prime Lands Residencies PLC have received a further strengthened issuer rating of [SL] A (Stable) making Prime Group the largest real estate company in Sri Lanka to receive this rating from ICRA Lanka Limited.

In its special notification ICRA Lanka says, "The Rating Committee of ICRA Lanka Limited, after due consideration of the latest developments in your company, has revised the Issuer Rating to "[SL]A" (pronounced as S L A) with Stable outlook from [SL] A- (pronounced as S L A minus) with a Stable outlook, assigned to your Company. Entities with this rating are considered to have (an) adequate degree of safety regarding (the) timely servicing of financial obligations. Such entities carry low credit risk. The rating is only an opinion on the general creditworthiness of the rated entity and not specific to any particular debt instrument."

It demonstrates the stability of our group and the commitment we have towards fulfilling our obligations to our customers. It is a strong recognition of the financial and operational stability of our companies, and reflects the strength of the forecasted and delivered financial stature of the companies in the group. This is the best certificate we can offer to our valuable stakeholder to enhance their confidence in us. This has been strengthening over the past 26 years as a group of companies.

Brand Finance crowned Prime Lands Residencies as the Most Valuable Real-estate brand in LMD's latest brand annual. Prime Group was also awarded as the most respected entity in Real Estate for two consecutive years, Most Respected Real Estate for 4 years; PropertyGuru Asia Property Awards also recognized Prime Group as Sri Lanka's best developer for two consecutive years. Achieving the Great Place to Work for six years reflects our human capital strength as a diversified group.

To date, Prime Group own probably the largest land bank representing 18 districts across the country along with multiple apartments and individual housing projects strategically locating across the island.

Strategic Partnership

Memberships & Affiliation

Knowledge based Systems and Process

Brand Reputation

Ethics and Integrity

Technology Systems

## VALUE TRANSFORMATION

### VALUE DELIVERED TO STAKEHOLDERS

- Guarantee of best in class real estate solutions
- Assurance of legally compliant home / land ownership
- Improvement in share price
- [SL] A (Stable) Credit Rating by ICRA Lanka Limited

### VALUE GENERATED BY PLR

- Consistent returns to safeguard FINANCIAL CAPITAL
- A strong foundation to build MANUFACTURED CAPITAL
- Ability to develop strong relationships to contributing to SOCIAL AND RELATIONSHIP CAPITAL

## BRAND REPUTATION

As the pioneer Real Estate Developer in Sri Lanka, the "PRIME" brand has established a solid reputation for its role in fuelling the transformation of urban lifestyle living in Sri Lanka. Leveraging the synergies of our parent Company "Prime Lands (Pvt) Ltd", PLR has sought to carve out its own identity as the residential real estate expert of the Group. Our mission since the inception has been to help facilitate Sri Lankans to fulfill their aspirational real estate needs.

Every one of the residential development projects undertaken by PLR over the past 14+ years has revolved around our core premise to "create liveable, lovable neighbourhoods". Driven by our desire to be responsive to the market, we have invested in a range of projects, from the ultra luxury project, The Grand at Ward Place Colombo 07, to over 46 other urban condominium projects in the Western Province and several developments along the coast. Standing testament to our efforts, PLR today is the only developer in Sri Lanka to cater to the full spectrum of current market needs. Meanwhile our commitment to support local industries and services providers has led us to work primarily with accredited local contractors and leading local suppliers to execute our projects. In this way PLR makes an important contribution towards economic activity in Sri Lanka. (Best developer / Best luxury condo developer / First & Highest Credited rated real-estate developer with [SL] A (Stable) by ICRA Lanka / LMD Most valuable Real Estate Consumer Brand and among the top 100 brands by Brands Annual / Most Respected Real Estate Entity for 4 years and Most Awarded Real Estate Entity for two consecutive years awarded by LMD.

# Capital Management Review

## Intellectual Capital

Meanwhile our decision to acquire the real estate arm of PRIME Finance PLC in Jan 2022 also further augments PLR's brand presence. This new development will see PLR venturing into the residential lands market for the first time and expands the offerings to the customers from both residential real estate and residential lands solution perspective. Although land property sales in Sri Lanka is a well-established business, it is also highly competitive. We believe that PLR's solid reputation and long standing track record of excellence along with the strong roots of Prime Lands as the pioneer in land sales in Sri Lanka, and the strong equity of "PRIME" brand would provide a strong competitive edge in making inroads into this space. Equally importantly entering the land property market allows PLR to stand out as one of the few local Companies specializing in all three mediums - condominiums, individual housing and land property sales.

With the widening of PLR footprint, some important steps were taken at a Group-level to consolidate the "PRIME" brand architecture, which saw a set of corporate brand guidelines being launched along with a set of secondary brand guidelines to introduce more consistency for subsidiaries including PLR. Workshops to raise awareness among third parties regarding the new brand guidelines are ongoing. In parallel we also began working on a new process driven communications framework to ensure greater uniformity and consistency in PLR's brand communications.

### KNOWLEDGE-BASED SYSTEMS AND PROCESSES

The tacit knowledge which we have acquired and nurtured over the years, remains a pillar of strength in supporting our business model. PLR Executive committee (EXCO) comprises a cross functional team of experts, where several have been with the Company since the inception. They possess skills and a wealth of knowledge unique to our business and in turn that empowers them to make important decisions to steer the Company towards achieving its strategic objectives.

Similarly, the knowhow of our long standing employees - in particular our engineering,

quality assurance and procurement teams and their expertise in their respective fields also provide a significant competitive advantage in meeting project delivery objectives. The government directive in November 2021 increasing the mandatory retirement age of private sector employees to 60 years is seen as an important step in the retention of tacit knowledge of key employees.

### EXCO - Expertise Matrix

Strategic Leadership	●●●
Financial Acumen	●●●
Sales and Marketing	●●●●●
Legal	●
Risk and Governance	●●●
Engineering & Operations	●●●
Real Estate Acumen	●●●●●●
Information Technology	●●
Human Resources	●●
Government Affairs & Public Policy	●●●



MALE

11



FEMALE

04

### LONG STANDING EMPLOYEES AT A SENIOR LEVEL (Manager and Above)

Item	No. of Employees	As a % of total employees
Less than 5 =>	17	16%
5 - 10 years	5	5%
10 - 15 years	3	3%
>15 years	1	1%

### STRATEGIC PARTNERSHIPS

Given that our strategic business partners - contractors, architects and design consultants play a decisive role in the delivery of our value proposition, we work closely with them to broaden our perspectives. We leverage their collective knowledge to enhance our innovation capability and improve our knowledge on the latest construction trends and the use of safe and sustainable construction materials.

For more details regarding relationships with Strategic Business Partners, please refer to the Social and Relationship Capital Report on page 70.

### MEMBERSHIPS & AFFILIATIONS

PLR is a member of the Condominium Developers Association (CDASL) in Sri Lanka. Being part of this body gives us a common voice to safeguard the interest of the industry and also work collectively for the betterment of Sri Lanka's real estate development space. We have been part of the CDASL's efforts to find solutions for issues faced by the condominium developers over time in order to facilitate and expedite businesses processes for the rapid development of the sector. Through its efforts over the years, the CDASL works to uplift the condominium industry, which accounts for a significant number of SMEs, corporates and conglomerates ranging from building material providers, to manufacturers and installers of a range of finished goods and equipment, logistics providers, as well as providing employment to a large segment of skilled, semi-skilled and un-skilled workers in the country counting over 250,000 persons as of end-2021.

## TECHNOLOGY SYSTEMS

Technology is a key lever in facilitating PLR's day to day operations. The Company's core enterprise applications and all network services are maintained through a private cloud network and supported by a dual system DR architecture. In recent times, we have further increased our reliance on technology, where we have begun to actively look at automation in order to streamline its processes, improve efficiency and reduce.

### Key automation initiatives for FY 2021/22

Initiative	Impact
Automating the Deed transfer process	<ul style="list-style-type: none"> <li>Improved efficiency</li> <li>Process visibility for effective decision making</li> <li>Reduction in paper usage by 95%</li> </ul>
Implementing a digital document archiving platform across PLR departments	<ul style="list-style-type: none"> <li>Ensure confidentiality</li> <li>Effective use of office space</li> <li>Reduction in paper usage</li> </ul>

## ETHICS AND INTEGRITY

Our work ethics are solid and remain consistent with best business practices. PLR is led by a strong and effective Board. The Board sets the tone from the top to priorities compliance and ethical business principles at all times. The Board is supported by our leadership teams who are well-grounded, and lead the Company with foresight and high standards of integrity.

A framework of formal policies and procedures along with a system of internal controls creates the foundation for the implementation of good business practices across all operations, while the Prime Group Code of Ethics sets out appropriate behaviours to guide employees to act in good faith in all their business transactions for and on behalf of the Company. The code aligns with global best practices with regard to anti-bribery, anti-corruption, non-discrimination and human rights principles. The code is disseminated through our orientation pack to help new recruits to align with PLR's ethics framework right from the start of their employment journey with the Company.

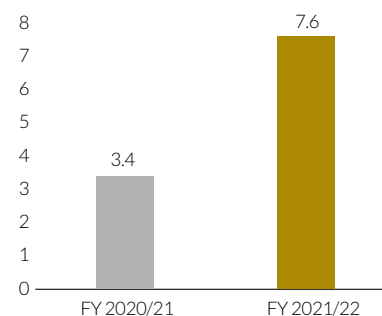
Training and awareness go hand in hand with our efforts to strengthen the culture of ethics among Directors, employees and business partners.

We further encourage our strategic business partners including key suppliers, contractors, design consultants and architects to adopt the ethics-related covenants set out under the Code. A stringent programme of due diligence activities supports our efforts to ensure strategic business partners continue to align with these covenants.

PLR's open door culture allows employees to reach out to the Company's senior leadership to discuss any concerns relating to ethics, while business partners too have similar opportunities during their routine interactions with PLR's procurement and engineering teams.

## Investments in Technology

(Rs. Mn)



A whistleblowing policy being placed for any employee or external party to anonymously report perceived misappropriations or financial irregularities.

Our holistic approach to ethics and integrity ensures that PLR's operations do not present a risk of corruption. In the FY 2021/22, PLR did not make any direct or indirect political contributions with the intention of receiving undue advantage over competitors or for any other reason. Furthermore no incidents of anti-competitive behaviour were reported in the period under review.

### KEY PRIORITIES FOR THE FUTURE



**Strengthen Brand Equity through greater project diversity and innovation**



**Leverage on technology to improve service efficiency**

# Capital Management Review



## Human Capital

### MATERIAL TOPICS



Pay and Benefits



Career Prospects



Health and Wellbeing



Present a unique value proposition through a combination of challenging and engaging work amidst a diverse and inclusive workplace coupled with strong employee engagement, and a good work-life balance.



### MANAGEMENT APPROACH

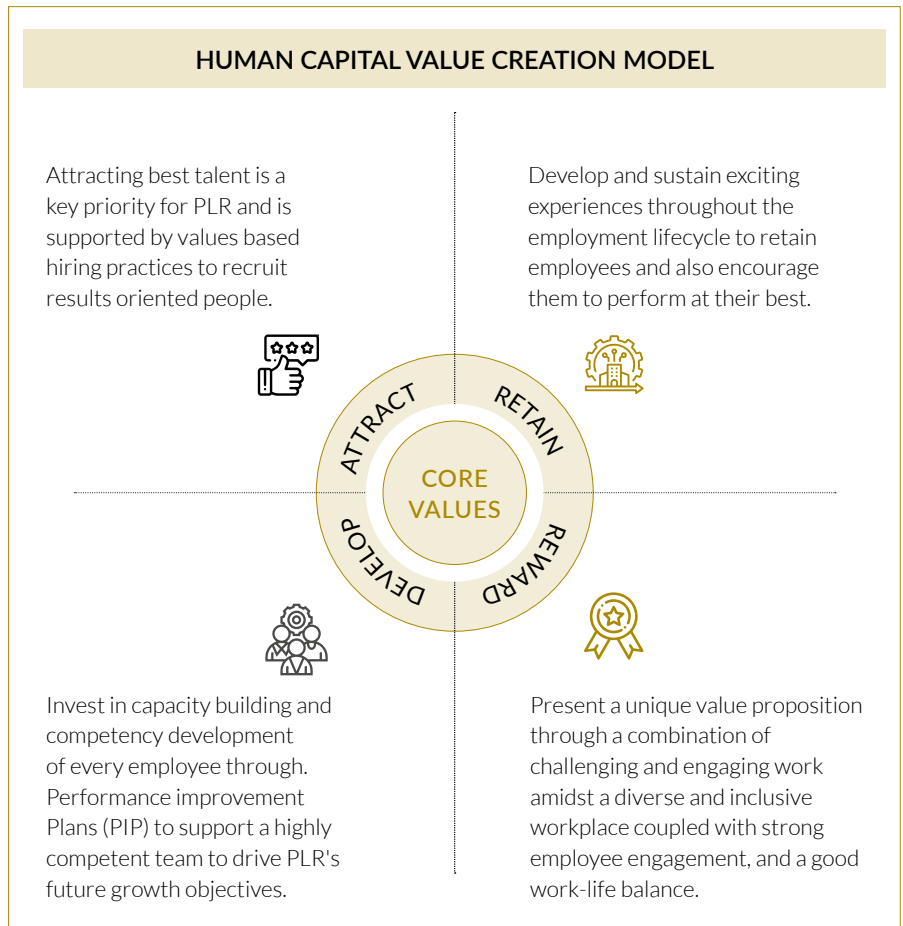
Since its inception PLR has maintained a uniquely distinct approach towards people management, based on the premise that our success as an organisation rests primarily on the quality and capability of our team. As such we have sought to create a workplace that is at the same time challenging and motivating to ensure that every one of our employees have the opportunity to grow with the Company. Beyond this, the emotional bond between the employees and the company has been a key enabler in cultivating a sense of pride in being a PLR employee.



### Contribution to the SDG's







### HR GOVERNANCE

Compliance and best practices form a fundamental part of our human capital development approach. PLR complies with all applicable regulatory frameworks including the Shop and Office Employees Act of 1954, EPF Act, ETF Act and the Payment of Gratuity Act of Sri Lanka.

A comprehensive HR Governance framework is in place to oversee compliance and promote the adoption of best practices. All HR policy frameworks and governance structures are aligned to that of our parent - the Prime Lands (Private) Limited.

The Company prides itself on providing equal opportunity, ensuring human rights

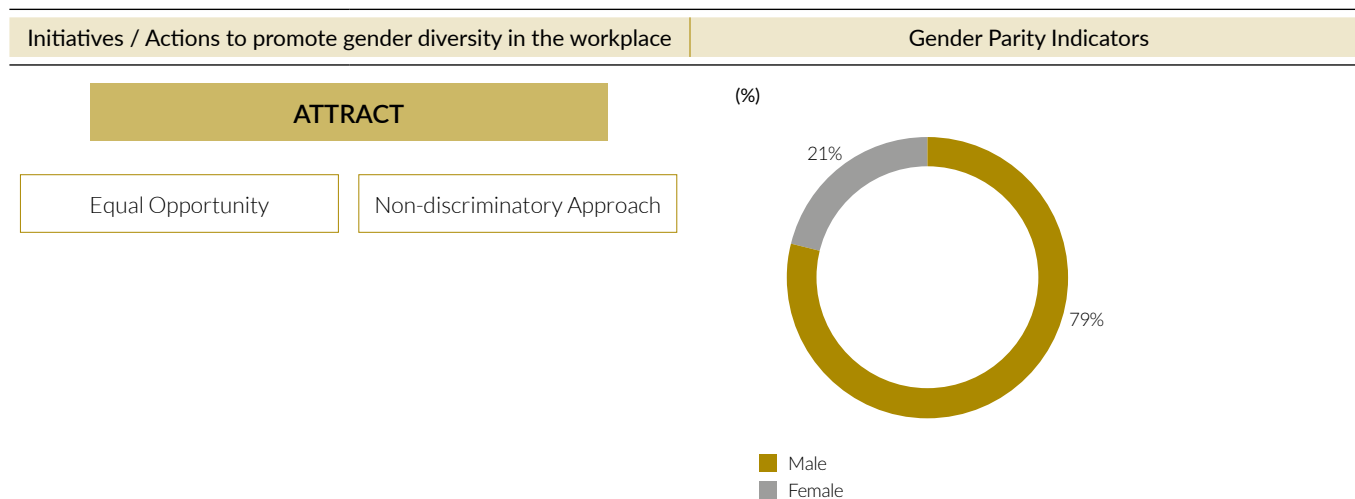
and dignity to its employees and has a strict policy against child labour and forced or compulsory labour. PLR does not employ any person under the age of 18 years and operates on the basis that all employees remain in employment at their own free will. These principles apply when it comes to contracts as well.

<b>Number of Incidents of Child Labour</b>
<b>NONE</b>
<b>Number of Incident of Forced or Compulsory Labour</b>
<b>NONE</b>

# Capital Management Review

## Human Capital

Group's policies and procedures also aim to create a diverse and inclusive workplace in which all employees can thrive. Stemming from this, PLR has made a conscious effort to strengthen gender diversity. Towards this end proactive measures are being taken on an ongoing basis to create a conducive environment to encourage more women in the workplace.



Additional Measures taken 2021/22 reduce gender parity

- Introduction of flexible work and work-from-home arrangements
- Pregnant employees assigned to work from home for the duration of the pandemic
- 18% of new recruits filled were women

### Female Representation in key departments

Department	Females as a percentage to total employees
Engineering	5%
Sales & Marketing	12%
Support Services	4%

### Female Representation in Leadership Positions

Department	Female Count of Employee	Females as a percentage to Total Employees
Director	1	0.95%
AGM	1	0.95%
Manager	4	3.81%
Assistant Manager	4	3.81%

## KEY FIGURES

Employment Type			New Recruitment			Exits		
By Contract Type	Male	Female	Gender	No	%	Gender	No	%
Executive Above	79	22	Male	43	81%	Male	10	69%
Supervisor Grade	0	0	Female	10	19%	Female	6	31%
Manual Grade	0	0						

By Employment Type	By Age			By Age				
			Less than 30	22	42%	Less than 30	6	37.50%
Full Time	79	22	30 to 50	28	53%	30 to 50	7	43.75%
Part Time			Over 50	3	6%	Over 50	3	18.75%

### EMPLOYEE VALUE PROPOSITION

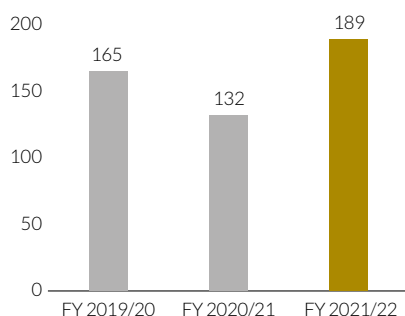
Providing our people with a fulfilling and delightful experience is an important part of our overall employee value proposition.

#### On Boarding

PLR's endeavour to delight its employees begins from the point of on-boarding. Our on-boarding programme consists of two segments - the initial briefing to disseminate key corporate information to new recruits, followed by an introduction to the Company's leadership teams which helps new recruits to absorb intricacies of our close-knit corporate culture and appreciate the significance of being part of the PLR team.

#### Remuneration and Benefits

##### Monetary Benefits to Employees (Bn)



PLR's benefit structures offer competitive remuneration and benefits for all employee categories. While at a minimum we comply with all statutory requirements, our salary structures often exceed industry benchmarks. As an equal opportunity employer, our entry level salary structures continue to maintain a 1:1 ratio between men and women. We also offer equal pay and benefits for men and women performing similar job roles at a senior level.

In addition to their basic salary, all PLR employees from day 1 are entitled to personal accident cover, accidental death cover and financial assistance provided by the Company's welfare fund for special reasons. In addition all permanent employees and their immediate family members are also covered under a comprehensive medical insurance scheme. In the year under review, a combined health and life insurance cover was introduced

to offer comprehensive benefits, including OPD, critical illness cover and life cover.

Meanwhile to provide employees with some relief against the rising cost of living and traveling costs, special allowances and meal facilities were provided for employees.

PLR's Remuneration, Nomination and Human Resources Committee along with the Chief Human Resources Officer (CHRO) have been tasked with reviewing and updating the Company's remuneration and benefit structures, periodically.

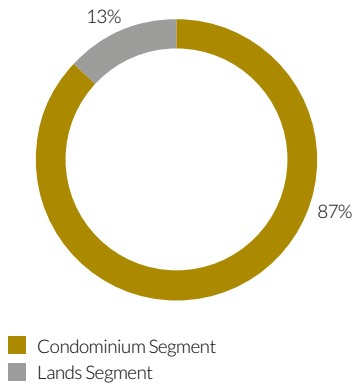
Notwithstanding the pandemic related challenges all PLR employees were granted a 5% increment in the FY 2021/22. All salaries were paid on time and without delay. The performance based bonus and the annual bonus for the year were also paid in April 2021 and December 2021 respectively, as per usual.

Following PLR's acquisition the Lands Development and Sales arm of Prime Finance PLC, the 13 employees of that unit were on boarded to the Company's cadre with effect from January 2022. All statutory obligations were also continued seamlessly thus guaranteeing the continuity of their employment. Induction for these employees was successfully completed with cultural adaptation handled by PLR's HR department.

# Capital Management Review

## Human Capital

**HR Strength (%)**



### Occupational Health and Safety

PLR’s business model is such that occupational health and safety impacts arise when our employees visit the Company’s project sites. The safety of these visiting employees is ensured by the safety procedures implemented by the contractor in charge of the project. Since each project is handled by a designated contractor appointed by PLR, our employees are advised to strictly adhere to the safety protocols established by the respective project contractor. The appointment of contractors is a comprehensive process

that includes an exhaustive verification of contractors’ safety systems and assurances regarding their safety track record. As a policy, PLR works only with CS1 contractors who conform to the ICTAD (Construction Industry Development Authority) approved safety benchmarks, which provides further assurance regarding the efficacy of the contractor safety protocols.

Meanwhile at PLR’s head office in Colombo, all mandatory safety requirements have been implemented and supported by regular maintenance and testing of equipment together with the annual safety/ fire drill to build awareness among employees.

### Digital Services

Working to align with the broader Prime Group HR framework, PLR proceeded to digitize key components of its HR model in the year under review. Employees were granted digital access to all policies and procedures through the HRIS. Another notable development was the launch of a mobile app to allow employees to mark their presence at work in sites, view attendance records in real time, submit leave applications, view their salary and commission earnings and escalate other routine inquiries.

Throughout this past year, digital technology was used extensively to facilitate workflow systems. Teams were issued with laptops, mobile phones and secure VPN connections to enable them to work remotely amidst pandemic related mobility restrictions.

### TALENT MANAGEMENT

#### Cadre Planning

The cadre planning process serves as a key lever in supporting PLR’s human capital development strategy. Going hand in hand with the strategic planning process, cadre planning is jointly undertaken by the Chief Human Resources Officer (CHRO) and members of PLR’s Executive Committee to determine the manpower requirements to support the Company’s strategy for the forthcoming financial year. Due consideration is also given to the findings from the performance appraisals. The finalized cadre plan is submitted for Board approval prior to being operationalised.

#### Recruitment and Selection

Recruitments are based on the approved annual cadre plan. The Company uses a combination of strategies to fulfill its recruitment needs.

PLR’s recruitment and selection processes are guided by the Group-wide Recruitment and Selection Policy which provides the foundation for fair and equitable recruitment and selection. Underpinning the Group’s commitment to equal opportunity employment the Policy stipulates that recruitment and selection processes do not discriminate on the basis of race, colour, gender, ethnicity, religion, marital status, sexual orientation, disability or any other factors protected by law.

As per the Company’s policy all new recruits remain on probation for a period of 6 months, and are only absorbed into the permanent cadre upon successful completion of their probationary period.

### PLR’S PANDEMIC RESPONSE

PLR considers good health and safety of its employees a key priority. Reiterating its commitment to employee safety in this past year, the Company adhered to all COVID-19 safety directives issued by the Government and the health ministry to safeguard employees and their families from the COVID-19 pandemic. Additional investments were made to commission all safety equipment and sanitisation facilities within the Company premises for the protection of the employees. Safety information was disseminated to employees on a regular basis throughout the year with all employees made aware of the importance of follow adhering to recommended safety guidelines. The Company also undertook to conduct random PCR and Rapid Antigen Tests for the safety and protection of employees and their families, while affected employees were granted special medical leave with pay to enable them to fulfill quarantine requirements. Additionally such employees were provided with special financial and other forms of assistance during their quarantine period. In parallel, strong emphasis was placed on encouraging all PLR employees to get fully vaccinated.

Adapting to the challenges posed by the COVID-19 pandemic, the Company leveraged on digital technology to ensure recruitment activities continued without interruption. For the first time in the Company's 25 year history, initial interviews for many positions were conducted online.

### Performance Management

PLR has a formal Performance Management System (PMS). The PMS cycle typically begins in the third quarter of a financial year in parallel with the annual budgeting and strategic planning processes, where department-wise objectives for the next year are discussed and agreed on by the management to support the achievement of the Company's strategic objectives for the forthcoming financial year. These are then cascaded down to an operational level by way of clear goals which are further broken down to a granular level by assigning employee specific targets.

Individual performance is closely monitored. The performance of sales teams are monitored weekly while the performance of all departments are reviewed monthly by the respective sector heads with the results assessed by the co-chairperson on a quarter basis.

The HR team initiates a formal bi-annual performance evaluation and carries out the annual performance appraisal to record actual performance of employees against pre-assigned targets.

In the year under review, all permanent cadre employees of PLR benefited from both the bi-annual performance evaluation and the annual performance appraisal.

### TRAINING AND DEVELOPMENT

PLR considers training and development to be a vital resource in ensuring employees have the right skills to drive the Company forward. A comprehensive training plan helps to priorities training interventions undertaken in a given financial year. Key inputs

### MEASURING EMPLOYEE SATISFACTION

As an outcome of the GPTW (Great-Place-to-Work) survey carried out in 2021, PLR was certified as a "Great Place to Work" notwithstanding COVID-19 related challenges.

for developing the training plan comes from the training needs assessment component in the annual performance appraisal, while the training budget is established by the management based on the skill development objectives to fulfill the strategic plan.

The HR department takes the lead in coordinating and facilitating training programmes as per the pre-approved training plan and budget. The HR Department is further tasked with compiling post training feedback to assess the impact of targeted training interventions.

### COMMUNICATION AND ENGAGEMENT

Communication and engagement are important aspects of PLR's people management model. Our leadership principles require managers to stay in regular contact with their teams. These efforts are complemented by frequent and ongoing email communications from the Company's leadership. Operational changes are also communicated via email.

The Company's open door policy aligns with our close-knit family based style of management which gives employees the freedom and confidence to raise any concerns with their superiors. Alternatively a formal grievance handling procedure is maintained under the purview of the Group HR department to enable employees to lodge a formal complaint.

Another key component of PLR's engagement approach is our robust activity calendar which is designed to create informal events that promote greater interaction between employees, their colleagues and the senior management.

### EMPLOYEE WELLBEING

Many of the wellbeing initiatives that commenced during the COVID-19 lockdown period were continued throughout the current financial year as well. Accordingly, work from home arrangement continued to be maintained for pregnant employees, while the twice-weekly wellness and yoga sessions also continued throughout the year. All pre-COVID-19 wellbeing activities, including religious events and musical programs also recommenced.

### KEY PRIORITIES FOR THE FUTURE



Develop a reliable leadership pipeline for all key positions in the Company



Introduce digital tools to connect performance to rewards



Ensure excellent employee experience through inculcating the values of the company in employees



# Capital Management Review



## Social and Relationship Capital

### MATERIAL TOPICS



Customer Experience



Excellence in Quality



Supplier Relations



Our approach to build customer capital is driven by our ambition to be the customers' first choice in fulfilling their lifelong dream of home ownership. To achieve this objective, we put the customer at the centre of everything we do and base our business decisions on solid fundamentals to not only meet but exceed customer expectations each and every time.



### MANAGEMENT APPROACH

Our approach to developing Social and Relationship Capital stems from our desire to secure the trust of all our key stakeholders. To achieve this, we aim to support our customers to achieve key milestones in their life journey. Equally importantly, we focus on collaborating with our business partners to drive the progress of the housing and real estate sector in Sri Lanka. By improving how people live and how businesses operate, we hope to pave the way for positive social transformation over time.

### Contribution to the SDG's







Customer Value Proposition
Product Stewardship
Marketing Communication
Customer Complaints
Customer Privacy
Procurement Practices

**VALUE TRANSFORMATION**

**VALUE DELIVERED TO STAKEHOLDERS**

- Best in class value proposition for customers
- Consistent growth prospects for contractors & suppliers
- Greater socioeconomic benefits for suburban communities across Sri Lanka

**VALUE GENERATED BY PLR**

- Consistently high customer NPS (Net Promoter Score) creates the foundation for business expansion, in turn leading to improved FINANCIAL CAPITAL
- Being the real estate developer most trusted by customers, most preferred by contractors & suppliers and most respected by the community, boosts PLR's brand reputation and INTELLECTUAL CAPITAL

**CUSTOMER CAPITAL**

Our approach to build customer capital is driven by our ambition to be the customers' first choice in fulfilling their lifelong dream of home ownership. To achieve this objective, we put the customer at the centre of everything we do and base our business decisions on solid fundamentals to not only meet but exceed customer expectations each and every time.

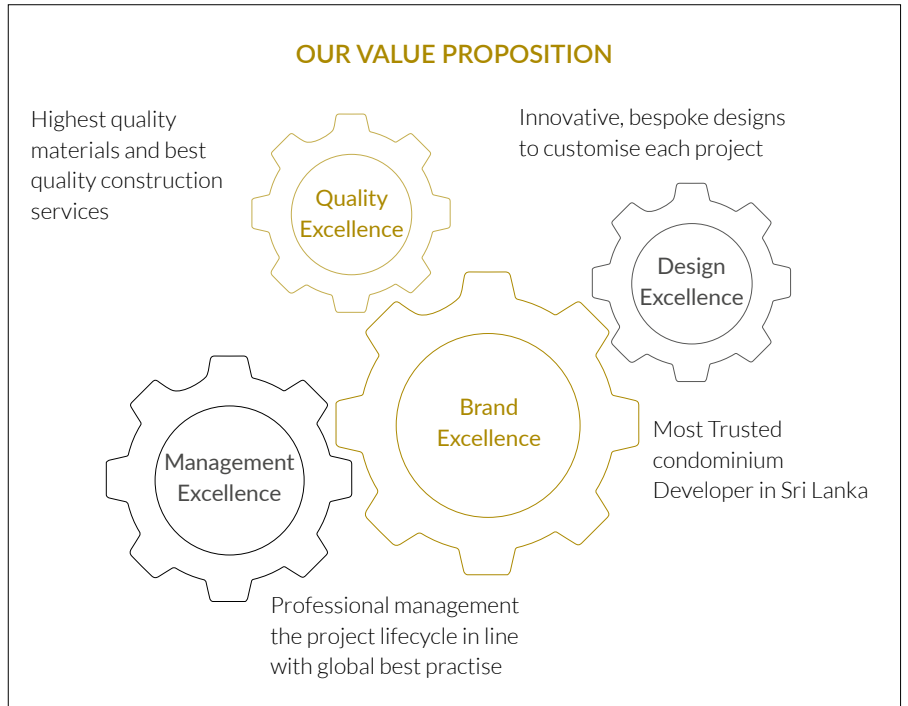
# Capital Management Review

## Social and Relationship Capital

### CUSTOMER VALUE PROPOSITION

In seeking to be the most preferred condominium developer, PLR focuses on serving the needs of all customer segments. In doing so, we make sure that every one of our condominiums are designed based on a deep understanding of customer needs, especially the expectation that nothing but the very best will do for their home. Hence we do not just build structures, but strive to create "Liveable and Lovable Neighbourhoods" that our customers will be proud to call their home.

Excellence is the fundamental premise that underpins our customer value proposition. Our goal is all round excellence - design excellence, quality excellence, management excellence, service excellence, all collectively contributing to the level of excellence synonymous with the "PRIME" brand.



## PROJECT LIFE CYCLE MANAGEMENT PROCESS FOR RESIDENCIES



### "THE GRAND" - WARD PLACE (COLOMBO 07)

"The Grand" – Ward Place (Colombo 07) with its stunning, meticulously appointed interiors, world-class architecture, and ultimate levels of privacy and comfort, stands in a class of its own as the epitome of quintessential luxury that can never be replicated.



# Capital Management Review

## Social and Relationship Capital



### "THE PALACE" - GAMPAHA

"The Palace" - Gampaha is a gated development set on a sprawling 13 acre land located just 2 kilometres away from the central town of Gampaha - one of Sri Lanka's most sought after cities.



### BEACH FRONT - USWETAKEIYAWA

A luxury beach front condominium complex located in Uswetakeiyawa along a scenic stretch of panoramic coastline





### GREEN EMBAZY - HOMAGAMA

Take a journey through our serene sidewalks and silent highways; trails of veiled sunlight and lush canopies. Come, find your calm on the tranquil pathways of this green living space located in Homagama.

#### Project Lifecycle Management Process for Lands

Land Inquiry and Feasibility Study

Purchase Negotiations

Land Acquisition

Approval Process

Land Development

Other Infrastructure Development

Offering to the customer

#### PRODUCT STEWARDSHIP

Having been in the business for the past 26 years, our commitment to product stewardship has extended to multiple dimensions over the years. Today in addition to legislative compliance requirements, our product stewardship guidelines are underscored by global best practices for our industry.

# Capital Management Review

## Social and Relationship Capital

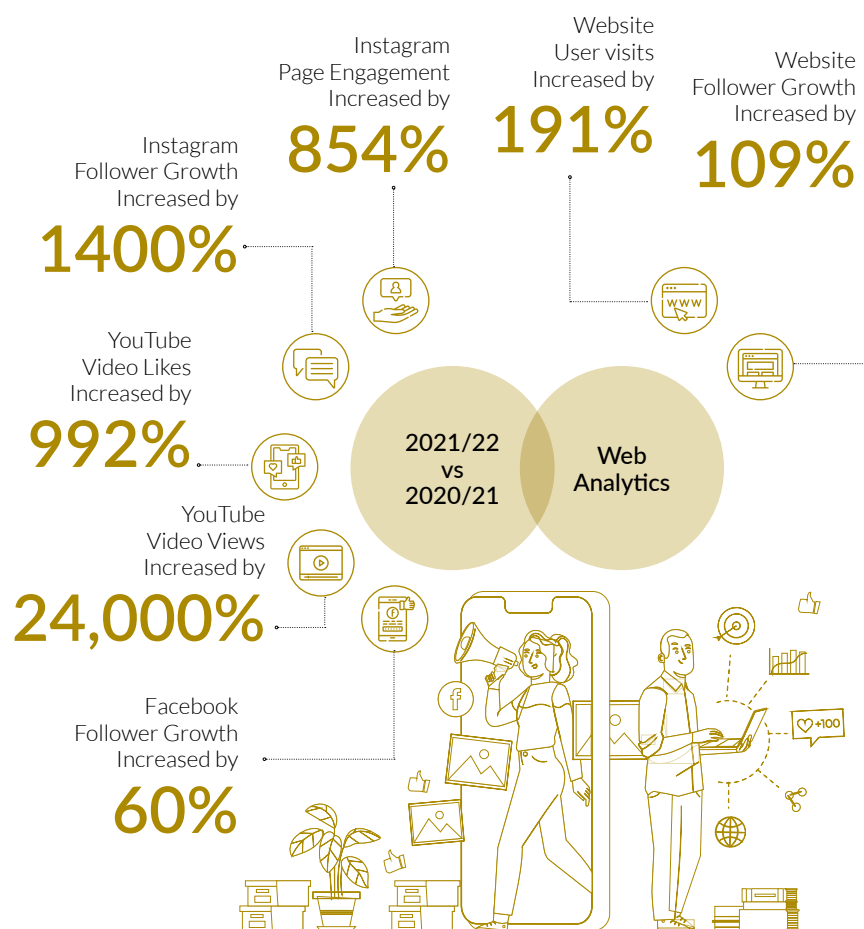
### SPECIFIC LEGISLATIVE REQUIREMENTS APPLICABLE TO PLR'S OPERATIONS

<b>Urban Development Authority</b>	The construction of the relevant buildings should comply with the planning regulations prepared by the Urban Development Authority (UDA) for the relevant local authority .
<b>Central Environment Authority</b>	The Authority regulates the implementation of projects affecting the environment and the construction of sites specifically designated by the Central Environment Authority.
<b>Coastal Conservation Department</b>	If the construction is taking place in a coastal area, the relevant approvals and regulations should be obtained from Coastal Conservation Department (CCD).
<b>Civil Aviation Authority</b>	If the relevant construction is a high rise building, approval should be obtained in accordance with the regulations of this Civil Aviation Authority (CAA).
<b>National Building Research Organization</b>	Approval from this Organization is essential if construction is taking place on slopes and hills, and if there is excessive digging for the foundation of the building.
<b>Condominium Management Authority</b>	<p>If the relevant construction is to be developed as a condominium property, the prior approval of this authority and the final approval of the construction must be obtained.</p> <p>The regulations of this Authority also govern the Management Corporations. In this regard, the authority requires the appointment of a dedicated body for the control, management, maintenance and administration of each condominium.</p>
<b>Sri Lanka Land Reclamation and Development Corporation</b>	If it is necessary to carry out the relevant construction and fill the land at the site and develop it, the approval of this body should be obtained.
<b>Ministry of Defense</b>	If construction is taking place around areas critical for national security, it must first be approved by this Ministry.
<b>Ceylon Electricity Board/ National Water Supply &amp; Drainage Board</b>	Relevant institutions should obtain a confirmation that electricity and water can be provided as infrastructure facilities for the relevant construction.
<b>Fire Service Department</b>	Approvals to be obtained from this department for the manner in which the relevant construction fire prevention activities are carried out.
<b>Road Development Authority</b>	If the construction is facing a road belonging to the Road Development Authority, prior approval should be obtained from this authority.



### PLR's Product Stewardship Guidelines

- Acquire and develop lands that maximise strategic location advantages for customers and generate a positive impact on surrounding communities
- Work only with top-rated architects and design consultants with special expertise in the condominium space
- Work only with CIDA accredited C1 contractors for construction
- Adhere to a consistent process for selection of contractors
- Use of high quality construction materials and finishes from reputed local and global suppliers
- Conduct due diligence to verify the product credentials, including quality and safety efficacy
- Adopt best practices for the supplier selection, with high priority for suppliers demonstrating sustainable products and operations



Marketing and communication plays a vital role in creating first impressions with our customers. Keen to make a good first impression, PLR adheres to all regulatory disclosures in its marketing and promotional materials. Beyond this, we follow industry norms in seeking to provide all relevant information in a transparent and uncomplicated manner in order to enable customers to make a fair assessment of our offerings in comparison to peers.

In the year under review, our marketing and communication programme was subject to a significant revamp, where we focused on introducing greater visibility to the customer. Our corporate website was redesigned as a more user friendly interface to promote greater customer engagement. For a more dynamic customer experience,

the website backend was integrated with PLR's core ERP system to provide real time updates on the progress of projects and stock availability across the portfolio.

Having discovered the power of digital media in promoting customer interactions during the pandemic, we further strengthened our social & digital media presence in this past year. A full-time team was assigned to undertake ongoing content improvement across social media platforms. We also leveraged on the latest social media marketing trends to improve PLR's visibility in this space.

There were no reported incidents of violations of regulations pertaining to product and service information or marketing communications, in the current financial year.

### CUSTOMER COMPLAINTS

The feedback from our customers is a valuable source of information that inspires continuous improvement. On this basis we have made available various channels for our customers to reach out and provide feedback or make a complaint. All complaints received are treated with equal importance with a concerted effort made to provide a speedy resolution to each one.

In a bid to further streamline our complaint handling process, we initiated a pilot project to capture after sales complaints from customers who have acquired our condominium units. Under the pilot project, a mobile application was developed and rolled out to new customers taking ownership of units in the FY 2021/22. The mobile app allows customers to lodge

# Capital Management Review

## Social and Relationship Capital



**The feedback from our customers is a valuable source of information that inspires continuous improvement. On this basis we have made available various channels for our customers to reach out and provide feedback or make a complaint.**



complaints and attach relevant images as well. The app was linked to PLR's core systems to ensure all complaints are picked up in real time and resolved with the established time parameters, while the customer is alerted of the progress through real time push notifications on the app. The app also allows the customer to indicate the level of satisfaction with regard to the resolution provided. If the pilot project proves to be a success, we hope to implement the system on a more permanent basis as part of the condominium management programme.

### CUSTOMER PRIVACY

We acknowledge that safeguarding the customers personal information is a fundamental pillar in building trust. As such personal information obtained from customers as per the legislative requirements of the Anti-Money Laundering & Countering the Financing of Terrorism (AML/CFT) are kept strictly confidential and disclosed only at the request of the Central Bank of Sri Lanka.

We have implemented technological, organizational and physical security control measures to protect all customer information including; secure servers and firewalls as well as strict access controls to ensure only qualified and authorized personnel can access such information. Furthermore PLR does not share such information externally with any third parties, unless mandated by law.

There were no complaints reported regarding breach of customer privacy and/or loss of customer data and information, in the current financial year.

### SUPPLIER CAPITAL

PLR's supply chain comprises mainly local suppliers (more than 90%). These are companies and individuals operating in Sri Lanka who supply the requirements of our projects. Of this, contractors account for the largest share (almost 60%) of the average project spend, and as such are considered the most material supplier category in PLR's value chain. Hence, our approach to strengthening Supplier Capital is based on the principle of collaboration for the purpose of shared value.

Next to contractors, direct suppliers of accessory items and finishes, account for the second largest component of PLR's supply chain.

Supplier Spend - The Grand	%
Payment to Main Contractors	71
Import Material Component	19
Payment to Sub Contractors	10
	100
Local	81
Foreign	19
	100

Supplier Spend - The Grand	%
Payment to Main Contractors	57
Import material Component	33
Payment to Sub Contractors	10
	100
Local	67
Foreign	33
	100

There were no significant changes to PLR's supply chain in the year under review.

### PROCUREMENT PRACTICES

To ensure we find the right contractors who are experts in the field of construction and who share PLR's vision for excellence, we have adopted global best practices for a fair and equitable tender process. All bids are evaluated as per a set of predetermined criteria to assess the contractors track record, delivery timeline, financial credibility, safety conduct and overall social and environmental performance.

Tenders are evaluated by an independent committee headed by PLR's Chief Quantity Surveyor and including representatives from project design consultants and the engineering team. Recommendations made by the evaluation committee are submitted to the EXCO through the Managing Director for approval, which is then followed by a formal contract signing to confirm the appointment of the selected contractor. As stipulated in our tender guidelines, we work only with CIDA accredited C1 contractors who are also aligned with global benchmarks such as the Euro codes and the British Construction Standards.

Our other suppliers fall under the purview of PLR's general sourcing framework implemented under the stewardship of the Company's Procurement division. The key elements of the sourcing framework include; the supplier registry and a highly streamlined supplier selection process encompassing due diligence activities such as product testing and site visits. On this basis, we have strong working relationships with leading local suppliers for such items as sanitary ware, tiles and electrical appliances.

Supplier Relationship Status	
% of the total supplier base	
>2 years	10%
2 - 5 years	30%
< 5 years	60%

As part of our ongoing efforts to strengthen supplier relationships, we have initiated a digitize sourcing framework to create a fully integrated platform which has helped to minimize payment deals and greatly improved end-to-end supplier visibility.

## COMMUNITY CAPITAL

PLR's developments are located in suburban areas and as such are not considered to be a threat to traditional community life in Sri Lanka. Nevertheless we make a concerted effort to ensure that our projects have a strong positive impact on communities living in and around the area. Towards this end, the investments in developing road networks and other infrastructure systems bring considerable benefits to the local communities. Our projects also play an anchoring role in elevating the profile of areas in which they are located, which helps to draw in greater investment and increase job creation in turn improving the prospects for the local economy over the long term.

### KEY PRIORITIES FOR THE FUTURE



Leverage data analytics to drive innovations.



Develop and roll out a formal supplier code of conduct



# Capital Management Review



## Natural Capital

### MATERIAL TOPICS



Environmental Stewardship



As a real estate developer, PLR subscribes to environmental best practices in various ways. We work with our architects to integrate environmentally friendly design elements to all our buildings, including the sizing and placement of windows to maximise the use of natural light and ventilation and thereby reduce the energy profile of the building.



### MANAGEMENT APPROACH

Our approach to preserving Natural Capital is based on ensuring that our core business activities cause minimum harm to the environment. In this context, we have adopted the precautionary approach to determine the areas of our business that can contribute towards this effort.



### Contribution to the SDG's







Environmental Compliance

Environmental Best Practice

Sustainable Materials

Responsible Consumption and Disposal of Waste

### VALUE TRANSFORMATION

#### VALUE DELIVERED TO STAKEHOLDERS

- Preservation of the environment for future generations

#### VALUE GENERATED BY PLR

- Elevates the Company's standing and reputation as an environmental advocate thus enhancing INTELLECTUAL CAPITAL
- Builds trust with customers and suppliers to strengthen SOCIAL AND RELATIONSHIP CAPITAL

#### FINANCIAL IMPACT OF CLIMATE CHANGE ON PLR'S OPERATIONS

Climate change-driven severe adverse weather conditions often delay project completion deadlines. The consequent slowdown in cash conversion in turn affects PLR's project returns. Our efforts to reduce our sensitivity to these risks start at the planning stage, where we leverage sophisticated weather analysis and forecasting tools to organise our project planning and scheduling activities.

#### ENVIRONMENTAL COMPLIANCE

Compliance is at the heart of our endeavour to minimize the damage to the environment due to our business activities. Based on their scope, scale and location, our real estate development projects fall under the purview of various regulatory bodies dealing with Environmental Concerns.

Our commitment to comply with all relevant regulations has ensured that there have been no reported incidents of non-compliance in the FY 2021/22 or any year before that.

# Capital Management Review

## Natural Capital

Environmental Regulations applicable to PLR's operations	
<b>Urban Development Authority</b>	The construction of the relevant buildings should comply with the planning regulations prepared by the Urban Development Authority for the relevant local authority.
<b>Central Environment Authority</b>	The authority regulates the implementation of projects affecting the environment and the construction of sites specifically designated by the Central Environment Authority.
<b>Coastal Conservation Department</b>	If the construction is taking place in a coastal area, the relevant approvals and regulations should be obtained from Coastal Conservation Department
<b>National Building Research Organization</b>	Approval from this Organization is necessary if construction is taking place on slopes and hills, and if there is excessive digging for the foundation of the building.
<b>Sri Lanka Land Reclamation and Development Corporation</b>	If it is necessary to carry out the relevant construction and fill the land at the site and develop it, the approval of this body should be obtained.

### ENVIRONMENTAL BEST PRACTICES

As a real estate developer, PLR subscribes to environmental best practices in various ways. We work with our architects to integrate environmentally friendly design elements to all our buildings, including the sizing and placement of windows to maximise the use of natural light and ventilation and thereby reduce the energy profile of the building. At The Grand - Ward Place (Colombo 07) we have even gone as far as designing the building layout and the placement of elevators to prevent energy wastage. We have also made further investments to install VRV air conditioning systems and commission several rainwater

harvesting ponds. A Building Management System is also in place at The Grand to track both energy and water consumption.

Meanwhile all condominiums constructed after 2020 have energy efficient LED lighting, inverter air conditioning units and motion sensor activated lighting in all common areas. We have also made sure all new projects have rain water harvesting infrastructure.

In recent years we have been working with our architects to restrict the overall building footprint to between 40 - 50% of the total land extent with the balance dedicated to landscaping and green coverage. Moreover,

we work with contractors with certified green credentials such as the ISO 14001 Environmental Management Standard.

### SUSTAINABLE MATERIALS.

PLR has actively sought to reduce the use of non-renewable materials in our construction activities and have begun encouraging our contractors to use reclaimed products and waste materials from other industries for various construction activities.

A significant percentage of our concrete mixtures are made using quarry dust or fly ash instead of sand mined from river basins, while nearly 100% of our doors and door frames are made out of reclaimed timber which helps to preserve trees. We have also greatly reduced the use of chemical applicants and now use more eco-friendly solutions for curing concrete and for waterproofing.

In the year under review, PLR launched a new initiative to eliminate the use of plastic boards used as land markers on newly sold land plots. Towards this end, each customer was given a plant as a welcome gift with the marked plot number with the recipients encouraged to plant the same on the invested land plot.





### KEY PRIORITIES FOR THE FUTURE

Commission rainwater harvesting infrastructure at all condominiums reduce electricity consumption by investing energy efficient equipment, Allocate a portion of land at all projects towards organic farming, introduce energy efficient value engineering solutions

### RESPONSIBLE CONSUMPTION AND DISPOSAL OF WASTE

A considerable volume of water is used in the construction of our condominiums. Water needs of city side projects are drawn from municipal lines or sourced independently, while deep tube wells are installed at projects located in less urbanised areas.

All apartment are equipped with wastewater treatment plants to treat both sewerage and waste water on operation.

Water runoff from construction activities is not subject to any contamination and is thus released back to the municipal sewage system. In the event the sewage line capacity is insufficient, on-site soakage pits and septic tanks have been installed.

The responsibility for disposing of construction waste lies with the construction contractor and PLR verifies the waste disposal practices adopted by them as part of the initial evaluation process.







# Corporate Governance



Strong and able leadership along with the commitment to good governance have been the cornerstones of PLR's success over the past 26 years. We have in place a strong corporate governance framework to ensure the Company continues to be well governed as it evolves with changing times. In this regard, our corporate governance framework provides the foundation for the effective execution of PLR's strategy in order to honour our commitment to all stakeholders.



## JOINT STATEMENT ON CORPORATE GOVERNANCE BY CO-CHAIRMAN AND CO-CHAIRPERSON

Dear Stakeholders,

The Board of Directors of Prime Lands Residencies PLC is pleased to present the Corporate Governance Report for FY 2021/22. The report comprehensively demonstrates how the Board and its committees have discharged their governance duties in the year under review.

Throughout this past year, the Board continued to closely examine the corporate governance compliance requirements for listed entities in order to ensure PLR remains fully aligned to these requirements post-IPO. In this regard, we took steps to rectify the Board balance in compliance with the CSE's listing requirements and proceeded to appoint a Non-Executive Director to the Board. Mr. Noel Joseph was appointed as an Independent Non-Executive Director to the PLR Board in October 2021. Meanwhile following the Group's divestment of its stake in Prime Finance PLC, two of Directors who were also on the Board of Prime Finance PLC, now sit on the PLR Board in an Independent Non-Executive Capacity. Consequently, the PLR Board as at 31st March 2022 comprises 05 Independent Non-Executive Directors.

On behalf of the Board of Directors of Prime Lands Residencies PLC, we wish to confirm that the Company continues to maintain a sound governance framework consistent with the laws, rules and regulatory provisions of the Securities and Exchange Commission of Sri Lanka (SEC) and Colombo Stock Exchange (CSE) and reflective of the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka.

We declare that the Company has complied with all laws and regulations applicable in the day to day operations of the business. Furthermore, we wish to reiterate that all the members of PLR Board and all Company employees have discharged their duties in accordance with the policies, procedures and standards covered by PLR's Internal Code of Ethics and Conduct.

**Mr. Premalal Brahmanage**  
Co-Chairman

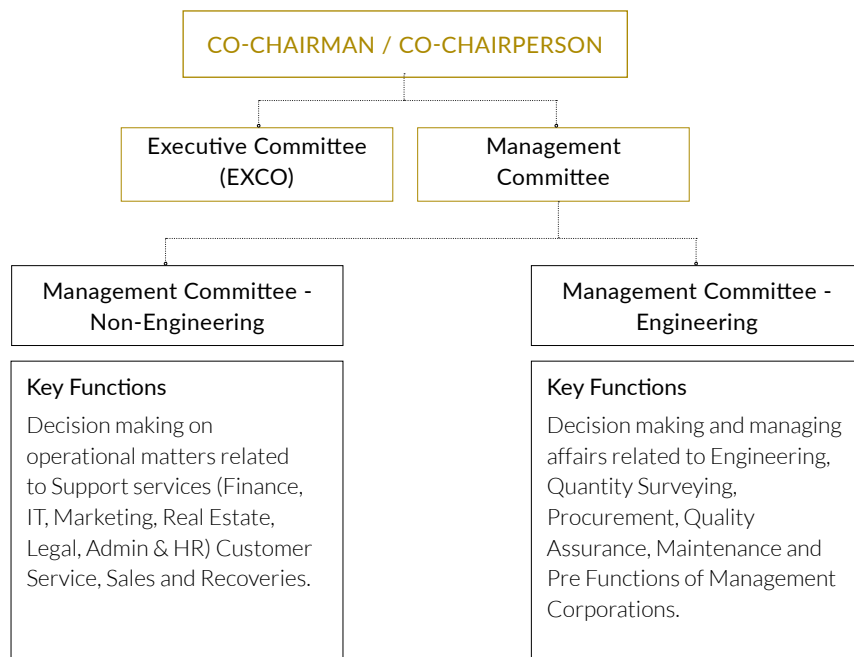
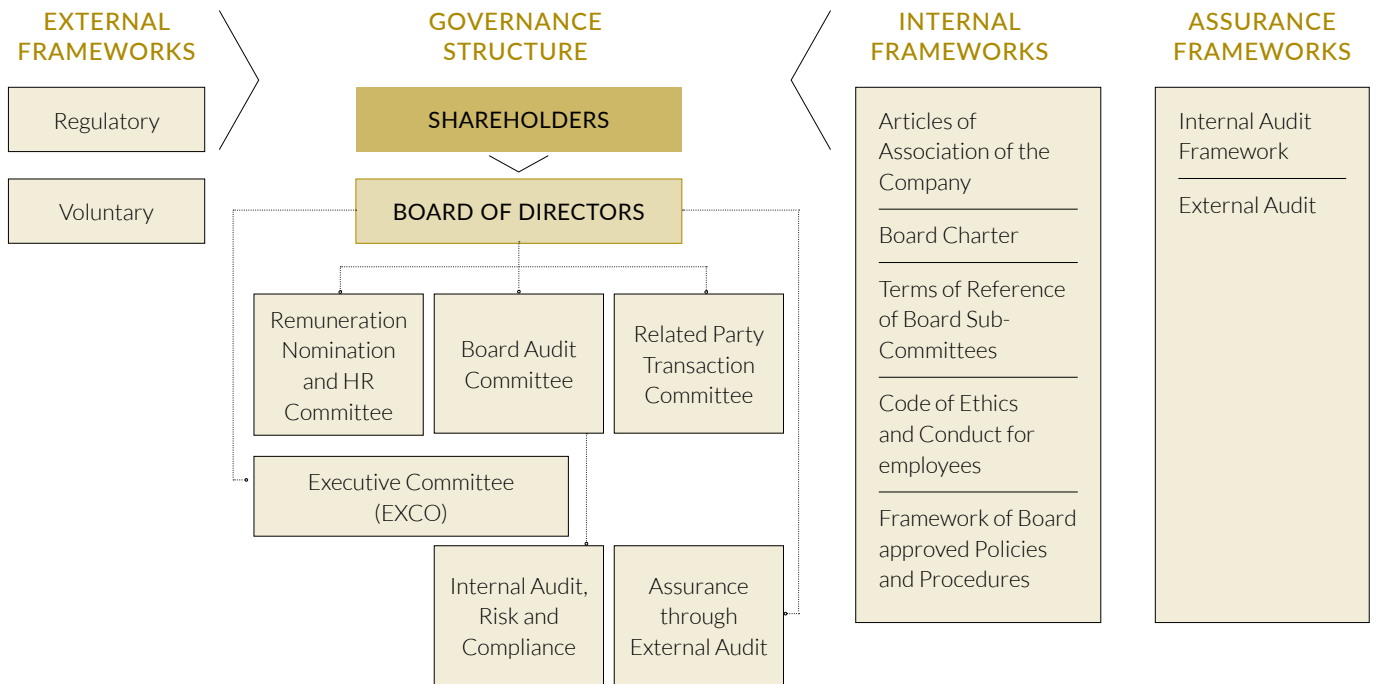
**Ms. Sandamini Perera**  
Co-Chairperson

## OVERVIEW

Strong and able leadership along with the commitment to good governance have been the cornerstones of PLR's success over the past 26+ years. We have in place a strong corporate governance framework to ensure the Company continues to be well governed as it evolves with changing times. In this regard, our corporate governance framework provides the foundation for the effective execution of PLR's strategy in order to honour our commitment to all stakeholders.



**CORPORATE GOVERNANCE STRUCTURE AND FRAMEWORK**



# Corporate Governance

## BOARD OF DIRECTORS

The PLR Board comprises a 50/50 mix of Executive and Non-Executive Directors - 05 Executive Directors and 05 Independent Non-Executive Directors. All our Directors are deemed fit and proper candidates and bring a powerful range of skills and experience in areas that add value to our business. The collective background of the Board provides for a balanced mix of attributes and skills that enable the board to fulfill its duties and responsibilities and guide the Company’s strategic objectives.

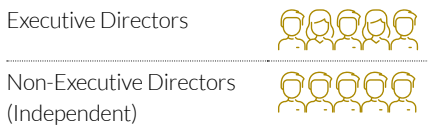
The PLR Board as at 31st March 2022 is well balanced.



### Expertise and Core Areas of Focus



### Board Balance and Independence



## INDEPENDENT DIRECTORS

Independent Directors play a significant role in strengthening the Board balance. By virtue of their varied expertise and experience, they enrich the Board’s decision making and prevent possible conflicts of interest that may emerge in such decision making.

The appointment of Independent Directors is carried out in a structured manner in accordance with the provisions of the CSE’s listing rules. PLR’s Remuneration, Nomination and Human Resource Committee identifies candidates based on certain laid down criteria and takes into consideration the need for diversity of the Board when making recommendations to the Board.

The PLR Board as at 31st March 2022, all 05 Non-Executive Directors were Independent. This in compliance with the provisions of the CSE listing rules as well as the board balance recommendations under the Code of Corporate Governance Best Practices.

All Directors declare their independence annually.

## ROLE OF THE BOARD

The Board is responsible to the shareholders and all other stakeholders for the overall performance of the Company. In this context, the Board provides leadership for ensuring the success of the Company and its ability to generate long-term value for shareholders and the wider community.

The Board executes its responsibilities by setting PLR’s vision and values and providing strategic direction to the management to conduct the affairs of the Company in line with these mandates. The Board plays a proactive role in identifying the Company’s key risks and providing guidance for the implementation of appropriate risk and internal control frameworks to manage and reduce the impact of these risks. Hand in hand with these risk and control responsibilities, the Board also continuously monitors the operational and financial position and performance of the Company. The Board is further required to ensure appropriate financial and other reporting mechanisms are in place to facilitate the delivery of accurate and timely information to shareholders, regulators and other stakeholders in line with applicable compliance requirements.

The following matters are reserved expressly for consideration and approval by the PLR Board

- Approving the Company’s strategy and business plan
- Approving major acquisitions, investments and capital expenditure
- Dividend policy
- Changes to the capital structure
- Amending the Terms of Reference of Board Sub Committees
- Appointments to the Board and Board committees
- Senior Executive appointments
- Amendments to key policies and procedures



## Board Actions FY 2021/22

### Strategy and Purpose

- Reviewed and approved the strategic plan and annual budgets for FY 2022/23
- Approved the acquisition of real estate arm of Prime Finance PLC in January 2022
- Monitored brand performance
- Approved a dividend payment of 40 cents per share
- Proposed an interim dividend of 70 cents from FY 2021/22 profits. This was disclosed to CSE on 25th May 2022

### Operational performance against strategy

- Monitored operational progress against targets
- Reviewed and assessed the performance of the Board and the Board Sub Committees
- Reviewed and assessed the performance of PLR's Managing Director

### Risk management and assurance

- Continuous monitoring of movements in the exchange rate and forex related risks to the Company
- Ensuring business continuity despite external challenges due to COVID-19 and the economic downturn of the Country
- Implemented a formally documented internal control procedure manual to enable the commencement of routine internal audits

### Governance and Control

- The AML reporting process was streamlined to capture the most recent updates to the AML and CFT regulations. This process was further strengthened by a series of online training sessions specifically designed for sales staff

### Financial performance and Reporting

- Review financial performance of the Company based on management reports
- Approved quarterly financials for publication
- Approved the annual report for publication
- Setting of the AGM date for the FY 2021/22

### Culture and Conduct

- Reviewed and updated the Code of Conduct with special emphasis on strengthening the Company wide ethics framework.

### People Development

- Overseeing recruitment of senior management employees
- Oversight for succession planning
- Decisions on safeguarding employee wellbeing amidst the COVID-19 pandemic

### Stakeholder Engagement

- Monitoring of customer service and customer complaints
- Monitoring of investor engagement activities
- Oversight to ensure the Corporate Management teams continues to maintain good relationship with employees

# Corporate Governance

## BOARD MEETINGS

The PLR Board meets on a quarterly basis with additional meetings held as needed. The Company held 04 meetings during the year under review.

### Ensuring the effectiveness of board meetings

ENSURING THE EFFECTIVENESS OF BOARD MEETINGS		
Before the meeting	At the meeting	After the meeting
Advance scheduling of meetings	It is mandatory for all Directors to attend Board meetings	The Company Secretary is required to obtain the approval of the Chairman on meeting minutes prior to circulation to Directors
Carefully thought out agenda. The Chairman draws up the agenda in consultation with the Managing Director and the Company Secretary to ensure that there is sufficient information and time to address all agenda items.	The Chairman conducts the meeting and encourages constructive dialogue and active debate on agenda matters.	The Chairman and Company Secretary are responsible for following up on the progress of matters raised at the meetings
Circulation of Board papers including the agenda to all Directors, at least 7 days prior to the scheduled meeting date	PLR's, GM-Finance, GM- Engineering and the Head of Internal Audit, Risk and Compliance may attend the Board meeting on invitation to discuss specific areas	
Directors are expected to be well prepared in order to contribute effectively at the meetings. For this reason the Directors are allowed to reach out to the Company Secretary or any member of PLR's Senior Management to obtain information or clarifications. Directors also have the discretion to engage external advisors	The Company Secretary is present at all Board meetings and records detailed minutes of the proceeding	

### Meeting Attendance

Name of the Director	Q1	Q2	Q3	Q4
B. Premalal	✓	✓	✓	✓
H.K.S.R. Perera	✓	✓	✓	✓
N.M. Weerakkody	✓	✓	✓	✓
H.M.N.U. Kumara	✓	✓	✓	✓
S.S.A.P. Brahmanage	✓	✓	✓	✓
D. Sooriyaarachchi	✓	✓	✓	✓
S.M.S.S. Bandara	✓	✓	✓	✓
D.H. Kalapuge	✓	✓	✓	✓
M. Perera	✓	✓	✓	✓
N. L. S Joseph*	N/A	N/A	✓	✓

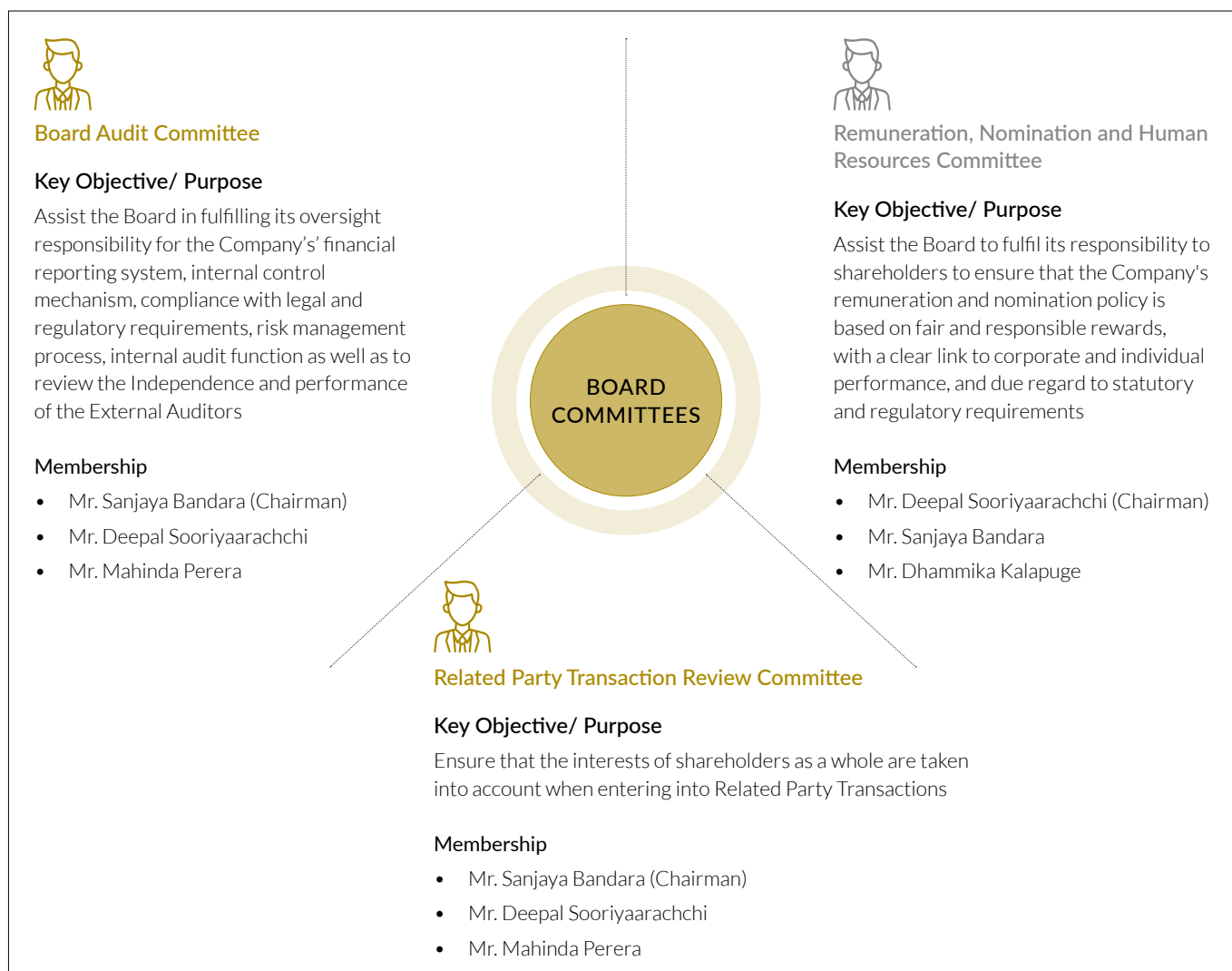
\*Appointed to the Board w.e.f. October 30, 2021

### BOARD COMMITTEES

The Board has delegated certain responsibilities to Board Committees. Each Committee functions in accordance with the Board approved TOR (Terms of Reference).

PLR's governance framework includes three Board Committees - the Board Audit Committee, the Related Party Transaction Review Committee and the Remuneration, Nomination and Human Resources Committee.

The meetings of each of these Committees are convened by the respective Chairman. The minutes of the Committee meetings are sent to the respective members for their approval/comments with duly approved minutes circulated to the Board and presented at the next Board Meeting.



### DIVISION OF RESPONSIBILITY AT A LEADERSHIP LEVEL

PLR's Board is headed jointly by the Co-Chairman and Co-Chairperson. In accordance with good governance practices, the Company has established a clear division between the roles of the Co-Chairman and the Co-Chairperson and PLR's Managing Director.

The Chairman and the Co-Chairperson are jointly responsible for leading the Board and enabling the Directors to operate effectively as one unit to determine the strategy, risk appetite and governance structure

necessary to deliver Shareholder value in a transparent and responsible manner. As the Chairman serves in an Executive capacity, a Senior Independent Director has been appointed.

PLR's Managing Director is also the Chief Executive Officer of the Company and is responsible for executing the Board approved strategy in order to achieve stated commercial objectives. The Managing Director is the head of the Company's Executive Committee (EXCO). The EXCO is collectively responsible for the day-to-day management of the Company.

### MANAGEMENT LEVEL COMMITTEES

Management-level Committees have been established to assist in exercising more focused oversight into key aspects of the business.

# Corporate Governance

## THE LEVEL OF COMPLIANCE OF PRIME LANDS RESIDENCIES PLC TO THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE 2017 ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
The Board	A.1	Complied	The Board headed by the Co-Chairman and Co-Chairperson , consists of ten directors, out of which five are Independent Non-Executive. The Board is comprised of skilled professionals in the fields of business leadership, engineering, finance, sales and marketing, legal and compliance, human resources, corporate governance and risk.
Board Meetings	A.1.1	Complied	Board meetings were held on a quarterly basis.
	A.1.2	Complied	The Board of Directors holds prime responsibility to ensure that risks are identified and appropriately managed across the Company. Directors are made aware of their duties and responsibilities with regard to monitoring and managing the risks associated with capitals, value creation activities, business operations and impacts.
	A.1.3	Complied	The Board collectively and Directors individually act in accordance with the laws of the country and wherever required obtain independent professional advice.
	A.1.4	Complied	All Directors have access to the advice and services of the Company Secretary.
	A.1.5	Complied	All Directors exercise independent judgement in all decisions pertaining to strategy, performance, resource allocation and standards of business conduct.
	A.1.6	Complied	Every Director dedicate adequate time and effort to matters of the Board and the Company.  The Board papers and the agenda are received by the Directors ahead of Board Meetings, enabling the Directors to review the papers and obtain clarifications ahead of the meetings.
	A.1.7	Complied	Any single Director may call for a resolution to be presented to the Board where he/she feels it is in the interest of the Company. As per Articles of Association, resolutions can be passed with majority voting.
	A.1.8	Complied	The Directors have participated in trainings on aspects that are relevant to their directorship. New training focuses on enabling the Directors to expand the knowledge and skills required to effectively perform duties as a Director.
Chairman and CEO	A.2	Complied	In order to ensure a clear division of responsibilities at the head of the Company and maintain a balance of power and authority the positions of Co-Chairman, Co-Chairperson were created and the Managing Director holds the authority of CEO.
Chairman's Role	A.3- A.3.1	Complied	The Board is headed jointly by the Co-Chairman and Co-Chairperson, both of whom function in the capacity of Executive Directors. Together they are responsible for preserving order and facilitating the effective discharge of Board functions. The Co-Chairman and Co-Chairperson conduct Board proceedings and ensure the effective participation and contribution of all Directors. The Directors are informed on the matters included in the agenda.

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Financial Acumen	A.4	Complied	The Board includes directors who are skilled, experienced and possess the necessary knowledge and competence to offer expert opinion on financial matters to the Board. The Audit Committee holds a special responsibility in discussing matters of Finance with the external and internal Auditors.
Board Balance	A.5- A.5.1	Complied	The Board has a balanced composition of five Executive Directors and five Non-Executive Directors. The Non-Executive Directors bring expertise on Finance, Marketing, Legal & Compliance, Corporate Governance & Risk and Human Resources.
	5.2	Complied	More than two-third of Non-Executive Directors appointed to the Board are independent.
	5.3	Complied	All the Independent Directors are independent of management and free of any business or other relationship that could materially interfere with.
	5.4	Complied	All the Non-Executive Directors have signed the declaration of his independence or non-independence against the specified criteria
	5.5	Complied	The determination as to the independence or non-independence of each Non-Executive Director is done
	5.6	Complied	No alternate Directors were appointed
	5.7	Complied	Mr. Deepal Sooriyaarachchi is appointed as the Senior Independent Director as the Chairman is not an Independent Director
	5.8	Complied	The Senior Independent Director is available for confidential discussions, should there be any concerns regarding governance or issues that may adversely affect the Company, inadequately addressed by the Board
	5.9-5.10	Complied	The Co-Chairman and Co-Chairperson have held a meeting only with the Non-Executive Directors.
Supply of Information	A.6.1	Complied	The Board is provided with timely information in a form and of a quality appropriate to enable it to discharge its duties Directors make further inquiries where necessary if information provided by management is not enough
	A.6.2	Complied	The Agenda for the Board meeting and connected discussion papers are ordinarily circulated to the Directors seven (7) days in advance to facilitate the effective conduct of the meeting.
Appointments to the Board	A.7.1	Complied	The Remuneration, Nomination and Human Resources Committee is established. (The RNHR Committee Report is available on page 104)
	7.2	Complied	The Remuneration, Nomination and Human Resources Committee annually assesses Board composition.
	7.3	Complied	The Colombo Stock Exchange is informed upon the appointment of a new Director to the Board, along with a brief resume of the Director which includes; the nature of his expertise in relevant functional area, whether the Director is considered an Independent Director, other Directorships and memberships in Board sub committees



# Corporate Governance

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Re-election	A.8.1- 8.2	Complied	Re-elections taken place as per the provisions of the Articles of Association.
Resignation	8.3	Complied	The Articles provides for resignation to be given in writing, however no resignations have taken place during the year under review.
Appraisal of Board Performance	A.9.1-9.4	Complied	The Annual self-evaluation of the Board and its Sub-committee were done and results were communicated to the Board.
Disclosure of information in respect of Directors	A.10	Complied	<p>The details in respect of Directors disclosed in the Annual Report covering:</p> <ul style="list-style-type: none"> <li>Name, qualifications and a brief profile</li> <li>The nature of his/her expertise in relevant functional areas</li> <li>Immediate family and/or material business relationships with other Directors of the Company</li> <li>If Directors have immediate family and/or material business relationships with other Directors of the Company</li> <li>Whether Executive, Non-Executive and/or Independent Director</li> <li>Names of listed companies in Sri Lanka in which the Director concerned serves as a Director</li> <li>Number of Board meetings attended by the Director during the year</li> <li>The total number of Board seats held by each Director indicating listed and unlisted Companies and whether in an Executive or Non-Executive capacity</li> <li>Names of Board Committees in which the Director serves as Chairman or a member- Refer to the "Committee Reports"</li> <li>Number of committee meetings attended during the year</li> </ul>
Appraisal of Chief Executive Officer	A.11-A.12	Complied	<p>At the commencement of financial year, the Board in consultation with the Managing Director has set short, medium and long-term objectives, reasonable financial and non-financial targets that should be met by the Managing Director during the year.</p> <p>The performance of the Managing Director has been evaluated by the Board to ascertain whether the targets have been achieved.</p>
Directors' Remuneration	B.1	Complied	The Board has implemented a formal and transparent procedure for developing policies on remuneration by setting up a Remuneration, Nomination and Human Resources Committee. Its purpose is to assist the Board of Directors in matters relating to compensation of the Company's Directors and Key Management Personnel.
	B.1.1- B.1.2	Complied	Remuneration, Nomination and Human Resources Committee consist of Three Non-Executive Directors and all of them are Independent . The Chairman of the RNHR Committee –Mr. Deepal Sooriyaarachchi is an Independent Non-Executive Director.
	1.3	Complied	Please Refer page 104 - for details on Remuneration, Nomination and Human Resources Committee

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
	1.4	Complied	The Board as a whole determine the fees payable to the Non-Executive Directors.
	1.5	Complied	RNHR Committee consults the Co-Chairman and Co-Chairperson about its proposals relating to the remuneration of other Executive Directors.
The Level and Make up of Remuneration	B.2- 2.10	Complied	Levels of remuneration of both Executive and Non-Executive Directors are sufficient to attract and retain the Directors
Disclosure of Remuneration	B.3.1	Complied	Annual Report contains a statement of RNHR Committee, Statement of Remuneration Policy and details of remuneration of the Board as a whole.
Relationship with Shareholders	C.1-C.2	Complied	AGM is held, notice of the AGM and related papers sent to shareholders before the meeting. The effective communication with shareholders has been established.
Major and Material Transactions	C.3.1-3.2	Complied	The Related Party Transactions for the year are disclosed in the Annual Report. The Related Party Transaction Review Committee reviews the major related party transactions that require prior approval.
Accountability and Audit	D		
Financial and Business Reporting	D.1.1	Complied	The Board has presented the Annual Report, which includes the Financial Statements of the Company that is true and fair, balanced and understandable and prepared in accordance with LKASs and SLFRSs as required by statutory requirements. The Annual Report is compliant with Integrated Reporting standards.
	D.1.2	Complied	The Board is aware of its responsibility to present regulatory and statutory reporting and other price sensitive information in a balanced and understandable manner
	D.1.3	Complied	The General Manager- Finance and the Managing Director are responsible for ensuring that the financial records of the Company have been properly maintained and that the Financial Statements comply with the appropriate accounting standards and give a true and fair view of PLR's performance for the financial year. The General Manager- Finance and the Managing Director are required to review quarterly and at the year-end, the Company's Financial Statements before submitting to the Audit Committee and the Board.
	D.1.4	Complied	The Directors' Report is included from page 108
	D.1.5	Complied	Statement setting out the responsibilities of the Board of Directors for the preparation and presentation of financial statements (page 05) together with a statement by the Auditors about their reporting responsibilities (page 121 ) included
Summoning an Extra Ordinary General Meeting (EGM) to notify serious loss of capital	D. 1.7	Complied	Circumstances to summon an EGM did not arise during the year 21/22
Related party transactions	D.1.8	Complied	The transactions entered into by the Company with the related parties is disclosed on Note 31 of the Financial Statements

# Corporate Governance

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Risk Management and Internal Control	D.2	Complied	A risk management and internal control system was effected by the Board under the Internal Audit, Risk and Compliance Department which reports to the Board Audit Committee.
	D.2.1	Complied	The Board has established a monitoring system to review Company's risk management and internal control systems.
Review the need for internal audit function	D.2.2	Complied	The Board Audit Committee is established to monitor, review, and evaluate the effectiveness of the risk management and internal control system
Internal Audit Function	D.2.3	Complied	An internal audit function is established
	D.2.4	Complied	Board Audit Committee is established to ensure review of the process and effectiveness of risk management and internal controls and to report to the Board.
Audit Committee	D.3		
	D.3.1	Complied	The Board Audit Committee consist of three Non-Executive Directors who are Independent. The Committee is Chaired by Mr. Sanjaya Bandara, who is an Independent Non-Executive Director. The members of the Committee possesses expertise in Finance, Legal, Risk and Governance compliance
	D.3.2	Complied	The Board Audit Committee has a written Terms of Reference covering its purpose, duties and responsibilities.
	D.3.3	Complied	The Board Audit Committee Report , describing the scope of the committee in discharging its responsibilities is included in the Annual Report - page 101
Related Party Transactions Review Committee	D.4		
	D.4.1	Complied	Related Party Transactions are defined as LKAS 24
	D.4.2	Complied	The Related Party Transactions Review Committee (RPTRC) consist of three Non-Executive Directors who are Independent. The Committee is Chaired by Mr. Sanjaya Bandara, who is an Independent Non-Executive Director.
	D.4.3	Complied	The Related Party Transactions Review Committee has a written Terms of Reference covering its purpose, duties and responsibilities.
Code of Business Conduct & Ethics	D.5.1	Complied	The Company has adopted a Code of Business conduct and ethics and the Directors and Key Management Personnel are committed to the code and the principles contained therein. There were no reported cases of non-compliance to, Code of Business Ethics by any Director, Key Management Personnel or any other employee.
	D.5.2	Complied	Company has established policy and process to ensure that material and price sensitive information is immediately disclosed to the Colombo Stock Exchange immediately after relevant decisions are made by the Board of Directors.

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
	D.5.3	Complied	A process in place to monitor the share purchases by any Director and will be reported to the Company Secretary immediately to arrange necessary disclosure to the Colombo Stock Exchange. Shares purchased by Key Management Personnel or any other employee involved in financial reporting will be monitored by Manager-Compliance
	D.5.4	Complied	The Chairman's affirmation in the Company's Annual Report that he is not aware of any violation of any of the provisions of the Code of Business Conduct & Ethics is on pages 86
Corporate Governance Disclosures	D.6.1	Complied	The Corporate Governance Report sets out the manner and extent to which the Company has complied with the principles and provisions of the code
Shareholder Voting	E.1	Complied	Institutional shareholders are given the right to use their votes
Evaluation of Governance Disclosures	E.2	Complied	Corporate Governance related matters along with the adequate disclosures are communicated to all shareholders via the Annual Report and the AGM as mentioned.
Other Investors	F	Complied	Individual shareholders are encouraged to participate in Annual General Meetings and exercise their voting rights.
Internet of things and Cybersecurity	G	Complied	The policies on Governance of information systems, Intranet and Cyber security are currently been reviewed and aligned with the code
Environment, Society and Governance	H	Complied	Annual report contains information on Environment (page 80 Natural Capital), Social (Social & Relationship Capital - page 70) and Governance (Corporate Governance Report - 86), that will enable investors and other stakeholders to assess how ESG risks and opportunities are recognized, managed, measured and reported.

# Corporate Governance

## LEVEL OF COMPLIANCE WITH MANDATORY REGULATIONS

This section provides a navigation on the level of compliance to Companies Act and the regulations provided by the Colombo Stock Exchange.

## DISCLOSURES REQUIRED BY THE COMPANIES ACT NO. 07 OF 2007

Section Reference	Requirement	Annual Report Reference (Page)
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	About the Company - page 06
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Audited Financial- page 121
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company	Auditor's Report- page 116
168 (1) (d)	Accounting Policies and any changes therein	Significant Accounting Policies to the Financial Statements page- 125
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Directors' Interest in Contracts with the Company- page 114
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Annual Report of the Board of Directors on the State of Affairs of the Company- page 111
168 (1) (h)	Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period	Directors' Profile- page 16-19 About the Company- page 07
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Noted to the Financial Statements- page 140
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Auditor's Report- page-118
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board (Annual Report of the Board of Directors)	Annual Report of the Board of Directors on the State of Affairs of the Company- page 115



## DISCLOSURES REQUIRED BY THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE

Rule No.	Subject	Applicable Requirement	Status	Compliance Details
7.10.1.(a)	Non-Executive Directors	At least two or one third of the Directors, whichever is higher, should be Non-Executive Directors	Compliant	Corporate Governance – page 88
7.10.2.(a)	Independent Directors	Two or one-third of Non-Executive Directors, whichever is higher, should be independent	Compliant	Corporate Governance – page 88
7.10.2.(b)	Independence of Directors	Each Non-Executive Director should submit a declaration of Independence/Non-Independence	Compliant	The Non-Executive Directors have submitted the declarations in the prescribed format
7.10.3.(a)	Disclosures relating to Directors	The names of Independent Directors should be disclosed in the Annual Report	Compliant	Board profile – pages 18 to 19
7.10.3.(b)	Independence of Directors	The Board shall make a determination annually as to the Independence or Non-Independence of each Non-Executive Director	Compliant	Independence of Non-Executive Directors- page 110
7.10.3.(c)	Disclosures relating to Directors	A brief resume of each Director should be included in the Annual Report including his/her area of expertise	Compliant	Board profile- page 16 to 19
7.10.3.(d)	Appointment of new Directors	A brief resume of any new Director appointed to the Board	Compliant	Board profile- page 19
7.10.5 (a) – (c)	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Report of the Remuneration, Nomination, Human Resources Committee- Page 104
7.10.6 (a) – (c)	Audit Committee	A listed company shall have an Audit Committee	Compliant	Report of the Board Audit Committee- page 101

# Senior Independent Director's Statement



**MR. DEEPAL  
SOORIYAARACHCHI**  
Senior Independent Director

As the SID, I am consulted by the Co-Chairman and the Co-Chairperson on major strategic and governance issues. Further, I make myself available to any Director for any confidential discussion on the affairs of the Company, should the need arise.

A handwritten signature in black ink, appearing to read 'Deepal Sooriyaarachchi', with a stylized flourish at the end.

**Deepal Sooriyaarachchi**  
Senior Independent Director

06 May 2022

The 'Code of Best Practice on Corporate Governance 2017' (The Code) issued jointly by the Securities and Exchange Commission and The Institute of Chartered Accountants of Sri Lanka, recommends that a Senior Independent Director (SID) be appointed in the event of the Chairman functions in an executive role.

PLR's Chairman plays an executive role and functions as the Co-Chairman along with the Co-Chairperson. Accordingly, PLR has appointed a Senior Independent Director (SID) in line with the guidance given in The Code.

The presence of a SID provides a workable mechanism to review the role played by the Co-Chairman and Co-Chairperson as well as to review the Board's effectiveness. The presence of the SID also supports greater transparency on matters relating to governance.

# Board Audit Committee Report



**MR. SANJAYA BANDARA**  
Chairman- Board Audit Committee

## MEMBERSHIP

**Mr. Sanjaya Bandara (Chairman)**  
Non-Executive Independent Director

**Mr. Deepal Sooriyaarachchi (Member)**  
Non-Executive Independent Director

**Mr. Mahinda Perera (Member)**  
Non-Executive Independent Director

## PURPOSE

The Committee has been established to assist the Board in fulfilling its oversight responsibility for the Company's financial reporting system, internal control mechanism, compliance with legal and regulatory requirements, risk management process, internal audit function as well as to review the Independence and performance of the External Auditors, with a view to safeguarding the interests of the shareholders and all other stakeholders.

## TERMS OF REFERENCE

The Audit Committee operates as per the Board approved and formally documented Terms of Reference (TOR), outlining the Committees' authority and duties. The TOR has been carefully designed to discharge the Committee's purpose, duties and responsibilities.

## DUTIES AND RESPONSIBILITIES

- Overseeing the preparation, presentation and adequacy of disclosures in the financial statements, in accordance with Sri Lanka Accounting Standards.
- Overseeing the Company's compliance with financial reporting requirements and all relevant financial regulatory frameworks.
- Overseeing the processes to ensure that the Company's internal controls and risk management procedures are adequate.
- Provide oversight for assessing the Company's ability to continue as a going concern in the foreseeable future.
- Provide oversight for assessing the independence and performance of the Company's external auditors.
- Management of the Whistle Blowing policy.

## ACTIVITIES IN FY 2021/22

The Audit Committee held seven meetings during the financial year. The table below summarizes the main areas that were under the review of the Audit Committee.

Meeting	Areas Covered
Q1 - (i)	1 3 5
Q2 - (i)	4
Q2 - (ii)	1 2 3
Q3 - (i)	1 2 4
Q3 - (ii)	1 3
Q4 - (i)	4 3
Q4 - (ii)	1 2 4 5

- Risk Management and Internal Controls
- Internal Audit
- Compliance and Governance
- Financial Reporting
- External Audit

## RISK MANAGEMENT AND INTERNAL CONTROLS

The committee reviewed the adequacy of internal controls in place and provided direction on further strengthening the internal control framework. The department-wise Risk Assessment reports submitted by the Manager Internal Audit Risk and Compliance, were evaluated with the significant risks and their controls are discussed in detail. The Key Risks that exceeding the Company's risk appetite are discussed in the risk management report presented from pages 27 to 33.

The Committee is satisfied that an effective system of internal control is in place to provide reasonable assurance on safeguarding the Company's assets and reliability of Financial Statements. Effectiveness of the Company's system of internal controls is evaluated through reports provided by the Management, Internal Auditors and Independent External Auditors.

## INTERNAL AUDIT

The internal audit programme and the results of the internal audit process, effectiveness of the current internal controls, areas for further improvement and the effectiveness of the internal audit function were discussed. The Manager Internal Audit, Risk and Compliance facilitates the information for discussion, while Audit reports tabled by the Internal Audit Department were used as the basis of discussion.

## COMPLIANCE AND GOVERNANCE

The Audit Committee Reviewed the Compliance and Governance status of the Company by considering the reports prepared by the Internal Audit, Risk and Compliance Department on the compliance to statutory and regulatory requirements and the Company's adherence to the corporate governance code of best

# Board Audit Committee Report

practices. The Committee is satisfied that laws and regulations are duly complied with and statutory payments have been made on a timely basis.

## FINANCIAL STATEMENTS

The Audit Committee reviewed the quarterly and annual Financial Statements prior to its publication. The review included appropriateness and changes in Accounting Policies, significant estimates and judgement made by the management, compliance with relevant Accounting Standards and applicable regulatory requirements, Issues arising from the Internal Audit and Independent External Audit. The Audit Committee is satisfied of the Company's ability to continue as a going concern based on the Financial Statements included in the Annual Report.

## EXTERNAL AUDIT

The Audit Committee reviewed the independence and objectivity of the Independent External Auditors, Messrs BDO Partners, Chartered Accountants. The Audit Committee has had closed door discussions with the External Auditors to review their audit plan and any observations made by them. The Committee has reviewed the independence of the external auditors and fees paid to them.

## ATTENDANCE

Meeting	Mr. Sanjaya Bandara (Chairman)	Mr. Deepal Sooriyaarachchi	Mr. Mahinda Perera
Q1 - (i)	✓	✓	✓
Q2 - (i)	✓	✓	✓
Q2 - (ii)	✓	✓	✓
Q3 - (i)	✓	✓	✓
Q3 - (ii)	✓	✓	✓
Q4 - (i)	✓	✓	✓
Q4 - (ii)	✓	✓	✓

## EVALUATION OF THE COMMITTEE PERFORMANCE

The annual self-evaluation of the Committee was conducted by the Committee Members and reported to the Board.

S. Bandara

Mr. Sanjaya Bandara  
Chairman- Board Audit Committee

06 May 2022

# Related Party Transaction Review Committee Report



**MR. SANJAYA BANDARA**

Chairman- Related Party Transaction Review Committee

## MEMBERSHIP

**Mr. Sanjaya Bandara (Chairman)**

Non-Executive Independent Director

**Mr. Deepal Sooriyaarachchi (Member)**

Non-Executive Independent Director

**Mr. Mahinda Perera (Member)**

Non-Executive Independent Director

## PURPOSE

The Related Party Transaction Review (RPTR) Committee ensures that the interests of shareholders as a whole are taken into account when entering into Related Party Transactions. In this regard, the Committee is reasonable for appropriate safeguards are in place to prevent Directors, Key Management Personnel or Substantial Shareholders taking advantage of their status in entering into transactions with the Company. The Committee performs their oversight function on behalf of the Board in compliance with the Listing Rules of the Colombo Stock Exchange and adherence to the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission. The Committee is responsible for the independent reviewing of transactions between the Company and its Related Parties, either prior to the transaction being entered into or upon completion of the transaction.

## TERMS OF REFERENCE

The RPTR Committee operates as per the Board approved and formally documented Terms of Reference (TOR), outlining the Committee's authority and duties. The TOR has been carefully designed to discharge the Committee's purpose, duties and responsibilities. The TOR covers aspects relating to matters prescribed in the Listing Rules of the Colombo Stock Exchange.

## DUTIES AND RESPONSIBILITIES

- Reviewing all Transactions between the Company and its Related Parties and determining if such Transactions are in the best interests of the Company and its stakeholders
- Evaluating if transactions that fall within the ambit of a normal business relationship and whether the terms of such transactions are no more favourable than would reasonably be expected of transactions negotiated on an arm's length basis
- Ensure the implementation of policies, procedures, guidelines, manuals necessary to review of transactions
- Determining if transactions that are to be entered into by the Company require the approval of the Board or Shareholders

- Establish guidelines for Senior Management to follow on ongoing related party transactions (Recurrent Related Party Transactions).

## RELATED PARTY TRANSACTIONS DURING THE YEAR

The RPTR Committee reviewed the proposed acquisition of the Real estate business of the Prime Finance PLC with their observations on same communicated to the Board. The acquisition of the Real estate business of the Prime Finance PLC, exceeded the respective thresholds mentioned in the Listing Rules. Accordingly necessary prior approval of the RPTR Committee and the Board was obtained and required disclosures to CSE were done. The details of this transaction are included on page 159.

All the recurrent transactions that exceeded the internal thresholds set by the Committee were also brought forward for the Committee's approval prior to execution.

Details of other related party transactions entered into by the Company during the year is disclosed in Note 31 to the Financial Statements.

## ATTENDANCE

The Related Party Transactions Review Committee held four meetings, one each quarter during the financial year.

Meeting	Mr. Sanjaya Bandara (Chairman)	Mr. Deepal Sooriyaarachchi	Mr. Mahinda Perera
Q1	✓	✓	✓
Q2	✓	✓	✓
Q3	✓	✓	✓
Q4	✓	✓	✓

## EVALUATION OF THE COMMITTEE PERFORMANCE

The annual self-evaluation of the Committee was conducted by the Committee Members and reported to the Board.

*S. Bandara*

**Mr. Sanjaya Bandara**

Chairman- Related Party Transactions Committee



# Remuneration, Nomination and Human Resources Committee Report



**MR. DEEPAL SOORIYAARACHCHI**

Remuneration, Nomination and Human Resources Committee

## MEMBERSHIP

**Mr. Deepal Sooriyaarachchi (Chairman)**  
Non-Executive Independent Director

**Mr. Sanjaya Bandara (Member)**  
Non-Executive Independent Director

**Mr. Dhammika Kalapuge (Member)**  
Non-Executive Independent Director

## PURPOSE

The purpose of the Remuneration, Nomination and Human Resources Committee is to assist the Board to fulfil its responsibility to shareholders to ensure that the Company's remuneration and nomination policy is based on fair and responsible rewards, with a clear link to corporate and individual performance, and due regard to statutory and regulatory requirements.

The objective of such policy is to attract, retain and motivate the Board of Directors and give recommendations to the Board on all new Board appointments ensuring that the Board possesses the correct mix of expertise, knowledge, skills and experience for its effective functioning to match the strategic demands of the Company.

## TERMS OF REFERENCE

The Committee operates within agreed Terms of Reference and is committed to ensuring that remuneration arrangements are fair and linked to performance. The proposals relating to remuneration of Executive Directors and the members of the Group Management Committee was discussed and consensus arrived at in consultation with the Co- Chairman.

## DUTIES AND RESPONSIBILITIES

- Consider and recommend any appointment or reappointment to the Board.
- Provide advice and recommendations to the Board or the Chairman (as the case may be) on any such appointment
- Consider the selection and appointment of a Chairman in case a vacancy arises
- Consider the succession plan for the Managing Director and ensure that there is a succession plan for all Key Management Personnel
- Regularly review the structure, size, composition including gender representation and competencies (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes
- Recommend personnel indemnity and other insurance covers to be taken in respect of all Directors and other Key Management
- Recommending and approving the total remuneration and incentives packages of the Executive Directors including the Managing Director
- Reviewing and recommending to the Board, any updates to the Board policy pertaining to the remuneration and incentive package of Executive Directors, Non- Executive Directors and Key Corporate Management

- Reviewing the Company's remuneration practices and policies
- Determining the terms of employment of the Executive Directors
- Evaluate Human Resources strategies & policies and recommend for approval of the Board
- Reviewing the design and implementation of employee incentive schemes to determine that they are equitable and aligned to organizational objectives
- Selecting and appointing any remuneration consultants who advises the committee

## ACTIVITIES IN FY 2021/22

The Remuneration, Nomination and Human Resources (RNHR) Committee held three meetings during the financial year. The table below summarizes the main areas that were under the review of the RNHR Committee.

Meeting	Areas Covered
Q2	1 2 4
Q3	3 4
Q4	4 5

- 1 Committee formation and Term of Reference
- 2 Remuneration of Directors
- 3 Organization Structure
- 4 Human Resources Policies
- 5 Human Capital Value Creation Model

## REMUNERATION OF NON-EXECUTIVE DIRECTORS

The Committee agreed on the remuneration of the Non- Executive Directors and these changes have been ratified accordingly.

## ORGANIZATION STRUCTURE

The Committee reviewed the organization structure and strategic rearrangements were proposed for aligning with the current business context. PLR's value chain was redefined and an appropriate corporate structure established to support these changes. Accordingly a decision was taken to rename certain departments on par with the modern business context; Accounts as Finance, Advertising as Marketing, Recoveries as Collection and Customer care as Customer Experience.

## HUMAN RESOURCES POLICIES

The Committee reviewed the proposed HR procedure manual and recommended improvements to the policies to strengthen the alignment with company values.

## HUMAN CAPITAL VALUE CREATION MODEL

The Committee reviewed the human resources value creation model and recommended improvements. The Committee made recommendations to amend the proposed HR plan and advised HR department on the way forward in supporting the core functions of the company.

## ATTENDANCE

The Remuneration, Nomination and Human Resources Committee held three meetings, during the financial year.

Meeting	Mr. Deepal Sooriyaarachchi (Chairman)	Mr. Sanjaya Bandara	Mr. Dhammika Kalapuge
Q2	✓	✓	✓
Q3	✓	✓	✓
Q4	✓	✓	✓



**Mr. Deepal Sooriyaarachchi**

Chairman - Remuneration, Nomination Human Resources Committee

06 May 2022









# Financial Reports

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

Annual Report of the Board of Directors on the Affairs of the Company as required by section 168 of the Companies Act No. 07 of 2007 as amended ("the Companies Act").

## GENERAL

The Directors of Prime Lands Residencies PLC have the pleasure in presenting this Report to the shareholders together with the audited Financial Statements for the year ended 31st March 2022 and the Auditors' Report, in conformity with the requirements of the Companies Act No. 07 of 2007. The details set out herein provide appropriate information required by the Companies Act No. 07 of 2007 and subsequent amendments thereto and recommended best practices on Corporate Governance. This Report was approved by the Board of Directors on 6th June 2022.

## COMPANY OVERVIEW

Prime Homes International (Private) Limited was incorporated as a Private Limited Company in May 2005 under the provisions of the Companies Act No. 17 of 1982 and re-registered again under the Companies Act No. 07 of 2007 under the Company Registration Number PV7540. The Company name was changed to Prime Lands Residencies (Pvt) Ltd in 2015, and was converted to a Public Limited Liability Company with effect from 12th February 2021 in accordance with the provisions of the Act. Ordinary shares of the Company have been listed on the Colombo Stock Exchange with effect from 08th June 2021. The Company changed its name from "Prime Lands Residencies Limited" to "Prime Lands Residencies PLC" under the registration No PQ 00234680 with effect from 17th July 2021. 937,500,000 fully paid ordinary voting shares were issued and listed on the DiriSavi Board of the Colombo Stock Exchange (CSE) on 08th June 2021.

The Registered office of the Company and the principal place of business is situated at No 75, D.S Senanayake Mawatha, Colombo 08.

In FY 2021/22, the Company's issuer rating was upgraded to [SL] A (Stable) from Rating [SL] A - (Stable) outlook, by ICRA Lanka Limited.

## PURPOSE AND VALUES

The Company's Vision and Values are given on page 08 of the Annual Report. In achieving its set goals and objectives all Directors, management and employees of the Company conduct their activities to highest level of ethical standards and integrity as set out in the Code of Ethics of the company.

## PRINCIPLE BUSINESS ACTIVITIES

The principal activities of the Company include primarily the business of development and sale of residential real estate and the sale of lands for residential purposes. The business caters to all market segments across the economic landscape of Sri Lanka.

## CHANGES TO THE COMPANY STRUCTURE

There were no changes to the Company structure during the year under review.

## REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

An overall assessment of the Company's financial position and performance during the year, with comments on financial results, special events that took place and future developments, is summarized in the Chairman's Message on (Pages 41 to 42) and the Managing Director's Review on (Pages 43 to 46), while more comprehensive details are available in the Business Report on (Pages 50 to 52) and the Capital Management Report on (Pages 53 to 57) of this Annual Report. These sections form an integral part of the report of the Directors, and together with the Audited Financial Statements reflect the state of affairs of the Company for the year ended 31st March 2022.

## FINANCIAL STATEMENTS OF THE COMPANY

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS)

laid down by the Institute of Chartered Accountants of Sri Lanka, and comply with the requirements of Companies Act.

The Financial Statements of the Company which are duly certified by the General Manager Finance and Co-Chairperson and approved by the Board of Directors and signed by the Co-Chairman and the Board Audit Committee Chairman, is shown on Pages 116 to 169 of this Annual Report.

## DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company, which reflect a true and fair view of the state of its affairs. The Directors are of the view that the statement of comprehensive income, statement of changes in equity, statement of cash flow, significant accounting policies and notes for the year ended 31st March 2022 and statement of financial position as at that date have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, the Companies Act and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The "Statement of Director's Responsibility for Financial Reporting" is provided on Page 121 and forms an integral part of this report.

## AUDITOR'S REPORT

The Company's Auditors, BDO Partners (Chartered Accountants) have performed a comprehensive audit of the Financial Statements for the year ended 31st March 2022 and the Auditor's Report issued thereon is given on Page 116 of this Annual Report.

## ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

Significant new accounting policies adopted in preparation of the financial statements of the Company are given on Pages 125 to 138. These Financial Statements comply with the requirements of Lanka Accounting Standards on "Presentation of Financial Statements" (LKAS 01) and comply with Section 168 (1) (d) of the Companies Act No. 07 of 2007.



## ACCOUNTING PERIOD

The financial accounting period reflects the information from 1st April 2021 to 31st March 2022.

## FINANCIAL RESULTS

### Revenue

Total Revenue of the Company for the year ended 31st March 2022 was Rs. 9,510 Mn (Rs. 7,732 Mn in 2020/21) A more descriptive analysis of Revenue is given in note 04 to the financial statement on page 139.

### Financial Results

The Company recorded a net profit of Rs. 1,682 Mn for the financial year ending 31st March 2022. The Company's performance and details of appropriation of profit relating to the Company are tabulated as follows;

	2021/22 Rs. Mn	2020/21 Rs. Mn
Revenue	9,510	7,732
Operating profit	1,937	1,585
Profit before taxation	1,848	1,277
Profit after taxation	1,682	989
Profit brought forward from previous year	1,933	943
Dividend proposed/ paid for previous/current year	656	375
Other comprehensive income	2	1

## PROVISION FOR TAXATION

The income tax rate applicable on the profits earned and rate was 12%, according to the Inland Revenue (Amendment) Act, No 10 of 2021, Sec 38(5 a)

The Company's Tax liabilities declined in the year under review owing to the reduction in the applicable tax rate post-listing. Having obtained CSE approval to list, PLR is eligible to benefit from income tax concessions for the next 4 years. Consequently, the aggregate income tax payable by the Company (other than on gains from the realization of investment assets) reduced by 50% effective from the current financial year. On this basis, current year gains and profits declared by the Company (other than gains from the realization of investment assets) are taxed at the rate of 12%. Concession rate of 14% will remain applicable for the next three years of assessment.

The Company's operations are exempted for VAT for the year under review. Accordingly, the current year income tax expense of the Company is Rs. 166 Mn, A more descriptive note on income tax charged and deferred tax assets / liability of the Company is disclosed in note 08 to the Financial Statements.

## DIVIDEND

An interim dividend of 0.40 cents per share was paid on 2nd August 2021 to the holders of the ordinary shares.

The Board of directors remain satisfied that the Company will meet the requirement of the solvency test in terms of Section 56 (3) of the Companies Act immediately after the payment of the said interim Dividend. Accordingly the Board of Directors have obtained a certificate of solvency from the Auditors in respect of Dividend payment in conformity with the statutory provision.

## PROPERTY, PLANT AND EQUIPMENT/ RIGHT-OF-USE ASSETS

The total capital expenditure incurred on property, plant and equipment including intangible assets and Right-of-use assets of the Company in the year ended 31st March 2022 amounted to Rs. 59 Mn (Rs. 89 Mn in 2020/21). The details of property, plant and equipment including intangible assets and Right-of-use assets are presented in Notes 10, 11 and 13(Pages 142 to 143) to the Financial Statements.

The Directors confirm that there is no other significant change in the Company's fixed assets which substantially differs from book value.

## INVESTMENT PROPERTY

The value of Investments Properties as at 31st March 2022 amounted to Rs. 725 Mn (Rs. 660 Mn in 2020/21). The figure includes the fair value gain of 65Mn that was recognized in the current financial year.

Extents, locations, valuations and the number of buildings of the Entity's land holding and investment properties are detailed in note 12 in the Financial Statements.

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

## INVENTORY PROPERTY

Total inventory property was valued at Rs. 15,152 Mn (Rs. 11,087 Mn in 2020/21), of which Rs. 3,502Mn is attributed to the lands segment.

## INVESTMENTS

Details of investments held by the Company are disclosed in notes 14 and 16 on Pages 147 and 149 to the Financial Statements.

## STATED CAPITAL AND SHAREHOLDERS' FUNDS

In compliance with the Companies Act, the Financial Statements reflect the stated capital of the Company. The stated capital is the total of all amounts received by the Company in respect of all the shares in issue.

The stated capital and retained earnings stood at Rs. 3,450 Mn and Rs. 3,242 Mn respectively as at 31st March 2022 (Rs. 1,500 Mn and Rs. 1,933 Mn as at 31st March 2021).

Details of movement of retained earnings and stated capital are provided in the Statement of Changes in Equity on Page 122 of the Financial Statements.

## DEBT CAPITAL

The Company has not issued any rated, unsecured, subordinated, redeemable debentures which are listed on the Colombo Stock Exchange during the Financial year.

## SHARE INFORMATION

The five year financial summary is given on Pages 172 to 173 and shareholder information and information on trading has been provided under the title Share Information on Pages 172 to 173 of this Annual Report and is presented with the purpose of providing more price sensitive information to the shareholders which includes;

- Number of shares representing the entity's stated capital
- A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holding
- The ratio of Dividend per share, Dividend payout and Net assets per share
- Market Value per share including highest and lowest value recorded during the year and value as at end of the financial year (2021 onwards after the listing)

## Substantial Shareholdings

Parent Company, Prime Lands (Private) Limited is the majority shareholder, holding 80% of the Company's ordinary voting shares as at 31st March 2022. The list of the Company's top 20 shareholders, number of shares held by them, percentage of their respective holding and Public holding percentage are given under the title 'Shareholder Information' on page no 172.

## Information to Shareholders

The Board strives to be transparent and provide accurate information to shareholders in all published material.

## BOARD OF DIRECTORS

As at 31st March 2022, the Directorate of Prime Lands Residencies PLC consisted of 10 Directors with wide financial commercial knowledge and experience. The qualifications and experience of the Directors is provided on Pages 16 to 19 of this Annual Report. The following Directors held office as at the end of the financial year.

Name of Director	Executive / non-executive status	Independence / non-independence status
Mr. B Premalal	Executive	Non- Independent
Ms. H K S R Perera	Executive	Non- Independent
Mr. N M Weerakkody	Executive	Non- Independent
Mr. H M N U Kumara	Executive	Non- Independent
Ms. S S A P Brahmanage	Executive	Non- Independent
Mr. D H Kalapuge	Non-Executive	Independent
Mr. M Perera	Non-Executive	Independent
Mr. S M S S Bandara	Non-Executive	Independent
Mr. D Sooriyaarachchi	Non-Executive	Independent
Mr. N L S Joseph	Non-Executive	Independent

## Resignations and Appointments

Mr. Noel Joseph was appointed to the Board on 30th October 2021. He serves as a Non-Executive Independent Director. Mr. Joseph ceases to be a Director at the conclusion of the Annual General Meeting in terms of Article 29(1)(b) and is eligible for election by the members.

## Interest Register

In compliance with the Companies Act, the Company maintains an interest's register which is available for inspection with the Secretary of the Company.

### Directors' Interest in Transactions

The Directors of the Company have made general declarations as provided in section 192 (1) and 192 (2) of the Companies Act No. 07 of 2007 of their interests in contracts or proposed contracts with the Company. Details of the interest disclosed therein are given on Page 114 under related party transactions. Furthermore, the Co-Chairman and Co-Chairperson, the Board of Directors have made general declarations that there is no financial, business, family or other material/relevant relationship (s) between themselves as required to be disclosed by the Listing Rules of the Colombo Stock Exchange and with the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission

### Directors' Remuneration

The details of Directors' fees and Directors' emoluments paid during the year are stated below.

	31st March 2022	31st March 2021
Director's Emoluments	76,075,000	72,000,000

### Directors' Interest in Shares

In compliance with section 200 of the Companies Act, the Directors have disclosed to the Board their shareholding in the Company and any acquisitions or disposals thereof.

The Directors' individual shareholdings in the Company as at 31st March 2022 and 31st March 2021 are given on Page 173 of this annual report.

### Director's Meetings

The details of Directors' meetings are presented in the Corporate Governance report on page 90 of this Annual Report.

## BOARD SUB COMMITTEES

### Board Audit Committee

All the members of the Audit Committee are Non-Executive Directors. Senior Management Committee members, internal and external auditors attend the meetings by invitation. The Board Audit Committee Report is given on Pages 101 to 102 of this Annual Report.

### Remuneration, Nomination and Human Resources Committee

The Report of the Remuneration, Nomination and Human Resources Committee is given on Pages 104 to 105 of this Annual Report.

### Related Party Transactions Review Committee

The Report of the Related Party Transactions Review Committee is given on Page 103 of this Annual Report.

### Related Party Transactions

The acquisition of the Real estate arm of the Prime Finance PLC exceeded the respective thresholds (10% of the Equity and 5% of the Total Assets) as mentioned in the CSE Listing

Rules. Accordingly the Company has complied with the requirements of the Code of Best Practice on Related Party Transactions in respect of requisite disclosures. The Directors have disclosed the transactions that could be classified as related party transactions which are adopted in the presentation of the Financial Statements and accordingly given in note 31 on pages 159 to 160 of this Annual Re-port.

## SYSTEM OF INTERNAL CONTROLS

The Board of Directors has taken steps to oversee the implementation of an effective and comprehensive system of internal controls covering financial operations and compliance controls required to carry out its operations in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of the financial and other information. The Board has confirmed that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of the financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. The Board Audit Committee Report forms an integral part of the Annual Report and is given on pages 101 to 102. The Directors have assigned the internal audit function to the Manager Internal Audit, Risk and Compliance, who reviews and reports on the effectiveness of financial, operational and compliance controls.

## CORPORATE GOVERNANCE

The Board of Directors is committed to develop the corporate governance principles of the Company and furthermore has adopted a Corporate Governance Charter including therein the procedures and processes governing the different participants in the organization – such as the Board, Managers, Shareholders and other Stakeholders to ensure that the highest principles of Corporate Governance is maintained across the company by the Board.

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

In adopting the aforesaid Corporate Governance Charter, the Board has ensured that the Company is compliant with the recommendations and proposals of the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka and the Listing Rules of Colombo Stock Exchange (CSE).

The Directors declare that

- The Company has not engaged in any activity which contravenes laws and regulations
- The Company has made all endeavours to ensure the equitable treatment of shareholders
- The business is a going concern
- Effectiveness and successful adherence of internal controls and risk management is practiced by the Company.

The measures taken in this regard are set out in the Corporate Governance Report on Pages 86 to 99 of this Annual Report.

The Board Audit Committee, Remuneration, Nomination and Human Resources Committee and Related Party Transactions Review Committee function as Board sub committees with Directors who possess the requisite qualification and experience. The composition of the said Committees is set out in Page 88 of this Annual Report.

## HUMAN RESOURCES

The Company has continued to invest in human capital development and implement effective human resource management policies to develop an effective and efficient workforce to optimize their contribution towards the achievement of corporate goals and objectives and to ensure the future success of the Company and the workforce. The steps taken are further elaborated in the Human Capital Report on Pages 64 to 69 of this Annual Report.

## STAKEHOLDER MANAGEMENT / CORPORATE SOCIAL RESPONSIBILITY

The Company continues to take measures on an ongoing basis to manage the stakeholders and enhance the value created to customers, suppliers, and the community. These efforts are presented in the Social and Relationship Capital Report presented on Pages 70 to 79 of the Annual Report.

## ENVIRONMENTAL PROTECTION

To the best of knowledge of the Board, the Company has complied with the relevant environmental laws and regulations. The Company has not engaged in any activity that is harmful or hazardous to the environment.

The Company has not engaged in any activity that can be construed as detrimental to the environment. Initiatives taken by the Company are outlined in the Natural Capital Report on Pages 80 to 83.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Company has not engaged in any activity contravening any laws and regulations.

## STATUTORY PAYMENTS

To the best of their knowledge and belief, the Directors are satisfied that all statutory payments due to the Government, other regulatory institutions and in relation to the employees have been made.

## OUTSTANDING LITIGATION

In the opinion of the Directors formed in consultation with the Company lawyers, litigation currently pending against the Company will not have a material impact on the reported financial results or future operations of the Company.

## EVENTS AFTER THE REPORTING DATE

Details of events after the reporting date are reflected in note 34 Page 163 to the Financial Statements.

## GOING CONCERN

After considering the financial position, the Company's Corporate / Business plans, operating conditions, regulatory and other factors and such matters required to be addressed in the Code of Best Practice on Corporate Governance, issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

## AUDITORS

The Company's auditors during the year under review were BDO Partners.

Based on the declaration made by BDO Partners, and as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company or its subsidiaries other than to the extent disclosed in this paragraph.

## REMUNERATION

BDO Partners, Chartered Accountants were paid a sum of Rs. 1.2 Mn (Rs. 1.2 Mn in 2020/21) by the Company for audit and related services during the year under review.

## RE-APPOINTMENT

The retiring auditors, BDO Partners have expressed their willingness to continue in office and a resolution to re-appoint them as auditors, and authorizing the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held on the 30th June 2022 at 10.00 am.

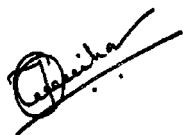
## NOTICE OF MEETING

Notice of the meeting relating to the seventeenth Annual General Meeting is provided on Page 113 of this Annual Report.

## ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by section 168(1)(k) of the Companies Act, the Board of Directors hereby acknowledge responsibility for the contents of this report.

By order of the Board of Directors of  
**Prime Lands Residencies PLC**

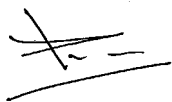


**Pele Consulting (Private) Limited**  
Company Secretaries

On behalf of the Board;



**Mr. B Premalal**  
Co-Chairman



**Ms. H K S R Perera**  
Co-Chairperson

Colombo  
06 June 2022



# Directors' Interest in Contracts with the Company

Directors' interests in contracts or proposed contracts with the Company, both direct and indirect are disclosed as follows where the Co-Chairman or Co-Chairperson or a Director of the Company is the Chairman or a Director of such entities. Also, this complies with the disclosure requirements of Section 168 (e) of the Companies Act No 07 of 2007.

All Directors of the Company have disclosed their interest in other companies to the Board and such interest are recorded in the Directors interest register confirming to Section 192 (1) and 192 (2) of the Companies Act No 07 of 2007

Director Name	Company	Position
B. Premalal	Prime Lands (Private) Limited	Chairman
	Prime Finance PLC	Non-Independent Non-Executive Director
	Bhoomi Realty Holdings (Private) Limited	Executive Director
H.K.S.R. Perera	Prime Lands (Private) Limited	Co-Chairperson
	Prime Finance PLC	Executive Director
	Bhoomi Realty Holdings (Private) Limited	Executive Director
N.M. Weerakkody	N/A	
H.M.N.U. Kumara	Prime Lands (Private) Limited	Executive Director
	Bhoomi Realty Holdings (Private) Limited	Executive Director
S.S.A.P. Brahmanage	Prime Lands (Private) Limited	Executive Director
D. Sooriyaarachchi	AIA Insurance Lanka PLC	Independent Non-Executive Director
	Pan Asian Power PLC	Independent Non-Executive Director
	Siyapatha Finance PLC	Independent Non-Executive Director
	Kelani Cables PLC	Independent Non-Executive Director
	Lanka Shipping & Logistics (Private) Limited	Independent Non-Executive Director
	Singer Sri Lanka PLC	Independent Non-Executive Director
	SATI Human Development Institute (Private) Limited	Managing Director
S.M.S.S. Bandara	B R De Silva & Company	Senior Partner
	Nexia Management Services (Private) Limited	Director
	Nexia BPO (Private) Limited	Director
	Golden Palms International (Private) Limited	Director
D.H. Kalapuge	SIPCOM-1 (Private) Limited	Director
	Prime Finance PLC	Non-Independent Non-Executive Director
M. Perera	Pele Consulting (Private) Limited	Non-Executive Director
	HNB Finance PLC	Non-Independent Non-Executive Director
	My Cola Beverages (Private) Limited	Independent Non-Executive Director
	R S M Property (Private) Limited	Independent Non-Executive Director
	Fairfield International Holdings (Private) Limited	Independent Non-Executive Director
	Eastgate Properties (Private) Limited	Independent Non-Executive Director
	My Beverages Marketing (Private) Limited	Independent Non-Executive Director
	Inout Enterprised (Private) Limited	Independent Non-Executive Director
	Sigma Overseas Company (Private) Limited	Independent Non-Executive Director
N. L. S Joseph	NJ Consultants	Managing Partner
	Cadteam	Managing Partner
	Regnis (Lanka) PLC	Independent Non-Executive Director
	Singer Industries (Ceylon) PLC	Independent Non-Executive Director
	On'Ally Holdings PLC	Independent Non-Executive Director

Related party disclosures as per the Sri Lanka Accounting Standard – LKRS 24 on “Related Party Disclosures” are disclosed in Note 31 to the Financial Statements on pages from 159 to 160 of this Annual Report.

# Financial Calendar – 2021/22

## Interim Financial Statements - Submission to the Colombo Stock Exchange (CSE)

	Date
Three months ended 30th June 2021	29th July 2021
Six months ended 30th September 2021	08th November 2021
Nine months ended 31st December 2021	03rd February 2022
Twelve months ended 31st March 2022	20th May 2022

## Dividends

	Date
First interim dividend for 2020/21	02nd August 2021
First interim dividend for 2021/22 (Proposed)	24th June 2022
Annual Report – Financial year ended 31st March 2022	07th June 2022
17th Annual General Meeting to be held on	30th June 2022

# Independent Auditor's Report



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**Chartered Accountants**  
"Charter House"  
65/2, Sir Chittampalam A Gardiner Mawatha  
Colombo 02  
Sri Lanka

## TO THE SHAREHOLDERS OF PRIME LANDS RESIDENCIES PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Prime Lands Residencies PLC (the "Company"), which comprise the statement of financial position as at 31st March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 125 to 169.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient

and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

#### Key audit matter

##### Measurement of Inventory Properties

As disclosed in Note: 15 to the Financial Statements, the Company's Inventory Properties including work in progress and completed apartments for sale amounted to Rs. 15,152,244,109/- as at 31st March 2022. Inventory Properties account for 80% of the Company's total assets and are measured at the lower of cost and Net Realisable Value (NRV).

Measurement of Inventory Properties was considered as a Key Audit Matter due to the following factors;

- Inventory properties are significant and determining cost of sales relating to revenue recognized and carrying value involves complexed calculations.
- Estimates and assumptions are applied in determining the carrying amount and Net Realisable Value which is impacted by volatile market and economic conditions prevailing in the country.

The disclosures associated with measurement of Inventory Properties are set out in the financial statements in the following notes:

- Note 3.8 - Significant accounting policies: Inventory Properties
- Note 15 - Inventory Properties

#### How our audit addressed the key audit matter

In establishing whether the Inventory Properties - work in progress and completed apartments for sale were stated at the lower of cost and NRV, our procedures included the following:

- We evaluated and tested the management's process in estimating the future costs to completion of the Inventory Properties - work-in-progress, on a sample basis, by comparing them to the actual development cost of similar completed properties of the Company;
- We test-checked the appropriateness of the NRV of the Inventory Properties - work-in-progress and completed apartments for sale, by comparing the NRV to market prices achieved in the same projects or comparable properties and our knowledge of the Company's business; and
- We assessed the appropriateness of amount recognised in cost of sales relevant to revenue, performing re-computation tests on cost of sales transfers.

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Partners : Sujeewa Rajapakse FCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA. R. Vasanthakumar Bsc (Acc), ACA. F. Sarah Z. Afker ACA, ACMA (UK), CGMA, MCSI (UK). M.N. Mohamed Nabeel ACA. D. Jerad N. Dias ACA. Madhura V. De Silva FCA, MSc.



- We also assessed the adequacy of the related financial statement disclosures.

### Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the

# Independent Auditor's Report



audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

## Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3890.

A handwritten signature in black ink that reads 'BDO Partner'.

CHARTERED ACCOUNTANTS

Colombo  
02nd June 2022



# Statement of Comprehensive Income

	Note	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.
Revenue	4	9,510,383,251	7,732,398,134
Cost of sales		(7,088,281,001)	(5,838,879,143)
<b>Gross profit</b>		<b>2,422,102,250</b>	<b>1,893,518,991</b>
Other income	5	152,905,442	26,091,431
Gain on fair valuation of investment property	12	65,000,000	6,835,863
Distribution expenses		(216,284,158)	(31,165,383)
Administrative expenses		(487,162,482)	(310,241,352)
<b>Operating profit</b>		<b>1,936,561,052</b>	<b>1,585,039,550</b>
Finance income	6.1	308,310,595	104,741,231
Finance expenses	6.2	(396,950,042)	(412,363,514)
<b>Profit before taxation</b>	7	<b>1,847,921,605</b>	<b>1,277,417,267</b>
Tax expenses	8	(165,548,364)	(288,161,691)
<b>Profit for the year</b>		<b>1,682,373,241</b>	<b>989,255,576</b>
<b>Other comprehensive income</b>			
<b>Items that will not be re-classified to profit or loss</b>			
Actuarial gain on retirement benefit obligation		2,442,969	1,288,798
Tax on other comprehensive income		(586,313)	(309,312)
<b>Other comprehensive income for the year, net of tax</b>		<b>1,856,656</b>	<b>979,486</b>
<b>Total comprehensive income for the year</b>		<b>1,684,229,897</b>	<b>990,235,062</b>
Earnings per share	9	1.86	1.32

Figures in brackets indicate deductions.

The accounting policies and notes on pages 125 to 169 form an integral part of these financial statements.

Colombo  
02nd June 2022

# Statement of Financial Position

	Note	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	11,891,518	9,815,316
Right-of-use assets	11	46,292,348	79,151,955
Investment properties	12	725,000,000	660,000,000
Intangible assets	13	416,986	474,231
Financial assets at amortized cost	14	359,534,116	352,939,048
<b>Total non-current assets</b>		<b>1,143,134,968</b>	<b>1,102,380,550</b>
<b>Current assets</b>			
Inventory properties	15	15,152,244,109	11,086,722,148
Financial assets at amortized cost	14	176,888,765	-
Financial assets - Fair value through profit or loss	16	180,000	195,000
Advance paid for contractors	17	910,170,632	357,326,947
Advances, deposits and other receivables	18	48,771,664	76,492,373
Cash and cash equivalents	20	1,435,092,137	376,799,448
<b>Total current assets</b>		<b>17,723,347,307</b>	<b>11,897,535,916</b>
<b>Total assets</b>		<b>18,866,482,275</b>	<b>12,999,916,466</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	21	3,450,000,000	1,500,000,000
Retained earnings		3,242,182,545	1,932,952,648
<b>Total equity</b>		<b>6,692,182,545</b>	<b>3,432,952,648</b>
<b>Non-current liabilities</b>			
Retirement benefit obligations	22	16,705,881	15,463,841
Interest bearing borrowings	23	1,718,255,602	2,333,941,373
Lease liabilities	24	26,897,955	42,750,007
Deferred tax liabilities	25	24,795,746	20,745,384
<b>Total non-current liabilities</b>		<b>1,786,655,184</b>	<b>2,412,900,605</b>

	Note	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
<b>Current liabilities</b>			
Trade and other payables	26	1,175,783,486	1,128,951,405
Amount due to related party	27	8,109,906	4,995,981
Interest bearing borrowings - Current portion	23	1,677,916,667	1,859,837,994
Lease liabilities - Current portion	24	14,977,640	11,442,245
Customer advance collection	28	4,587,607,505	2,537,768,562
Income tax payable	19	117,298,980	461,009,242
Bank overdraft	20	2,805,950,362	1,150,057,784
<b>Total current liabilities</b>		<b>10,387,644,546</b>	<b>7,154,063,213</b>
<b>Total liabilities</b>		<b>12,174,299,730</b>	<b>9,566,963,818</b>
<b>Total equity and liabilities</b>		<b>18,866,482,275</b>	<b>12,999,916,466</b>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 125 to 169 form an integral part of these financial statements.

#### Certification

We certify that the above Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



Mr. Pathirage Anura W. Perera  
General Manager - Finance

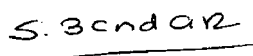


Ms. H.K. Sandamini R. Perera  
Co-Chairperson/Directress

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.  
Approved and signed for and on behalf of the Board.



Mr. Premalal Brahmanage  
Co-Chairman/Director



Mr. Sanjaya Bandara  
Director

Colombo  
02nd June 2022

# Statement of Changes in Equity

	Stated capital Rs.	Retained earnings Rs.	Total Rs.
<b>Balance as at 01st April 2020</b>	1,500,000,000	942,717,586	2,442,717,586
Profit for the year	-	989,255,576	989,255,576
Other comprehensive income for the year, net of tax	-	979,486	979,486
<b>Balance as at 31st March 2021</b>	1,500,000,000	1,932,952,648	3,432,952,648
Issue of share capital	1,950,000,000	-	1,950,000,000
Profit for the year	-	1,682,373,241	1,682,373,241
Other comprehensive income for the year, net of tax	-	1,856,656	1,856,656
Interim dividend 2020/21	-	(375,000,000)	(375,000,000)
<b>Balance as at 31st March 2022</b>	3,450,000,000	3,242,182,545	6,692,182,545

Figures in brackets indicate deductions.

The accounting policies and notes on pages 125 to 169 form an integral part of these financial statements.

Colombo  
02nd June 2022

# Statement of Cash Flows

	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.
<b>Cash flows from operating activities</b>		
Profit before taxation	1,847,921,605	1,277,417,267
<b>Adjustment for</b>		
Depreciation	37,363,173	37,424,321
Amortization	57,244	34,015
Provision on retirement benefit obligation	4,142,481	4,101,457
Interest expenses	119,056,945	103,975,413
Lease interest	9,519,323	10,644,856
Loan interest	261,311,125	295,981,235
Interest on debentures	(26,355,453)	(18,236,546)
Fair value loss/(gain) on share investment	15,000	(15,000)
Exchange gain on investment in debenture	(157,128,380)	(64,507,604)
Fair value gain on investment property	(65,000,000)	(6,835,863)
	182,981,458	362,566,284
Operating cash flows before change in working capital	2,030,903,063	1,639,983,551
<b>Changes in working capital</b>		
Increase in inventory properties	(4,065,521,961)	(2,580,886,573)
(Increase)/decrease in contractor advances	(552,843,685)	3,450,142,491
Decrease/(increase) in advances, deposits and other receivables	27,720,709	(15,049,519)
Increase in trade and other payables	46,579,139	631,626,898
Increase/ (decrease) in amounts due to related parties	3,113,925	(970,025)
Increase/ (decrease) in amounts due to directors	-	(391,000,000)
Increase/(decrease) in customer advance collection	2,049,838,943	(1,377,602,536)
<b>Cash (used in)/generated from operations</b>	<b>(460,209,867)</b>	<b>1,356,244,287</b>
Income tax paid	(505,794,577)	(110,862,296)
Income tax refund	-	163,963,992
Interest paid	(119,056,945)	(103,975,413)
Gratuity paid	(457,471)	(535,200)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,085,518,860)</b>	<b>1,304,835,370</b>
<b>Cash flows from investing activities</b>		
Acquisition of intangible assets	-	(342,219)
Acquisition of investment property	-	(164,137)



# Statement of Cash Flows

	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.
Acquisition of property, plant and equipment	(6,579,768)	(14,461,711)
<b>Net cash used in investing activities</b>	<b>(6,579,768)</b>	<b>(14,968,067)</b>
<b>Cash flows from financing activities</b>		
Lease installments paid	(21,835,980)	(20,106,664)
Dividends paid	(374,747,058)	-
IPO Proceeds	1,950,000,000	-
Proceeds from lease creditor	-	6,000,000
Proceeds from interest bearing borrowings	2,005,632,526	2,504,093,000
Repayment of interest bearing borrowings	(2,803,239,624)	(1,493,357,370)
Loan interest paid	(261,311,125)	(295,981,235)
<b>Net cash generated from financing activities</b>	<b>494,498,739</b>	<b>700,647,731</b>
<b>Net (decrease)/increase in cash and cash equivalents during the year</b>	<b>(597,599,889)</b>	<b>1,990,515,034</b>
<b>Cash and cash equivalents at the beginning of the year (Note A)</b>	<b>(773,258,336)</b>	<b>(2,763,773,370)</b>
<b>Cash and cash equivalents at the end of the year (Note B)</b>	<b>(1,370,858,225)</b>	<b>(773,258,336)</b>

## Note A

<b>Cash and cash equivalents at the beginning of the year</b>		
Short-term deposit	182,540,341	27,283,134
Cash in hand	89,472,624	1,669,117
Cash at bank	104,786,483	143,589,461
Bank overdraft	(1,150,057,784)	(2,936,315,082)
	<b>(773,258,336)</b>	<b>(2,763,773,370)</b>

## Note B

<b>Cash and cash equivalents at the end of the year</b>		
Short-term deposit	710,897,962	182,540,341
Cash in hand	475,100,177	89,472,624
Cash at bank	249,093,998	104,786,483
Bank overdrafts	(2,805,950,362)	(1,150,057,784)
	<b>(1,370,858,225)</b>	<b>(773,258,336)</b>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 125 to 169 form an integral part of these financial statements.

Colombo  
02nd June 2022

# Significant Accounting Policies to the Financial Statements

## 1 CORPORATE INFORMATION

### 1.1 General information

Prime Lands Residencies PLC ("the Company") is a public limited liability company, incorporated on 15th September 2008 in Sri Lanka under the Companies Act No. 07 of 2007 ("the Act") as a private limited liability company, and was converted to a public limited liability company with effect from 12th February 2021 in accordance with the provisions of the Act. Ordinary shares of the Company have been listed on the Colombo Stock Exchange with effect from 08th June 2021. The Company changed its name from "Prime Lands Residencies Limited" to "Prime Lands Residencies PLC" with effect from 17th July 2021. The registered office and principal place of business is situated at No. 75, D.S. Senanayake Mawatha, Colombo 08.

### 1.2 Principal activities and nature of operations

The principal activities of the Company are purchasing lands and constructing residential apartment complexes and developing and selling of land plots for residential purpose.

### 1.3 Parent enterprise and ultimate parent enterprise

The Company's immediate and ultimate parent undertaking as at 31st March 2022 is Prime Lands (Private) Limited which has been incorporated in Sri Lanka.

### 1.4 Subsidiaries and associates

The Company has no subsidiaries or associates.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

The statement of financial position, statement of comprehensive income, changes in equity and statement of cash flows, together with accounting policies and notes ("Financial Statements") of Prime Lands Residencies PLC as at 31st March 2022 and for the year then ended, comply with the Sri Lanka Accounting Standards (hereinafter referred to as SLFRS/LKAS) issued by the Institute of Chartered

Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

### 2.2 Responsibility for financial statements

The Board of Directors is responsible for the preparation and presentation of these Financial Statements as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards (SLFRS/LKAS).

### 2.3 Date of authorization for issue

The Financial Statements of Prime Lands Residencies PLC for the year ended 31st March 2022 were authorized for issue on 02nd June 2022 in accordance with a resolution of the Board of Directors.

### 2.4 Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis, except for the following material items in the statement of financial position.

Item	Basis of measurement	Note number
Investment property	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of valuation	3.7
Financial assets classified as fair value through profit or loss	Measured at fair value	3.2.3
Retirement benefit obligations	Recognized based on actuarial valuation	3.11

### 2.5 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency), which is the Sri Lankan Rupees.

These financial statements are presented in Sri Lankan Rupees (Rs.). All financial information presented have been rounded to the nearest rupee except where it is otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 01 on "Presentation of Financial Statements".

### 2.6 Materiality and aggregation

Each material class of similar item is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 01 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on 'Disclosure Initiative' which was effective from January 01, 2016

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different nature or function.

# Significant Accounting Policies to the Financial Statements

## 2.7 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standard and as specially disclosed in the Significant Accounting Policies of the Company.

## 2.8 Significant accounting judgments, estimates and assumptions

The preparation of the Financial Statements of the Company in conformity with SLFRS/LKAS requires the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. In the process of applying the Company's accounting policies, key assumptions were made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results may differ from these estimates.

Accounting judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

### Impact of prevailing macroeconomic conditions

The prevailing macroeconomic conditions and their implications have increased the uncertainty of estimates made in the preparation of the Financial Statements. The estimation uncertainty is associated with:

- the extent and duration of the disruption to businesses arising from the prevailing macroeconomic conditions and the related actions of stakeholders such as government, businesses, and customers.
- the extent and duration of the prevailing macroeconomic conditions due to impact on GDP, capital markets, credit risk of customers, impact of unemployment and possible decline in consumer discretionary spending.
- the effectiveness of Government and Central Bank measures that have been put in place in response to the prevailing circumstances.

The significant accounting estimates impacted by these forecasts and associated uncertainties are related to impairment of financial assets and recoverable amount assessments of non-financial assets, recoverable value of property, plant and equipment and investment properties and net realizable value of inventory.

The impact of prevailing macroeconomic conditions on accounting estimates is discussed under the relevant notes to these Financial Statements.

### 2.8.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the Financial Statements.

#### i) Classification of property

The Company determines whether a property is classified as investment property, owner occupied property or significant judgement as disclosed in note 3.3 and note 3.7.

Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

The Company determines whether a property qualifies as investment property by considering whether the property generates cash flows largely independently of the other assets held by the entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the Company accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgement.

#### ii) Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

In recognizing revenue from sale of properties, management applies judgment ascertaining when controls have passed to the buyers. In this regard, the management recognizes revenue over a period of time (percentage of completion method) as the Company's performance does not create an asset with an alternative use to it and the Company has an enforceable right to payment for performance completed to date.

The Company determined that the input method is the best method in measuring progress of the construction because there is a direct relationship between the Company's effort and the transfer of control

to the customer. The Company recognises revenue on the basis of the total cost incurred relative to the total expected cost to complete the construction.

## 2.8.2 Accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the Financial Statements.

### i) Estimation of fair value of Investment Properties

The Company carries its investment properties at fair value, with changes in fair values being recognised in the statement of profit or loss. The Company engaged an independent valuer to determine the fair value as at 31 March 2022. The valuation of investment property requires to make significant estimates such as current market price per perch, yield rate which are based on current and future market or economic conditions.

The value of investment property of the Company has been ascertained by an independent valuer and due consideration has been given to recommended best practice in the valuation of real estate in uncertain times.

### ii) Principal assumptions for management's estimation of fair value

If information on current or recent prices of assumptions underlying the discounted cash flow approach of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Company uses assumptions that are mainly based on market conditions existing at each reporting date.

The principal assumptions underlying management's estimation of fair value are those related to: the future rentals, maintenance requirements, and appropriate capitalisation rates / yields and voids. These valuations are regularly compared to actual market yield data and actual transactions by the Company and those reported by the market.

Further information about critical judgments, estimates and assumptions in applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes to these financial statements.

Critical accounting estimate / judgement	Disclosure note
Going concern	2.9
Fair value measurement	3.12
Useful life of property, plant and equipment	3.3.3
Fair value of investment property	3.7.2
Useful life of intangible assets	3.5.1
Retirement benefit obligations	3.11.2
Impairment losses on financial assets	3.2.6
Provision for liabilities, commitment and contingencies	3.19
Net realizable value of inventory	3.8
Income tax (Current tax and Deferred tax)	3.16

## 2.9 Going concern

The Company has prepared the Financial Statements for the year ended 31st March 2022 on the basis that it will continue to operate as a going concern.

In determining the basis of preparing the Financial Statements for the year ended 31st March 2022, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Company and the appropriateness of the use of the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Company's ability to continue to operate as a going concern. In determining the above, significant management judgements, estimates and assumptions including the impact of the current macroeconomic challenges has been considered as of the reporting date and specific disclosures have been made under the relevant notes in the Financial Statements. The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and hence adopting the going concern basis in preparing and presenting these Financial Statements.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

### 3.1 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currency, the Sri Lanka Rupee (Rs.), at the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the spot rate of exchange at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in

# Significant Accounting Policies to the Financial Statements

the functional currency at the beginning of the year, adjusted for effective interest and the payments made during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on re-translation are recognized in the Statement of Comprehensive Income.

## 3.2 Financial instruments

### 3.2.1 Initial recognition, classification and subsequent measurement

#### Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes “regular way trades”: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

#### Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the purpose and the management’s intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

### 3.2.2 Classification and subsequent measurement of financial instruments

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely the payments of principal and interest (“SPPI”).

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basis. All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to Management.

The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies is in practice. In particular, whether Management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company’s Management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company’s stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.



### Financial assets - assessment whether contractual cash flows are solely the payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely the payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows as such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent

with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVTOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are re-classified to profit or loss.
Equity investments at FVTOCI	These assets are subsequently measured at fair value. Dividend is recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never re-classified to profit or loss.

### 3.2.3 Financial assets

Financial assets are classified appropriately as financial assets recognised through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets at amortised cost.

All the financial assets are recognised at fair value at its initial recognition.

#### Financial assets measured at - fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, transaction costs are recognised in profit or loss as incurred.

Financial assets at fair value through profit or loss are measured at fair value, and subsequent therein are recognised in Profit or Loss.

Following assets represent financial assets at fair value through profit or loss,

- Investment in quoted shares

#### Amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

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

# Significant Accounting Policies to the Financial Statements

Financial assets at amortised cost of the Company comprise the following,

- Investment in debentures
- Other receivables
- Cash and Cash equivalents

## Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income (FVTOCI) are non-derivative financial assets that are designated FVTOCI and that are not classified in any of the previous categories of financial assets. FVTOCI are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, these are measured at fair value and changes therein other than impairment losses are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment in debt instrument is de-recognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

## Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### 3.2.4 Financial liabilities

The Company initially recognises debt securities and borrowings on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instruments.

The Company de-recognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using effective interest rate method.

Financial liabilities comprise;

- Interest bearing borrowings
- Lease liabilities
- Other payables
- Amount due to related party
- Amount due to directors
- Bank overdraft

## Recognition and measurement of financial liabilities

The Company classifies financial liabilities other than financial guarantees and loan commitments, into one of the following categories:

- Financial liabilities at amortised cost; and
- Financial liabilities at fair value through profit or loss,

A financial liability is measured initially at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Subsequent measurement of financial liability is at fair value or amortised cost. The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

## Classification and subsequent measurement of financial liabilities

The subsequent measurement of financial liabilities depends on their classification.

## Financial liabilities at amortised cost

Financial liabilities issued by the Company that are not designated at fair value through profit or loss are recognised initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The effective interest rate amortisation is included in "Interest Expense" in the statement of profit or loss. Gains and losses too are recognised in the income statement when the liabilities are de-recognised as well as through the effective interest rate amortization process.

## Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivative liabilities held for risk management purposes.

### 3.2.5 Re-classification of financial assets and liabilities

Financial assets are not re-classified subsequent to their initial recognition, except and only in those rare circumstances when the Company changes its objective of the business model for managing such financial assets. Financial liabilities are not re-classified as such re-classifications are not permitted by SLFRS 9.

### 3.2.6 Impairment of financial assets

The Company recognizes a loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost or at fair value through other comprehensive income. The Company, at each reporting date, measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since the initial recognition.

For trade and other receivables, the Company applies a simplified approach in

calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. However, there are no trade and other receivables as at the reporting period.

### 3.2.7 De-recognition of financial assets and financial liabilities

#### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognized when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - The Company has transferred substantially all the risks and rewards of the asset, or
  - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuous involvement in the asset. In that case, the Company also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuous involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### Financial liabilities

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

### 3.2.8 Off-setting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 3.2.9 Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

### 3.3 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one period.

#### 3.3.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

#### 3.3.2 Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

#### 3.3.3 Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment are as follows:

Type of assets	Year
Computer and equipment	05 years
Motor vehicle	04 years
Office equipment	04 years
Plant and machinery	04 years
Furniture and fittings	04 years

The assets' useful lives and depreciation methods are reviewed if there is an indication of a significant change since the last annual reporting date.

#### 3.3.4 De-recognition

The carrying amount of an item of property, plant and equipment is de-recognized

# Significant Accounting Policies to the Financial Statements

on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in profit or loss when the item is de-recognised.

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is de-recognised.

## 3.4 Leases

At the inception of a contract, the Company assesses to ascertain whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

### i) As a lessee

#### Right-of-use assets and Lease liabilities

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset

will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from debt financing arrangements at the inception of the lease period.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

The Company elected not to recognize right-of-use assets and lease liabilities for lease of low value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on the straight-line basis.

### ii) As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease

transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

## 3.5 Intangible assets

### 3.5.1 Software

Software acquired by the Company is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software is 10 years.

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

## 3.6 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired.

If any indication exists, or when the annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost of disposal and its value in use. The recoverable amount is determined for an individual asset, unless

the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

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

### 3.7 Investment property

#### 3.7.1 Basis of recognition

Investment properties are the properties held either to earn rental income or for capital appreciation or both but not for sale in the ordinary course of business, used in the production in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment properties are recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Company and cost of the investment property can be reliably measured.

Investment property comprises freehold land, freehold buildings together with the integral parts of such properties.

#### 3.7.2 Basis of measurement

##### Fair value model

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value.

The fair value of investment property reflects, among other things, the rental income from current leases and assumptions about rental income from future leases in the light of current market conditions, as appraised by an independent valuer, annually.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred.

Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the SLFRS 13.

If an investment property becomes an owner occupied, it is re-classified as property, plant and equipment and its fair value at the date of re-classification becomes its cost for accounting purposes.

#### 3.7.3 De-Recognition

Investment properties are de-recognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of comprehensive income in the year of retirement or disposal.

#### 3.7.4 Subsequent transfers to / from investment property

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner occupation or commencement of development with a view to sale.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value. If the property occupied by the Company as an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### 3.8 Inventory property – Apartments and Lands

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, and completed properties are shown as inventories and measured at the lower of cost and net realizable value.



# Significant Accounting Policies to the Financial Statements

Apartments cost includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for construction
- Planning and design costs, costs of site preparation, property transfer taxes, construction overheads and other related costs

Lands cost includes:

- Freehold and leasehold rights for land
- Costs of site preparation, property transfer taxes and other related costs

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale. The cost of inventory recognized in profit or loss on disposal is determined with reference to the costs incurred on the property sold and an allocation of costs based on the gross floor area of the property developed.

## 3.9 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 3.10 Other liabilities

Other liabilities are recorded at amounts expected to be payable at the reporting date.

### 3.11 Employee benefits

#### 3.11.1 Defined contribution plan

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined

contribution plans are recognised as expense in the profit or loss as and when they are due.

#### Employees' provident fund

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

#### Employees' trust fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

#### 3.11.2 Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

#### Gratuity

Gratuity is a Defined Benefit Plan. The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the statement of financial position date. The defined benefit obligation is calculated annually by independent actuaries, using projected unit credit method, as recommended by LKAS 19 employee benefit. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The assumptions based on which the results of the actuarial valuation were determined are included in the note 22 to the financial statements. This liability is not externally funded and the item is grouped under non-current liabilities in the statement of financial position.

The Company recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income and expenses related to defined benefit plans in staff expenses in the statement of profit or loss.

According to the payment of the Gratuity Act No.12 of 1983, the liability for gratuity payment to an employee arises only after the completion of 5 years of continuous service.

#### 3.11.3 Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## 3.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable for the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Management of the Company determines the policies and procedures for both recurring fair value measurement, such as investment properties, and other investments.

External valuer, Ms. R.M.N. Priyadarshani is involved in valuation of significant assets, such as investment properties.

Involvement of external valuers is decided upon annually by the Management.

At each reporting date, the Management analyses the movements in the values of assets which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Company's external valuer, also compares the change in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

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

#### **Fair value of financial instruments**

Financial instruments of the Company include Cash and cash equivalents, other receivables, investments, Interest bearing loans and borrowings, trade and other payables and rentals customer deposits and bank overdrafts. The fair values of these financial instruments are determined at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values;

- Cash and short-term deposits, other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Rentals and customer deposits are fair valued by using the appropriate market interest rates.
- Long term variable rate as well as fixed rate investments and borrowings approximate their carrying amounts largely due to the market based interest rates.

Hence the carrying amounts of Company's financial instruments are reasonable approximations of their fair values.

## **STATEMENT OF COMPREHENSIVE INCOME**

### **3.13 Revenue and income**

#### **3.13.1 SLFRS 15 – Revenue from contracts with customers**

The Company is in the business of real estate and providing related services. Revenue from contracts with customers is recognized when the control of the goods or services is transferred to the customer at

an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.8.1.

A five-step model with reference to SLFRS 15, Revenue from contracts with customers is applied before the revenue is recognised;

1. Identify the contract with customers.
2. Identify the separate performance obligations.
3. Determine the transaction price of the contract.
4. Allocate the transaction price to each of the separate performance obligations and;
5. Recognise the revenue as each performance obligation is satisfied.

The following specific criteria are used for the purpose of recognition of revenue in the revenue stream of Sale of Apartments and Lands:

#### **Sale of property – Apartments and lands**

The Company enters into contracts with customers to sell properties that are either completed or under development, and lands.

#### **Revenue recognized at a point in time**

The sale of completed apartments and lands are generally expected to be the single performance obligation and the Company has determined that it will be satisfied at the point in time when the control is transferred. For unconditional exchange of contracts, this is generally expected to be when legal title is transferred to the customer. For conditional exchanges, this is expected to be when all significant conditions are satisfied. The determination of transfer of control for both unconditional and conditional exchanges are not expected to change upon the adoption of SLFRS 15.

# Significant Accounting Policies to the Financial Statements

## Revenue recognized over time

For contracts relating to the sale of apartments under development, the Company is responsible for the overall management of the project and identifies various goods and services to be provided, including design work, procurement of materials, site preparation and foundation pouring, framing and plastering, mechanical and electrical work, installation of fixtures and finishing work. In such contracts, the Company has determined that the goods and services are not distinct and will generally account for them as a single performance obligation. Depending on the terms of each contract, the Company will determine whether control is transferred at a point in time or over time:

For each performance obligation satisfied over time, the Company recognizes the revenue over time by measuring the progress towards a complete satisfaction of that performance obligation. For sale of apartments under development, the Company expects to continue recognizing revenue over time because it expects that control will be transferred over time. Generally, its performance does not create an asset with alternative use to the Company and the Company has concluded that it has an enforceable right to payment for performance completed to date.

For contracts that meet the over time recognition criteria, the Company's performance is expected to be measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the completion of the properties. The Company will exclude the effect of any costs incurred that do not contribute to the Company's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and will adjust the input method for any costs incurred that are not proportionate to the Company's progress in satisfying the

performance obligation (such as uninstalled materials). This will be consistent with current practice.

## Contract balances

### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company executed performance obligations under the contract. The Customer deposits disclosed under Note 28 is considered as contract liabilities.

### 3.13.2 Other income

#### • Rental income

Rental income includes rental income from properties leased out to tenants under operating leases and income from other related services. Rental income from operating leases is recognised on a straight line basis over the lease term in accordance with the SLFRS 16.

- Legal fee income represents the fee that the Company charges from its clients when they agree to transfer the deeds by taking the legal services provided by Prime Lands Residencies PLC instead of obtaining legal services to transfer deeds from the outside professionals. All income is recognized on a straight-line basis over the year.

- Interest income is recognized as it accrues. Interest income is included under finance income in the statement of comprehensive income.

### 3.14 Expenses recognition

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

For the presentation of the statement of comprehensive income, the directors are of the opinion that the nature of the expenses method presents fairly the element of the Company's performance, and hence, such presentation method is adopted.

### 3.15 Borrowing Costs

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

### 3.16 Tax expenses

Income tax expense comprises the current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in OCI.

Income tax provisions for the year ended 31st March 2022 have been made as per the provision of the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

#### 3.16.1 Current tax expense

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax

payable or receivable is the best estimate of the tax amount expected to be paid or received that reflect the uncertainty related to income taxes, if any. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

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

### 3.16.2 Uncertainty over income tax treatments

The Company has accounted for the uncertainty over tax treatments under IFRIC 23. An 'Uncertain Tax Treatment' is a tax treatment for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under tax law. If it is not probable that the taxation authority will accept an uncertain tax treatment, effect of uncertainty shall be reflected in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. The effect of uncertainty for each uncertain tax treatment shall be reflected by using either of the most likely amount or the expected value methods, depending on which method the Company expects to better predict the resolution of the uncertainty.

### 3.16.3 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of the goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are not discounted.

The net increase in the carrying amount of deferred tax liability net of deferred tax asset is recognized as deferred tax expense and conversely any net decrease is recognized as reversal to deferred tax expense in the statement of comprehensive income.

### 3.17 Stated capital

Stated capital consists solely of ordinary share capital. Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds.

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders.

### 3.18 Earnings per share (EPS)

The Company presents Basic Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

### 3.19 Contingent liabilities and commitments

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard - LKAS 37 on 'Provisions, Contingent Liabilities and Contingent Assets'. Contingent Liabilities are not recognized in the statement of financial position but are disclosed unless its occurrence is remote.

Details of the commitments and contingencies are given in note 29 to the financial statements.

### 3.20 Statement of cash flows

The Statement of Cash Flows has been prepared using the "Indirect Method" of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard - (LKAS 7) "Statement of Cash Flows". Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

### 3.21 Events after reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date the Financial Statements are authorised for issue.

# Significant Accounting Policies to the Financial Statements

All material and important events that occurred after the reporting date have been considered and appropriate disclosures are made in Note 34 to the Financial Statements.

## 3.22 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous year in the Financial Statements in order to enhance the understanding of the current year's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended where relevant, for better presentation and to be comparable with those of the current year.

## 3.23 Segment Information

An operating segment is a distinguishable component of the Company that is engaged in either in providing products or services (business segment) or in providing products

and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Company has two reportable segments. These segments offer different products and services and are managed separately as they require different marketing strategies.

Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, investment property and intangible assets.

Intersegment pricing is determined on an arm's length basis.

The activities of the Company are within Sri Lanka. Consequently, the economic environment in which the Company operated is not subject to risk and rewards that are significantly different on a geographical basis. Hence, disclosure by

geographical region is not provided.

The Company's segments comprise following:

- Sale of apartment properties
- Sale of Lands

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

## 3.24 New accounting standards, amendments and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

The Company intends to adopt this amended standard and interpretation, if applicable, when it becomes effective.

Accounting Standard	Description	Effective Date
LKAS 37 - Provisions, Contingent Liabilities and Contingent Assets	Amendment specifies the costs that an entity needs to include when assessing whether a contract is onerous or loss-making.	1st January 2022
LKAS 16 - Property, Plant and Equipment	Amendment prohibits entities from deducting any proceeds from selling items produced, while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management, from the cost of an item of property, plant and equipment.	1st January 2022
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)	The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases.	1 January 2023
Annual improvements to SLFRS Standards 2018 – 2020	Classification of liabilities as current or non-current	1 January 2022
Amendments to LKAS 1	Annual improvements to SLFRS Standards	1 January 2023
Amendments to LKAS 1 and SLFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to LKAS 8	Definition of accounting estimates	1 January 2023

The assessment of the Impact on the Company does not have material impact on the Financial Statements of the Company.



# Notes to the Financial Statements

## 4 REVENUE

	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.
Revenue from contracts with customers	9,510,383,251	7,732,398,134

### 4.1 Revenue Streams

Revenue from contracts with customers		
Apartment sale	8,649,276,313	7,732,398,134
Land sale	861,106,938	-
	9,510,383,251	7,732,398,134

### 4.2 Disaggregation of Revenue from Contracts with Customers

The Company generates its revenue locally and the following is the revenue from contracts with customers disaggregated by the timing of revenue recognition

	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.
<b>Timing of revenue recognition</b>		
Revenue recognized at point in time	861,106,938	-
Revenue recognized over time	8,649,276,313	7,732,398,134
	9,510,383,251	7,732,398,134

## 5. OTHER INCOME

	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.
Rent income	12,000,000	12,000,000
Fair value gain on investments in quoted shares	-	15,000
Legal fee income	14,794,864	14,076,431
Cancellation fee income	126,110,578	-
	152,905,442	26,091,431

# Notes to the Financial Statements

## 6. FINANCE INCOME AND EXPENSES

	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.
<b>6.1 Finance income</b>		
Interest income	46,047,650	27,783,138
Foreign exchange gain	261,787,228	73,605,984
Late payment fee	475,717	3,352,109
	<b>308,310,595</b>	<b>104,741,231</b>
<b>6.2 Finance expenses</b>		
Bank loan charges	7,062,649	1,762,010
Loan interest	261,311,125	295,981,235
Lease interest	9,519,323	10,644,856
Overdraft interest	119,056,945	103,975,413
	<b>396,950,042</b>	<b>412,363,514</b>

## 7. PROFIT BEFORE TAXATION IS STATED AFTER CHARGING ALL EXPENSES INCLUDING THE FOLLOWING:

	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.
Directors' remunerations	76,075,000	72,000,000
Staff salaries, bonus, allowances and incentives	163,405,982	96,309,035
Defined contribution plan costs - EPF and ETF	18,295,651	11,926,293
Depreciation and amortization	37,420,417	37,458,436
Auditors' remuneration	1,247,400	1,284,900
Provision for retirement benefit obligation	4,142,481	4,101,457

## 8. TAXATION

	Note	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.
Income tax	8.1	162,084,315	289,161,569
Deferred tax provision/(reversal)	25	3,464,049	(999,878)
		165,548,364	288,161,691

### 8.1 Reconciliation between the current tax expense and product of accounting profit

Profit before taxation		1,847,921,605	1,277,417,267
Income considered separately		(385,295,595)	(123,592,094)
Disallowable items		49,971,867	51,325,510
Allowable items		(194,063,164)	(25,209,513)
Business income		1,318,534,713	1,179,941,170
Investment income		31,692,197	21,546,592
Other income		475,717	3,352,109
Taxable income		1,350,702,627	1,204,839,871
Effective tax rate		12%	24%
Income tax expense for the year		162,084,315	289,161,569

The Company has computed income tax at the enacted rates as at the reporting date as per the Inland Revenue Act no 24 of 2017 and the amendments thereto.

## 9. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	31.03.2022 Rs.	31.03.2021 Rs.
<b>Amounts used as numerator</b>		
Profit attributable to ordinary shareholders (Rs.)	1,682,373,241	989,255,576
<b>Number of ordinary shares used as the denominator</b>		
Weighted average number of ordinary shares in issue (No.)	902,568,493	750,000,000
<b>Earnings per share (Rs.)</b>	<b>1.86</b>	<b>1.32</b>

During the year, the Company has issued 187,500,000 ordinary shares at Rs. 10.40/- which amounts to Rs.1,950,000,000/-. Share issue details are disclosed in Note 21.

# Notes to the Financial Statements

## 10. PROPERTY, PLANT AND EQUIPMENT

Description	Office equipment Rs.	Plant and machinery Rs.	Computers and accessories Rs.	Furniture and fittings Rs.	Motor vehicles Rs.	Electrical items Rs.	Total Rs.
<b>10.1 Gross carrying amounts</b>							
Balance as at 01.04.2021	23,200	3,794,367	10,836,363	3,162,927	29,900,132	2,069,395	49,786,384
Add: Additions during the year	-	-	5,947,500	-	-	632,268	6,579,768
<b>Balance as at 31.03.2022</b>	<b>23,200</b>	<b>3,794,367</b>	<b>16,783,863</b>	<b>3,162,927</b>	<b>29,900,132</b>	<b>2,701,663</b>	<b>56,366,152</b>
<b>10.2 Accumulated depreciation</b>							
Balance as at 01.04.2021	23,200	3,734,283	8,107,220	3,056,354	24,284,390	765,621	39,971,068
Add : Depreciation for the year	-	60,084	1,197,071	59,733	2,764,783	421,895	4,503,566
<b>Balance as at 31.03.2022</b>	<b>23,200</b>	<b>3,794,367</b>	<b>9,304,291</b>	<b>3,116,087</b>	<b>27,049,173</b>	<b>1,187,516</b>	<b>44,474,634</b>
<b>10.3 Carrying amount</b>							
Balance as at 31.03.2021	-	60,084	2,729,143	106,573	5,615,742	1,303,774	9,815,316
<b>Balance as at 31.03.2022</b>	<b>-</b>	<b>-</b>	<b>7,479,572</b>	<b>46,840</b>	<b>2,850,959</b>	<b>1,514,147</b>	<b>11,891,518</b>
<b>10.4</b>	During the year, the Company acquired property, plant and equipment to the aggregate value of Rs.6,579,768/- (2021: Rs.2,461,711/-). Cash payments amounting to Rs.6,579,768/- (2021: Rs.2,461,711/-) were made during the year for the acquisition of property, plant and equipment.						
<b>10.5</b>	<b>Temporarily idling property, plant and equipment</b> There were no property, plant or equipment idling as at 31st March 2022						
<b>10.6</b>	<b>Title restriction on property, plant and equipment</b> There was no restriction on the title of property, plant and equipment as at 31st March 2022 .						
<b>10.7</b>	<b>Property, plant and equipment pledged as security for liabilities</b> There were no items of property, plant and equipment pledged as securities for liabilities as at 31st March 2022.						
<b>10.8</b>	Property, plant and equipment of the Company includes fully depreciated assets having a gross carrying value of Rs.22,495,239 (2021: Rs.13,050,805)						
	<b>As at</b>						<b>As at</b>
	<b>Rs.</b>						<b>Rs.</b>
	<b>31.03.2022</b>						<b>31.03.2021</b>
<b>Freehold assets</b>							
Office equipment	23,200					23,200	23,200
Plant and machinery		3,794,367				3,794,367	-
Computers and accessories			4,996,948			4,996,948	1,582,480
Furniture and fittings			2,861,342			2,861,342	1,126,840
Motor vehicles			10,133,352			10,133,352	9,903,252
Electrical items			686,030			686,030	415,033
			<b>22,495,239</b>			<b>22,495,239</b>	<b>13,050,805</b>
<b>10.9</b>	There were no compensation received/ receivable from third parties for items of property, plant and equipment that were impaired, lost or given up and there were no capitalised borrowing costs related to the acquisition of property plant and equipment during the year.						

## 11. RIGHT-OF-USE-ASSETS

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
<b>11.1 Motor vehicle</b>		
<b>Cost</b>		
Balance at the beginning of the year	131,438,021	119,438,021
Add : Additions during the year	-	12,000,000
<b>Balance at the end of the year</b>	<b>131,438,021</b>	<b>131,438,021</b>
<b>Accumulated amortization</b>		
Balance at the beginning of the year	52,286,066	22,147,210
Add : Amortization for the year	32,859,607	30,138,856
<b>Balance at the end of the year</b>	<b>85,145,673</b>	<b>52,286,066</b>
<b>Carrying amount at the end of the year</b>	<b>46,292,348</b>	<b>79,151,955</b>

### Impairment of right-of-use assets

The Company does not foresee any impairment of right of use assets due to the economic implication of COVID-19 and economic downturn and does not anticipate dis-continuation of any assets for which the Company has the right to use. Lease liabilities are not reassessed as there are no known moratorium received for the lease payments so far.

## 12. INVESTMENT PROPERTIES

	Land Rs.	Building Rs.	Total Rs.
<b>Balance as at 01.04.2020</b>	481,000,000	172,000,000	653,000,000
Add : Additions during the year	-	164,137	164,137
Add : Fair value gain during the year	6,835,863	-	6,835,863
<b>Balance as at 31.03.2021</b>	<b>487,835,863</b>	<b>172,164,137</b>	<b>660,000,000</b>
Add : Fair value gain during the year	54,564,137	10,435,863	65,000,000
<b>Balance as at 31.03.2022</b>	<b>542,400,000</b>	<b>182,600,000</b>	<b>725,000,000</b>

Investment properties consist of freehold land at No 123, Castle Street, Colombo 08, and freehold land and building given on rent at No. 61, D S Senanayake Mw, Colombo 08.

### 12.1 The amount recognized to comprehensive income on investment property is as follows:

	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.
Rental income earned	12,000,000	12,000,000
Operating expenditure	(145,198)	(8,151,981)
Fair value gain during the year	65,000,000	6,835,863
	<b>76,854,802</b>	<b>10,683,882</b>



# Notes to the Financial Statements

## 12.2 Fair value of the investment property

Location of the investment property	Valuer's name and report date	Total extent	Valuation technique	Fair Value	
				As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Bare Land No 123, Castle Street, Colombo 08	R.M.N. Priyadarshani [Incorporated Valuer] - Report date : 31/03/2022	P 33.50	Comparison method	335,000,000	300,000,000
Land & Commercial Building No. 61, D S Senanayake Mw, Colombo 08	R.M.N. Priyadarshani [Incorporated Valuer] - Report date : 31/03/2022	P 12.20	Investment method	390,000,000	360,000,000

12.3 The Company uses unobservable market input in determining the fair value of investment property (Level-3 of fair value hierarchy).

## 12.4 Valuation details of investment property

	Total Perches/ Square feet Rs.	Cost per perch Rs.	Total value Rs.
(a) Bare Land-No 123, Castle Street, Colombo 08 Land - Lot No. 1 in Plan No 2074 Bare Land Fair value of the subject property for the Financial Reporting purpose	P 33.50	10,000,000	335,000,000
(b) Land and Commercial Building at No. 61, D S Senanayake Mw,Colombo 08 Land - Lot A in Plan No 4751/9000 Commercial Building Less: 15% for Depreciation Rounding effect Fair value of the subject property for the Financial Reporting purpose	P 12.20 13,427	17,000,000 16,000	207,400,000 214,832,000 (32,224,800) 182,607,200 (7,200) 390,000,000

Further details of the valuation techniques and significant unobservable input are given in note 33.2.

12.5 The details of investment properties pledged as security against borrowings are disclosed in Note 30.

## 12.6 The significant assumptions used by the valuer are as follows :

Assumptions	2022	2021	Sensitivity
Anticipated maintenance cost	25% from annual rent income	25% from annual rent income	Increase will result in decrease in fair value gain
Capitalisation YP rate	5.75%	5.50%	Increase will result in decrease in fair value gain
Price per perch LKR Mn.- No 123, Castle Street, Colombo 08	10	9	Increase will result in increase in fair value gain
Price per perch LKR Mn.- No. 61, D S Senanayake Mw, Colombo 08	17	16	Increase will result in increase in fair value gain
Future rental income Per Sq.Ft	Rs. 2,250	Rs. 1,980	Increase will result in increase in fair value gain

## 12.7 Sensitivity analysis of assumptions employed in investment property valuation

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment property, in respect of the year 2022.

The sensitivity of the statement of profit or loss and statement of financial position is the effect of the assumed changes in each aspect (taken individually, while other variables are held constant) on the profit or loss and carrying value of investment property for the year.

Capitalisation YP rate increase/(decrease)	Maintenance cost increase/(decrease)	Investment property valuation (Rs.)	Fair value gain/(loss) on investment property (Rs.)
1%		668,000,000	(57,000,000)
-1%		808,250,000	83,250,000
	5%	700,000,000	(25,000,000)
	-5%	752,600,000	27,600,000

**12.8** The valuation of investment properties as at 31 March 2022 has been prepared on the basis of 'material valuation uncertainty' as recommended by The Royal Institution of Chartered Surveyors, a professional body promoting and enforcing international standards in valuation, management and development of land, real estate, construction and infrastructure, in order to highlight the difficulties in undertaking valuations in the current environment.

**12.9** A 'material valuation uncertainty' statement implies the valuation is current at the date of valuation only and that less certainty and a higher degree of caution should be attached to the valuation. In addition, the valuation should be kept under frequent review as the assessed value may change significantly and unexpectedly over a relatively short period of time.

**12.10** Fair value of the investment property is ascertained by independent valuations carried out by Mrs. R.M.N.Priyadarshani, a chartered valuation surveyor, who has recent experience in valuing properties of similar location and category. In determining the fair value of building the capitalisation of net income method has been used, which is based upon assumptions including future rental income, anticipated maintenance costs, appropriate capitalisation rate and in determining the fair value of land, make reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are approximated within appropriate range of values.

# Notes to the Financial Statements

**12.11** The carrying amount of revalued land and buildings under investment property if they were carried at cost less depreciation and impairment, would be as follows;

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
<b>a) Lot No. 1 in Plan No 2074 situated at No. 123, Castle Street, Colombo 08</b>		
Bare Land	291,000,000	291,000,000
<b>b) Lot A in Plan No 4751/9000 situated at No. 61, D S Senanayake Mw, Colombo 08</b>		
Land	62,603,760	62,603,760
<b>Commercial Building</b>		
Cost	97,162,188	97,162,188
Accumulated depreciation	(32,224,800)	(23,497,250)
	64,937,388	73,664,938
Carrying value	127,541,148	136,268,698

## 12.12 Leasing arrangements

Minimum lease payments receivable on leases of investment property as follows;

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Less than one year	20,400,000	12,000,000
One to five years	40,800,000	61,200,000
More than five years	-	-

The investment property is leased to tenants under operating leases with rentals payable as per the lease terms.

## 12.13 Impact of prevailing economic conditions

The sluggish economic landscape of the country is further impacted by prevailing macroeconomic conditions. Though its exact impact to the country's economy is still unpredictable, it will inevitably cause disruptions to almost all sectors of the economy. Both macro and micro economic fundamentals are being heavily challenged so policy makers are compelled to revise the existing monetary and fiscal policies with sustainable economic strategies to regain the growth potentials.

Immediate result in an uncertain market environment which could lead to slow market performance and low aggregate demand due to disinclination of market participants to trade. This may lead financial institutions to resort to stiffened credit standards, particularly on lending for real estate and also the construction industry may further experiences tougher operation environment.

This situation may weaken the confidence of the investors leading a slow or no growth in the demand for the real estate activities, with the result of declining or stagnant property market performance in the short run. However, it could expect rebound of the market positively in the long-term.

### 13. INTANGIBLE ASSETS

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
<b>13.1 Software</b>		
<b>Cost</b>		
Balance at the beginning of the year	572,438	230,219
Add : Additions during the year	-	342,219
<b>Balance at the end of the year</b>	<b>572,438</b>	<b>572,438</b>
<b>Amortization</b>		
Balance at the beginning of the year	98,207	64,192
Add : Amortization for the year	57,245	34,015
<b>Balance at the end of the year</b>	<b>155,452</b>	<b>98,207</b>
<b>Written-down value at the end of the year</b>	<b>416,986</b>	<b>474,231</b>

13.1.1 There were no restrictions existed on the title of the intangible assets of the Company as at the reporting date. Further, there were no items pledged as security for liabilities.

### 14. FINANCIAL ASSETS AT AMORTISED COST- INVESTMENTS IN DEBT SECURITIES

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
<b>14.1 Investment in unquoted debentures</b>		
Balance at the beginning of the year	352,939,048	270,194,898
Add : Exchange gain for the year	157,128,380	64,507,604
Add : Interest receivable during the year	26,355,453	18,236,546
<b>Balance at the end of the year</b>	<b>536,422,881</b>	<b>352,939,048</b>

	As at 31.03.2022		As at 31.03.2021	
	Number of debentures	Carrying amount	Number of debentures	Carrying amount
	Rs.	Rs.	Rs.	Rs.
Debt securities - unquoted debenture	2,034	536,422,881	2,034	352,939,048
	2,034	536,422,881	2,034	352,939,048
Maturing within one year	652	176,888,765	-	-
Maturing more than one year	1,382	359,534,116	2,034	352,939,048
	2,034	536,422,881	2,034	352,939,048

The Company has invested in non-convertible redeemable debentures denominated in Australian Dollar (AUD) amounting to AUD 2,034,000 for a tenor of five years maturing on the 22nd December 2022, 13th August 2023 and 22nd January 2024 at an interest rate of 6% per annum as funding for operation of Prime Lands Australia (Pty) Limited.

Present value of the expected cash flows of Prime Lands Australia (Pty) Ltd is the carrying value and hence no impairment was recognised.

# Notes to the Financial Statements

## 15. INVENTORY PROPERTIES

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
<b>15.1 Inventory Properties</b>		
- Apartments	11,650,287,352	11,086,722,148
- Lands	3,501,956,757	-
	<b>15,152,244,109</b>	<b>11,086,722,148</b>
<b>15.2 Inventory Properties - Apartments</b>		
Balance at the beginning of the year	11,086,722,148	8,505,835,575
Less : Transfer to Inventory Properties-Lands	(489,890,854)	-
Add : Cost incurred during the year	7,519,197,867	8,386,917,253
	<b>18,116,029,161</b>	<b>16,892,752,828</b>
Less : Disposals during the year (Recognized in cost of sales)	(6,465,741,809)	(5,806,030,680)
<b>Balance at the end of the year</b>	<b>11,650,287,352</b>	<b>11,086,722,148</b>
<b>15.3 Inventory Properties - Lands</b>		
Balance at the beginning of the year		
Add : Transfer from Inventory Properties-Apartments	489,890,854	-
Add : Cost incurred during the year	3,585,619,121	-
	<b>4,075,509,975</b>	<b>-</b>
Less : Disposals during the year (Recognized in cost of sales)	(573,553,218)	-
<b>Balance at the end of the year</b>	<b>3,501,956,757</b>	<b>-</b>

The Company assessed the impact of prevailing macroeconomic conditions on inventory properties and evaluated whether it was required to adjust the carrying value of the inventory prior to reflecting them at the lower of cost or net realizable value, and based on the evaluation, appropriate adjustments were made in the carrying value of the inventory related to this.

The details of inventory properties pledged as security against borrowings are disclosed in Note 30.



## 16. FINANCIAL ASSETS-FAIR VALUE THROUGH PROFIT OR LOSS

	Note	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Quoted equity securities	16.1	180,000	195,000

	As at 31.03.2022			As at 31.03.2021		
	Number of shares Nos.	Cost Rs.	Fair value Rs.	Number of shares Nos.	Cost Rs.	Fair value Rs.
	<b>16.1 Quoted equity securities</b>					
Mahaweli Reach Hotels PLC	15,000	638,740	180,000	15,000	638,740	195,000
	15,000	638,740	180,000	15,000	638,740	195,000

**16.2** Financial assets at fair value through profit or loss (FVTPL) comprise quoted equity securities which are held principally for the purpose of trading in near term.

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Investment in equity securities	195,000	180,000
Increase/(decrease) in market value	(15,000)	15,000
	180,000	195,000

	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.
<b>16.3 Amounts recognised in profit or loss</b>		
Changes in fair value on quoted equity securities at FVTPL	(15,000)	15,000
	(15,000)	15,000

## 17. ADVANCE PAID FOR CONTRACTORS

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Balance at the beginning of the year	357,326,947	3,807,469,438
Add : Advance paid for contractors during the year	706,744,429	107,550,420
Less : Transferred to inventory properties during the year	(153,900,744)	(3,557,692,911)
<b>Balance at the end of the year</b>	<b>910,170,632</b>	<b>357,326,947</b>

# Notes to the Financial Statements

## 18. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Receivables from management corporation	16,872,942	47,018,683
Staff advance	2,401,248	1,624,678
Other utility advance	10,883,457	8,020,875
Project advance	7,318,013	16,823,136
Refundable deposits	11,296,004	3,005,001
	<b>48,771,664</b>	<b>76,492,373</b>

## 19. INCOME TAX PAYABLE

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
<b>Balance at the beginning of the year</b>	<b>461,009,242</b>	118,745,977
During the year payment	(505,794,577)	(110,862,296)
	<b>(44,785,335)</b>	7,883,681
Add: Income tax refund	-	163,963,992
During the year income tax expense	162,084,315	289,161,569
<b>Balance at the end of the year</b>	<b>117,298,980</b>	461,009,242

### 19.1 Tax rate changes

The Inland Revenue Act, No 24 of 2017 and the amendments thereto in its First schedule specifies the income tax rates that are to be applied to companies. Paragraph 5 (a) of this schedule specifies that the aggregate income tax payable by a Company (other than on gains from the realization of investment assets) which lists its shares on or after January 1, 2021 but prior to December 31, 2021 in the Colombo Stock Exchange licensed by the Securities and Exchange Commission of Sri Lanka shall be reduced by fifty per centum for the year of assessment commencing from April 1, 2021 (i.e. Y/A 2021/2022).

Further, subparagraph (2A) item (k) of the First Schedule of the above mentioned Act specifies that the gains and profits of such Company which lists its shares as stated above (other than gains from the realization of investment assets) shall be taxed at the concessionary rate of 14% for three years of assessment commencing from April 1, 2022. (i.e. Y/A 2022/2023 to 2024/2025).

## 20. CASH AND CASH EQUIVALENTS

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
<b>20.1 Short-term deposit</b>		
Fixed deposits	710,897,962	182,540,341
	<b>710,897,962</b>	<b>182,540,341</b>
<b>20.2 Favourable balances</b>		
Cash in hand	27,019,031	15,682,108
Petty cash	151,450	85,964
Cheques in hand	447,929,696	73,704,552
Cash at banks	249,093,998	104,786,483
	<b>724,194,175</b>	<b>194,259,107</b>
<b>Total short-term deposits and favourable balance</b>	<b>1,435,092,137</b>	<b>376,799,448</b>
<b>20.3 Unfavourable balances</b>		
Bank overdraft	2,805,950,362	1,150,057,784
	<b>2,805,950,362</b>	<b>1,150,057,784</b>
Cash and cash equivalents for the purpose of statement of cash flows	<b>(1,370,858,225)</b>	<b>(773,258,336)</b>

Fixed deposits pledged as security against borrowings are disclosed in Note 30.

## 21. STATED CAPITAL

	Note	As at 31.03.2022	As at 31.03.2021
<b>21.1 Ordinary shares</b>			
Number of shares - Ordinary shares	21.1.1	937,500,000	750,000,000
Value - Ordinary shares (Rs.)	21.1.1	3,450,000,000	1,500,000,000

	For the year ended 31st March 2022		For the year ended 31st March 2021	
	No. of shares	Rs.	No. of shares	Rs.
<b>21.1.1 Movement during the year</b>				
Balance at the beginning of the year	750,000,000	1,500,000,000	150,000,000	1,500,000,000
Share split	-	-	600,000,000	-
Issued during the year	187,500,000	1,950,000,000	-	-
<b>Balance at the end of the year</b>	<b>937,500,000</b>	<b>3,450,000,000</b>	750,000,000	1,500,000,000

# Notes to the Financial Statements

## 21.2 Rights of shareholders

The holders of ordinary shares confer their rights to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of shareholders.

All shares rank equally and pari pasu with regard to the Company's residual assets.

**21.3** During the year ended 31st March 2021, the Company has subdivided its 150,000,000 fully paid Ordinary Shares, by splitting each One (01) Ordinary Share into Five (05) Shares totalling to 750,000,000 fully paid Ordinary Shares without any change to the Stated Capital of the Company.

## 21.4 Listing of Shares on the Colombo Stock Exchange

The Company has issued One Hundred Million (100,000,000) New Ordinary Voting Shares and further issued Eighty-Seven Million and Five Hundred Thousand (87,500,000) New Ordinary Voting Shares as a result of oversubscription of the Initial One Hundred Million (100,000,000) Ordinary Voting Shares, at a price of Rs 10.40 per share to the general public by way of an Offer for Subscription on 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 of the Colombo Stock Exchange on 11th of May 2021.

The listing of shares was effective from the 08th of June 2021 and was classified under the Industry Group "Real Estate (6010)".

## 22. RETIREMENT BENEFIT OBLIGATION

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
<b>22.1 Retirement benefit obligations - Gratuity</b>		
Balance at the beginning of the year	15,463,841	13,186,382
Amount charged for the year	1,699,512	2,812,659
Payments made during the year	(685,300)	(535,200)
Net gratuity payments made/received for those transferred	227,828	-
<b>Balance at the end of the year</b>	<b>16,705,881</b>	<b>15,463,841</b>
	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.
<b>22.2 Amount recognised in the statement of comprehensive income</b>		
Current service cost for the year	2,905,374	2,650,955
Interest cost for the year	1,237,107	1,450,502
	<b>4,142,481</b>	<b>4,101,457</b>
<b>22.3 Amount recognised in other comprehensive income</b>		
Actuarial gain for the year	(2,442,969)	(1,288,798)
	<b>(2,442,969)</b>	<b>(1,288,798)</b>

- 22.4** Messrs. Actuarial and Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the retirement benefit obligation for Prime Lands Residencies PLC as at 31st March 2022. The valuation method used by the Actuary to value the liability is the 'Projected Unit Credit Actuarial Cost Method' recommended by LKAS 19. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

Actuarial assumptions	31.03.2022	31.03.2021
Discount rate	15%	8%
Salary increment rate	12%	6%
Staff turnover	12%	10%
Retirement age	60 years	55 years
Mortality	A 1967/70 Mortality Table (Institute of Actuaries, London)	

#### 22.5 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

	2021/2022 Rs.	2020/2021 Rs.
<b>Discount rate</b>		
Effect on retirement benefit obligation due to 5% increase	(13,068,302)	(14,594,497)
Effect on retirement benefit obligation due to 5% decrease	22,788,929	16,431,911
<b>Salary increment rate</b>		
Effect on retirement benefit obligation due to 1% increase	17,640,510	16,393,928
Effect on retirement benefit obligation due to 1% decrease	(15,847,854)	(14,613,866)

#### 22.6 Maturity profile of the defined benefit obligation

	2021/2022 Rs.	2020/2021 Rs.
Within the next 12 months	1,959,076	1,527,312
Between 1 and 2 years	8,425,558	6,736,925
Between 3 and 5 years	3,319,351	4,699,345
Beyond 5 years	3,001,896	2,500,260



# Notes to the Financial Statements

## 23. INTEREST BEARING BORROWINGS

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Balance at the beginning of the year	4,193,779,367	3,183,043,737
Loans obtained during the year	2,005,632,526	2,504,093,000
	6,199,411,893	5,687,136,737
Repayments during the year	(2,803,239,624)	(1,493,357,370)
<b>Balance at the end of the year</b>	<b>3,396,172,269</b>	<b>4,193,779,367</b>
Repayable within one year	1,677,916,667	1,859,837,994
Repayable between one & five years	1,718,255,602	2,333,941,373

	Term of the loan	Maturity period	Interest rate	Facility amount (Rs.)
<b>Long term loans</b>				
Seylan Bank - Facility I	Capital repayment within 60 monthly installments	Mar-26	AWPLR+ Margin	1,500,000,000
Seylan Bank - Facility II	Capital repayment within 32 monthly installments	May-23	AWPLR+ Margin	850,000,000
Sampath Bank - Facility I	Capital repayment within 40 monthly installments	Sep-22	AWPLR+ Margin	2,200,000,000
Sampath Bank - Facility II	Capital repayment within 36 monthly installments	Jan-26	AWPLR+ Margin	750,000,000
DFCC Bank - Facility I	Capital repayment within 96 monthly installments	Aug-25	AWPLR+ Margin	200,000,000
Prime Finance - Facility I	Capital repayment within 60 monthly installments	Mar-24	Fixed rate	25,000,000
Prime Finance - Facility II	Capital repayment within 60 monthly installments	Mar-24	Fixed rate	25,000,000
<b>Short Term loans</b>				
HNB Bank - Facility I		Jun-22	AWPLR+ Margin	200,000,000
Commercial Papers		Aug-22	Fixed rate	105,000,000
Seylan Bank - Revolving Import Loan	Capital repayment within 12 monthly installments	Mar-23	Fixed rate	900,000,000
DFCC Bank - Revolving Loan		Mar-23	AWPLR+ Margin	200,000,000

Assets pledged as security against borrowings and the facility details are disclosed in Note 30.

## 24. LEASE LIABILITIES

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Balance at the beginning of the year	75,324,038	86,676,162
Lease obtained during the year	-	8,754,540
	<b>75,324,038</b>	<b>95,430,702</b>
Repayments during the year	<b>(21,835,980)</b>	<b>(20,106,664)</b>
<b>Balance at the end of the year</b>	<b>53,488,058</b>	<b>75,324,038</b>
<b>Interest in suspense</b>		
Balance at the beginning of the year	21,131,786	29,022,102
Interest in suspense on lease obtained during the year	-	2,754,540
Charged to the statement of comprehensive income	<b>(9,519,323)</b>	<b>(10,644,856)</b>
<b>Balance at the end of the year</b>	<b>11,612,463</b>	<b>21,131,786</b>
<b>Net lease creditor at the end of the year</b>	<b>41,875,595</b>	<b>54,192,252</b>
Repayable within one year	14,977,640	11,442,245
Repayable between one and five years	26,897,955	42,750,007
<b>24.1 Maturity analysis of lease liability - discounted</b>		
Less than 2 years	32,928,026	27,294,297
2- 5 years	8,947,569	26,897,955
<b>24.2 Maturity analysis of lease payment - undiscounted</b>		
Less than 2 years	43,677,090	43,942,030
2- 5 years	9,810,968	31,382,008
<b>24.3 Amount recognised in profit or loss on SLFRS 16 - Leases</b>		
<b>Lease under SLFRS 16</b>		
Depreciation of right-of-use assets	32,859,607	30,138,856
Interest expense on lease liabilities	9,519,323	10,644,856
	<b>42,378,930</b>	<b>40,783,712</b>
<b>24.4 Amount recognised in cash flow on SLFRS 16 - Leases</b>		
Payment of lease liabilities	<b>(21,835,980)</b>	<b>(20,106,664)</b>
<b>24.5 Rent concessions</b>		
The Company did not receive COVID-19 related rent concessions and hence, the practical expedient introduced in May 2020 by CA Sri Lanka is not applicable.		

# Notes to the Financial Statements

## 25. DEFERRED TAX LIABILITIES

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
<b>The movement of deferred tax</b>		
Balance at the beginning of the year	20,745,384	21,435,950
Recognized in statement of comprehensive income	3,464,049	(999,878)
Recognized in other comprehensive income	586,313	309,312
<b>Balance at the end of the year</b>	<b>24,795,746</b>	<b>20,745,384</b>

### Deferred tax (provision) / reversal for the year

Deferred tax assets/(liabilities) are attributable to the following:

	As at 31.03.2022		As at 31.03.2021	
	Temporary difference Rs.	Tax Rs.	Temporary difference Rs.	Tax Rs.
<b>Deferred tax assets</b>				
Employee benefits	16,705,881	4,009,411	15,463,841	3,711,322
	<b>16,705,881</b>	<b>4,009,411</b>	<b>15,463,841</b>	<b>3,711,322</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(42,837,228)	(10,280,934)	(47,453,734)	(11,388,896)
Investment properties	(185,242,239)	(18,524,223)	(130,678,103)	(13,067,810)
	<b>(228,079,467)</b>	<b>(28,805,157)</b>	<b>(178,131,837)</b>	<b>(24,456,706)</b>
<b>Net deferred tax liability</b>	<b>(211,373,586)</b>	<b>(24,795,746)</b>	<b>(162,667,996)</b>	<b>(20,745,384)</b>

### Movement in deferred tax balance during the year

	Balance as at 01.04.2021 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Balance as at 31.03.2022 Rs.
Employee benefits	3,711,322	884,402	(586,313)	<b>4,009,411</b>
Property, plant and equipment	(11,388,896)	1,107,962	-	<b>(10,280,934)</b>
Investment properties	(13,067,810)	(5,456,413)	-	<b>(18,524,223)</b>
<b>Net deferred tax asset/ (liability)</b>	<b>(20,745,384)</b>	<b>(3,464,049)</b>	<b>(586,313)</b>	<b>(24,795,746)</b>

Deferred tax has been determined based on the effective tax rate of 24%.

## 26. TRADE AND OTHER PAYABLES

	Note	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Accrued expenses	26.1	75,987,635	134,798,371
Retention payable		1,030,466,909	963,262,350
Payables to contractors		69,076,000	30,890,684
Dividend payable		252,942	-
		<b>1,175,783,486</b>	<b>1,128,951,405</b>

### 26.1 Accrued Expenses

Auditor's remuneration		1,247,400	1,247,400
Welfare society		169,000	93,000
Staff payable - others		10,938,175	17,093,492
EPF		2,567,807	1,660,737
ETF		385,173	249,113
Statutory and other payables		60,680,080	114,454,629
		<b>75,987,635</b>	<b>134,798,371</b>

## 27. AMOUNT DUE TO RELATED PARTY

	Note	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Prime Lands (Pvt) Ltd		8,109,906	4,995,981
		<b>8,109,906</b>	<b>4,995,981</b>

## 28. CUSTOMER ADVANCE COLLECTION

	Note	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Project advance	28.1	4,385,241,479	2,330,439,139
Customer payables		-	33,196,208
Direct customer deposits		202,366,026	174,133,215
		<b>4,587,607,505</b>	<b>2,537,768,562</b>

### 28.1 Project advance

Balance at the beginning of the year		2,330,439,139	3,733,443,973
Add: During the year advance received amount		11,570,058,923	6,339,205,936
		<b>13,900,498,062</b>	<b>10,072,649,909</b>
Less : Transferred to statement of comprehensive income		(9,515,256,583)	(7,742,210,770)
<b>Balance at the end of the year</b>		<b>4,385,241,479</b>	<b>2,330,439,139</b>

# Notes to the Financial Statements

## 29. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company makes various commitments and incurs contingent liabilities. No material losses are anticipated as a result of these transactions.

### 29.1 Commitments

The Company has entered into agreements with contractors to pay Rs. 6,500,294,077/- in order to complete the projects included in inventory properties as at the reporting date. The commitment of the Company depends on the successful completion of the project as agreed in the contractors' agreement.

### 29.2 Contingent liabilities

The Company does not have significant contingencies as at the reporting date.

## 30. ASSETS PLEDGED

The following assets have been pledged as security for credit facilities and loans obtained by the Company from respective financial institutions concerned.

Nature of assets	Nature of liabilities	Facility amount Rs.	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Lien over Fixed deposit amounting to LKR 524 million of Prime Lands (Pvt) Ltd	DFCC Bank - Revolving loan	200,000,000	200,000,000	200,000,000
Primary mortgage for 200 Mn over Investment property at No.61, D.S Senanayake Mawatha, Colombo 08.	DFCC Bank - Term loan	200,000,000	83,059,853	107,370,065
Further mortgage over the land property of Prime Lands (Pvt) Ltd at No.75/1,D.S.Senanayake Mawatha, Colombo 08.	DFCC Bank - Overdraft	260,000,000	219,836,131	114,913,607
A primary mortgage for Rs.225 Mn over the Inventory property at No. 43, Kassapa Road, Colombo 05. (Kassapa 02 project)	Seylan Bank - Overdraft	225,000,000	203,341,501	102,939,327
Lien over Fixed deposit amounting to LKR 1,317 million of Prime Lands (Pvt) Ltd	Seylan Bank - Term loan	850,000,000	1,487,498,300	2,037,499,000
Lien over Fixed deposit amounting to LKR 424 million of Prime Lands Residencies PLC	Seylan Bank - Term loan	1,500,000,000		
Lien over Fixed deposit amounting to LKR 1,000 million of Prime Lands (Pvt) Ltd.	Seylan Bank - Overdraft	2,272,000,000	1,938,269,529	538,534,982
Lien over 400,000,000 Nos of HNB Finance PLC shares owned by Prime Lands (Pvt) Ltd.	Seylan Bank PLC - Revolving import loan	900,000,000	256,117,000	707,619,751
A primary mortgage for Rs. 2,200 Mn over the inventory property at No. 62 & 64, Ward Place, Colombo 07.	Sampath Bank -Term loan	2,200,000,000	437,487,200	1,312,462,400
Lien over USD A/C amounting to USD 788,020 of Prime Lands Residencies PLC				
Lien over Fixed Deposit amounting to LKR 30.2 million of Prime Lands Residencies PLC	Sampath Bank - Overdraft	222,000,000	-	124,703,313
Corporate guarantee of Rs.100 Mn from Prime Lands (Pvt) Ltd				



Nature of assets	Nature of liabilities	Facility amount Rs.	As at	As at
			31.03.2022 Rs.	31.03.2021 Rs.
Corporate guarantee from Prime Lands (Pvt) Ltd	Hatton National Bank - Overdraft	500,000,000	308,671,436	264,421,302
Primary mortgage for Rs.225 Mn over the land property at Kassapa Road , Colombo 05 (Kassapa 01 project)	Hatton National Bank - Term loan	200,000,000	50,000,006	-
Primary mortgage bond for Rs.175 Mn over the Investment property at No 123, Castle Street, Colombo 08.	Nations Trust Bank Overdraft	175,000,000	135,831,765	3,527,840
Personal Guarantee from Director of Mr. H.M.N.U Kumara of Prime Lands Residencies PLC	Prime Finance PLC - Term loan	25,000,000	12,867,907	17,822,450
	Prime Finance PLC - Term loan	25,000,000	12,867,907	17,822,450
Primary mortgage for 750 Mn over land property at Katunayaka.	Sampath bank -Term loan	750,000,000	750,000,000	-
No collateral	Commercial papers	105,000,000	106,274,097	-

### 31. RELATED PARTY DISCLOSURES

#### 31.1 Parent and ultimate controlling party

The immediate and ultimate parent of the Company as at 31st March 2022 is Prime Lands (Pvt) Ltd.

#### 31.2 Transactions with key management personnel

Key management personnel include all the members of the Board of Directors of the Company having the authority and responsibilities for planning, directing and controlling the activities of the Company.

##### (a) Loans to Directors

No Loans were advanced to the Directors of the Company.

##### (b) Key Management Personnel Compensation

The remuneration of directors and other members of the key management during the year under review is as follows:

Key management personnel	Nature of the transaction	For the	For the
		year ended 31.03.2022 Rs.	year ended 31.03.2021 Rs.
Directors	Short-term benefit	76,075,000	72,000,000

##### (c) Transactions with key Management Personnel

###### Director's current account settlements

- Mr. Premalal Brahmanage	-	(581,913,119)
- Mrs. H.K.S.R Perera	-	(373,500,000)

###### Director's current account receipts

- Mr. Brahmanage Premalal	-	336,413,119
- Mrs. H.K.S.R Perera	-	228,000,000

# Notes to the Financial Statements

## 31.3 Related party transactions

Related companies	Relationship	Nature of the transaction	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.
Prime Lands (Pvt) Ltd	Parent Company	Customer deposits collected by Prime Lands (Pvt) Ltd on behalf of Prime Lands Residencies PLC	111,074,000	86,264,500
		Payments made by Prime Lands Residencies PLC on behalf of Prime Lands (Pvt) Ltd	18,017,045	-
		Payments made by Prime Lands (Pvt) Ltd on behalf of Prime Lands Residencies PLC	44,643,969	68,765,625
		Customer deposits accepted by Prime Lands Residencies PLC on behalf of Prime Lands (Pvt) Ltd	2,000,000	30,529,000
		Shared service fee from Prime Lands Residencies PLC to Prime Lands (Pvt) Ltd	30,000,000	30,000,000
		Rent expenses from Prime Lands Residencies PLC to Prime Lands (Pvt) Ltd	6,000,000	6,000,000
		Net amount of fund transferred from Prime Lands (Pvt) Ltd	85,561,000	-
		Net amount of fund transferred to Prime Lands (Pvt) Ltd	-	14,000,150
Prime Finance PLC	Related Company	Rent income from Prime Finance PLC	12,000,000	12,000,000
		Land inventory transfer from Prime Finance PLC	923,640,950	-

## 31.4 Related party balances

The following related party balances are shown in the respective notes as stated below.

1. Investment in non-convertible redeemable debentures issued by Prime Lands Australia (Pty) Limited as given in Note 14.
2. Amount due to Prime Lands (Pvt) Ltd as disclosed in Note 27.

## 31.5 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at the year end as disclosed in Note 27 are interest free and settled on demand. Investment in unquoted debentures at the year end as disclosed in Note 14 is at an interest rate of 6% per annum and settlement occurs at maturity of five years.

## 32. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

32.1 The analysis of financial instruments by measurement basis is shown as follows;

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities at amortized cost	Total
	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 31.03.2022</b>				
<b>Financial assets</b>				
Financial investments - unquoted debentures	-	536,422,881	-	536,422,881
Financial investments - quoted equity share	180,000	-	-	180,000
Cash and cash equivalents	-	1,435,092,137	-	1,435,092,137
	180,000	1,971,515,018	-	1,971,695,018
<b>Financial liabilities</b>				
Interest bearing borrowings	-	-	3,396,172,269	3,396,172,269
Lease liabilities	-	-	41,875,595	41,875,595
Amount due to related party	-	-	8,109,906	8,109,906
Trade and other payables	-	-	1,175,783,486	1,175,783,486
Bank overdraft	-	-	2,805,950,362	2,805,950,362
	-	-	7,427,891,618	7,427,891,618
<b>Balance as at 31.03.2021</b>				
<b>Financial assets</b>				
Financial investments - unquoted debentures	-	352,939,048	-	352,939,048
Financial investments - quoted equity share	195,000	-	-	195,000
Cash and cash equivalents	-	376,799,448	-	376,799,448
	195,000	729,738,496	-	729,933,496
<b>Financial liabilities</b>				
Interest bearing borrowings	-	-	4,193,779,367	4,193,779,367
Lease liabilities	-	-	54,192,252	54,192,252
Amount due to related party	-	-	4,995,981	4,995,981
Trade and other payables	-	-	1,128,951,405	1,128,951,405
Bank overdraft	-	-	1,150,057,784	1,150,057,784
	-	-	6,531,976,789	6,531,976,789

# Notes to the Financial Statements

## 33. FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES

### 33.1 Determination of fair value and fair value hierarchy

As at 31st March 2022, the Company held the following assets carried at fair value on the statement of financial position. The Company uses the following hierarchy for determining and disclosing the fair value of these assets by valuation technique:

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

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

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

	Level 1	Level 2	Level 3	Total
<b>As at 31.03.2022</b>				
Financial assets - Fair value through profit or loss	180,000	-	-	180,000
Investment property - Land and building	-	-	725,000,000	725,000,000
<b>As at 31.03.2021</b>				
Financial assets - Fair value through profit or loss	195,000	-	-	195,000
Investment property - Land and building	-	-	660,000,000	660,000,000

#### 33.1.1 Reconciliation of fair value measurement of "Level 3" assets

	Land Rs.	Building Rs.	Total Rs.
Investment Properties			
Balance as at 01.04.2020	481,000,000	172,000,000	653,000,000
Add : Additions during the year	-	164,137	164,137
Add : Fair value gain during the year	6,835,863	-	6,835,863
<b>Balance as at 31.03.2021</b>	487,835,863	172,164,137	660,000,000
Add : Additions during the year	-	-	-
Add : Fair value gain during the year	54,564,137	10,435,863	65,000,000
<b>Balance as at 31.03.2022</b>	542,400,000	182,600,000	725,000,000

#### 33.2 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Description	Valuation technique	Inter-relationship between key unobservable inputs and fair value measurement
<b>Investment properties</b>	<b>Comparison and Investment approach</b>	
Bare Land No 123, Castle Street, Colombo 08	In determining the fair value of Investment Property, the reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location were considered. Fair value of building was determined considering the capitalisation of net income method, which is based upon assumptions including future rental income, anticipated maintenance costs and capitalisation rates.	- Anticipated maintenance cost - Discount rate
Land & Commercial Building No. 61, D S Senanayake Mw, Colombo 08		- Future rental income per Sq. Ft. - Price per perch

### 34. EVENTS AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date, which would require adjustments to, or disclosures in the financial statements except below;

#### Authorization of interim dividend

The Board of Directors of the Company has authorized an interim dividend of seventy cents (-/70 cts) per ordinary share amounting to Rs.656,250,000/- on the 25th May 2022.

### 35. RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and operations:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents qualitative and quantitative information about the Company's exposure to each of the above risks, the Company's objectives, policies and procedures for measuring and managing risk and the Company's management of capital. Further, quantitative disclosures are included throughout these financial statements.

#### Risk management framework

The Board of Directors has the overall responsibilities for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Company's activities.

The Audit Committee oversees how management monitors compliance with their risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit department. Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

#### 35.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's investments and deposits with banks.

The Company is exposed to credit risk from its investing and financing activities, including deposits with banks and other financial assets.

#### Management of credit risk includes the following components.

The Company does an extensive and continuous evaluation of credit worthiness of its customers / financial institutions by assessing external credit ratings (if available) or historical information about default rates and change the credit limits and payment terms where necessary.

#### 35.1.1 Impairment of Financial Assets

The Company does not have trade receivables as at reporting date and impairment is not applicable to them. Cash and cash equivalents and other financial assets are subject to the impairment requirements as per SLFRS 9.

##### 35.1.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Financial assets at amortized cost	536,422,881	352,939,048
Financial assets - FVTPL	180,000	195,000
Cash and cash equivalents	1,435,092,137	376,799,448



# Notes to the Financial Statements

## 35.1.1.2 Trade receivables

The Company does not have trade receivables as at reporting date and hence, no impairment identified relating to them.

## 35.1.1.3 Cash and cash equivalents and other financial assets

The cash and cash equivalents are held with banks and financial institutions which are rated above 'BBB-(lka).

The allowance accounts in respect of cash at bank and financial institutions, and financial assets at FVTPL and other financial assets, are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible.

At that point, the amounts are considered irrecoverable and are written off against the financial assets directly.

## 35.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets.

### Management of liquidity risk

The Company manages the liquidity risk by carrying out cash flow forecasts and identifying future cash needs. Investments are planned ensuring money is available for settlements. Adequate banking facilities are approved and kept for use as and when necessary. Strong relationships have been built with banks to ensure that urgent borrowing needs are met at short notice.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted (principle plus interest) payments.

	Carrying amount Rs.	Less than 3 months Rs.	3-12 months Rs.	1-5 years Rs.	More than 05 year Rs.	Total Rs.
<b>Balance as at 31.03.2022</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	1,175,783,486	279,543,574	896,239,912	-	-	1,175,783,486
Bank overdraft	2,805,950,362	2,805,950,362	-	-	-	2,805,950,362
Loans and borrowings	3,396,172,269	1,071,488,810	841,017,545	2,180,634,154	-	4,093,140,509
Lease liabilities	41,875,595	4,187,286	16,749,144	32,551,628	-	53,488,058
Amounts due to related parties	8,109,906	8,109,906	-	-	-	8,109,906
	<b>7,427,891,618</b>	<b>4,169,279,938</b>	<b>1,754,006,601</b>	<b>2,213,185,782</b>	<b>-</b>	<b>8,136,472,321</b>
<b>Balance as at 31.03.2021</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	1,128,951,405	335,795,488	793,155,917	-	-	1,128,951,405
Bank overdraft	1,150,057,784	1,150,057,784	-	-	-	1,150,057,784
Loans and borrowings	4,193,779,367	1,124,531,697	1,246,423,508	2,729,619,277	-	5,100,574,483
Lease liabilities	54,192,252	2,817,710	11,289,379	61,216,949	-	75,324,038
Amounts due to related parties	4,995,981	4,995,981	-	-	-	4,995,981
	<b>6,531,976,789</b>	<b>2,618,198,660</b>	<b>2,050,868,804</b>	<b>2,790,836,226</b>	<b>-</b>	<b>7,459,903,691</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

### 35.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimising the return. Market risk comprises three types of risks;

- Foreign exchange risk
- Interest rate risk
- Equity price risk

#### 35.3.1 Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk on investments in unquoted debentures which are denominated in Australian Dollars (AUD) and bank balances denominated in US Dollars (USD).

The exposure to currency risk as at the reporting date is as follows:

	AUD	USD
<b>As at 31st March 2022</b>		
Investments in unquoted debentures	2,034,000	-
Bank balances	-	927,820
<b>As at 31st March 2021</b>		
Investments in unquoted debentures	2,034,000	-
Bank balances	-	774,541

The Sri Lankan Rupee witnessed significant volatility, particularly during the latter part of the year. Whilst the exchange rate was maintained at stable levels during the year, as per the guidelines issued to the banks by the Central Bank of Sri Lanka (CBSL), the currency depreciated sharply in March 2022 once the CBSL allowed a free float of the currency which resulted in a steep depreciation of the rupee by 31st March 2022. In addition to the depreciation of the currency, there were significant challenges in the foreign currency market on the back of a marked reduction in liquidity amidst declining confidence and a depletion of foreign currency reserves in the country. This resulted in a series of measures such as the continuation of certain import controls and stipulations on foreign currency conversions and remittances. The lack of confidence in the market however resulted in a sharp reduction in foreign currency employment remittances which exacerbated the liquidity situation. The Company adopted prudent measures, as and when required, to manage the financial impacts arising from the liquidity constraints and currency fluctuations by matching liabilities with corresponding inflows. The Company was able to navigate the liquidity challenges through matching its obligations with foreign currency inflows as far as possible while also using the strength of its financial position to manage the situation.

# Notes to the Financial Statements

## Sensitivity analysis

The following table demonstrates the sensitivity of Company's profits to a reasonable possible change in the US Dollar (USD) and Australian Dollar (AUD) exchange rate with all other variables held constant. The impact on the profit before tax due to change in the fair value of monetary assets and liabilities denominated in foreign currency is as follows:

	Increase/ decrease in exchange rate	Effect on profit before tax (Rs.)
<b>2022</b>		
<b>US Dollar (USD)</b>	25%	68,165,330
	-25%	(68,165,330)
<b>Australian Dollar(AUD)</b>	25%	109,814,389
	-25%	(109,814,389)
<b>2021</b>		
US Dollar (USD)	25%	38,694,132
	-25%	(38,694,132)
Australian Dollar(AUD)	25%	77,037,750
	-25%	(77,037,750)

### 35.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises mainly from the borrowings and investment of excess funds in financial investments. Borrowings at variable rates expose the Company to cash flow interest rate risk. Borrowings and investments at fixed rates expose the Company to fair value interest rate risk.

The Company has cash and bank balances including deposits placed with government and reputed financial institutions. All available opportunities are considered before making investment decisions.

The Company manages its working capital appropriately to ensure that borrowing needs and investment opportunities are foreseen. Market interest rates are monitored closely to ensure borrowings and investments are at the best rate for the Company.

The Central Bank of Sri Lanka (CBSL) adopted a tightening monetary policy stance during the latter part of the financial year, resulting in an upward trend in interest rates. Elevated pressures on inflation on account of many factors including increases in global commodity prices, food supply and the sharp depreciation of the currency in March 2022 have resulted in strong policy actions by the CBSL on monetary policy post the end of the reporting period. Such actions have raised monetary policy rates significantly and helped to bridge the gap between policy and market interest rates.

At the end of the reporting year, the interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company was as follows;

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Fixed deposit	710,897,962	182,540,341
Financial assets at amortized cost	536,422,881	352,939,048
	<b>1,247,320,843</b>	<b>535,479,389</b>
<b>Financial liabilities</b>		
Lease creditors	(41,875,595)	(54,192,252)
	<b>1,289,196,438</b>	<b>589,671,641</b>
<b>Variable rate instruments</b>		
<b>Financial assets</b>		
Bank balance	136,245,822	97,955,785
<b>Financial liabilities</b>		
Loans and borrowings	(3,396,172,269)	(4,193,779,367)
Bank overdraft	(2,805,950,362)	(1,150,057,784)
	<b>(6,202,122,631)</b>	<b>(5,343,837,151)</b>
	<b>(6,065,876,809)</b>	<b>(5,245,881,366)</b>

The following table demonstrates the sensitivity to a reasonable possible change in variable interest, with all other variables held constant.

	Profit or loss		Equity	
	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.
5% increase	(12,434,079)	(14,409,833)	(12,434,079)	(14,409,833)
5% decrease	12,434,079	14,409,833	12,434,079	14,409,833

### 35.3.3 Equity price risk

Listed equity securities are susceptible to equity price risk arising from uncertainties of future values of the investment securities. The Company manages the equity price risk through diversification of its portfolio to different business segments.

The Company's equity risk management policies adopted as follows;

- Equity investment decisions are based on fundamentals rather than on speculation.
- Decisions are made based on in-depth industry and macro economic analysis as well as on research reports on the Company performance

The table below shows the diversification of equity investments;

	2022	2021
<b>Trading shares</b>		
Quoted equity securities	180,000	195,000

# Notes to the Financial Statements

## Sensitivity analysis

Investments in equity shares are subject to the performance of investee Company and the factors that effect the status of the stock market.

The following table demonstrates the sensitivity of the Company's equity to a reasonably possible change in the market prices of the listed equity securities, with all other variables held constant.

	Change in year share price of all Companies in which the Company has invested	Effect on profit before tax as a result of gains/ losses on equity securities classified as at FVTPL Rs.
<b>Investments in equity shares</b>	+ 5%	9,000
	- 5%	(9,000)

## 35.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas.

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when applicable

Compliance with set procedures is supported by periodic reviews undertaken by Internal Audit department. The results of Internal Audit department reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and Senior Management of the Company.

### 35.5 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of stated capital and reserves of the Company. The Board of Directors monitors the return on capital, which the Company defines as a result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares, have a rights issue or buy back of shares.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Debt to equity ratio	93%	157%

### 36 SEGMENTAL INFORMATION

For management purposes, the Company is organised into two operating segments based on products and services offered to customers as follows.

The following table presents income and profit and certain asset and liability information regarding the Company's operating segments:

	Apartment sale		Land Sale		Total	
	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2021 Rs.
Revenue	8,649,276,313	7,732,398,134	861,106,938	-	9,510,383,251	7,732,398,134
Cost of sales	(6,514,727,783)	(5,838,879,143)	(573,553,218)	-	(7,088,281,001)	(5,838,879,143)
Gross profit	2,134,548,530	1,893,518,991	287,553,720	-	2,422,102,250	1,893,518,991
Other income	152,373,741	26,091,431	531,701	-	152,905,442	26,091,431
Gain on fair valuation of investment property	65,000,000	6,835,863	-	-	65,000,000	6,835,863
Distribution expenses	(213,132,595)	(31,165,383)	(3,151,563)	-	(216,284,158)	(31,165,383)
Administrative expenses	(483,499,337)	(310,241,352)	(3,663,145)	-	(487,162,482)	(310,241,352)
Operating profit	1,655,290,339	1,585,039,550	281,270,713	-	1,936,561,052	1,585,039,550
Finance income	308,310,595	104,741,231	-	-	308,310,595	104,741,231
Finance expenses	(391,055,899)	(412,363,514)	(5,894,143)	-	(396,950,042)	(418,257,657)
Profit before taxation	1,572,545,035	1,277,417,267	275,376,570	-	1,847,921,605	1,271,523,124
Tax expenses	(132,503,176)	(288,161,691)	(33,045,188)	-	(165,548,364)	(288,161,691)
Profit for the year	1,440,041,859	989,255,576	242,331,382	-	1,682,373,241	983,361,433
Segmental assets	15,364,525,518	12,999,916,466	3,501,956,757	-	18,866,482,275	12,999,916,466
Segmental liabilities	11,640,814,985	9,566,963,818	533,484,745	-	12,174,299,730	9,566,963,818

### 37. COMPARATIVE INFORMATION

Comparative figures have been re-classified where necessary in line with the presentation requirements for the current year.







# Share Information

## A. TWENTY MAJOR SHAREHOLDERS

Name of shareholder	As at 31 March 2022		As at 31 March 2021	
	Shareholding	Percentage (%)	Shareholding	Percentage (%)
1 Prime Lands (Pvt) Ltd	749,999,970	80.00	749,999,970	100.00
2 Phantom Investments (Private) Limited	6,900,000	0.74	N/Q	N/Q
3 Ceylinco General Insurance Limited	6,700,000	0.71	N/Q	N/Q
4 Mr. H.P.D.W.N. Gunasekara	5,000,000	0.53	N/Q	N/Q
5 Mr. H.K.C.P. Perera	5,000,000	0.53	N/Q	N/Q
6 Deutsche Bank AG as Trustee For JB Vantage Value Equity Fund	3,845,500	0.41	N/Q	N/Q
7 Askold (Private) Limited	3,500,000	0.37	N/Q	N/Q
8 DFCC Bank PLC/Maskeliya Tea Exports (Pvt) Ltd	3,234,622	0.35	N/Q	N/Q
9 Mr. A.I. Ramachandra	3,175,000	0.34	N/Q	N/Q
10 Seylan Bank PLC/ARCC Capital (Pvt) Ltd	3,153,375	0.34	N/Q	N/Q
11 Mr. A.N. Esufally	3,000,000	0.32	N/Q	N/Q
12 Jafferjee Brothers (Exports) Limited	2,884,600	0.31	N/Q	N/Q
13 Mr. N.A.S. Brahamanage	2,500,000	0.27	N/Q	N/Q
14 Mr. B.M.D.S. Thaaruna	2,500,000	0.27	N/Q	N/Q
15 Seylan Bank PLC/Jaliya Abeysiri Wijeratne	2,250,000	0.24	N/Q	N/Q
16 Mr. D.N.P. Rathnayake	2,100,000	0.22	N/Q	N/Q
17 Mr. M.A. Jafferjee	2,000,000	0.21	N/Q	N/Q
18 Katunayake Garments Limited.	1,923,000	0.21	N/Q	N/Q
19 Merchant Bank Of Sri Lanka & Finance PLC/T.M.P. Gunasekara	1,700,000	0.18	N/Q	N/Q
20 Mrs. A.M. Moonesinghe	1,568,000	0.17	N/Q	N/Q
	812,934,067	86.71	749,999,970	100.00
Others	124,565,933	13.29	30.00	0.00
<b>Total</b>	<b>937,500,000</b>	<b>100.00</b>	<b>750,000,000</b>	<b>100.00</b>

N/Q- Not qualify for top 20 shareholders as at 31 March 2022

## B. PUBLIC AND NON PUBLIC SHAREHOLDINGS

	As at 31 March 2022			As at 31 March 2021		
	No. of shares	No. of shareholders	Percentage %	No. of shares	No. of shareholders	Percentage %
Issued number of ordinary shares and No. of shareholders	937,500,000	5,623	100.00	750,000,000	3	100.00
Less:- Shares held by non public	750,100,000	4	80.01	750,000,000	3	100.00
Shares held by the public and No. of shareholders	187,400,000	5,619	19.99	-	-	-
Float adjusted market capitalisation (Under option 5) LKR	1,293,060,000			-		



### C. DISTRIBUTION OF SHAREHOLDERS

	As at 31 March 2022			As at 31 March 2021		
	No. of shareholders	No. of shares	Percentage %	No. of shareholders	No. of shares	Percentage %
1 - 1,000	1,775	798,919	0.09	2	30	0.00
1,001 - 10,000	2,370	11,382,908	1.21	-	-	-
10,001 - 100,000	1,230	42,174,104	4.50	-	-	-
100,001 - 1000,000	223	63,358,175	6.76	-	-	-
Over 1000,000	25	819,785,894	87.44	1	749,999,970	100.00
<b>Total</b>	<b>5,623</b>	<b>937,500,000</b>	<b>100.00</b>	<b>3</b>	<b>750,000,000</b>	<b>100.00</b>

### D. CATEGORIES OF SHAREHOLDERS

Categories of Shareholdings	As at 31 March 2022			As at 31 March 2021		
	No. of shareholders	No. of shares	Percentage %	No. of shareholders	No. of shares	Percentage %
Local individuals	5,356	121,782,914	12.99	2	15	0.00
Local institutions	260	815,502,687	86.99	1	749,999,985	100.00
Foreign individuals	7	214,399	0.02	-	-	-
Foreign institutions	-	-	-	-	-	-
<b>Total</b>	<b>5,623</b>	<b>937,500,000</b>	<b>100.00</b>	<b>3</b>	<b>750,000,000</b>	<b>100.00</b>

### E. PERFORMANCE AT THE CSE

Market Price per share	As at 31 March 2022	As at 31 March 2021
Highest	14.90	N/A
Lowest	6.60	N/A
Last Traded Price	6.90	N/A

### F. SHAREHOLDINGS OF DIRECTORS

Name of the Director	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Percentage %	No. of shares	Percentage %
Mr. B Premalal	15	0.00	15	0.00
Ms. H K S R Perera	15	0.00	15	0.00
Mr. N M Weerakkody	Nil	0.00	Nil	0.00
Mr. H M N U Kumara	Nil	0.00	Nil	0.00
Ms. S S A P Brahmanage	Nil	0.00	Nil	0.00
Mr. M Perera	Nil	0.00	Nil	0.00
Mr. D Kalapuge	Nil	0.00	Nil	0.00
Mr. S Bandara	Nil	0.00	Nil	0.00
Mr. D Sooriyaarachchi	Nil	0.00	Nil	0.00
Mr. N L S Joseph	100,000	0.01	Nil	0.00

# Share Information

## G. UTILISATION OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AS AT 31 MARCH 2022

Objective Number	No. of shares 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)
(i)	Payment for the Acquisition of Land in Meegoda, Homagama	333,312,500	on or before Q2 2021/22	333,312,500	17%	333,312,500	100%	
(ii)	Settling the Revolving Import Loans taken for The Grand Project	188,047,000	on or before Q3 2021/22	188,047,000	10%	188,047,000	100%	
(iii)	To further strengthen the working capital of the Company							Fully Utilized
a.	The Palace Gampaha	150,000,000	on or before Q2 2021/22	150,000,000	8%	150,000,000	100%	
b.	The Beach Front (Uswetakeiyawa II)	90,000,000	on or before Q4 2021/22	90,000,000	5%	90,000,000	100%	
c.	The Grand (Ward Place)	1,188,640,500	on or before Q4 2021/22	1,188,640,500	61%	1,188,640,500	100%	
		1,950,000,000		1,950,000,000		1,950,000,000		

# Five Year Summary

Income Statements	Year ended 31 March 2022 Rs.	Year ended 31 March 2021 Rs.	Year ended 31 March 2020 Rs.	Year ended 31 March 2019 Rs.	Year ended 31 March 2018 Rs.
Revenue	9,510,383,251	7,732,398,134	5,716,288,413	3,595,043,841	5,590,375,325
Gross profit	2,422,102,250	1,893,518,991	1,072,944,265	882,340,899	1,504,269,929
Operating profit	1,936,561,052	1,585,039,550	794,248,876	842,542,211	1,190,927,890
Profit before taxation	1,847,921,605	1,277,417,267	181,783,508	273,672,672	735,315,125
Tax expenses	(165,548,364)	(288,161,691)	(50,987,616)	(15,611,147)	(20,209,668)
Profit for the year	1,682,373,241	989,255,576	130,795,892	258,061,525	715,105,457

Statements of Financial Position	31 March 2022 Rs.	31 March 2021 Rs.	31 March 2020 Rs.	31 March 2019 Rs.	31 March 2018 Rs.
Current assets	17,723,347,307	11,897,535,916	12,547,469,579	12,855,469,906	9,580,732,620
Current liabilities	10,387,644,546	7,154,063,213	9,468,063,776	8,568,128,639	5,185,623,332
Net Current assets	7,335,702,761	4,743,472,703	3,079,405,803	4,287,341,267	4,395,109,288
Non-current assets	1,143,134,968	1,102,380,550	1,035,290,806	1,034,975,128	587,614,135
Non-current liabilities	1,786,655,184	2,412,900,605	1,671,979,023	2,604,859,776	2,288,729,309
Net assets	6,692,182,545	3,432,952,648	2,442,717,586	2,717,456,619	2,693,994,114

## Key indicators

Basic earnings per share (Rs.)	1.86	1.32	0.17	0.34	0.95
Net assets per share (Rs.)	7.14	4.58	3.26	3.62	3.59
Return on equity (%)	25%	29%	5%	9%	27%
Return on assets (%)	9%	8%	1%	2%	7%
Debt/equity ratio (%)	51%	124%	133%	127%	131%
Dividend Per share	0.70	0.40	-	0.30	0.57
Dividend Payout	39%	38%	-	87%	60%
Dividend Cover (Times)	2.66	3.30	-	1.15	1.67



# GRI Content Index

GRI Standard/Disclosure		Page No.	Page Title / Report Commentary
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<b>Organisational profile</b>			
102-1	Name of the organisation	181	Corporate Information
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102-3	Location of headquarters	181	Corporate Information
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102-5	Ownership and legal form	6 181	About the Company Corporate information
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102-8	Information on employees and other workers	67	Human Capital - Cadre Numbers
102-9	Supply chain	78	Social and Relationship Capital - Supplier Capital
102-10	Significant changes to the organisation and its supply chain	78	Social and Relationship Capital - Supplier Capital
102-11	Precautionary principle or approach	80	Natural Capital - Management Approach Key Risks
102-12	External initiatives	4 24	Report Profile - Reporting Frameworks Value Creation Model - Contribution to the SDG's
102-13	Membership of associations	62	Intellectual Capital - Memberships and Affiliations
<b>Strategy</b>			
102-14	Statement from senior decision-maker	41	Joint Statement by Co-Chairman and Co-Chairperson
<b>Ethics and Integrity</b>			
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102-19	Delegating authority	87	Corporate Governance Report - Board Committee
102-21	Consulting stakeholders on economic, environmental, and social topics	32	Stakeholder Engagement
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102-23	Chair of the highest governance body	91	Corporate Governance Report - Division of Responsibility at a Leadership Level

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102 - 24	Nominating and selecting the highest governance body	91	Corporate Governance Report -Remuneration, Nomination and Human Resources Committee (Duties and Responsibilities)
102 - 25	Conflicts of interest	91	Corporate Governance Report - Related Party Transaction Review Committee (Duties and Responsibilities)
102-26	Role of highest governance body in setting purpose, values, and strategy	88	Corporate Governance Report- The role of the Board
102 - 27	Collective knowledge of highest governance body	88	Corporate Governance Report - Board of Directors
102-28	Evaluating the highest governance body's performance	100-104	Corporate Governance Report and Board Sub-Committee Reports
102-29	Identifying and managing economic, environmental, and social impacts	27 32	Key Risks Stakeholder Engagement
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102-31	Review of economic, environmental, and social topics	27	Key Risks
102 - 35	Remuneration Policies	67	Human Capital- Remuneration and Benefits
102 - 36	Process for determining remuneration	103	Corporate Governance Report - Remuneration, Nomination and Human Resources Committee (Duties and Responsibilities)
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102 - 40	List of stakeholder groups	32	Stakeholder Engagement
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102 - 43	Approach to stakeholder engagement	32	Stakeholder Engagement
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<b>Reporting Practice</b>			
102 - 45	Entities included in the consolidated financial statements	4	Report Profile - Scope and Boundary
102 - 46	Defining report content and topic boundaries	5 35	Report Profile - Materiality Material Topics
102 - 47	List of material topics	35	Material Topics
102 - 48	Restatement of information		No restatements taken place during the year
102 - 49	Changes in reporting	4	Report Profile - Introduction
102 - 50	Reporting period	4	Report Profile - Scope and Boundary
102 - 51	Date of most recent report	4	Report Profile - Introduction
102 - 52	Reporting cycle	4	Report Profile - Scope and Boundary
102 - 53	Contact point for questions regarding the report	5	Report Profile - Feedback

# GRI Content Index

GRI Standard/Disclosure		Page No.	Page Title / Report Commentary
102 - 54	Claims of reporting in accordance with the GRI Standards		This report has been prepared in accordance with the GRI Standards: Core option
102 - 55	GRI content index		Page 176 to 180
102 - 54	External assurance		The Company aims to progress towards securing external assurance in a future reporting cycle
<b>GRI 103: Management Approach 2016</b>			
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<b>GRI 201: Economic performance 2016</b>			
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202 - 1	Ratios of standard entry level wage by gender compared to local minimum wage	67	Human Capital - Remuneration and Benefits
<b>GRI 203: Indirect economic impact 2016</b>			
203 - 1	Infrastructure investments and services supported	79	Social and Relationship Capital - Community Capital
203 - 2	Significant indirect economic impacts	79	Social and Relationship Capital - Community Capital
<b>GRI 204: Procurement Practices 2016</b>			
204 - 1	Proportion of spending on local suppliers	24 78	Value Creation Model Social and Relationship Capital - Supplier Capital
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205 - 1	Operations assessed for risks related to corruption	63	Intellectual Capital - Ethics and Integrity
<b>GRI 206: Anti-competitive Behaviour 2016</b>			
206 - 1	Legal actions for anti-competitive behaviour, antitrust, and monopoly practices	63	Intellectual Capital - Ethics and Integrity
<b>GRI 207: Tax 2019</b>			
207 - 1	Approach to tax	54	Financial Capital - Tax Liability
<b>GRI 300: Environmental</b>			
<b>GRI 303: Water and Effluents 2018</b>			
303 - 1	Interactions with water as a shared resource	83	Natural Capital - Responsible consumption and Disposal of Waste
303-2	Management of water discharge-related impacts	83	Natural Capital- Responsible consumption and Disposal of Waste

GRI Standard/Disclosure		Page No.	Page Title / Report Commentary
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306 - 2	Management of significant waste-related impacts	83	Natural Capital - Responsible consumption and Disposal of Waste
<b>GRI 307: Environmental Compliance 2016</b>			
307 - 1	Non-compliance with environmental laws and regulations	81	Natural Capital - Environmental Compliance
<b>GRI 308: Supplier Environmental Assessment 2016</b>			
308 - 1	Supplier Environmental Assessment	78	Social and Relationship Capital - Procurement Practices
<b>GRI 400: Social</b>			
<b>GRI 401: Employment 2016</b>			
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401 - 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	67	Human Capital - Remuneration and Benefits
<b>GRI 403 : Occupational Health and Safety 2018</b>			
403 - 1	Occupational health and safety management system	69	Human Capital - Employee Wellbeing
403 - 6	Promotion of worker health	67	Human Capital - Remuneration and Benefits
<b>GRI 404: Training and Education 2016</b>			
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<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
405 - 1	Diversity of governance bodies and employees	88 67	Corporate Governance Report - The Board Human Capital - Female Representation in Leadership Positions
405 - 2	Ratio of basic salary and remuneration of women to men	67	Human Capital - Remuneration and Benefits
<b>GRI 406: Non Discrimination 2016</b>			
406 - 1	Incidents of discrimination and corrective actions taken	69	Human Capital - Communication and Engagement
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>			
407 - 1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	69	Human Capital - Communication and Engagement
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408 - 1	Operations and suppliers at significant risk for incidents of child labor	68	Human Capital - Recruitment and Selection
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409 - 1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	65	Human Capital - HR Governance

# GRI Content Index

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<b>GRI 414: Supplier Social Assessment 2016</b>			
414 - 1	New suppliers that were screened using social criteria	78	Social and Relationship Capital - Procurement Practices
<b>GRI 415: Public Policy 2016</b>			
415 - 1	Political contributions	63	Intellectual Capital - Ethics and Integrity
<b>GRI 416 : Customer Health and Safety 2016</b>			
416 - 1	Assessment of the health and safety impacts of product and service categories	75	Social and Relationship Capital - Product Stewardship
416 - 2	Incidents of non-compliance concerning the health and safety impacts of products and services	75	Social and Relationship Capital - Product Stewardship
<b>GRI 417: Marketing and Labelling 2016</b>			
417 - 2	Incidents of non-compliance concerning product and service information and labeling	75	Social and Relationship Capital - Product Stewardship
417 - 3	Incidents of non-compliance concerning marketing communications	72	Social and Relationship Capital - Customer Value Proposition
<b>GRI 418: Customer Privacy 2016</b>			
418 - 1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	78	Social and Relationship Capital - Customer Privacy
<b>GRI 419: Socioeconomic Compliance 2016</b>			
419 - 1	Non-compliance with laws and regulations in the social and economic area	65	Human Capital - HR Governance

# Corporate Information

## Name of the Company

Prime Lands Residencies PLC

## Legal Form

Limited Liability Company incorporated in Sri Lanka in May 2005 under the Companies Act No. 17 of 1982

Re-registered in September 2008 under the Companies Act No. 07 of 2007

Converted to a Public Limited Company in February 2021

Ordinary Shares listed on the Colombo Stock Exchange in June 2021

## Company Registration No

PQ00234680

## Directors

### Mr. P Brahmanage

Co-Chairman / Executive Director

### Ms. H K S R Perera

Co-Chairperson / Executive Director

### Mr. N M Weerakkody

Managing Director / Executive Director

### Mr. H M N U Kumara

Executive Director/ Director - Corporate Affairs

### Ms. S S A P Brahmanage

Executive Director

### Mr. D Sooriyaarachchi

Independent Non-Executive Director

### Mr. S Bandara

Independent Non-Executive Director

### Mr. D H Kalapuge

Independent Non-Executive Director

### Mr. M Perera

Independent Non-Executive Director

### Mr. N L S Joseph

Independent Non-Executive Director

## Senior Independent Director

Mr. D Sooriyaarachchi

## Board Audit Committee

### Mr. S Bandara

(Chairman of the Committee)

### Mr. D Sooriyaarachchi

### Mr. M Perera

## Related Party Transactions Review Committee

### Mr. S Bandara

(Chairman of the Committee)

### Mr. D Sooriyaarachchi

### Mr. M Perera

## Remuneration, Nomination & Human Resources Committee

### Mr. D Sooriyaarachchi

(Chairman of the Committee)

### Mr. S Bandara

### Mr. D H Kalapuge

## Registered Office of the Company

No. 75, D S Senanayake Mawatha, Colombo 08.

Telephone - +94 11 2699822

Website - [www.primeresidencies.lk](http://www.primeresidencies.lk)

Email - [investorrelations@primeresidencies.lk](mailto:investorrelations@primeresidencies.lk)

## Company Secretary

### PELE Consulting (Pvt) Ltd

Apart. No. 9/6,10, Alfred House Gardens

Colombo - 03

## Registrar of the Company

### SSP Corporate Services (Pvt) Ltd

101, Inner Flower Road,

Colombo - 03

## Auditors

### BDO Partners (Chartered Accountants)

65/2, 'Charter House' Sir Chittampalam A

Gardiner Mawatha,

Colombo - 02

## Bankers of the Company

Hatton National Bank

Seylan Bank

Sampath Bank

Commercial Bank of Ceylon

Nations Trust Bank

National Development Bank

DFCC Bank

Peoples Bank

Bank of Ceylon



# Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Seventeenth Annual General Meeting of the shareholders of the Prime Lands Residencies PLC will be held via an Online Meeting Platform on this 30th day of June 2022 at 10.00 a.m. to conduct the following business:

## Agenda

1. Notice of meeting
2. To receive and consider the Report of the Directors and the Statements of Accounts for the year ended 31st March 2022 together with the Report of the Auditors thereon.
3. To elect Mr. N.L.S. Joseph, as a Director in terms of Article 29(1)(b) of the Articles of Association of the Company.
4. To re-elect Mr. S. M. S. S. Bandara, who retires from the Board by rotation in terms of the Code of Best Practice on Corporate Governance and, being eligible, seeks re-election.
5. To re-elect Mr. D. Sooriyaarachchi, who retires from the Board by rotation in terms of the Code of Best Practice on Corporate Governance and, being eligible, seeks re-election.
6. To re-appoint Messrs. BDO Partners, Chartered Accountants as the Auditors of the Company for the ensuing year and authorise the Directors to determine their remuneration.
7. To authorise the Board of Directors to determine contributions to charities and other donations for the year 2022/23.

## Note:

To attend the Meeting via the Online Meeting Platform you are requested to carefully read the enclosed '**GUIDELINES AND REGISTRATION PROCESS FOR THE ANNUAL GENERAL MEETING (AGM) VIA THE ONLINE MEETING PLATFORM**' and submit the '**REGISTRATION OF SHAREHOLDER DETAILS - ONLINE PARTICIPATION AT THE AGM 2022**' - Annexure II (**REGISTRATION FORM**) attached hereto as instructed therein.

By order of the Board of Directors of  
**Prime Lands Residencies PLC**

*(Signed)*

**Pele Consulting (Private) Limited**  
Company Secretaries  
Date: 6th June 2022

## Note:

1. A shareholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote on his/her behalf.
2. A proxy so appointed need not be a member of the Company.
3. A form of proxy accompanies this notice.

# Form of Proxy

I/We..... of .....

..... being a member/members of Prime Lands Residencies PLC

hereby appoint: ..... of .....

..... (holder of NIC No. .... or failing him/her

B. Premalal	of Colombo failing him
Ms. H. K. S. R. Perera	of Colombo failing her
N. M. Weerakkody	of Colombo failing him
Ms. S. S. A. P. Brahmanage	of Colombo failing her
H. M. N. U. Kumara	of Colombo failing him
M. Perera	of Colombo failing him
D. H. Kalapuge	of Colombo failing him
S. M. S. S. Bandara	of Colombo failing him
D. Sooriyaarachchi	of Colombo failing him
N. L. S. Joseph	of Colombo

as my/our proxy to represent me/us to vote for me/us and on my/our behalf at the 17th Annual General Meeting of the Company to be held on 30th June 2022 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Agenda Item	For	Against
1. To receive and consider the Report of the Directors and the Statements of Accounts for the year ended 31st March 2022 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To elect Mr. N.L.S. Joseph, as a Director in terms of Article 29(1)(b) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. S. M. S. S. Bandara, who retires from the Board by rotation in terms of the Code of Best Practice on Corporate Governance and, being eligible, seeks re-election.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. D. Sooriyaarachchi, who retires from the Board by rotation in terms of the Code of Best Practice on Corporate Governance and, being eligible, seeks re-election.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Messrs. BDO Partners, Chartered Accountants as the Auditors of the Company for the ensuing year and authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorize the Board of Directors to determine contributions to charities and other donations for the year 2022/23.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of June 2022.

.....  
Signature of the Shareholder

**Note: Instructions as to completion are noted on the reverse hereof.**

# Form of Proxy

## INSTRUCTIONS ON HOW TO COMPLETE THE FORM OF PROXY

1. Kindly perfect the Form of Proxy by legibly filling your full name and address, signing in the space provided, and filling in the date of signature. Please indicate with a 'X' how the Proxy should vote on each Resolution, if no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
2. If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the Proxy form for registration, if such Power of Attorney has not already been registered with the Company.
3. In the case of a company or corporation/statutory body, the Proxy must be filled and attested in the legally prescribed manner, either under its common seal or signed by the Attorney or by an Officer(s) on behalf of the company or corporation/statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
4. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 75, D.S. Senanayake Mawatha, Colombo 08, or emailed to [agm@primeresidencies.lk](mailto:agm@primeresidencies.lk) not less than 48 hours before the Meeting.
5. A shareholder appointing a Proxy (other than a Director of the Company) to attend the meeting should indicate the Proxy holder's details clearly and, additionally in the enclosed **REGISTRATION FORM** (Annexure II).



# **BUILDING FUTURES**

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