

Colombo Land & Development Company PLC
Annual Report 2020

ONWARDS



ONWARDS

We believe that resilience is built upon courage, hope and positivity – values that drive us to explore the infinite possibilities and opportunities the future holds. That’s why at the Colombo Land and Development Company PLC, even amid challenging terrains we envisioned a brighter future for ourselves and the people we serve – choosing to journey onwards by collectively conquering challenges with an exceptional spirit of determination.

This report demonstrates how we moved forward and onwards into an uncertain future bringing our stakeholders and nation to the forefront of excellence as pioneering real estate developers of the nation.

Colombo Land and Development Company PLC – **ONWARDS.**

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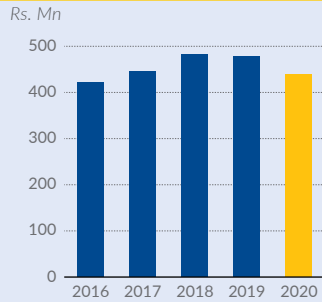
PROGRESSIVE POTENTIAL



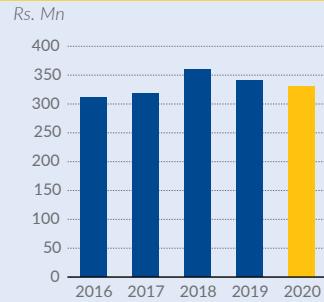
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GROUP AT A GLANCE

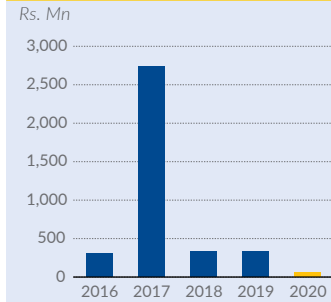
REVENUE



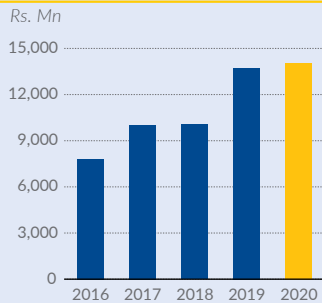
GROSS PROFIT



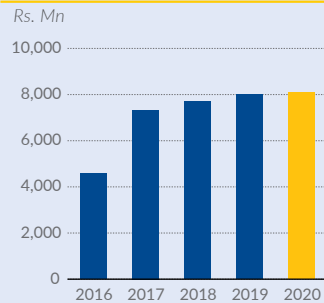
NET PROFIT



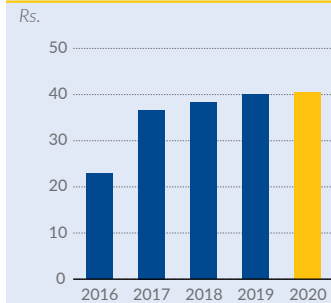
TOTAL ASSETS



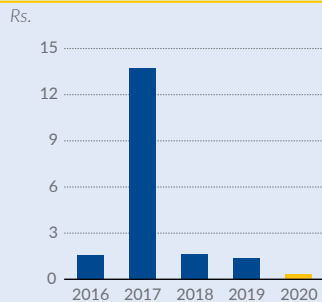
SHAREHOLDERS' EQUITY



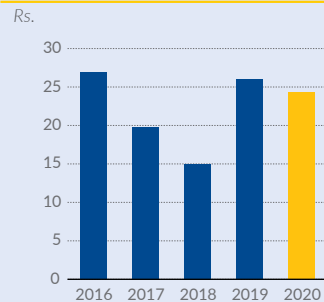
NET ASSETS PER SHARE



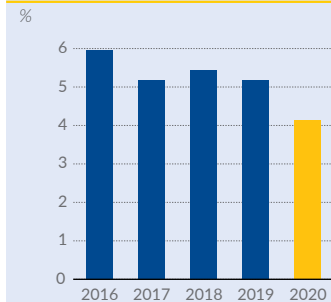
EARNINGS PER SHARE



MARKET PRICE PER SHARE



RENTAL YIELD



FINANCIAL HIGHLIGHTS

		Group			Company		
		2020 LKR	2019 LKR	Change %	2020 LKR	2019 LKR	Change %
Operating Results							
Revenue	Rs. Million	438.41	476.85	(8.06)	168.81	162.94	3.61
Result from Operating Activities	Rs. Million	329.92	341.02	(3.26)	123.19	114.53	7.56
FV gain from Investment Properties	Rs. Million	199.29	591.45	(66.30)	101.37	555.90	(81.77)
FV gain from Biological Assets	Rs. Million	1.56	0.45	245.31			
Net Finance cost	Rs. Million	230.99	235.49	(1.91)	38.80	30.68	26.45
Profit before tax	Rs. Million	175.53	571.86	(69.31)	106.30	549.04	(80.64)
Tax	Rs. Million	116.32	239.36	(51.40)	36.30	184.41	(80.32)
Profit After tax	Rs. Million	59.21	332.51	(82.19)	70.01	364.62	(80.80)
Financial Position							
Total Assets	Rs. Million	14,044.31	13,718.54	2.37	11,420.48	11,220.46	1.78
Equity	Rs. Million	8,084.12	7,998.73	1.07	7,009.68	6,939.59	1.01
Stated Capital	Rs. Million	341.60	341.60	-	341.60	341.60	-
Net Assets Per share	Rs.	40.44	40.02	1.07	35.07	34.72	1.01
Share Information							
Earnings per share	Rs.	0.30	1.66	(81.93)	0.35	1.82	(80.77)
Market capitalisation	Rs. Million	4,857.11	5,196.91	(6.54)	4,857.11	5,196.91	(6.54)
Price Earnings Ratio	Times	81.00	15.66	417.15	69.43	14.29	386
Market Price – High	Rs.	27.40	29.90	(8.36)	27.40	29.90	(8.36)
– Low	Rs.	20.30	21.50	(5.58)	20.30	21.50	(5.58)
– Last Traded	Rs.	24.30	26.00	(6.54)	24.30	26.00	(6.54)
Ratios							
Return on Assets	%	0.42	2.42	(82.60)	0.61	3.25	(81.14)
Return on Equity	%	0.73	4.16	(82.38)	1.00	5.25	(80.99)
Current Asset ratio	Times	0.45	0.38	17.95	6.66	10.64	(37.46)
Debt/Equity	%	23.12	22.00	5.08	26.66	25.36	5.16
Manufactured Capital							
Investment Property	Rs. Million	13,517.81	13,315.18	1.52	8,669.12	8,597.70	0.83
Biological Assets	Rs. Million	57.44	55.49	3.50	-	-	-
Property, Plant & Equipment	Rs. Million	174.45	142.11	22.76	6.38	5.80	9.89

CHAIRMAN'S REVIEW



Mr. Harshan De Silva
Chairman

In my newly-appointed capacity as Chairman of Colombo Land and Development Company (CLND) PLC, I am pleased to welcome all the valued shareholders of the Company to the 39th Annual General Meeting and to place before you the Annual Report and Financial Statements for the year 2020. I feel privileged to lead CLND, which is considered a pioneer, having given Colombo its first retail mall experience.

My vision for the Company is to optimise the assets held by the Company. I am in the process of drawing up plans to work closely with the Urban Development Authority (UDA) in my capacity as Chairman of UDA such that the land parcel owned by CLND is also part of the masterplan for Colombo city, which will catapult it towards becoming one of the most modern cities in the region.

The land owned by CLND is strategically located in the commercial hub of Pettah and has the potential to be one of the most important hubs in the city, as it has been identified for building a multi nodal hub, with heavy and light rail transit, a bus terminal and car parks. Without wasting prime lands owned by CLND for car parks, we aim to build a mixed use development vertically over the basement car parks. Green lighting this project would first require clearing roadblocks that have thus far prevented the project from progressing further, while exploring how best CLND could fund the project. I am committed to collaborate closely with the Board of CLND and urban planners to make this a reality.

Although the pandemic is taking up much media attention, the good news is that the real estate market has been moving ahead steadily with a sharp demand seen amongst the middle and upper middle income housing segment in Colombo. The UDA has already started several projects pitched at this segment. The lull seen in the first half of 2020 is over, and developers are pitching projects before Port City comes up. There is a need for pre-development before Port City rises as it will need infrastructure support from surrounding areas such as Pettah. As Chairman of CLND my goal is to have the Company's lands developed well before the deadline for Port City opening in 2030 .

My attention is also focused on further developing and upscaling Liberty Plaza. The retail sector has been negatively impacted by external circumstances in play coupled with competition from more modern malls. Our intention is to keep Liberty Plaza, which sits in a prime location, relevant. Going ahead, we will have to look at transforming a large scale development which can be linked to an adjacent block and enhanced. I see tremendous potential for other land parcels owned by CLND, which I hope to drive.

The UDA has received instructions to undertake the daunting task to make sure many of the incomplete, idling structures which are an eyesore, are brought to fruition to enhance the skyline and value of surrounding lands. The combination of Heritage City, Port City and the Marina City

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CHAIRMAN'S REVIEW

together will enhance the outlook of the Colombo city in tandem with the re-imagined Galle Face Green which will have the elevated highway in front, completely transforming the area into the Manhattan of Colombo. Any underutilised lands in the surrounding areas will also be acquired by the UDA and redeveloped.

ACKNOWLEDGEMENTS

I would like to place on record my gratitude to our shareholders for placing their faith in the Company's potential which we hope to deliver in the short to medium term. I thank my fellow Directors on the Board for their warm welcome and look forward to working together to take CLND to the higher echelons where it truly belongs. I believe the Company has a dynamic team that will help me build a new tomorrow for this visionary organisation.



Mr. Harshan De Silva
Chairman

31st May 2021

CEO'S REVIEW



Vasula Premawardhana
CEO

CEO'S REVIEW

Economic growth and recovery eluded the nation for a second consecutive year on account of the pandemic spilling over from 2020 and gaining ground in 2021. Notwithstanding the uncertainty about when we will see the last of the pandemic, I believe my optimism for the national economic recovery and faith in an upsurge in real estate development remains strong and backed by some key facts.

After many years, Sri Lanka at last has political stability for the foreseeable future which gives it the springBoard to implement long-term policies. On the other hand, with interest rates showing an upward trend globally, investors will inevitably turn their attention once again to emerging markets which is an opportunity that Sri Lanka can leverage on.

The impact of the COVID-19 outbreak is being felt across all sectors, with a severe impact on the Retail segment. Retail stores and malls are feeling the heat as a result of the drop in tourism and reduction in domestic retail spending on non-essential goods. Further, since Retail is seen as non-essential services, the industry had to face shutdowns for extended periods during the year. Mobility restrictions and fear of infections have seen shoppers avoid malls. Retailers facing tougher business conditions looked for relief on rents and rental growth and occupancy suffering as a result.

As the pioneer of large scale retail space in Sri Lanka, CLND's resilience carried it



438

Revenue Rs Mn



330

Gross Profit Rs Mn

through a challenging year. Total revenue declined by 8% YoY to Rs. 438 Mn as opposed to Rs. 476 Mn achieved in the previous year. Group Gross Profit achieved was Rs. 330 Mn, reflecting a decline of 3%. Overall, we are happy with the performance by the Company as we successfully increased revenues in other areas.

As a socially responsible organisation, CLND had already extended discounts and restructured payments for tenants during the first lockdown period at the end of the previous financial year. There was a noticeable drop in footfall through the year as people preferred to avoid locations where many people gather.

Gaining possession of its 10-acre parcel of land in Pettah from the Government, which we can then embark on developing as a transport and mixed development center, with a ready blueprint, no sooner the project gets the green light.

Along with tourism, which bore the brunt of the pandemic, the retail sector too has suffered and we look to the government to extend special concessions to this sector as well as it forms a vital part of the tourism industry.

FUTURE OUTLOOK

Having withstood many vicissitudes over the decades, as real estate owners and developers we are looking beyond the pandemic at a 5-10 year horizon with optimism. Sri Lanka, having managed the pandemic well, is in a better position to restart its economy, with the support of the global superpower, China, which has made heavy investment commitments in the island. Furthermore, the government's recent announcement to go ahead with hitherto stalled mega infrastructure projects bodes well for CLND.

Despite the pandemic, construction of the Port City has continued and now that the filling stage is completed the construction will begin in earnest. This news provides great hope to CLND, as the Pettah area which is in close proximity to Port City, will simultaneously need to be overhauled to provide the logistics support as a back-end hub for the Port City. We expect this to lead to CLND gaining possession of its 10-acre parcel of land in Pettah from the Government, which we can then embark on developing as a transport and mixed development centre, with a ready blueprint, no sooner the project gets the green light.

With Pettah poised to become a nodal transport hub for Port City, the area will receive a much-needed facelift which will enhance valuation of the land parcel owned by CLND as well. I believe this will mark an upward trend for the country, with a positive outlook for the real estate development sector in the medium and long term.

Looking ahead, we expect a rebound for the real estate development market with release of pent-up demand.

APPRECIATION

I take this opportunity to thank the Chairman and Directors of the Board for their guidance through a challenging year. I am grateful to me team for their exceptional commitment to surmount the various obstacles faced during the year. The confidence of our shareholders and stakeholders continues to inspire us to forge ahead.



Vasula Premawardhana
CEO

31st May 2021

DIRECTORS' PROFILES



Mr. Harshan De Silva
(Chairman - Non-Executive Director)



Mr. Mangala Goonatileke
(Independent Non-Executive Director)



Mr. Vasula Premawardhana
(Executive Director/
Chief Executive Officer)



Mr. Dilith Jayaweera
(Non-Executive Director)



Mr. Asoka Weerasooriya
(Independent Non-Executive Director)



Mr. Sarva Ameresekere
(Executive Director)



Mr. Ng Yao Xing, Eugene
(Executive Director)



Mr. Lalith Abeywardana
(Non-Executive Director)



Mr. NG Hend Chye Clement
(Alternate Director to
Mr. NG Yao Xing, Eugene)



Mr. Uditha Ranaweera
(Alternate Director to
Mr. D S Jayaweera)

DIRECTORS' PROFILE

MR. HARSHANA DE SILVA

Chairman – Non-Executive Director

Arch. Liyana Arachchige Prasadth Harshana De Silva is the Chairman of the Urban Development Authority (UDA), an institution at the forefront of Sri Lanka's emerging urban transformation. He has graduated from the Sri Lanka Institute of Architects (SLIA) and completed the SLIA Part I, SLIA Part II and SLIA Part III and Diploma in Civil Engineering in Stafford Institute, Sri Lanka. He is an Associate Member of SLIA, Member of the Organisation of Professional Associations, Sri Lanka, and a Member of the Sri Lanka Chamber of Construction Industry. He has over 25 years in the profession in various capacities with all-round experience in innovative modern designs. He is also a Board Member of the Urban Investment & Development Company (Pvt.) Ltd (UNIDEP), Waters Edge Limited and Lanka Rest Houses Limited, which are Subsidiary Companies of the UDA. In addition, he has been appointed to the Board of the Urban Settlement Development Authority, Sri Lanka Land Development Corporation and On'ally Holdings PLC. Archt. De Silva has a wealth of experience working as the Chairman of the Sri Lanka Land Reclamation & Development Corporation, Chairman of the L. R. D. C. Services (Pvt.) Ltd., Chairman of the Land Reclamation & Development Co. Ltd. (Subsidiary Companies of the SLLR & DC) from 12th May 2010 to 09th January 2015 and worked as the Director General of the UDA, Board Director of the Lanka Rest Houses Limited, Board Director, UNIDEP,

Board Director, Condominium Management Authority, Board Director, CLND. (Subsidiary Companies of the UDA) from 25th February 2014 to 09th January 2015. He has worked as an Observer of the Project Implementation Unit, Ministry of Defence from 30th March 2011 to 09th January 2015 and served as a Consultant Architect, Ministry of Defence from April 2011 to 09th January 2015. He has also worked as an Organising Committee Member/Chartered Architect of the Commonwealth Games Bid – 2018 in Hambantota from January 2011 to November 2011 and as a Joint-Chairman of Committee on Venues for Asian Youth Games – 2017 from April 2014 to 09th January 2015. Archt. De Silva served as a Consultant/Chartered Architect and the Country Head to Seychelles and Bahrain. Furthermore, he worked in Architects TEAM 3 in Singapore and in the Maldives. In Sri Lanka, he worked as a Principal Architect of LEAD Architectural Consultants, a Director and a Chartered Architect in Pinnacle Consortium (Pvt.) Ltd., Principal Architect in Asian Arc., Chartered Architect in Chandra Gunawardena Associates, Architectural Assistant and CAD Operator in Surath Wickramasinghe Associates.

MR. MANGALA GOONATILLEKE

Independent Non-Executive Director

Mr. Goonatileke is a Financial Professional with over 30 years post-qualification experience. He has held senior managerial positions in leading public, multinational and private companies during his career.

He is an Associate Member of the Institute of Chartered Management Accountants (UK) since 1987. He is a passed finalist of the Institute of Chartered Accountants (Sri Lanka). Mr. Goonatileke has obtained a Postgraduate Diploma in Management from PIM of University of Sri Jayawardenapura as well. He currently serves as a Non-Executive Director of DSL Group of Companies and as the Chairman of Summit Finance PLC

MR. VASULA PREMAWARDHANA

Executive Director/ Chief Executive Officer

Mr. Premawardhana was appointed to the Board of Colombo Land and Development Company PLC on 24th March 2016. He is an accomplished professional with over 15 years of comprehensive management experience comprising local and international hands-on experience in the fields of Capital Markets and Risk Management. He holds an MA in Financial Economics from the University of Colombo and BSc in Computer Science from the University of Southern California – USA.

MR. SARVA AMERESEKERE

Executive Director

Mr. Sarva, Director/CEO of Triad is responsible for the day-to-day operations and management of one of Sri Lanka's leading advertisement agencies. Under his purview, Triad together with its group of Companies in the communication industry offer clients a comprehensive integrated business solution. Sarva is also involved in the macro management and strategic planning of a diversified portfolio of strategic investments across many sectors. Qualified in both Business and Engineering, Sarva brings on Board extensive local and foreign exposure including business, fund management, operations, research and analysis. Sarva holds a Masters in Engineering Management from the University of Southern California, Los Angeles, and a Degree in Industrial and Operations Engineering from the University of Michigan, Ann Arbor.

MR. NG YAO XING, EUGENE

Executive Director

Mr. Ng Yao Xing, Eugene is a Director from Singapore. He is a graduate of the Singapore Management University. He holds several Directorships in property development and management companies in Singapore and Malaysia. In addition, he oversees several technical and IT related start-ups in Singapore.

MR. LALITH ABEYSIRIWARDANA

Non-Executive Director

Mr. Abeysiriwardana is an Attorney-at-Law of the Supreme Court of Sri Lanka and specialises in Civil and Criminal Law. Mr. Abeysiriwardana served as a Director during the period of 2005 to 2010 on the Board of Shipping & Aviation Information and Research (Pvt) Ltd (previously of Central Freight Bureau) under the Ministry of Ports and Aviation. He also served as a Director on the Board of the Foreign Employment Agency (Pvt) Ltd under the Ministry of Foreign Employment and as a Trustee in the Board of Lady Lochore Loan Fund under the Ministry of Finance.

MR. DILITH JAYAWEERA

Non-Executive Director

Mr Dilith Susantha Jayaweera is a Sri Lankan corporate leader with over three decades of experience in building businesses that have grown to enjoy industry leadership.

He is the Group Chairman of George Steuart & Co., Sri Lanka's oldest mercantile establishment in which he took a controlling interest in 2011. He also sits on the Boards of Citrus Leisure PLC and Colombo Land and Development Company PLC, which are listed on the Colombo Stock Exchange.

He first rose to prominence in the advertising industry by co-founding Triad (Pvt) Ltd., in 1993. Triad is Sri Lanka's largest and most

awarded communications entity today, and is the single largest indigenous provider of brand building, advertising, and creative services through its extensive diversification into many related services.

Mr Jayaweera is the Chairman of Powerhouse (Pvt) Ltd., the holding Company of Derana, Sri Lanka's preeminent media offering a wide presence across multiple platforms. He also established Liberty Publishers (Pvt) Limited, which is the publisher of two national broadsheets – the Sinhala language daily "Aruna" and the weekly English language "The Morning".

Mr Jayaweera holds an LLB from the University of Colombo and an MBA from the University of Wales, and is an Attorney at Law.

MR. ASOKA WEERASOORIYA

Independent Non-Executive Director

Mr. Asoka Weerasooriya, Attorney-at-Law, is an alumnus of Richmond College Galle. He entered the Bar in 1987 and joined the Department of the Attorney General of Sri Lanka in 1988 as a State Counsel. During his legal career spanning over 33 years, he has been in private practice since 1993. Mr. Weerasooriya is a former Partner of Colombo Law Alliance with Dr Asanga Gunawansa and a former Permanent Senior Counsel with Dissanayake Amaratunga Associates. He is an Ex-Co Member of the BASL and was recently appointed as a member of The Criminal Law Reforms Committee by the Hon.

DIRECTORS' PROFILE

Justice Minister Ali Sabry. Mr. Weerasooriya was also appointed by the Chief Justice as a member of the Disciplinary Panel to look into allegations against the legal fraternity. He is a key resource person for the BASL Criminal Law Seminars & Workshops and the National Law Conference 2021. Mr. Weerasooriya is also a consultant for Rebco Fence Links (Pvt) Ltd.

MR. NG HENG CHYE CLEMENT

**Alternate Director to Mr. NG Yao Xing,
Eugene**

Mr. Clement Ng has over 20 years of management experience in multinational companies in senior executive roles. He has an MBA with a double major in Finance and Marketing from the University of Western Australia.

MR. UDITHA RANAWEERA

Alternate Director to Mr. D S Jayaweera

Mr. Ranaweera holds a BA (Hons) in Economics and Business from the University of Kent in Canterbury, United Kingdom, and is an Associate Member of the Chartered Institute of Management Accountants, United Kingdom (ACMA, CGMA). Currently, Mr. Ranaweera holds the position of Group Chief Financial Officer of George Steuart & Company Limited and is a Director of several subsidiary companies of George Steuart Group, which is the oldest corporate house and one of the largest conglomerates in Sri Lanka, diversified into almost every industry. Prior to above appointment Mr. Ranaweera was the Director/Chief Executive Officer of George Steuart Finance PLC, a registered Finance Company now known as Prime Finance PLC. Mr. Ranaweera carries with him several years of experience in the Financial Consultancy and Advisory where he has specialised in Mergers & Acquisitions, Buy-side/Sell-side Advisory and fund-raising for Corporates and SMEs with Private Equity and Venture Capital Funds. His experience in Finance ranges from Banking, Financial Services, Manufacturing, and Automotives, to Consumer Goods, Leisure, Pharmaceutical and Aviation sectors for both international and domestic clients.

DYNAMIC IDEAS



PERFORMANCE AND VALUE CREATION

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24	Management Discussion and Analysis
27	Sustainability at Colombo Land
30	Management of Capitals

OUR VALUE CREATION MODEL

INPUTS



Financial Capital

Shareholders' fund Rs. 8.08 Bn
Long Term Borrowings Rs. 1.7 Bn



Manufactured Capital

Investment Property Rs. 13.51 Bn
Commercial/Corporate Spaces & Apartments
Biological Assets Rs. 57.43 Mn
Property, Plant & Equipment 174 Mn



Human Capital

A mix of skilled and experienced employees
Total of 27 employees



Social & Relationship Capital

Government & Regulators
Long term relationship with tenants, suppliers and business partners



Intellectual Capital

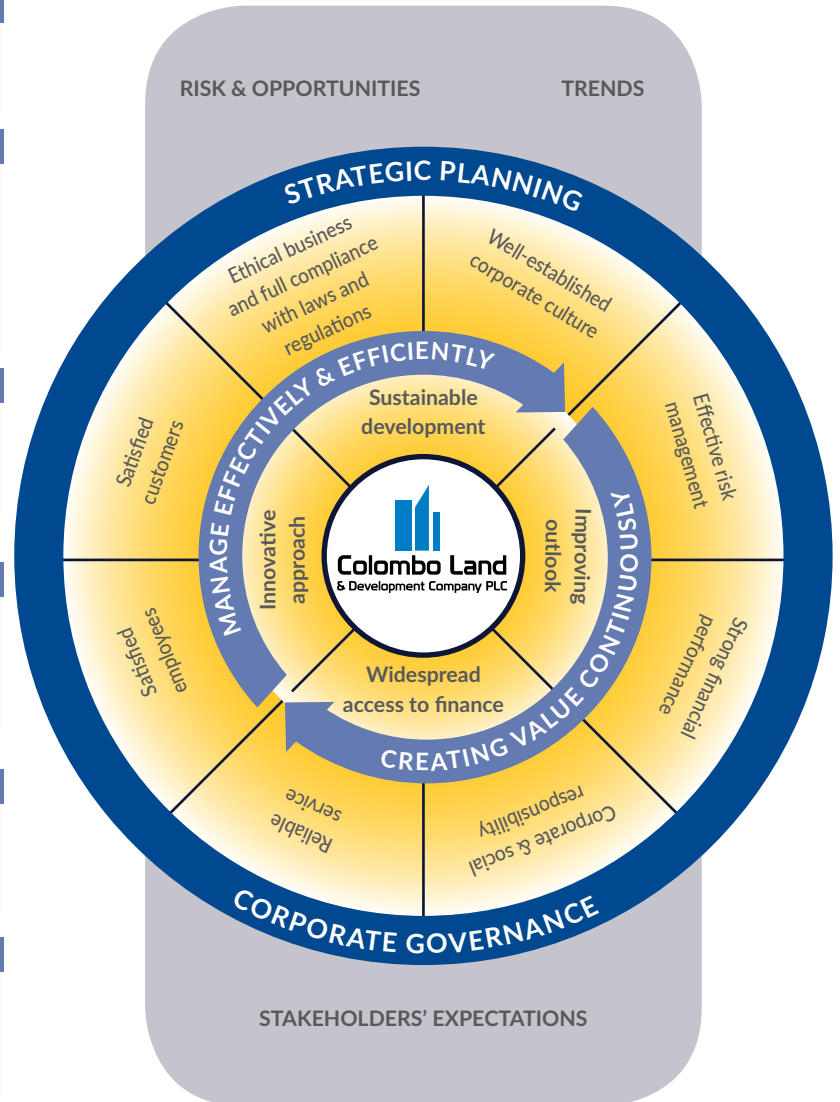
Liberty Plaza brand
Our organisational values
Tacit knowledge



Natural Capital

Ongoing efforts to improve energy efficiency through the use of inverter air conditioners, LED lighting and employee engagement

EXTERNAL PARAMETERS



OUTPUT

Shareholders

PAT 59.22 Mn
EPS Rs. 0.30

Employees

Staff cost Rs 68.13 Mn

Tenants/customers

Rental revenue Rs 343.69 Mn
Property service income Rs 95.23 Mn

Supplies

Premises maintenance and value
created Rs. 29.79 Mn

Community

Contribution for CSR Rs. 0.14 Mn

Government

Group has accumulated tax losses of Rs. 1 Bn which
can be utilised against future taxable income.



69%
Occupancy



48%
Longstanding Tenants



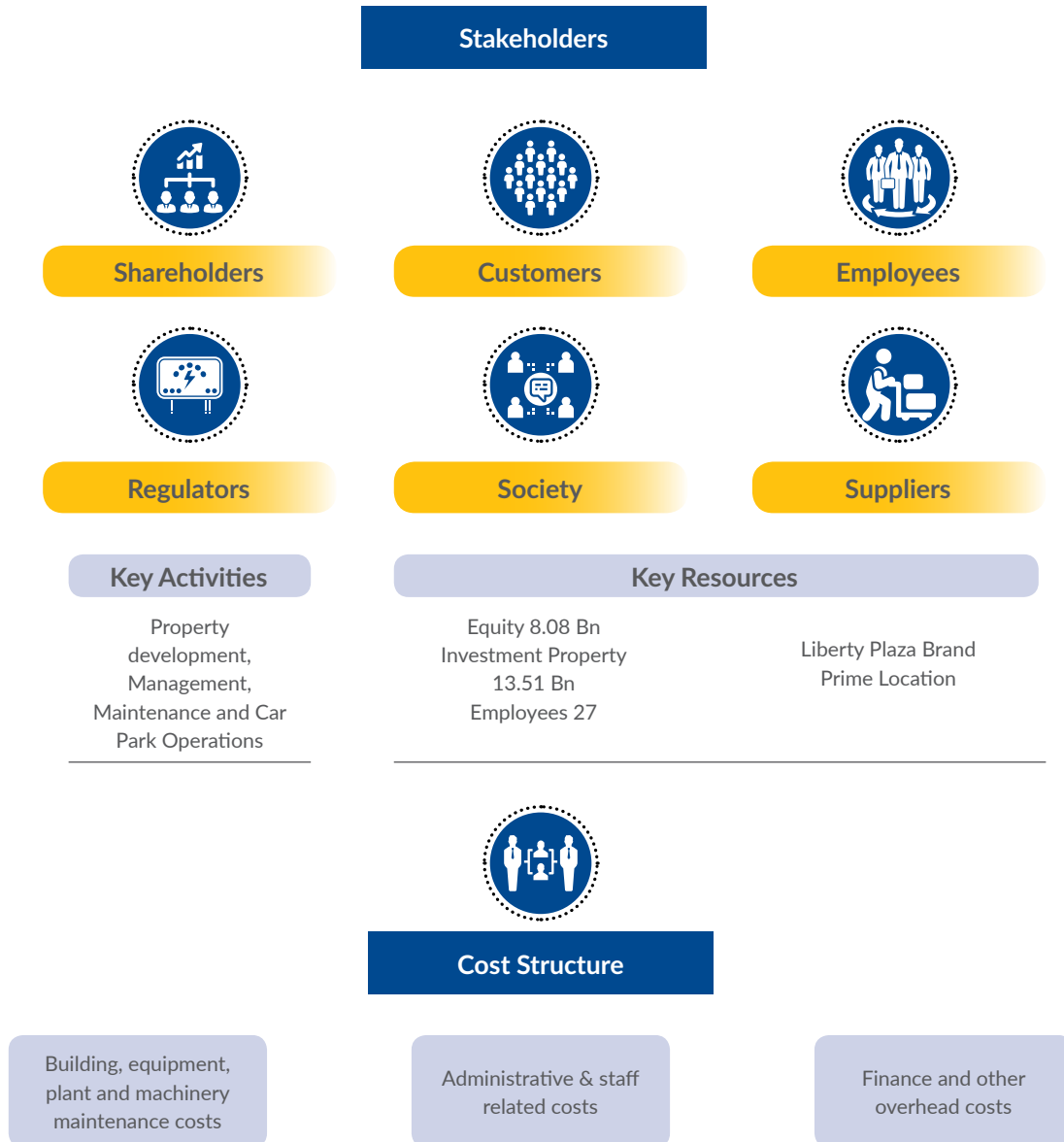
196,000 Sqft.
Rentable Space

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How well the organisation manages its stakeholders, in addition to timely and informed communication across all disciplines and the involvement of key stakeholders are the success factors to many organisations

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OUR BUSINESS MODEL





Products & Services

Commercial, Office and Residential spaces
Car Parking spaces
Advertising Spaces



Customer Relationships

Long-term plant short term relationships with our customers to satisfy their expectations

Channels

Advertising
Internet
Brokering Agency
Postal Service
Personal Contacts



Customer Segments

Banks & financial institutions
Local & foreign start-ups
International retail brands
Local & international restaurant chains
Major FMCG retailers in the country
Major mobile and electronic retailers



Revenue Streams

Rent Income

Advertising Income

Car Park Income

Interest & Other income

STAKEHOLDER ENGAGEMENT

We, Colombo Land and Development Company PLC, believe that the success of the organisation is dependent on how effectively the Company manages its stakeholder groups and satisfies them. Both formal and informal mechanisms are used to engage with diverse stakeholders, allowing the Company to identify the priorities of the stakeholder groups that need to be satisfied. The stakeholder engagement process is outlined below:



- Identification of stakeholders that need to be engaged
- Feedback analysis and priorities set
- Prioritise the stakeholder groups
- Address the issues
- Engagement via formal and informal platforms
- Strategy formulation

Effective and efficient stakeholder engagement is a key element of any organization's success.

Key stakeholders and their Expectations

The Company identifies key stakeholders as shareholders/investors, tenants, suppliers, employees, Government/Regulatory bodies and society. Our stakeholder engagement process is illustrated below:

Stakeholder	Key topic and concerns raised	Company's response	Why they are key stakeholders and importance of engaging with them	Current level of engagement
Investors/ Shareholders	ROI Liquidity Good Governance Risk Management Shareholders' Confidence Transparency	<ul style="list-style-type: none"> • The Company maintains transparent and ongoing engagement with all our shareholders and ensures that our material information is communicated in a timely and accurate manner • To deliver sustainable growth in the business • Incorporating proper internal controls and managing the risk effectively • Compliance with regulatory frameworks 	<ul style="list-style-type: none"> • Providers of capital to the Company • Represent the ownership of the Company • Increasing the wealth of the shareholders • Business ethics 	<ul style="list-style-type: none"> • Annual General Meeting • Annual Report • Interim Financial Statements • Web uploading/ CSE announcements

Stakeholder	Key topic and concerns raised	Company's response	Why they are key stakeholders and importance of engaging with them	Current level of engagement
Tenants	Affordable price Service standards Facilities Credit facilities	<ul style="list-style-type: none"> • Providing modern and high standard office space at a affordable price • Providing security, maintenance and customer service • Grant rent waive-off and grace period because of COVID-19 	<ul style="list-style-type: none"> • Main income generation group to the Company • Cordial relationship which helps to maximize the wealth of the shareholders 	<ul style="list-style-type: none"> • Discussions • Meetings • Customer feedback
Suppliers	Price fluctuation Product quality Delay in delivery	<ul style="list-style-type: none"> • Establish procurement policies • Negotiation with the suppliers • Maintain inventory management system 	<ul style="list-style-type: none"> • Better relationships will help to avoid delays in providing services 	<ul style="list-style-type: none"> • Registration of suppliers • Meetings and discussions
Employees	Employee development Better perks Health & Safety	<ul style="list-style-type: none"> • Employee welfare, staff loans and insurance • Maintaining an rewards 	<ul style="list-style-type: none"> • Employees are the key forces that will drive the Company 	<ul style="list-style-type: none"> • Staff welfare • Staff meetings
Government, Legal and regulatory bodies	Compliance with laws Loss of reputation	<ul style="list-style-type: none"> • Compliance with laws and regulations • Maintain better governance • Conduct compliance review at various levels 	<ul style="list-style-type: none"> • Compliance for legal and regulatory requirements are important to society's well-being 	<ul style="list-style-type: none"> • Acts and circulars
Society	Waste disposal Potential of future growth Energy efficiency	<ul style="list-style-type: none"> • SDP promotes initiatives such as internal paper recycling, energy saving lighting (LED) etc. • Effective maintenance of AC system, generators, water supply etc. 	<ul style="list-style-type: none"> • Help for sustainable development 	<ul style="list-style-type: none"> • Discussions • Media coverage

MANAGEMENT DISCUSSION AND ANALYSIS

SRI LANKAN ECONOMY

The outbreak of the global pandemic towards the end of the previous financial year continued to weigh down on the global economy in the year under review. In 2020, the Sri Lankan economy contracted by 3.6%, recording the deepest recession since independence. Mobility restrictions and other containment measures imposed locally and internationally with a view to preventing the spread of COVID-19 hampered real economic activity across all sectors. The sharp contraction observed in industry activities during the year was driven by the significant slowdown in construction and manufacturing activities. Services activities also registered a notable contraction due to the pandemic-driven deceleration in transportation, other personal services, and accommodation, food and beverage services. In spite of the overall contraction, the economy began to show strong signs of recovery during the second half of 2020, responding to the pro-growth policy initiatives across the fiscal and monetary policy fronts.

REAL ESTATE MARKET

The impact of COVID-19 has been detrimental to the real estate sector, with the property market and rental growth experiencing a downturn in the short and medium term as a result of low demand. The property market segment will be one of the main sectors to suffer due to the pandemic as social distancing and mobility restrictions keep shoppers away from commercial properties and prospective renters away from moving homes in this time of uncertainty. The work from home mode has further done away with the need for large office spaces.

As a result, demand for office spaces will see a decline in the short and medium term.

As a result of lower footfalls, some retailers have been forced to exit malls as they are unable to meet overhead costs. The renewal of expiring leases is becoming a vulnerable time for property owners as tenants are negotiating for rent reductions at the time of renewal. A drop in tourist arrivals may result in a significant impact on mall tenants. It is apparent that investments in health and safety became the first priority throughout this period and will remain so for the foreseeable future. However, if the pandemic continues unabated, it will delay potential investment and development activities in the country, making economic recovery a real challenge.

CHALLENGES FACED

After four decades of operations, a pandemic on the scale of COVID-19 was unprecedented and perhaps the biggest challenge ever faced by the Company. As a socially responsible Company, Colombo Land and Development Company (CLND) PLC granted a 50% waiver on rentals for the months of March and April 2020 during the national lockdown in order to secure current tenants while absorbing the loss. Considering the ongoing pandemic, anticipated growth of rent income in the short and medium term did not materialise, as tenants negotiated for rent reductions, especially at the time of renewals. With the drop in footfall, a decline was seen in revenue from car parks and rental income. The Company also experienced delayed payments by tenants. Despite these challenges, supported by its strong

Colombo Land and Development Company PLC granted a 50% waiver on rentals for the months of March and April 2020 during the national lockdown in order to secure the current tenants while absorbing the loss.

relationships with occupants, the Company was able to maintain the same occupancy throughout the year while making necessary investments in safety and hygiene as per protocols issued by the health authorities for commercial establishments.

The Company managed to sustain the fallout of the Easter Sunday attacks in 2019 and now the pandemic in 2020 as a result of several factors. CLND has secured many long-term tenants in its portfolio of which 48% have been with us for five years, which reflects the benefit they gain by being present at Liberty Plaza. The strong bonds with our tenants ensure they will remain steadfast through this difficult period.

Many of our tenants are reputed brands from respected companies which ensure a steady inflow of shoppers. While many upscale malls saw reduced footfall, Liberty Plaza continued to attract a steady stream of shoppers because of the unique blend of products and services available with us. The mall hosts tenants across services such as banks, mobile phones, food and beverage, education services, beauty care, electronics, service centres, apparel and a leading supermarket, which are essential services that are needed by people. Other than mobile phone shops, other segments have less competition and offer better brands and shopping experiences to customers. Most tenants as a result performed reasonably under the circumstances and as a result we have been able to maintain consistency in occupancy over the past two years, with an average occupancy rate of 80% in 2019 and 73% in 2020.

FUTURE OUTLOOK

We remain optimistic about the future prospects for the economy and envision modest economic growth in the next couple of years coupled with an upsurge in tourist arrivals, which augurs well for the retail sector. The reduction in interest rates to single digit levels will lead to major developments in the property sector and growth in investment activities across the country as long delayed projects get off the ground. Property values may also increase and demand for the property sector will remain favourable in the coming years due to lower interest rates.

The Company expects to continue investments in refurbishment of office spaces and apartments to meet competition in the industry. We are also hopeful that there will be greater interest in the real estate sector, now that the Colombo Stock Exchange (CSE) and the Securities and Exchange Commission of Sri Lanka (SEC) have announced Real Estate Investment Trusts (REITs), which offer average investors an opportunity to reap the benefits of real estate investment and obtain the advantages associated with investing in publicly traded securities on the CSE. A REIT would enable unit holders to earn a portion of the income that is generated through renting, leasing or selling these properties which is required to be distributed directly to the unit holders of the REIT. The economy at large would also benefit from the introduction of REITs with the anticipated creation of jobs, economic growth, increased tax revenues, liquidity through listing and would also attract foreign direct investments into the country.

On the whole, CLND remains optimistic about the future prospects for the sector and the Company, coupled by the country's vaccination drive which is underway, which should limit the spread of COVID-19 and lead to a more favourable operating climate for businesses.

FINANCIAL REVIEW

The property development industry was forced to operate in a very challenging environment in the year under review, as the COVID-19 pandemic situation slowed the growth of the sector. The Company's rental revenue dropped to Rs. 354 Mn in 2020 from Rs. 396 Mn in 2019. Income from car

parks increased by 30% during the year under review to Rs. 83 Mn. The occupancy dropped to 70% in 2020, when compared to 82% in 2019. Prime location of the properties, the quality-oriented tenants and the long-term relationship-based rent agreements have allowed us to maintain consistency in terms of occupancy even during this difficult period.

RENTAL YIELD

Rental yield provides a valuable insight into the quality of investment properties owned by the Group and their growth over time. The Group's rental yield is in line with industry averages recorded in 2016 with minor variations. The Company was able to maintain a rental yield above 5% for the first time since 2016. This shows that the Group's investment properties are generating sufficient returns consistently.

OPERATING EXPENSES

Direct costs decreased by 20% YoY to reach Rs. 108.4 Mn mainly because of lesser operations carried out the year under review, due to imposition of curfew and the pandemic situation prevailing in the country. Administrative and other operating expenditure dropped by 5.0% compared to the previous year, and Selling and marketing expenses increased by 17% mainly due to increase of bad debt provisions.

GROSS PROFIT

The Group Gross Profit of Rs. 329 Mn was 3.2% lower than the previous year mainly due to low occupancy compared to the previous year and rent reductions provided to the tenants due to the pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

During the year, a valuation exercise was carried out to determine the fair value of investment properties of the Group in line with the current market conditions as required by Accounting Standards. In the said valuations, the investment properties of the Group were valued at Rs. 13,517 Mn, resulting in a net gain on change in fair value of investment properties amounting to Rs. 199 Mn during the year in the Statement of Profit or Loss.

FINANCE COST

The Group financing costs marginally decreased by 1.3% during the year under review.

PROFIT BEFORE TAX (PBT)

The Profit Before Tax of the Group decreased by 69% during the year, reaching Rs. 175 Mn in comparison to Rs. 571 Mn recorded during the previous financial year, mainly due to drop in the revaluation gain on investment properties when compared to the previous year.

TAXATION

The income tax expense of the Group and the Company for 2020 were Rs. 116 Mn. (2019 – Rs. 239 Mn) and Rs. 36 Mn (2019– Rs. 184 Mn) respectively. The group has accumulated tax losses of Rs. 1.04 Bn which can be utilised against future taxable income of the Group. The current year taxable income of the Company could be fully recovered against carry forward losses as per section 19 of the Inland Revenue Act No. 24 of 2017.

The current year taxation expense shown in the income statement entirely consists of tax liability arising out of investment property revaluation.

CASH AND BORROWINGS

The Group's cash balance and short-term investments as at 31st December 2020 stood at Rs. 26.76 Mn (2019 – Rs. 7.14 Mn) which was an increase of 274% over the previous year. The Group's total borrowing was Rs. 1,869 Mn (2019 – Rs. 1,760 Mn), which mainly includes Rs. 1,600 Mn in loans obtained from People's Bank to fund the construction of New Retail Podium by Liberty Developers (Pvt) Ltd.

NET ASSETS

The Group Net Asset Value per share as at 31st December 2020 stood at Rs. 40.44 (2019 – Rs 40.02).

EARNINGS PER SHARE

The Group Earnings per share for the year 2020 decreased to Rs. 0.30 per ordinary share (2019 – Rs. 1.66) mainly due to change in the value of Investment Properties.

PRICE EARNINGS RATIO

The Price Earnings Ratio of the Company as at 31st December 2020 was 81 times (2019 – 15.66 times).

RETURN ON EQUITY (ROE)

The Group Return on Equity (ROE) was 0.73% for the year 2020 (2019– 4.16%). The Decrease in ROCE is mainly due to lower revaluation gain when compared with year 2019.

ASSETS

The total Group asset base increased from Rs. 13,718 Mn to Rs. 14,044 Mn in 2020. The increase was mainly derived from Investment Property fair valuation.

LIABILITIES

Total Liabilities as at 31st December 2020 increased to Rs. 5,960 Mn compared to Rs. 5,719 Mn in the previous year mainly due to decreases in deferred tax liabilities.

TOTAL EQUITY

Total Equity of the Group increased to Rs. 8,084 Mn (2019 - Rs. 7,998 Mn) mainly due to revaluation gains.

DEBT TO EQUITY RATIO (GEARING)

The Group's debt consists of Rs. 1,700 Mn obtained on behalf of Liberty Developers Pvt Ltd for the development of the New Retail Podium. The Group has requested People's Bank to reschedule the loans as we are struggling to meet original repayment periods with the increased cost of borrowings and tightened cash flows. Our calculations show that a duration of 10-12 years would be ideal for repayment of debt.

ACCOUNTING POLICIES

The Financial Statements contained in this report are prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS), the requirements of the Colombo Stock Exchange and the Companies Act No 07 of 2007.

SUSTAINABILITY AT COLOMBO LAND

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As a sustainable business for nearly close to four decades, Colombo Land has been successful in striking the right balance between shareholder expectations and the needs and concerns of our employees and the environment

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ABOUT THE REPORT

Colombo Land and Development Company PLC is pleased to present its Integrated Annual Report prepared for the benefit of stakeholders. The report provides a broad and succinct overview of the Group's performance over the 12-month period ended 31st December 2020, by providing a holistic and integrated discussion of the Company's performance.

GROUP SUSTAINABILITY STRATEGY

As a sustainable business for over three decades, Colombo Land has been successful in striking the right balance between shareholder expectations and the needs and concerns of our employees and the environment. Our enduring economic success is a reflection of our sustainable outlook and we are pleased that as a corporate body involved in the property development and management business, we have operated our business in a sustainable manner while making our stakeholders part of our journey of progress.

OUR CONTRIBUTION TO UN SUSTAINABILITY DEVELOPMENT GOALS (SDGS)

- Employment Generation: Direct and indirect employment
- Occupational Health & Safety: Good health and wellbeing of employees and families and maintenance of healthy hygiene conditions at Liberty Plaza, New Retail Podium, Liberty Arcade and all other facilities managed by the Company.

- Equal opportunity employer.
- Adoption of energy efficient practices such as inverter air conditioners and LED lighting in the main mall and other properties.
- Great place to work: ensuring a rewarding and dynamic work environment for all employees while investing in training and development and career progression.
- Key contributor to shape Colombo as a sustainable city through landmark developments of Liberty Plaza, Liberty Arcade and the New Retail Podium.
- Provider of sustainable services: our mall provides access to quality food and shopping under one roof along with clean water and sanitation for all stakeholders.

OUR SUSTAINABILITY EFFORTS

As a leader in the real estate industry, Colombo Land has adopted sustainability principles befitting its market leadership position and pioneering status. The Company's social and economic contribution over the decades has demonstrated leadership and helped it to respond to regulatory and other external pressures in an agile manner.

The Company's stewardship on Social and Natural Capitals further reflects its commitment to sustainable operations. Our leadership has been notable in the area of meeting the UN Sustainable Development Goals.

SUSTAINABILITY AT COLOMBO LAND

Colombo Land fulfils the highest expectations for unmatched commercial space located in the Central Business District and contributes towards community building and enhances convenience for all its stakeholders.

Also a diversified group, Colombo Land's fully-owned subsidiary, Agri Spice (Pvt) Ltd, operates a 102-acre Mahogany, Rubber and Alstoniya plantation at Avissawella, reflecting its commitment to sustainable development through investments in environment-friendly sectors.

OUR SUSTAINABILITY POLICY

At Colombo Land we are committed to being a responsible corporate citizen by living our values and demonstrating how we improve living standards of our tenants, customers, building users, shareholders and our employees. Our commitment to have a positive impact on the environment is evident in the slew of measures we have taken to conserve energy while reducing our carbon footprint. In line with our sustainability vision, our goal is to have a net positive impact across the resources that create optimal value for all our stakeholders.

Our employees are the strength behind our success which is why we have fostered a work environment that values knowledge workers, equal opportunity and modern technology. The Group continues to strategically integrate sustainable practices across every aspect of its operations by adopting best practices in economic, environmental and social governance for all its stakeholders.

	Challenges	Opportunities	Risks	Strategies
Economic	Market Competition	Investment Opportunities	Loss of key customers	Constant improvements in services & facilities
	Price fluctuations on supplies and labour	Well-known brand name like Liberty Plaza	Undesirable capital expenditure	Enhance Research & Development
Environmental	Emerging high rise multi-purpose developments	Proactive measures are taken on system improvements	Threats of environmental pollution due to waste emissions	Effective Building Management Systems
	Outdated systems and Procedures	Enhanced Energy & Waste Management	Increase in the carbon footprint	Energy audits and constant monitoring
Social	Aging work population	Developing multi-skilled workers	Possibilities for higher employee retention within a competitive labor market	Performance incentives
	Lack of skilled blue collar workers in the market	Structured Training Programmes		Industry-based training
	High labour turnover	Participating in community development programmes	Cost reduction and strained employee relationships	Active CSR participation

ASSESSING PERFORMANCE AND MANAGEMENT PERSPECTIVE

Despite the major macroeconomic challenges faced by the Company in 2019/20, Colombo Land continued to demonstrate high sustainability standards. Our operations have a beneficial impact on social and natural environments and various aspects of sustainable development. Colombo Land takes into account the interests and needs of key stakeholders in order to strengthen its reputation as a reliable partner in the real estate industry. By following the core principles of the UNSDGs, the Company ensures strict compliance with laws and ethical business practices and also through consistent and long-term social investments. The key performance indicators of the Group are customer satisfaction levels, improved living conditions, energy efficiency, employee satisfaction, economic growth, increased market share, environmental consciousness etc. We have accelerated our efforts to improve energy efficiency in partnership with tenants and customers, bringing down energy, water and paper consumption during the year.

ECONOMIC PERFORMANCE

The Company pursues efficiency and delivers the highest returns to shareholders while fulfilling its obligations in a timely and compliant manner such as paying taxes, fulfilling agreements with other stakeholders, compliance with all rules and regulations, and generally adopting an ethical approach to all business transactions. The Company also considers the evolving economic situation

in the country; for example, it has facilitated tenants by reducing rents and instalment payments of rentals during the lockdown measures taken by authorities to combat COVID-19.

VALUE ADDITION

Despite the external challenges faced during the period under consideration, the Company continued to generate value for shareholders and to support wealth creation for tenants by upgrading facilities and consolidating key synergies that set it apart from the rest of the industry.

Value Added Statement	2020 Rs. Mn	2019 Rs. Mn
Operating Income	438.40	476.85
Cost of Services	(108.48)	(135.83)
Added Value to the Group	329.91	341.02
Non-Operating Income	203.06	593.38

Value Added Statement	2020 Rs. Mn	2019 Rs. Mn
Value allocated to Employees		
Salaries, Wages & other benefits	67.45	69.81
To Government		
Tax & Deferred Tax	116.32	239.36
VAT & NBT	-	59.11
To Borrowers		
Interest	232.37	235.51
To Expansion & Growth		
Surplus/(Deficit)	110.58	324.05
Depreciation	6.25	6.56
	532.97	934.40

MANAGEMENT OF CAPITAL

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This section describes how the Company manages its capitals, which are divided into six major areas: Financial, Manufactured, Intellectual, Human, Social Relationship and Natural, as well as the strategic focus with regard to each of them.

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FINANCIAL CAPITAL

One of the main factors that will be important for long-term success of the Company is how well it manages its Financial Capital.



The Company's Financial Capital consists of shareholders' funds, internally generated funds, borrowings and is nurtured through prudent cost management and profit generation. The financial statements and financial highlights appearing on pages 110 to 112 provide information on the role of the Financial Capital in value creation and the ways in which the capital has been utilised to generate results achieved.

Financial capital	Amount
Shareholders fund (Rs. Mn)	8,596
Borrowings	1,869
Earnings Per share (Rs.)	0.30
Net Asset Per share (Rs.)	40.44
Share Price Closing (Rs.)	24.30
Market Capitalisation (Rs Mn)	4,857

MANUFACTURED CAPITAL

The Company is in the process of upgrading premises and other facilities with the intention of providing a better service to customers.



Furthermore, the Company is constructing rooftop parking for People's Park, thereby providing a better service to the customers. Manufactured Capital is represented by the physical infrastructure which facilitates our value creation. Our Manufactured Capital enables us to facilitate our customers in a satisfactory manner while maintaining

longstanding relationships with them. It ensures we deliver a high quality service efficiently and responsibly and continue to invest in maintaining and upgrading these assets for optimal performance. Our Manufactured Capital accounts for about 98% of total assets of the Company. The Company emphasises importance of effective management of assets. Furthermore, it continuously invests in upgrading commercial spaces, offices, residential apartments and other facilities to meet growing competition in the market. Our Manufactured Capital and Human Capital combine to drive our business objectives in today's competitive market environment.

Manufactured capital	Amount
Liberty Plaza	3,499
Liberty Arcade	1,020
New Retail Podium	2,354
People's Park	136
Gas Land	6,458
Property Plant & Equipment	174
Biological Assets	57
Total	13,698

INTELLECTUAL CAPITAL

The Liberty Plaza brand, our organisational values, collective tacit knowledge, improved systems and processes, and governance and risk management play a key role in aligning our team, culture and operations to our strategic aspirations of sustainable growth and enhancing stakeholders' confidence.



At Colombo Land, we take pride in owning one of the most iconic and celebrated brand names in the real estate domain in Sri Lanka - The Liberty Plaza. It is the first and the oldest shopping complex in Sri Lanka, dating back to 1980s, and still remains the country's most sought-after shopping destination. For a Group which provides commercial spaces and residential accommodation, tenants' confidence is a pre-requisite for growth. Our Intellectual Capital plays a key role in inspiring tenants' confidence, and sound policies of corporate governance, risk management frameworks, business ethics and safety standards are the foundation for sustaining tenants' confidence in today's competitive environment.

HUMAN CAPITAL

We seek to attract, develop and retain a dynamic and diverse workforce by defining a strong corporate identity, creating a culture of excellence and helping employees create the best place to work. Our well-experienced and skilled employee base will continue to improve the facilities and services in our properties while enhancing customers' experiences to maintain our reputation. We believe that our employees' contribution drives our success and healthy relationship with customers is important in today's environment.



Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund

The Company and the Group provide a retirement plan for the workforce by using general resources to fulfil obligations to

retired employees. According to the terms of Employees' Provident Fund (EPF) Act No. 15 of 1958 and its subsequent amendments and Employees' Trust Fund (ETF) Act No. 46 of 1980 and its subsequent amendments, employees are eligible for EPF and ETF contributions. The Group contributes the relevant percentages of the eligible gross emoluments of employees to the respective provident funds and to the Trust Fund respectively. In relation to the rules of the provident fund to which such contributions are made, the Company contributes 14% as the employers' contribution which is 2% higher than what is required by law. Also, the employees contribute 8% to their respective provident funds managed by the Central Bank of Sri Lanka. Further, the Company also contributes 3% to the Employees' Trust Fund.

Financial capital	2020	2019	2018
Employer contribution to the Trust Fund	1,066,208	659,575	609,915
Employer contribution to the Provident Fund	4,976,640	3,078,019	2,846,270

Defined Benefit Plan- Gratuity

Employees are entitled to gratuity payment under the Gratuity Act No. 12 of 1983 and its subsequent amendments as under No. 41 of 1990. The Company has duly carried out an actuarial valuation on retirement benefit obligations as at the year end, and the actuary has used the projected unit credit method as prescribed in Sri Lanka Accounting Standards.

SOCIAL AND RELATIONSHIP CAPITAL

Collaborative relationships with customers, business partners, communities and other stakeholders underpin our social license to operate.

The Company nurtures these relationships through unique value propositions, sound governance practices and integration of identified needs into corporate strategy to create long-term value and support individual and collective growth. Colombo Land recognises that the quality of today's relationships may significantly influence our



ability to sustain the generation of monetised value in the future. We recognise that the viability of our enterprise depends on our ability to sustain strong relationships with customers and the wider community for whom we create value. These cooperative relationships shape crucial perceptions of the Company and the Group.

NATURAL CAPITAL

Our approach to sustainability is based on business principles to achieve long-term value for shareholders and broader stakeholder groups without compromising the ability of future generations to meet their own needs. We ensure that all our processes and systems function within specified environmental parameters. The Company has taken initiatives to reduce energy demand by raising awareness among its tenants and employees and implementing Energy Efficiency Measures.



MANAGEMENT OF CAPITAL

Energy Management

The Group has been implementing several energy efficiency initiatives over the last few years, thereby significantly reducing the single-largest cost component in the operating cost structure - 'electricity cost'. It is important to sustain the benefits of the initiatives via efficient and consistent plant operations. The Group understands its priorities towards national initiatives as a service provider in a key location. Towards this, the installation of highly efficient air handling units for air-conditioning and replacement of fluorescent lights with energy efficient LED lightings were implemented to improve the energy efficiency to align with our long-term sustainable goal of reducing the carbon footprint of our operations. In addition, the Company is continuously investing in refurbishment of commercial and other spaces, replacing appliances with advanced technology to improve quality standards, and to meet the emerging competition as well as to improve energy efficiency.

Waste Management

Our strategy for managing waste is to reuse, recycle and replenish wherever possible. A waste segregation system enables the Company to dispose waste responsibly by either reusing or recycling. A segregation system with colour-coded bins is maintained for waste using a system classifying paper, glass, scrapped iron, polythene and organic waste. Food-waste is handed over to a third party for use as animal feed. We have fully cooperated with the Colombo Municipal Council's collection process of segregated garbage. We are happy to say that necessary steps have been taken to minimise our carbon footprint in the immediate environment.

Noise Management

Noise emissions are strictly monitored to ensure the comfort and safety of persons in the vicinity. We have also taken steps to soundproof all Air Handling Unit rooms within the premises.

LASTING PARTNERSHIPS

ENTERPRISE GOVERNANCE AND RISK MANAGEMENT

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CORPORATE GOVERNANCE REPORT

We, at Colombo Land and Development Company PLC, believe that Corporate Governance is not only fundamental in ensuring that we direct and manage the business affairs of the Company towards promoting corporate impartiality, transparency, accountability and responsibility in the best interests of the stakeholders, but also essential to attain long-term sustainable growth.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of Colombo Land and Development Company PLC is committed to achieving corporate goals, while maintaining strict adherence to Corporate Governance rules, to ensure greater transparency in Management Reporting and to enhance stakeholders' confidence. In doing so, the Board has given its highest priority to adhering to a strong framework of Corporate Governance. The objective of this Annual Report, including the financial and non-financial statements, is to indicate to the stakeholders and the general public the activities of the Company during the year 2020 in a transparent manner.

DIVISION OF RESPONSIBILITIES BETWEEN THE CHAIRMAN AND CEO

The roles of the Chairman and Executive Directors are separate and with a clear distinction of responsibilities, which ensures balance of power and authority. Mr. Harshan De Silva is the Chairman of the Board of Directors and Mr. P. V. S. Premawardhana functions as the Group Chief Executive Officer.

BOARD OF DIRECTORS

Board Composition and Attendance at Meetings

As at 31st December 2020, the Board of Colombo Land and Development Company PLC consisted of seven directors, comprising three Non-Executive, two Non-Executive Independent and two Executive Directors. The Board maintains a balance between Executive and Non-Executive Directors each of whom bring a strong and in-depth mix of knowledge, business skills and experience to the Board's deliberations. The Board is collectively responsible for the long-term success of the Company and is accountable to shareholders for the financial and operational performance.

Board Meeting Attendance

Category	Name	Eligibility	Attended
Non-Executive Independent	Prof. C.K.M. Deheragoda	3	3
	Mr. M.D.S. Goonatileke	3	3
	Mr. Ng Yao Xing, Eugene	3	3
Non-Executive	Mr. L.A.P.H. De. Silva	3	3
	Mr. D.L. De. Soyza Abeyesiriwardhana	3	3
Executive	Mr. D.S. Jayaweera	3	3
	Mr. P.V.S. Premawardhana	3	3

BOARD SUB-COMMITTEES

The Board has delegated certain authorities to the Board sub-committees while holding the final authority to manage the affairs of the Board. The members of the Board sub-committees concentrate on their designated scope of responsibilities, and impart knowledge and oversight in areas where they have requisite expertise.

Colombo Land and Development Company PLC consists of three sub-committees:

- I. Audit Committee
- II. Related Party Transactions Review Committee
- III. Remuneration Committee

Composition of Board Sub-Committees

Board Member	Sub Committees		
	Audit Committee	Related Party Transaction Review Committee	Remuneration Committee
Independent Non-Executive Directors			
Prof.C.K.M.Deheragoda	✓	✓	✓
Mr.M.D.S.Goonatilleke	✓	✓	✓
Non-Executive Directors			
Mr.Ng Yao Xing, Eugene	✓	✓	✓
Mr.L.A.P.H. De Silva			
Mr.D.L. De Soyza			
Abesiriwardhana			
Executive Directors			
Mr.D.S.Jayaweera			
Mr.P.V.S.Premawardhana			

DISCLOSURE OF DIRECTORS' REMUNERATION

The Chairman and the Board of Directors are responsible for determining the compensation of the Executive Directors. Non-Executive Directors receive a fee for participating at Board Meetings and other committee meetings and do not receive any other prerequisites or benefits apart from what is discussed on Note 24 in the Financial Statements.

RE-ELECTION

According to the provision of the Articles of Association of the Company and Section 142 of the Companies Act, shareholders are entitled to propose any person for election as a Director, if the required notice of the same has been given. The Board possesses the power to appoint any person, at any time as a Director, either to fill a casual vacancy or as an additional member of the Board. All Directors who are appointed by the Board to fill a casual vacancy are required to be elected by the shareholders at the next Annual General Meeting following their appointment, thereby providing the shareholders with the right to vote for or against such election. The re-election of a Director safeguards the right of the shareholders by providing a regular reassessment of the composition of the Board. The names of the Directors submitted for re-election are provided to the shareholders along with the notice

CORPORATE GOVERNANCE REPORT

of the Annual General Meeting, enabling them to make informed decisions on such appointments. In the event a Director over the age of seventy years is being reappointed, regulations stipulated in the Companies Act No.7 of 2007 will be complied with.

CORPORATE DISCLOSURE AND SHAREHOLDER RELATIONSHIP

Financial and non-financial information in relation to the affairs of the Company are immediately announced via the Colombo Stock Exchange (CSE) to the stakeholders. Moreover, the Board of Directors believes that any stakeholder should have been granted an opportunity to communicate their grievances in order for the Company to find solutions for their concerns. The Annual General Meeting can be used as a platform to express views of shareholders. Quarterly financial reports are uploaded to the website of the Colombo Stock Exchange for stockholder information and updated financial and non-financial information is available on the Company's website for public reference.

As per Companies Act No 7 of 2007, the Annual General Meeting is held within six months from the end of the financial year. Annual Reports are prepared to provide information pertaining to the Company's affairs in a transparent manner according to

the best practices of Corporate Governance. It is a great pleasure to mention that Colombo Land and Development Company PLC won the award for "Best Real Estate Corporate Governance Sri Lanka 2018" by Capital Finance International.

ACCOUNTABILITY AND INTERNAL CONTROL IN FINANCIAL REPORTING

Colombo Land and Development Company PLC has taken necessary steps to provide sensitive financial and non-financial information to its stakeholders for every quarter in compliance with Sri Lanka Accounting Standards (SLFRS/LKAS), Listing Rules of Colombo Stock Exchange (CSE) and Companies Act No 07 of 2007. Directors are responsible for operations and performance of the Company. As such, Directors of the Company and the Management focus their attention on disclosing all information relating to the affairs of the Company in a transparent manner, complying with best practices in Corporate Governance.

COMPLIANCE WITH THE COLOMBO STOCK EXCHANGE RULES ON CORPORATE GOVERNANCE

Disclosures required by the section 7.10 of the listing rules of Colombo Stock Exchange.

Listing Rule No.	Subject	Applicable Requirement	Status	Reference
7.10.1(a)	Non-Executive Directors	At least one-third of the total number of Directors should be Non-Executive Directors	Compliant	Refer page 32
7.10.2 (a)	Independent Directors	Two or one-third of Non-Executive Directors, whichever is higher should be independent	Compliant	Refer page 32
7.10.2 (b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence/non-independence in the prescribed format	Compliant	Independence of Directors has been determined in accordance with CSE Listing Rules and two Independent NEDs have submitted signed confirmation of their independence.
7.10.3 (a)	Disclosure relating to Directors	The Board shall annually make a determination as to the independence of the Non-Executive Directors and names of Independent Directors should be disclosed in the Annual Report	Compliant	Prof. C K M Deheragoda and Mr. M D S Gunathilake served as Independent Directors for the year under review. Consequent to the resignation of Prof. C K M Deheragoda and based on the declarations submitted, the Board has determined Mr. M D S Gunathilake and Mr. M D A Weerasooriya as independent as per the Listing Rules.
7.10.3 (b)	Disclosure relating to Directors	The basis for the Board to determine a Director is independent, if criteria specified for independence is not met	Not Applicable	The period of service of Mr. Gunathilake exceeds nine years. However, the Board is of the view that the period of service of Mr. Gunathilake does not compromise his independence and objectivity in discharging his functions as a Director and therefore based on declarations submitted by the said Director, has determined that Professor Deheragoda shall nevertheless be "independent" as per the Listing Rules.
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report and should include the Director's areas of expertise	Compliant	Announcements with regard to the appointments of Mr. S A Ameresekere, Mr. M D A Weerasooriya and Mr. W G U I Ranaweera were made to the Colombo Stock Exchange.

CORPORATE GOVERNANCE REPORT

Listing Rule No.	Subject	Applicable Requirement	Status	Reference
7.10.3 (d)	Disclosure relating to Directors	Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the rules of the Colombo Stock Exchange	Not Applicable	Profiles were provided together with the announcements
7.10.4				
(a) - (h)	Criteria for Defining 'Independence'	Requirement for meeting criteria to be independent	Compliant	All the Independent Directors except for Mr. M D S Gunathilake met the criteria for independence specified in this rule.
7.10.5	Remuneration Committee	A listed Company shall have a Remuneration Committee	Compliant	Refer page 55.
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise Non-Executive Directors, of which a majority shall be independent	Compliant	Refer page 55.
	Remuneration Committee	One Non-Executive Director shall be appointed as Chairman of the Committee by the Board of Directors	Compliant	The Chairman of the Remuneration committee is a Non-Executive Director.
7.10.5 (b)	Function of Remuneration Committee.	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors	Compliant	Refer the Report of the Board Remuneration Committee on pages 55 to 56 of this Report, which set out the functions of the Committee.
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	The Annual Report should set out; a. Names of Directors comprising the Remuneration Committee b. Statement of remuneration policy c. Aggregate remuneration paid to Executive & Non-Executive Directors	Compliant	Refer page 55. Refer Directors' emoluments on page 122.

Listing Rule No.	Subject	Applicable Requirement	Status	Reference
7.10.6	Audit Committee	The Company shall have an Audit Committee	Compliant	Names of the members of the Audit Committee are stated on pages 53 and 54.
7.10.6 (a)	Composition of Audit Committee	Shall comprise of Non-Executive Directors, a majority of who shall be independent	Compliant	Two of three Non-Executive Directors are independent. Refer Report of the Board Audit Committee on page 53.
		A Non-Executive Director shall be appointed as the Chairman of the Committee Meetings	Compliant	The Chairman of the Audit Committee is an Independent Non-Executive Director.
		Chief Executive Officer and Chief Financial Officer should attend Audit Committee Meetings	Compliant	CEO and Finance Manager representing the finance division participate in the meetings.
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	Compliant	The Chairman of the Audit Committee is a qualified Accountant
7.10.6 (b)	Audit Committee Functions	Functions shall include:	Compliant	Refer pages 53 to 54 for the functions of Audit Committee.
		a. Overseeing of the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards.	Compliant	Refer pages 53 to 54 for the functions of Audit Committee.
		b. Overseeing of the compliance with financial requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements	Compliant	Refer pages 53 to 54 for the functions of Audit Committee.
		c. Overseeing the process to ensure that the internal controls and risk management processes are adequate to meet the requirements of the Sri Lanka Auditing Standards	Compliant	Refer pages 53 to 54 for the functions of Audit Committee.

CORPORATE GOVERNANCE REPORT

Listing Rule No.	Subject	Applicable Requirement	Status	Reference
		d. Assessment of the independence and performance of the external Auditors	Compliant	Refer pages 53 to 54 for the functions of Audit Committee.
		e. Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors, and approve the fees and terms of engagement of the external Auditors		Refer pages 53 to 54 for the functions of Audit Committee.
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee	a. Names of Directors comprising the Audit Committee		Refer pages 53 to 54 for the functions of Audit Committee.
		b. The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determinations		Refer report of the Audit Committee on pages 53 to 54.
		c. The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions		Refer pages 53 to 54 for the functions of Audit Committee.

Compliance with Requirements of listing rule 7.6 of the Colombo Stock Exchange

Rule No.	Subject	Status	Reference
7.6 Contents of Annual Report			
	All listed entities must include in its Annual Reports and accounts, inter alia:		
i)	Names of persons who were directors of the entity during the year.	Complied with	Please refer pages 14 to 18
ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein.	Complied with	Please refer pages 59 to 63 of the Board of Directors Report
iii)	The names and the numbers of shares held by the 20 largest voting and non-voting shareholders and percentages.	Complied with	Please refer page 133
iv)	The Public Holding percentage.	Complied with	Please refer page 134
v)	A statement of each Director's holding and Chief Executive Officer's holdings in shares of the entity at the beginning and end of each year	Complied with	Please refer page 134
vi)	Information pertaining to material foreseeable risk factors of the entity	Complied with	Please refer pages 66 to 68
vii)	Details of material issues pertaining to employees and industrial relations of the entity.	N/A	No material issues pertaining to employees and industrial relations.
viii)	Extents, locations, valuations and other number of buildings of the entity's land holding and investment properties.	Complied with	Please refer page 104
ix)	Number of shares representing the entity's stated capital.	Complied with	Please refer page 110
x)	A distribution schedule of the number of holders in each class of equity security and the percentage of their total holdings in the specified categories.	Complied with	Please refer page 133
xi)	Following ratios and market price information. 1. Dividend per share 2. Dividend pay out 3. Net asset value per share 4. Market value per share Highest and the lowest value recorded. Value as at the end of the year.	Complied with	Please refer page 5
xii)	Significant changes in the entity's or its subsidiary's' fixed asset and the market value of land, if the value differs substantially from the book value.	Complied with	Please refer Note 3 to 4 to the Financial statement on pages 98 to 107 of this report
xiii)	If during the year the entity has raised funds either through a public issue, right issue and private placement.	N/A	
xiv)	Information in respect of Employee Share Ownership or Stock Option schemes	N/A	
xv)	Disclosure pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5c and 7.10.6 c of Section 7 of the Rules.	Complied with	Please refer pages 34 to 36
xvi)	Related party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower.	Complied with	Please refer note 24 on page 121 for the related party

CORPORATE GOVERNANCE REPORT

Compliance with the code of best practice on Corporate Governance issued jointly by the securities & Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (ICASL)

Section No.	Subject	Status	Company Commitment
1	The Company		
A	Directors		
A.1	The Board	Compliant	The Company is headed by an effective Board. Please refer Pages 14 to 18.
A.1.1	Regular Board Meetings	Compliant	Regular Board meetings to review the Company's performance. Please refer page 34.
A.1.2	Board Responsibilities		The Board assumes the primary responsibility for the overall success of the Company. The Board is involved in formulating the overall strategy, and measuring that it is implemented by the CEO. The CEO, together with the management team develops corporate strategies, annual budgets and action plans to implement corporate strategies an annual basis. The corporate plan and annual budget are approved by the Board every year and achievement of the objectives set in the plan is monitored closely by the Board.
	Ensure that the CEO and the management team possess the necessary skills, experience and knowledge for effective implementation of the strategy.	Compliant	The Board actively works to ensure that the CEO and the management team continue to have the right balance of skills, experience and knowledge necessary to discharge their responsibilities in accordance with the highest standards of governance.
	Adopt effective CEO and senior management succession strategy.	Compliant	Succession plans are in place for the CEO and for other key managerial positions and are monitored continuously.
	Ensure that effective systems are in place to secure integrity of information, internal controls, business continuity and risk management.	Compliant	Effective systems and procedures are in place to ensure the integrity of information, internal controls and information security. Such systems are continuously monitored by the management, external auditors and at times by independent experts.
	Ensure that the Company's activities are conducted in compliance with laws, regulations and ethical standards	Compliant	The Board has adopted a compliance policy to give direction to the management with regard to compliance activities.
	Ensure that all stakeholder interests are considered in corporate decisions.	Compliant	The Board ensures that the interest of all stakeholders is considered and safeguarded in making corporate decision.
	Recognised sustainable business development in corporate strategy, decisions and activities.	Compliant	The Board recognises the necessity of sustainable business development in corporate strategy, decisions and activities. Please refer the sustainability report from pages 27 to 29.

Section No.	Subject	Status	Company Commitment
	Ensure that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.	Compliant	The Company's accounting policies are fully in line with Sri Lanka Accounting Standards (SLFRS/LKAS). Further the accounting policies are reviewed annually to be in line with the changing business requirements and best practices in the industry. Please refer independent auditor's report.
	Fulfil other Board functions that are vital, given the scale, nature and complexity of the business concerned.	Compliant	The Board takes all its decisions paying due attention to the interest of all stakeholders. The Board also intervenes when necessary, in any other function that is vital, given the scale, nature and the complexity of the Company's business.
A.1.3	Compliance with Laws and Access to Independent Professional Advice	Compliant	Act in accordance with the laws of the country and seek professional advice whenever required. The Board acts in accordance with the laws in the country. The Board has permitted all Directors to seek independent professional advice.
A.1.4	Access to Advice and the Services of a Company Secretary	Compliant	Advice and Services of the Company Secretary. P W Corporate Secretarial Pvt. Ltd acts as the Company Secretaries, and is accessible by any Director for the services of the Company. The Company Secretaries advise the Board and ensures that matters concerning the Companies Act, Board procedures and other applicable rules and regulations are followed. They also serves as the secretary to the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee.
A.1.5	Independent Judgment of Directors	Compliant	Bring independent judgment on various business issues and standards of business conduct. All Directors exercise independent judgment on decisions made by the Board on issues of strategy, performance, resource allocation and the conduct of business.
A.1.6	Dedication of adequate time and effort to matters of the Board and the Company	Compliant	Every Director should dedicate adequate time and effort to matters of the Board and the Company, to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged. To ensure that the duties and responsibilities owed to the Company are satisfactorily discharged, the Directors attend Board meetings and discuss the matters. As far as possible the Company endeavours to circulate the Board papers amongst its members prior to each Board meeting, in order to enable the Directors to analyse the same, and call for additional information and clarifications. The number of meetings attended by each Director is given on page 34.

CORPORATE GOVERNANCE REPORT

Section No.	Subject	Status	Company Commitment
A 1.7 Training and Continuous Development of Directors	Every Director should receive appropriate training when first appointed to the Board and subsequently as necessary.	Compliant	All Directors in the Company are highly qualified and well-experienced personalities. The Directors are also kept abreast of applicable legislation and regulations, changes to rules, latest trends, standards and codes as well as relevant regulatory changes and developments.
A.2 Chairman and Chief Executive Officer	Chairman and CEO are two different positions and their responsibilities should be separate.	Compliant	The functions of the Chairman and CEO are clearly separated to ensure balance of power and authority.
A.2.1	Disclosure required if the positions of the Chairman and the CEO are combined.	N/A	The positions of the Chairman and CEO are separated.
A.3 Chairman's Role	The Chairman's role in preserving good Corporate Governance.	Compliant	The Chairman is responsible for leading the Board and ensuring that it operates under the highest standards of governance.
A.4 Financial Acumen	Availability of sufficient financial acumen and knowledge to offer guidance on matters of finance.	Compliant	The following members of the Board, are knowledgeable and experienced individuals who can provide guidance on matters of finance. Mr. M D S Goonatilleke is a qualified Accountant. All Directors possess qualifications and/or experience in accounting and finance. Please refer Directors' Profiles from pages 14 to 17.
A.5 Board Balance	The Board should have a balance of Executive and Non-Executive Directors.	Compliant	At the end of the year, the Board comprised seven Directors and five of them are Non-Executive, thereby promoting critical review and control. Please refer Pages 14 to 17.
A.5.1	Presence of Non-Executive Directors.	Compliant	Five of the seven Board members are Non-Executive, which is in excess of one third of the total number of Directors.
A.5.2	Independent Directors.	Compliant	Two Non-Executive Directors are independent, which is in excess of one third of the Non-Executive Directors.
A.5.3	Criteria to evaluate "Independence" of Non-Executive Directors.	Compliant	Two Independent Non-Executive Directors meet the criteria for independence as per the code of best practices, corporate governance (code) and listing rules and free of business or other relationships that could moderately influence the exercise of their unfettered and independence judgment.

Section No.	Subject	Status	Company Commitment
A.5.4	Annual Declaration of Non-Executive Directors.	Compliant	All Non-Executive Directors have submitted the declaration of independence or non-independence as per the code.
A.5.5	Annual determination of 'Independence' of Non-Executive Directors by the Board.	Compliant	The Note on page 57 of this annual report has determined the Independence or Non- Independence of each director.
A.5.6	Appointment of an Alternate Directors by a Non-Executive/ Independent Director.	Compliant	Two Non-Executive Directors have appointed alternate directors, and such alternate directors are not executives or employees of the Company.
A.5.7	Appointment of Senior Independent Director	Not Applicable	Since the role of the Chairman and the CEO of the Company are separated, this requirement does not arise.
A.5.8	Availability of the Senior Independent Director for confidential discussions with other Directors.	Not Applicable	Since the role of the Chairman and the CEO of the Company are separated, this requirement does not arise.
A.5.9	Responsibility of Chairman to hold meetings only with Non-Executive Directors	Compliant	The Chief Executive Officer functions as the apex executive in charge of the day to day management of the Company. The Chairman holds meetings with Non-Executive Directors whenever necessary.
A.5.10	Recording of concerns which cannot be unanimously resolved in Board minutes.	Compliant	All decisions of the Board were taken unanimously and there are no concerns raised by the Directors during the year which needed to be recorded in the Board minutes. However if such concerns do arise the Company's policy is to record them accordingly.
A.6 Supply of Information	The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties	Compliant	Financial and non-financial information are analysed and presented to the Board to make accurate decisions.
A.6.1	Management's responsibility to provide the Board with appropriate and timely information.	Compliant	The management ensures that a set of timely accurate relevant and comprehensive information is provided to the Directors before the Board Meeting every quarter, with adequate time for them to review the same and prepare for discussions. All significant financial and non-financial information for the period are included in this analysis.
A.6.2	Preparation of minutes, agenda and Board papers prior to the Board meetings.	Compliant	The Company Secretaries ensures that the agenda and Board papers to be tabled at Board meetings are prepared and circulated prior to the Board Meeting together with the minutes of the previous meeting.

CORPORATE GOVERNANCE REPORT

Section No.	Subject	Status	Company Commitment
A.7 Appointments to the Board	There should be a formal and transparent procedure for the appointment of new Directors to the Board.	Compliant	All new appointments of the Board are made following a formal and transparent procedure. No new appointments were made during the year.
A.7.3	Disclosure of details of new Directors to shareholders.	Not Applicable	All appointments of new Directors are informed to the shareholders with sufficient details via immediate notification to the CSE. No new appointments were made during the year.
A.8 Re-election	All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.	Compliant	Please refer page 60 of the annual report for details of re-election of Directors.
A.8.1	Appointment and re-election of Non-Executive Directors.	Compliant	Please refer pages 60 to 63 of the Annual Report.
A.8.2	Election of Directors by the shareholders.	Compliant	Please refer pages 60 to 63 of the Annual Report.
A.9 Appraisal of Board Performance	Board should periodically appraise their own performance	Working toward compliance here	
A.10 Disclosure of Information of Directors	Shareholders should be kept advised of relevant details in respect of Directors.	Compliant	
A.10.1	Disclosures on Directors in the annual report.	Compliant	Required information with respect to Directors are disclosed in this annual report, where relevant. Names, qualifications and profiles, including expertise in relevant functional areas of all Board Members are provided from pages 14 to 17. Details of Directors interest in contracts are given on page 122. Details of related party transactions are provided on page 122. Details on Directors' attendance and other sub-committees are provided on pages 34 and 35.
A.11 Appraisal of CEO	The Board should be required, at least annually, to assess the performance of the CEO.	Compliant	The Remuneration Committee and the Board assess the CEO's performance annually.
A.11.1	Setting annual target for CEO.	Compliant	Based on long-term strategy, annual objectives are fixed by the Board.
A.11.2	Evaluation of the performance of the CEO.	Compliant	Evaluations of achievement against targets are reviewed annually by the Board.

Section No.	Subject	Status	Company Commitment
B. Directors Remuneration	Companies should establish a formal and transparent procedure for developing policies on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.	Compliant	
B.1.1	Presence of a Remuneration Committee	Compliant	A Remuneration Committee has been appointed and functions within agreed terms of reference. Please refer pages 55 to 56 for the Remuneration Committee Report.
B.1.2	Composition of the Remuneration Committee	Compliant	Please refer pages 55 to 56 for details of the composition of Remuneration Committee.
B.1.3	Disclosure of the members of the Remuneration Committee in the Annual Report.	Compliant	Member's responsibilities and other information in respect of the Remuneration Committee are disclosed on pages 55 to 56 .
B.1.4	Determination of remuneration of Non-Executive Directors.	Compliant	Fees to be paid to Non-Executive Directors are also determined by the Remuneration Committee.
B.1.5	Ability to consult the Chairman and/ or CEO and to seek professional advice by the Committee.	Compliant	The Committee consults the Chairman and the CEO, and where necessary, has access to the professional advice from within and outside the Company.
B.2 Level and Makeup of Remuneration	The Levels of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully.		
B.2.1	Remuneration packages of Executive Directors.		
B.2.2	Comparison of remuneration with other Companies.	Compliant	The Remuneration Committee and the Board ensure that the CEO who is a Executive Director on the Board, is provided with an appropriate remuneration package.
B.2.6	Designing performance-based remuneration of Executive Directors.	Compliant	Objectives for the CEO who is an Executive Director on the Board, are set at the beginning of the year to align his interests with those of the Company. Accordingly, his remuneration including the performance bonus is decided based upon the degree of achievement of such pre-set targets.
B.2.7 & B.2.8	Compensation commitments on early termination.	Compliant	Termination of the Executive Director (CEO) is governed by his contract of service/employment
B.2.9	Remuneration of Non-Executive Directors.	Compliant	Non-Executive Directors are paid only on their attendance at meetings.

CORPORATE GOVERNANCE REPORT

Section No.	Subject	Status	Company Commitment
B.3 Disclosure of Remuneration	The Company's Annual Report should contain a statement of Remuneration Policy and details of Remuneration of the Board as a whole.	Compliant	
B.3.1	Disclosure of Remuneration.	Compliant	The aggregate remuneration paid to the CEO and Non-Executive Directors is disclosed on page 122 of this report. The Remuneration Committee's Report which highlights the remuneration policy at the Company is given on page 55 to 56.
C. Relations with Shareholders			
C.1 Constructive use of the Annual General Meeting (AGM) and Conduct of General Meeting	Boards should use the AGM to communicate with shareholders and should encourage their participation.	Compliant	Please refer page 136 for details of the Annual General Meeting.
C.1.1	Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting.	Compliant	The Annual Report together with notice of meeting and related documents and other resolutions, if any, are circulated to the shareholders at least 15 working days prior to the date of the AGM. The Annual Report 2019 was submitted to the CSE on 18th September 2020 and the AGM was held on 23rd October 2020.
C.1.2	Separate Resolution to be proposed for each item.	Compliant	The Company proposes separate resolutions on each substantially separate issue. So, shareholders are given the opportunity to vote separately on each substantial issue.
C.1.3	Use of Proxy Votes	Compliant	The Company has a mechanism to count all proxy votes to indicate to the Chairman the level of proxies lodged on each resolution and the number of votes for and against such resolution.
C.1.4	Availability of Chairmen of Board Committees at the AGM.	Compliant	The Chairman of the Board ensures that the Chairmen of Board Sub-committees are present at AGM to answer any query made by shareholders.
C.1.5	Summary of procedures governing voting at the AGM.	Compliant	The proxy form, which includes a summary of the procedures governing voting at the General Meetings, is circulated to all shareholders.

Section No.	Subject	Status	Company Commitment
C.2	The Board should implement effective communication with shareholders.	Compliant	The AGM and the Annual Report are the primary means of communication with shareholders. Additionally, the Company makes disclosures on material and price sensitive matters from time to time to the CSE for dissemination among the public.
C.2.1 C.2.2 C.2.3	Communication channel to reach shareholders, Company's communication policy and methodology.		All financial information is released to the shareholders through the Annual Report and Annual General Meeting. Financial and other notices are released when required through the Colombo Stock Exchange and the corporate website.
C.2.4	The Company should disclose the contact person for such communications.	Compliant	The Company Secretaries will be the main contact person with regard to any public disclosures. Further the Finance Manager can also be contacted with regard to any clarifications on financial information published.
C.2.5	Process to make Directors aware of major issues and concerns of shareholders.	Compliant	The Company Secretaries maintain record a record all correspondence received from shareholders and direct the same to the appropriate channel. If there are any major issues/or concerns raised by shareholders they are referred to the Board.
C.2.6		Compliant	The Company Secretaries to be contacted for shareholder matters. The Company Secretaries' details are provided on the inner back cover.
C.2.7		Compliant	Upon receipt of instructions from the Board or other relevant channels, the Company Secretaries responds as directed.
C.3 Major and Material Transactions		Not Applicable	None during the year.

CORPORATE GOVERNANCE REPORT

Section No.	Subject	Status	Company Commitment
D. Accountability and Audit			
D.1 Financial Reporting	The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.		
D.1.1	Board responsibility for statutory and regulatory reporting.	Compliant	The Company presents its Financial Statements in line with Sri Lanka Financial Reporting Standards (SLFRS) and other applicable laws and regulations.
D.1.2	Declarations by Directors in the Directors' report.	Compliant	The Directors have made all required declarations in the Annual Report of the Board of Directors on the Affairs of the Company which is given on pages 59 to 63.
D.1.3	Statements by Directors and Auditors on responsibility for financial reporting.	Compliant	Page 64 Contains the statement setting out the responsibility of the Board for the preparation and presentation of Financial Statements.
D.1.4	Management Discussion & Analysis.	Compliant	The Management Discussion & Analysis appears from pages 24 to 26.
D.1.5	Declaration by the Board on going concern of the business.	Compliant	The Board after conducting necessary reviews and inquiries decided to apply the 'going concern' assumption in preparing the Company's Financial Statements for the year 2018. The declaration of the Company as a 'going concern' is given in the Directors' Report on page 84.
D.1.6	Requirement to summon an Extraordinary General Meeting (EGM) to notify serious loss of capital.	Not Applicable	
D.1.7	Adequate and accurate disclosure of related party transactions.	Compliant	The Company has a related party transactions policy in place. This policy provides detailed procedures on identification of related parties and related party transactions. Details of the Committee are presented in the Related Party Transactions Review Committee report on pages 57 and 58. Related party transactions are disclosed on Page 121.
D.2 Risk Management and Internal Control	Risk & Internal Controls.	Compliant	The Board maintains a sound system of risk management and internal controls to safeguard shareholders' investments and the Company's assets.
D.2.1	Directors to conduct an annual review of risk management and internal controls.	Compliant	The Board has overall responsibility for the system of risk management and internal controls and has delegated some of these responsibilities to the Audit Committee.
D.2.2	Robust assessment of the principal risks facing the Company	Compliant	Please refer the risk management report from page 66 to 68.

Section No.	Subject	Status	Company Commitment
D.2.3	The need for an internal audit function.	Not Applicable	
D.2.4	Audit Committee to ensure carrying out the reviews of the process and effectiveness of risk management and internal control.	Compliant	The Audit Committee reviews the effectiveness of risk management and internal control with the Management on a quarterly basis.
D.3	Audit Committee.	Compliant	The Board has established formal and transparent arrangement for considering how they should select and apply accounting policies, financial reporting risk management and internal control principles and maintain an appropriate relationship with the Company auditors.
D 3.1	The Board Should establish an Audit Committee.	Compliant	Please refer the Audit Committee Report on Pages 53 and 54.
D.3.2	Duties of the Audit Committee. Terms of reference of the Audit Committee.	Compliant	The Audit Committee monitors and reviews the External Auditors' independence, objectivity and the effectiveness of the audit process, taking into account the relevant professional and regulatory requirements. The Audit Committee operates with clearly defined terms of reference which are reviewed annually.
D.3.3	Disclosure of names of the members of the Audit Committee. The number of meetings held, and attendance of each Director. The scope of work and how its roles and responsibilities were discharged.	Compliant	Names of Directors comprising the Audit Committee are set out on page 53 of the Annual Report.
D.4 Related Party Transactions Review Committee	The Board should establish a procedure to ensure that the Company does not engage in transactions with 'related parties' in a manner that would grant such parties "more favourable treatment" than that accorded to third parties in the normal course of business.	Compliant	The Board has appointed a Committee to review Related Party Transactions and the Committee has laid down procedures and policies to identify related parties and track their transactions. The Committee meets every quarter to review the Related Party Transactions. Page 57 to 58 includes the Related Party Transaction Review Committee Report.
D.5	Code of Business Conduct & Ethics	Compliant	Companies must adopt a Code of Business Conduct and Ethics for Directors and Members of the Senior Management team and must promptly disclose any waivers of the code by Directors or others.

CORPORATE GOVERNANCE REPORT

Section No.	Subject	Status	Company Commitment
D.6	Corporate Governance Disclosure.	Compliant	Directors should be required to disclose the extent to which the Company addresses principles and practices of good corporate governance.
D.6.1	Disclosure of compliance with the Corporate Governance Code.	Compliant	Pages 34 to 52 set out the manner and extent to which the Company has complied with the principles and provisions of the Code of Best Practice on Corporate Governance issued jointly by the SEC and CA Sri Lanka.
2. Shareholders			
E. Institutional Investors			
E.1 Shareholder Voting	Should ensure institutional shareholders' voting intentions are translated into practice.		
E1.1	A listed Company should conduct a regular and structured dialogue with shareholders.		
E.2 Evaluation on Governance Disclosures	Institutional investors should be encouraged to give due weightage to the relevant governance arrangements.		
F. Other Investors			
F.1 Investing/ Divesting Decisions	Individual Shareholders are encouraged to seek independent advice on investing or divesting decisions.		
F.2 Shareholder Voting	All shareholders are encouraged to participate at the Annual General Meeting and cast their votes.		
G. Internet of Things and Cybersecurity	The Board reviews the IT environment through its audit committee.		
H. Environment, Society and Governance (ESG)			
H.1.1 - H.1.5	Disclose the policies and procedures adopted to develop Environment, Society and Governance (ESG)	Compliant	Refer Sustainability Report found from pages 27 to 29.

REPORT OF THE BOARD AUDIT COMMITTEE

The power and responsibility of the Audit Committee are governed by the Audit Committee Charter. Audit Committee acts as a sub-committee to the main Board in relation to assist in the overview of functions. The terms of reference comply with the requirements of the Corporate Governance Rules as per section 7.10 of the Listing Rules of Colombo Stock Exchange (CSE). The Audit Committee's functions and scope are in compliance with the requirements of the Code of Best Practice, and the Committee conducted its affairs accordingly.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee of Colombo Land and Development Company PLC consists of three Non-Executive Directors of which two of them are Independent. As at 31st December 2020, the Audit Committee comprised the following Directors.

Name of the member	Position
Mr. M.D.S.Goonatilleke	Independent Non-Executive Director (Chairman of the Committee)
Prof. C.K.M.Deheragoda	Independent Non-Executive Director (Member)
Mr. Ng Yao Xing,Eugene	Non-Executive Director (Member)

Prof. C. K. M. Deheragoda resigned with effect from 04th March 2021.

Mr. Ng Yao Xing, Eugene ceased to be a Member upon being re-designated as an Executive Director.

Mr. L. A. P. H. De Silva and Mr. M. D. A. Weerasooriya were appointed as Members w.e.f 23rd March 2021.

The External Auditors M/s Ernst & Young attended the Audit Committee meetings by invitation.

MEETING & ATTENDANCE

During the year, Audit Committee met twice, and the attendance of the members are as follows.

Attendance of the Directors – Audit Committee

Name of the member	Eligibility to attend	Attended
Mr. M.D.S.Goonatilleke	2	2
Prof. C.K.M.Deheragoda	2	2
Mr. Ng Yao Xing,Eugene	2	2

The engagement partner or a representative from M/s Ernst & Young - External Auditors attended all meetings.

The Company's Secretaries M/s P W Corporate Secretarial (Pvt.) Ltd., function as secretary to the Committee. The Chief Executive Officer, Finance Manager, and other Senior Management members participate in meetings by invitation to provide financial information and details required for deliberations. The minutes of the meetings are made available to the Board of Directors for information and necessary action.

FINANCIAL REPORTING

The Board has delegated its responsibility of financial reporting to the Audit Committee. The Committee reviewed and approved the interim financial statements of the Company before it was sent for Board approval and then submitted it to the Colombo Stock Exchange for publication. Further, the Audit Committee checked and approved the annual financial statements.

The Committee reviewed and discussed Financial Reporting systems adopted by the Company in the preparation of quarterly and annual financial statements. The main focus is to ensure that the financial statements presented are reliable, consistent with the accounting policies adopted, free from material misstatements and compliant with the Sri Lanka Accounting Standards (SLFRS / LKAS) and the provisions of the Companies Act No.7 of 2007.

REPORT OF THE BOARD AUDIT COMMITTEE

ROLE OF THE AUDIT COMMITTEE

One of the main functions of the Audit Committee is to review and approve the quarterly financial statements and recommend to the Board of Directors Approve the same before submission to Colombo Stock Exchange for publication. Furthermore, the Committee reviews the year-end financial statements. The Committee pursues the Management Letter issued by the External Auditors and takes measures to implement their recommendations.

INTERNAL CONTROLS, RISK MANAGEMENT AND GOING CONCERN

The Audit Committee is responsible for reviewing the effectiveness of the internal controls as well as risk management procedures adopted by the Company. The Committee also assesses the Company's ability to continue as a going concern in the foreseeable future.

REGULATORY COMPLIANCE

Procedures were in place to ensure compliance with statutory regulations. The Committee reviewed the quarterly compliance to ensure that the Company has complied with all statutory requirements. Furthermore, the Committee monitors and evaluates the letters received from regulatory institutions to ensure compliance.

EXTERNAL AUDIT

The Company appointed Ms. Ernst & Young as the External Auditor and the Committee reviews the independence, performance and the objective of such External Auditors.

Regular communications were carried out with the engagement partner of Ms. Ernst & Young Chartered Accountants during the Audit Committee meetings. Further, the committee communicates with the engagement partner regarding the matters that were referred in the management letter, valuations and impairment of investment properties.

The Audit Committee has recommended to the Board of Directors the re-appointment of Messrs Ernst & Young Chartered Accountants as Auditors of the Company for the financial year ending 31 December 2021, subject to the approval of the shareholders at the Annual General Meeting.

Based on the declaration provided by Messrs. Ernst & Young Chartered Accountants and to the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of their role as Auditors) or interest in the Company, which in the opinion of the Board, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the reporting date.



Mr. Mangala Goonatilleke
Chairman - Audit Committee

REPORT OF THE BOARD REMUNERATION COMMITTEE

TERMS OF REFERENCE:

The terms of reference of the Remuneration Committee is based on the Remuneration Policy approved by the Board of Directors with amendments incorporating suggestions approved by the Board of Directors. The Committee, while discharging its responsibility, ensures that the total remuneration package is competitive and on par with remuneration of employees working in similar business organisations.

Role and Responsibilities of the committee

The Remuneration Committee deliberates and recommends to the Board of Directors the remuneration package, annual increments, bonuses and other perks paid to the Chief Executive Officer, senior and junior level staff based on performance evaluation. The Committee is also responsible for the determination of the compensation of the Executive Directors and fees paid to the Non-Executive Directors for participation at Board meetings.

COMPOSITION:

The following members were appointed by the Board to the Remuneration Committee:

Name of the member	Position
Prof. C.K.M. Deheragoda	Independent Non-Executive Director (Chairman of the Committee)
Mr. M.D.S. Goonatileke	Independent Non-Executive Director (Member)
Mr. Ng Yao Xing, Eugene	Non-Executive Director (Member)

Prof. C. K. M. Deheragoda resigned with effect from 04th March 2021

Mr. Ng Yao Xing, Eugene ceased to be a Member upon being re-designated as an Executive Director.

Mr. M. D. S. Goonathilake was appointed Chairman of the Committee w.e.f. 23rd March 2021.

Mr. L. A. P. H. De Silva and Mr. M. D. A. Weerasooriya were appointed as Members w.e.f 23rd March 2021

The Chief Executive Officer provides staff evaluation based on operational targets, which is deliberated by the committee before finalising the grades. The Finance Manager assists the committee by providing necessary details for discussions. Both the Chief Executive Officer and Finance Manager attend Committee meetings by invitation.

ATTENDANCE:

The attendance of the Directors at the Remuneration Committee meetings during the year is tabulated below:

Attendance of the Directors – Remuneration Committee

Name of the member	Eligibility	Attended to attend
Prof. C.K.M. Deheragoda	2	2
Mr. M.D.S. Goonatileke	2	2
Mr. Ng Yao Xing, Eugene	2	2

REMUNERATION POLICY

The Company's remuneration policy aims to attract and retain a qualified and experienced team of high calibre managers and professionals and to reward their performance.

The remuneration policy of the Company with regard to increment and bonus schemes is based on the performance of each employee. The Remuneration Committee approves and recommends to the Board the finalised proposals for the granting of increments to key senior level staff.


All Non-Executive Directors receive a fee for serving on the Board and on sub-committees. They do not receive any performance-related incentive payments.

REPORT OF THE BOARD REMUNERATION COMMITTEE

The Remuneration Committee takes into account the performance of the Company and long-term shareholder returns, in all their deliberations.

The Committee is satisfied with the salary review process in place. The annual evaluation of the Committee was performed in accordance with the Corporate Governance guidelines to ensure effectiveness, and was deemed satisfactory.

The aggregate remuneration paid to Executive and Non-Executive Directors is given on page 122.



Mr. Mangala Goonatilleke

Chairman - Remuneration Committee

REPORT OF THE BOARD RELATED PARTY TRANSACTION REVIEW COMMITTEE

The Related Party Transaction Review Committee acts as a sub-committee to the main Board. The role of the Committee is to provide independent review and oversight of all related party transactions, which includes the transfer of resources and services. Obligations between the Parent Company and subsidiaries are dealt with in a transparent manner under usual commercial terms and in compliance with the provisions contained in the Listing Rules of Colombo Stock Exchange. The objective of the Committee is to ensure that the interests of shareholders as a whole are taken into account when entering into related party transactions and that the Company is compliant with the requirements of the SEC code and CSE listing rules.

Matters relating to related party activities are deliberated on by the Committee, considering all factors including transfer pricing, terms and conditions etc. The minutes of the meetings are submitted to the Board of Directors of the Company and consensus is reached.

COMPOSITION:

The present Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director of the Board. The composition of the Committee fulfilled the requirements of the Listing Rule No. 9.2.2 of the Colombo Stock Exchange, throughout the financial year.

The following members were appointed by the Board to the Related Party Transactions Review Committee

Name of the member	Position
Mr. M.D.S. Goonatileke	Independent Non-Executive Director (Chairman of the Committee)
Prof. C.K.M. Deheragoda	Independent Non-Executive Director (Member)

Prof. C. K. M. Deheragoda resigned with effect from 04th March 2021

Mr. M. D. S. Goonathilake was appointed Chairman of the Committee w.e.f. 23rd March 2021.

Mr. D. L. De Z. Abeywardana and Mr. M. D. A. Weerasooriya were appointed as Members w.e.f 23rd March 2021

M/s P W Corporate Secretarial (Pvt.) Ltd., functions as Secretaries.

The following officers - Mr. P V S Premawardhana - CEO and the Finance Manager attended meetings by invitation.

ATTENDANCE:

The attendance of the Directors at the Related Party Transaction Review Committee meetings during the year is tabulated below:

Attendance of the Directors – Related Party Transaction Review Committee

Name of the member	Eligibility	Attended to attend
Mr. M.D.S. Goonatileke	4	4
Prof. C.K.M. Deheragoda	4	4

Terms of Reference

The terms of reference of the Related Party Transactions Review Committee deals with its authority and duties and covers aspects relating to matters prescribed in the Listing Rules of the Colombo Stock Exchange.

Terms of reference of the Committee include the following:

- Review in advance all proposed Related Party Transactions of the Company except those explicitly exempted by the Code.
- Determine whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or shareholders of the Company.
- Update the Board of Directors on the Related Party Transactions of the Company on a quarterly basis.
- Review all Related Party Transactions in line with the regulatory requirements.

REPORT OF THE BOARD RELATED PARTY TRANSACTION REVIEW COMMITTEE

- Adopt policies and procedures to review Related Party Transactions of the Company and oversee existing policies and procedures.
- Make immediate market disclosure on any applicable Related Party Transactions as required under Section 9 of the Listing Requirements of the Colombo Stock Exchange.
- Make appropriate disclosures in the Annual Report on Related Party Transactions as per the regulatory guidelines in a timely and detailed manner.

DECLARATION

The declaration by the Board of Directors confirming that the Company has complied with the requirements of the listing rules of the CSE on related party transactions for the financial year 2020 is given on page 57 in the Annual Report of Directors.



Mr. Mangala Goonathilake
Chairman – Related Party Transaction
Review Committee

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Colombo Land and Development Company PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company and its subsidiaries for the year ended 31st December 2020.

The information included in this report are in accordance with the requirements of Section 168(1) of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

GENERAL

Colombo Land and Development Company PLC is a public limited liability Company which was incorporated under the Companies Ordinance (Cap.145) as a limited Company on 8th December 1981 and listed on the Colombo Stock Exchange on 19th March 1986 and re-registered as per the Companies Act No.7 of 2007 on 3rd July 2008 under Registration No. PQ 173.

PRINCIPAL ACTIVITIES OF THE COMPANY AND REVIEW OF PERFORMANCE DURING THE YEAR

The principal activities of the Company were the development and leasing out of investment property under operating leases and renting of vehicle parking.

The principal activities of subsidiary companies are renting out developed property, cultivating plantation of teak and mahogany trees, IT solutions, software development and e-marketing.

FINANCIAL STATEMENTS

The Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries, duly signed by two Directors on behalf of the Board are given from pages 71 to 132.

AUDITORS' REPORT

The Report of the Auditors on the Financial Statements of the Company and its subsidiaries is given from pages 71 to 73.

ACCOUNTING POLICIES

The accounting policies adopted in preparation of the financial statements are given on pages 82 to 97 and are consistent with those of the previous period.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Company and Group to reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 64.

DIRECTORS

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 14 to 18.

Executive Directors

Mr. D. S. Jayaweera
Mr. P. V. S. Premawardhana

Non-Executive Directors

Mr. Ng Yao Xing Eugene*
Mr. D. L. De Z. Abeyesiriwardana
Mr. L. A. P. H. De Silva

Independent Non-Executive Directors

Prof. C. K. Deheragoda
Mr. M. D. S. Goonatilleke**

*Alternate Director – Mr. N. H. C. Clement

**Alternate Director – Mr. S. A. Ameresekere

CHANGES IN THE DIRECTORATE

The Chairman of the Board of Directors, Prof. C. K. Deheragoda – Independent Non-Executive Director retired from the office of Chairman/Director, with effect from 04th March 2021 and Mr. L. A. P. H. De Silva, Non-Executive Director was appointed the Chairman of the Board of Directors with effect from 04th March 2021.

Mr. D S Jayaweera, relinquished his Executive office and was re-designated as a Non-Executive Director and Mr. N G Yao Xing, Eugene, who served as a Non-Executive Director was re-designated as an Executive Director with effect from 04th March 2021.

Mr. M. D. A. Weerasooriya was appointed as an Independent Non-Executive Director with effect from 04th March 2021.

Mr. S. A. Ameresekere, Alternate Director to Mr. M. D. S. Goonatilleke resigned from the office of Alternate Director and was appointed as an Executive Director effective from 04th March 2021.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Mr. W. G. U. I. Ranaweera was appointed as the Alternate Director to Mr. D. S. Jayaweera with effect from 04th March 2021.

RE-ELECTION/RE-APPOINTMENT OF DIRECTORS

Mr. D. S. Jayaweera retires by rotation at the conclusion of the Annual General Meeting in terms of Articles 86 and 87 of the Articles of Association and being eligible is recommended by the Directors for re-election.

Messrs M. D. A. Weerasooriya and S. A. Ameresekere who were appointed to the Board on 04th March 2021 shall retire in terms of Article 94 of the Articles of Association of the Company and being eligible are recommended by the Directors for re-election.

The names of Directors of subsidiary companies as at the end of the accounting period are set out in Annex "A" to this Report.

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed under key management personnel compensation in Note 24.2 to the Financial Statements on page 122.

DIRECTORS' INTERESTS IN CONTRACTS

Except for the transactions referred to in Note 24.2 to the Financial Statements, the Company did not carry out any transactions with any of the Directors. The Company carried out transactions during the year in the ordinary course of its business at

commercial rates with the related entities of Directors referred to herein. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

INTERESTS REGISTER

The Directors' Interest register is maintained by the Company and relevant disclosures are made in this report.

CORPORATE DONATIONS

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

AUDITORS

Messrs Ernst & Young, Chartered Accountants served as the Auditors during the year under review and also provided non-audit/consultancy services. They do not have any interest in the Company other than that of Auditor and provider of other non-audit/consultancy services.

A total amount of Rs. 1,120,000 is payable by the Company to the Auditors for the year under review as Audit fees.

Details of payments to Auditors of Subsidiary companies on account of audit fees and for permitted non-audit services are set out in Note 21 to the Financial Statements on page 119.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 28 May 2021 recommended that they be re-appointed as Auditors. A resolution to re-appoint the

Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

STATED CAPITAL

The Stated Capital of the Company as at 31st December 2020 was Rs. 341,602,342/- represented by 199,881,008 Ordinary Shares. There were no changes in the Stated Capital of the Company during the year.

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company as at 31st December 2020 and 31st December 2019 are as follows.

Name of the member	As at 31.12.2020	As at 31.12.2019
Prof. C. K. Deheragoda (resigned w.e.f 04.03.2021)	Nil	Nil
Mr. D. S. Jayaweera	2,600	2,600
Mr. P. V. S. Premawardana	Nil	Nil
Mr. M. D. S. Goonatilleke*	Nil	Nil
Mr. Ng Yao Xing**	Nil	Nil
Mr. L. A. P. H. De Silva	Nil	Nil
Mr. D. L. De Zoysa Abey Siriwardana	Nil	Nil

*Alternate Director - Mr. S. A. Ameresekere

** Alternate Director - Mr. N. H. C. Clement

Mr D. S. Jayaweera and Mr. P. V. S. Premawardana serve as Directors of Hikkaduwa Beach Resort PLC, which holds 40,413,200 shares constituting 20.219% of the shares representing the stated capital of the Company.

Mr. L. A. P. H. De Silva serves as the Chairman of the Urban Development Authority of Sri Lanka which holds 34,872,675 shares constituting 17.447% of the shares representing the stated capital of the Company.

SHAREHOLDERS

There were 2,846 number of shareholders registered as at 31st December 2020. (2,863 shareholders as at 31st December 2019).

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings, dividends, net assets per share, twenty largest shareholders of the Company and public holding as per the Listing Rules of the Colombo Stock Exchange are given on pages 135 and 136 under Investor Information.

EMPLOYMENT POLICY

The Company's employment policy is totally non-discriminatory which respects individuals and provides career opportunities irrespective of gender, race or religion.

As at 31st December 2020, 27 persons were in employment (27 persons as at 31st December 2019).

RESERVES

A summary of the Group's Reserves is given in Note 12 to the Financial Statements on page 111.

PROPERTY, PLANT AND EQUIPMENT

Details and movements of property, plant and equipment are given under Notes 3 to the Financial Statements on page 98 to 101.

LAND HOLDINGS

The Company's land holdings are referred to in Note 4.2 to the Financial Statements.

INVESTMENTS

Details of the Company's and Group's investments as at 31st December 2020 are given in Notes 5 and 9.2 to the Financial Statements on pages 107 and 110.

DIVIDENDS

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

MATERIAL FORESEEABLE RISK FACTORS

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee.

There were no material issues pertaining to employees and industrial relations of the Company during the year.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of, and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid or, where relevant provided for, except for certain assessments where appeals have been lodged.

CONTINGENT LIABILITIES

Except as disclosed in Note 29 to the Financial Statements on page 129, there were no material contingent liabilities as at the Reporting date.

EVENTS OCCURRING AFTER THE REPORTING DATE

Except for the matters disclosed in Note 27 to the Financial Statements on page 127 there are no material events as at the date of the Auditors' Report which requires adjustments to, or disclosures in the Financial Statements.

CORPORATE GOVERNANCE

The Company has established systems and procedures for sound corporate governance.

The Board of Directors confirm that the Company is compliant with Section 7.10 of the Listing Rules of the Colombo Stock Exchange.

INDEPENDENCE OF DIRECTORS

Mr. M. D. A. Weerasooriya qualifies against the criteria for independence as per Rule 7.10.4 of the Listing Rules, and the Board, based on the declaration submitted by the said Director has determined that Mr. Weerasooriya is an Independent Director.

The period of service of Mr. M. D. S. Goonetilleke exceeds nine years. However, the Board is of the view that the period of service of Mr. Goonetilleke does not compromise his independence and objectivity in discharging his functions as a Director, and therefore based on the declaration submitted by the said Director, has determined that Mr. Goonetilleke shall nevertheless be "independent" as per the Listing Rules.

BOARD SUB-COMMITTEES

An Audit Committee, Remuneration Committee and a Related Party Transactions Review Committee function as Board sub-committees, with Directors who possess the requisite qualifications and experience. The composition of the said Committees are as follows.

AUDIT COMMITTEE

Mr. M. D. S. Goonatilleke - Chairman
Mr. M. D. A. Weerasooriya*
Mr. L. A. P. H. De Silva*
Prof. C. K. Deheragoda**
Mr. Ng Yao Xing**

*Appointed as Members w.e.f 23.03.2021

**Ceased to be Members w.e.f 04.03.2021

REMUNERATION COMMITTEE

Mr. M. D. S. Goonatilleke* - Chairman
Mr. M. D. A. Weerasooriya**
Mr. L. A. P. H. De Silva**
Prof. C. K. Deheragoda***
Mr. Ng Yao Xing***

*Appointed as the Chairman w.e.f 23.03.2021

**Appointed as Members w.e.f 23.03.2021

***Ceased to be Members w.e.f 04.03.2021

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. M. D. S. Goonatilleke* - Chairman
Mr. M. D. A. Weerasooriya**
Mr. D. L. De Z. Abeyesiriwardana**
Prof. C. K. Deheragoda***

*Appointed as the Chairman w.e.f 23.03.2021

**Appointed as Members w.e.f 23.03.2021

***Ceased to be a Member w.e.f 04.03.2021

The Directors declare that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st December 2020.

The Reports of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee appear on pages 53 to 58.

TAXATION

The tax position of the Company is given in Note 22 to the Financial Statements on page 119.


ENVIRONMENT, HEALTH AND SAFETY

All the laws and regulations in this regard are strictly adhered to.

ANNUAL GENERAL MEETING

The Thirty Ninth (39th) Annual General Meeting of the Company will be held via electronic means on 30th June 2021 at Colombo Land and Development Company PLC and the Notice of Meeting appears on page 136.

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



Chairman



Director/CEO



P W Corporate Secretarial (Pvt) Ltd
Secretaries

31st May 2021

Annexure A to the Annual Report of the Board of Directors on the Affairs of the Company

DIRECTORS OF THE SUBSIDIARY COMPANIES

Liberty Holdings Limited

Prof. C. K. Deheragoda(resigned w.e.f. 04.03.2021)
Mr. D. S. Jayaweera (resigned w.e.f. 22.03.2021)
Mr. P. V. S. Premawardhana
Mr. J. M. B. Pilimalawwe (resigned w.e.f. 22.03.2021)
Mr. S. A. Amersekere (appointed w.e.f. 22.03.2021)
Mr. W. G. U. I. Ranaweera (appointed w.e.f. 22.03.2021)

Liberty Developers (Pvt) Ltd

Prof. C. K. Deheragoda(resigned w.e.f. 04.03.2021)
Mr. D. S. Jayaweera (resigned w.e.f. 22.03.2021)
Mr. P. V. S. Premawardhana
Mr. J. M. B. Pilimalawwe (resigned w.e.f. 22.03.2021)
Mr. S. A. Amersekere (appointed w.e.f. 22.03.2021)
Mr. W. G. U. I. Ranaweera (appointed w.e.f. 22.03.2021)

Agrispace (Private) Limited

Prof. C. K. Deheragoda(resigned w.e.f. 04.03.2021)
Mr. D. S. Jayaweera (resigned w.e.f. 22.03.2021)
Mr. P. V. S. Premawardhana
Mr. J M B Pilimalawwe (resigned w.e.f. 22.03.2021)
Mr. S. A. Amersekere (appointed w.e.f. 22.03.2021)
Mr. W. G. U. I. Ranaweera (appointed w.e.f. 22.03.2021)

Anantaya Global Solutions (Private) Limited

Prof. C. K. Deheragoda(resigned w.e.f. 04.03.2021)
Mr. D. S. Jayaweera (resigned w.e.f. 22.03.2021)
Mr. P. V. S. Premawardhana
Mr. J. M. B. Pilimalawwe (resigned w.e.f. 22.03.2021)
Mr. S. A. Amersekere (appointed w.e.f. 22.03.2021)
Mr. W. G. U. I. Ranaweera (appointed w.e.f. 22.03.2021)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Consolidated Financial Statements in accordance with the Companies Act, No.7 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, and are required to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and the income and expenditure of the Company for the accounting year ending on that reporting date.

The Directors are also responsible in ensuring that the Financial Statements comply with any regulations made under the Companies Act, which specifies the form and content of Financial Statements and any other requirements which apply to the Company's Financial Statements under any other law.

The Directors have ensured that the Financial Statements presented in this Annual Report have been prepared using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments' and estimates and in compliance with the Sri Lanka Financial Reporting Standards, Companies Act, No.7 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995.

The Directors are responsible for keeping sufficient accounting records, which disclose with reasonable accuracy the financial position of the Company and its subsidiaries, which will enable them to have the Financial Statements prepared and presented as aforementioned.

They are also responsible for taking measures to safeguard the assets of the Company and its subsidiaries, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view towards prevention and detection of fraud and other irregularities.

The Directors are also confident that the Company and the Group have adequate resources to continue in operation and have applied the going concern basis in preparing the financial statements.

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

By Order of the Board

Colombo Land and Development Company PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

31st May 2021

CHAIRMAN & FINANCE MANAGER'S RESPONSIBILITY STATEMENT

The Financial Statements of Colombo Land and Development Company PLC for the year ended 31st December 2020 are prepared and presented in compliance with the following requirements:

- The Sri Lanka Accounting Standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka
- The requirements of the Companies Act No. 07 of 2007
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- The Listing Rules of the Colombo Stock Exchange
- The Code of Best Practice on Corporate Governance 2017 issued by The Institute of Chartered Accountants of Sri Lanka.

The Board of Directors and Management of the Company accept responsibility for the following:

- Integrity and objectivity of these Financial Statements
- The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis
- The Financial Statements reflect in true and fair manner the substance of the transactions and reflect the Company's state of affairs.
- The Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding its assets and for

preventing and detecting frauds as well as other irregularities

- However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The following procedures were also followed:

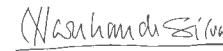
- The Audit Committee of the Company meets regularly to review the Financial Statements
- Discuss auditing, internal control and financial reporting issues
- To ensure complete independence, the External Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance

FINANCIAL STATEMENTS:

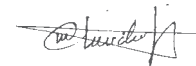
- The Financial Statements of the Company were audited by Ernst & Young, Chartered Accountants, and their report appears on pages 71 to 73 of this Annual Report
- The Audit Committee preapproves the audit and non-audit services provided by Ernst & Young External Auditors to ensure that the provision of such services does not impair Ernst & Young's independence.

We confirm that,

- the Company has complied with all applicable laws, regulations and prudential requirements;
- there are no material noncompliances; and
- there are no material litigations that are pending against the Company other than those disclosed in the Note to the Financial Statements in this Annual Report.



Chairman



Finance Manager
31st May 2021

RISK MANAGEMENT REPORT

RISK MANAGEMENT

Risk Management refers to the process of identifying, assessing and managing potential risks in order to minimise the impact they may have on an organisation. Its' significance is measured in terms of the probability of occurrence. At Colombo Land, we follow a coordinated effort of application of the resources to monitor and control the probability of avoidance or occurrence of unfortunate events with the view to reduce the impact, thus mitigating the damages. Risk management is an integral part of the Colombo Land business model to maximise shareholders' value.

INTEGRATED RISK MANAGEMENT POLICY

The Company's risk management policy dictates the risk management procedures that are in place as outlined below;

- The final responsibility to maintain a far-sighted and unified risk management process rests with the Board of Directors.
- Channels were introduced for the communication of risk policies to all relevant parties who follow reporting channels to alert situations of risk origination.
- Under the Integrated Risk Management Policy, the process is designed based on risk-assuming functions, independent risk management and compliance functions and also as external audit

functions. All business operations of the Company are executed by ensuring compliance with all legal and regulatory requirements connected with risk management.

- The risk management function is considered as an independent function from the risk assuming functions.
- Setting and defining the risk tolerance statement, risk limits, risk management functions, risk management policies are under the risk governance of the Company.
- Quarterly reports of risk are discussed at the Audit Committee Meetings and minutes of meetings submitted to the Board of Directors.

The risk management framework illustrates our approach to risk management, reflecting the risk management process, the structure in place to administer the process, and sources of comfort with regard to its effectiveness.

RISK ENVIRONMENT

During the year under review, the Company operated in a challenging environment due to technological, social and market changes. The Company had to face a number of unexpected events, as well as the outbreak of the COVID-19 pandemic globally and locally which affected business operations during the year 2020.

RISK RATING & MITIGATING STRATEGIES

Likelihood Key	C = Certain	L = Likely	P = Possible	U = Unlikely	R = Rare
Impact Key	V = Very high	H = High	M = Medium	L = Low	
Risk	Risk Rating		Mitigation strategies		
	Likelihood	Impact			
Strategic Risk					
Failure to meet strategic goals	U	M	<ul style="list-style-type: none"> Function as per the business plan approved by the Board of Directors Annual budget is approved by the Board of Directors prior to commencement of respective financial year Variances are reviewed regularly 		
Natural Disasters and Fires					
Natural disasters and fires can cause damage to the property of the Company and thereby have an overall negative impact on the Company	P	M	<ul style="list-style-type: none"> Insurance policies are taken out to minimise the risk of such disasters Regular refilling of fire extinguishers 		
Credit Risk					
Credit risk arises mainly when the Company is unable to collect the rental dues from the tenants on time	L	M	<ul style="list-style-type: none"> A dedicated officer is in place to monitor the debtors regularly, which minimises the risk of default 		
Human Capital Risk					
The Company will not be able to attract and retain qualified, experienced key staff	U	L	<ul style="list-style-type: none"> Create a better working environment Continuous training and development relating to the staff 		
Loss of Key Customers					
Loss of key customers may have a significant impact on the performance of the Company	L	H	<ul style="list-style-type: none"> Established a better relationship with the tenants. Strong marketing team to attract new customers 		
Risk of Competition					
Risk arising from new commercial and residential developments			<ul style="list-style-type: none"> Monitor the existing and new supply of commercial and residential developments Attract and Retain the customers by providing modern facilities 		

RISK MANAGEMENT REPORT

Risk	Risk Rating		Mitigation strategies
	Likelihood	Impact	
Risk of Fraud			
Risk due to inadequate internal controls, processes and systems which may lead to misappropriation of the Company's assets	R	L	<ul style="list-style-type: none"> Implement different levels of authorisation and cross-department recommendation processes to eliminate the risk of fraud.
Interest Rates			
Risk of increase in the cost of borrowing	R	L	<ul style="list-style-type: none"> Monitoring and managing the cash flow on a daily basis Negotiation of favourable interest rates and terms regarding the borrowings
Health & Safety			
Risk from threats to personnel, staff, tenants and general public at Liberty Plaza and Liberty Arcade shopping complex	U	M	<ul style="list-style-type: none"> The Company complies with all Industrial Safety Requirements. The Company performs proper training programs and workplace safety practices. The Company has obtained all required insurance covers pertaining to industrial safety keeping in mind the safety of its employees, tenants and general public. During the current year, there were no workplace accidents recorded. Preventive maintenance programs, potable water quality testing and air quality testing etc. are regularly carried out.
Brand & Reputation Risk			
Risk relating to timely delivery and service standards	L	M	<ul style="list-style-type: none"> Maintaining high quality service standards Regular reviews of customer comments and feedback
Key Suppliers			
Loss of reputation due to delay in essential services managed by the Group.	U	M	<ul style="list-style-type: none"> Entered into comprehensive maintenance agreements for elevators, generators, chillers and other services essential for smooth functioning.

ADVANCING PERFORMANCE



FINANCIAL STATEMENTS

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FINANCIAL CALENDAR

1st Quarter	17th June 2020
2nd Quarter	14th August 2020
3rd Quarter	13th November 2020
4th Quarter	12th February 2021

ANNUAL REPORTS

2019 (Annual Report)	18th September 2020
2018 (Annual Report)	3rd June 2019

MEETINGS

38th Annual General Meeting	23rd October 2020
37th Annual General Meeting	28th June 2019

INDEPENDENT AUDITORS' REPORT



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TO THE SHAREHOLDERS OF COLOMBO LAND AND DEVELOPMENT COMPANY PLC

Report on the audit of the financial statements

Opinion

We have audited the Financial Statements of Colombo Land and Development Company PLC (“the Company”) and the consolidated Financial Statements of the Company and its subsidiaries (“the Group”), which comprise the statement of financial position as at 31 December 2020, 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.

In our opinion, the accompanying Financial Statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

INDEPENDENT AUDITORS' REPORT

Key Audit Matter	How our audit addressed the key audit matter
<p>Valuation of Investment Property</p> <p>As at 31 December 2020, Group's Investment Property carried at fair value amounts to Rs. 13,517,812,502, which represents 96% of the Group's total assets. Further, the fair value gain recognized in the statement of profit or loss for the year, amounts to Rs.199,291,679.</p> <p>The fair value of such property was determined by an external valuer engaged by the Group.</p> <p>The valuation of investment property was significant to our audit due to:</p> <ul style="list-style-type: none"> the magnitude of the asset balance and the significance of the fair value gain for the financial performance of the year; and the degree of assumptions, judgements and estimation uncertainty associated with valuation of Investment property amplified by the impact of Covid 19. <p>The key areas where significant assumptions, judgments, and estimates were exercised included an estimate of the value per perch of land, the yield rate, anticipated maintenance cost, growth in future rentals and the value per square foot of buildings.</p>	<p>Our audit procedures focused on the valuation performed by the external valuer, which included among others, the following procedures:</p> <ul style="list-style-type: none"> We evaluated the competence, capabilities and objectivity of the external valuer appointed by the management. We read the valuation report to obtain an understanding of the work of the valuer and evaluated its appropriateness as audit evidence for the recorded valuation of investment property in the financial statements. We engaged our internal specialized resources to assist us in evaluating the appropriateness of the valuation method used by the external valuer and assessing the reasonableness of the range of values per perch and, yield rate by comparing them with available industry data, taking into consideration comparability and other relevant market factors such as probable implications of Covid 19 on such forecast/predictions/assumptions. We checked samples of the data relating to rental income, used in the valuation by comparing them with a sample of lease agreements. <p>In addition, we assessed the adequacy of the related financial statement disclosures in note 2.3.11 and note 4.</p>

Other Information included in the 2020 Annual Report

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed,

we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to

going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the

audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have

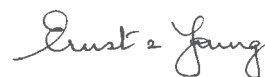
complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 1420.



31st May 2021
Colombo

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G S Manatunga FCA A A J R Perera ACA ACMA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

Principals: G B Goudian ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020	Note	Group		Company	
		2020 LKR	2019 LKR	2020 LKR	2019 LKR
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	3a	174,453,000	142,093,068	6,377,189	5,803,321
Biological Assets	3b	57,435,700	55,493,119	-	-
Investment Properties	4	13,517,812,502	13,315,813,325	8,699,112,500	8,597,700,000
Investments in Subsidiaries	5	-	-	816,589,183	816,589,183
		13,749,701,202	13,513,399,512	9,522,078,872	9,420,092,504
Current Assets					
Inventories	7	995,833	822,535	-	-
Trade and Other Receivables	6	266,832,610	197,148,251	1,811,091,150	1,735,466,198
Investment in Preference Shares	8	-	-	63,687,163	63,687,163
Financial Assets	9.1	24,360	23,520	24,360	23,520
Other Investments	9.2	22,368,094	-	22,368,094	-
Cash and Cash Equivalents	10	4,390,041	7,148,398	1,231,522	1,194,262
		294,610,938	205,142,704	1,898,402,289	1,800,371,143
Total Assets		14,044,312,140	13,718,542,216	11,420,481,161	11,220,463,647
EQUITY AND LIABILITIES					
Equity					
Stated Capital	11	341,602,342	341,602,342	341,602,342	341,602,342
Revaluation Reserve	12	92,379,785	66,042,128	-	-
Retained Earnings		7,652,598,996	7,593,528,460	6,668,074,973	6,597,988,235
Equity Attributable to Equity Holders of the Parent		8,086,581,123	8,001,172,930	7,009,677,315	6,939,590,577
Non - Controlling Interest		(2,465,523)	(2,444,523)	-	-
Total Equity		8,084,115,600	7,998,728,407	7,009,677,315	6,939,590,577

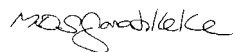
As at 31 December 2020	Note	Group		Company	
		2020 LKR	2019 LKR	2020 LKR	2019 LKR
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	13	1,700,056,614	1,714,000,000	1,700,056,614	1,714,000,000
Other Long Term Payable	16.2	6,562,500	15,312,500	6,562,500	15,312,500
Deferred Tax Liabilities	14	3,566,406,262	3,444,637,634	2,410,182,919	2,375,425,208
Defined Benefit Obligations	15	12,856,165	10,093,067	8,812,964	6,979,541
		5,285,881,541	5,184,043,201	4,125,614,997	4,111,717,249
Current Liabilities					
Trade and Other Payables	16	311,664,180	284,873,918	64,863,196	69,660,008
Income Tax Liabilities		9,248,573	9,248,577	9,107,483	9,107,483
Interest Bearing Loans and Borrowings	13	168,983,681	45,860,325	168,983,681	45,580,368
Tenant Deposits	17	184,418,565	195,787,788	42,234,489	44,807,962
		674,314,999	535,770,608	285,188,849	169,155,821
Total Equity and Liabilities		14,044,312,140	13,718,542,216	11,420,481,161	11,220,463,647

These Financial Statements are in compliance with the requirements of the Companies Act No :07 of 2007.



CEO - Director

The Board of Directors are responsible for these Financial Statements. Signed for and on behalf of the Board by:



Director



Director

The accounting policies and notes on pages 82 through 130 form an integral part of the Financial Statements.

31 May 2021

Colombo

STATEMENT OF PROFIT OR LOSS

Year Ended 31 December 2020	Note	Group		Company	
		2020 LKR	2019 LKR	2020 LKR	2019 LKR
Revenue	18	438,405,676	476,852,314	168,813,474	162,938,586
Direct Expenses		(108,488,628)	(135,831,324)	(45,625,619)	(48,412,644)
Net Rental Income		329,917,048	341,020,990	123,187,855	114,525,942
Other Income and Gains	19	2,211,105	1,471,805	4,732,612	3,677,087
Change in value of Investment Properties	4	199,291,679	591,454,431	101,367,500	555,901,668
Fair Valuation of Biological Assets		1,564,885	453,184	-	-
Selling and Distribution Costs		(23,432,364)	(20,007,949)	(7,762,921)	(14,376,149)
Administrative Expenses		(101,655,774)	(107,020,604)	(75,040,372)	(80,006,759)
Finance Cost	20	(232,370,736)	(235,509,867)	(40,182,357)	(30,682,976)
Profit Before tax	21	175,525,843	571,861,990	106,302,317	549,038,813
Income Tax Expense	22	(116,320,629)	(239,356,725)	(36,296,283)	(184,414,804)
Profit for the year		59,205,214	332,505,265	70,006,034	364,624,009
Attributable to:					
Equity Holders of the Parent		59,226,214	332,524,765	70,006,034	364,624,009
Non-Controlling Interests		(21,000)	(19,500)	-	-
Earnings Per Share	23	0.30	1.66	0.35	1.82

The accounting policies and notes on pages 82 through 130 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2020	Note	Group		Company	
		2020 LKR	2019 LKR	2020 LKR	2019 LKR
Profit for the year		59,205,214	332,505,265	70,006,034	364,624,009
Other Comprehensive Income					
Other comprehensive income to be classified to profit or loss in subsequent periods					
Net Loss on Financial Assets classified under FVOCI		-	-	-	-
Other comprehensive income not to be classified to profit or loss in subsequent periods					
Actuarial Gain on Defined Benefit Plans	15	(289,356)	(3,116,907)	110,922	(2,664,117)
Net Gain/(Loss) on Financial Assets classified under FVOCI		840	8,040	840	8,040
Deferred Tax attributable to actuarial gains on defined benefit obligations		132,838	871,642	(31,058)	745,953
Revaluation Gain / (Loss) of the Property Plant and Equipment	13	36,580,079	(25,792,325)	-	-
Tax effects on revaluation of Property Plant and Equipment	14	(10,242,422)	7,221,851	-	-
Total Other Comprehensive Income		26,181,979	(20,807,699)	80,704	(1,910,124)
Total Comprehensive income for the year, net of tax		85,387,193	311,697,566	70,086,738	362,713,885
Attributable to:					
Equity Holders of the Parent		85,408,193	311,697,566	70,086,738	362,713,885
Non-Controlling Interests		(21,000)	(19,500)	-	-

The accounting policies and notes on pages 82 through 130 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2020	Stated Capital LKR	Revaluation Reserve LKR	Retained Earnings LKR	Non-Controlling Interest LKR	Total LKR
Group					
As at 01 January 2019	341,602,342	84,612,602	7,263,240,920	(2,425,023)	7,687,030,841
Net Profit / (Loss) for the Year	-	-	332,524,765	(19,500)	332,505,265
Other Comprehensive Income for the Year	-	(18,570,474)	(2,237,225)	-	(20,807,699)
Total Comprehensive Income For the Year	-	(18,570,474)	330,287,540	(19,500)	311,697,566
As at 31 December 2019	341,602,342	66,042,128	7,593,528,460	(2,444,523)	7,998,728,407
Net Profit / (Loss) for the Year	-	-	59,226,214	(21,000)	59,205,214
Other Comprehensive Income for the Year	-	26,337,657	(155,678)	-	26,181,979
Total Comprehensive Income For the Year	-	26,337,657	59,070,536	(21,000)	85,387,193
As at 31 December 2020	341,602,342	92,379,785	7,652,598,996	(2,465,523)	8,084,115,600

Year Ended 31 December 2020	Stated Capital Rs.	Retained Earnings Rs.	Total LKR
Company			
As at 01 January 2019	341,602,342	6,235,274,350	6,576,876,692
Net Profit for the Year	-	364,624,009	364,624,009
Other Comprehensive Income for the Year	-	(1,910,124)	(1,910,124)
Total Comprehensive Income For the Year	-	362,713,885	362,713,885
As at 31 December 2019	341,602,342	6,597,988,235	6,939,590,577
Net Profit for the Year	-	70,006,034	70,006,034
Other Comprehensive Income for the Year	-	80,704	80,704
Total Comprehensive Income For the Year	-	70,086,738	70,086,738
As at 31 December 2020	341,602,342	6,668,074,973	7,009,677,315

The accounting policies and notes on pages 82 through 130 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

Year Ended 31 December 2020	Note	Group		Company	
		2020 LKR	2019 LKR	2020 LKR	2019 LKR
Cash Flows From / (Used in) Operating Activities					
Profit before Tax from continuing operations		175,525,843	571,861,990	106,302,317	549,038,813
Adjustments for					
Depreciation	3	6,252,193	6,571,306	752,178	768,009
Dividend Income from Investments	19	-	-	(2,974,214)	(3,086,567)
Profit on Disposal of Investments		-	-	-	-
Increase in fair value of Investments Property	4	(199,291,679)	(591,454,431)	(101,367,500)	(555,901,668)
(Profit) / Loss on disposal of Property, Plant & Equipment	19	(54,888)	(10,760)	(54,888)	(10,760)
Increase in fair value of Biological Assets	3b	(1,564,885)	(453,184)	-	-
Finance Costs	20	232,370,736	235,509,867	40,182,357	30,682,976
Allowance for Doubtful Debts		22,815,619	18,647,887	7,484,806	13,148,634
Provision for Defined Benefit Plans	15	2,473,742	1,559,909	1,944,345	1,115,533
Operating Profit before Working Capital Changes		238,526,681	242,232,584	52,269,401	35,754,970
Increase in Inventories		(173,298)	(243,526)	-	-
(Increase) / Decrease in Trade and Other Receivables		(97,161,565)	(85,841,692)	(84,679,385)	(118,804,426)
Increase / (Decrease) in Tenant Deposits		(11,369,223)	(11,994,561)	(2,573,473)	(1,561,561)
Increase / (Decrease) in Trade and Other Payables		26,790,262	70,543,547	(4,796,812)	(8,134,371)
Increase / (Decrease) in Other Payables		(8,750,000)	(8,750,000)	(8,750,000)	(8,750,000)
Cash Generated from Operations		147,862,857	205,946,352	(48,530,269)	(101,495,388)
Finance Cost Paid		(232,370,736)	(235,509,867)	(40,182,357)	(30,682,976)
Defined Benefit Plan Costs Paid	15	-	(245,000)	-	(245,000)
Income taxes paid		-	(1,000,000)	-	-
Net Cash From / (Used in) Operating Activities		(84,507,879)	(30,808,515)	(88,712,626)	(132,423,364)

Year Ended 31 December 2020	Note	Group		Company	
		2020 LKR	2019 LKR	2020 LKR	2019 LKR
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant & Equipment		(2,151,660)	(5,254,056)	(1,445,660)	(4,548,768)
Improvement of Biological Assets	3b	(377,696)	(439,352)	-	-
Proceeds from Sale of Property, Plant & Equipment		174,500	30,435	174,500	30,435
Proceeds from Disposal of Investment Properties		-	-	-	-
Subsequent expenditure on Investment Property	4	(2,707,498)	(92,868,894)	(45,000)	(21,372,332)
Acquisition of Equity Shares	5	-	(4,680)	-	(4,680)
Investment in Unit Trust		(22,368,094)	-	(22,368,094)	-
Dividend Received on Investment		-	-	2,974,214	3,086,567
Net Cash Flows from / (Used in) Investing Activities		(27,430,448)	(98,536,547)	(20,710,040)	(22,808,778)
Cash Flows from (Used in) Financing Activities					
Proceeds From Redemption of Preference Shares	8	-	-	-	2,623,612
Proceeds From Interest Bearing Loans & Borrowings	13	130,197,915	312,000,000	130,197,915	312,000,000
Repayment of Interest Bearing Loans & Borrowings	13	(19,218,714)	(163,520,538)	(19,218,714)	(143,520,538)
Net Cash Flows Used in Financing Activities		110,979,201	148,479,462	110,979,201	171,103,074
Net Decrease in Cash and Cash Equivalents		(959,126)	19,134,400	1,556,535	15,870,932
Cash and Cash Equivalents at the beginning of the Year	10	(1,432,466)	(20,566,866)	(7,106,644)	(22,977,576)
Cash and Cash Equivalents at the end of the Year	10	(2,391,592)	(1,432,466)	(5,550,109)	(7,106,644)

The accounting policies and notes on pages 82 through 130 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Colombo Land and Development Company PLC (“Company”) is a public limited liability Company listed on the Colombo Stock Exchange and incorporated and domiciled in Sri Lanka. The registered office and principal place of business of the Company is located at No. 250 - 3/8, (3rd Floor) Liberty Plaza, R. A. De Mel Mawatha, Colombo 3.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were the development and leasing out of investment property under operating leases and renting of vehicle parking. The principal activities of the Subsidiaries are disclosed in Note 30 to the financial statements.

1.3 Consolidated Financial Statements

The Consolidated Financial Statements of the Group as at and for the year ended 31 December 2020 comprise the Colombo Land and Development Company PLC (Parent Company) and its subsidiaries (collectively, the “Group”), namely Liberty Holdings Limited, Liberty Developers (Private) Limited, Agrispice (Private) Limited and Anantaya Global Solutions (Private) Limited.

1.4 Parent Entity and Ultimate Parent Entity

Colombo Land and Development Company PLC does not have an identifiable parent of its own.

1.5 Date of Authorization for Issue

The Consolidated Financial Statements of Colombo Land and Development Company PLC for the year ended 31 December 2020 were authorized for issue in accordance with a resolution of the board of directors on 31st May 2021.

2. GENERAL

2.1 Basis Of Preparation

The Financial Statements have been prepared on a historical cost basis, except for investment properties and financial instruments FVOCI, that have been measured at fair value. Biological assets have been measured at fair value less cost to sell.

The Consolidated Financial Statements are presented in Sri Lanka Rupees (Rs.), except when otherwise indicated. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

2.4.1 Statement of compliance

The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka. The preparation and presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

2.4.1 Comparative Information

The accounting policies have been consistently applied by the Company and the Group and are consistent with those

used in the previous year. The previous year figures and phrases have been rearranged wherever necessary to conform to current year presentation.

2.4.1 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

- The contractual arrangement with the other vote holders of the investee

- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and

cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

The consolidated financial statements of the Group include:

Company Name	Country of Incorporation	Year of Incorporation	% of equity Interest	
			2020	2019
Liberty Holdings Limited	Sri Lanka	1994	100%	100%
Liberty Developers (Private) Limited	Sri Lanka	2012	100%	100%
Agrispace (Private) Limited	Sri Lanka	2000	100%	100%
Anantaya Global Solutions (Private) Limited	Sri Lanka	2012	70%	70%

2.2 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material

adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management Note 26
- Financial risk management and policies Note 26
- Sensitivity analyses disclosures Notes 15 and 26

In the process of applying the Group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgment that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS

i. Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group, continue in operational existence for the foreseeable future.

The management has considered the potential downsides that the COVID-19 pandemic could bring to the business operations of the Group, in making this assessment. The management has evaluated the resilience of its business considering a wide range of factors such as current and expected profitability, impact on cash flows and impact on the retail segments and shopping malls. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Group.

Therefore, the Consolidated Financial Statements continue to be prepared on the going concern basis.

ii. Owner Occupied Properties and Investment Property:

In determining if a property qualifies as Investment Property the Company makes a judgment whether the property generates independent cash flows rather than cash flows that are attributable not only to the property but also other assets. Judgment is also applied in determining if ancillary services are significant, so that a property does not qualify as investment property.

iii. Fair value of Property, Plant and Equipment and Investment Property:

The Group carries its investment properties at fair value, with changes in fair value being recognised in the income statement. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2020 for investment properties and land and buildings. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model and market based evidence was used, using comparable prices adjusted for specific market factors such as nature, location and condition of the property and comparable market data because of the nature of the properties. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in OCI.

Land and buildings were valued by reference to market-based evidence, the key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 4 and 26.

iv. Fair Valuation of Biological Assets

The fair value of managed timber determined based on discounted cash flow method using various financial and non-financial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact to the fair value of biological assets. Key assumptions and sensitivity analysis of the biological assets are given in the Note 3b.4.

v. Defined benefit plans (pension benefits):

The Group is liable to pay gratuity in terms of the Gratuity Act No.12 of 1983.

The Group measures the present value of the promised retirement benefits of gratuity, which is a defined benefit plan with the advice of an independent actuary.

For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimation provided by the qualified actuary is used.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, excluding net interest (not applicable to the Group), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the following changes in the net defined benefit obligation under 'administration expenses' in the Statement of Profit or Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

- Net interest expense or income

The gratuity liability is not externally funded. This item is stated under Defined Benefit Obligations in the Statement of Financial Position.

vi. Deferred Tax Assets:

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

2.3 Summary of Significant Accounting Policies

2.3.1 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- It does not have a right at reporting date to defer the settlement of the liability by transfer of cash or other assets for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

2.3.2 Fair value measurement

The Group measures financial instruments and non-financial assets such as investment properties, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Notes 2.2, 3, 4 and 26
- Quantitative disclosures of fair value measurement hierarchy Note 26 and Note 28

- Property, plant and equipment under revaluation model Note 3a
- Investment properties Note 4
- Biological Assets Note 3b

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

The Group 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 assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Board of Directors determines the policies and procedures for both recurring fair value measurement, such as investment

properties and unquoted financial assets classified under FVOCI.

External valuers are involved for valuation of properties. Involvement of external valuers is decided upon annually by the Board of Directors after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Board of Directors decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Board of Directors analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Board of Directors verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Board of Directors, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

2.3.3 Foreign currencies

The Group's consolidated financial statements are presented in Sri Lanka Rupees, which is also the parent Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.4 Taxation

a. Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the relevant tax legislations. Current income tax relating to items recognised directly in equity statement is recognized

in equity and not in the statement of comprehensive income.

Current income tax relating to items recognized directly in equity is recognised in equity and not in the income statement. 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.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments there on.

Liberty Developers (Private) Limited qualifies for a tax exemption period of 6 years under Sec 17 (A) of the Inland Revenue Act No. 10 of 2006 as amended by Inland Revenue (Amendment) Act No. 10 of 2012 subject to the condition that Rs. 300 Million investment is made in the project with in the project implementation period. For the above purpose, the years of Assessment shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than 2 years reckoned from the date of commencement of commercial operations whichever is earlier as determined by the commissioner of Inland Revenue. The first year of commercial operations of Liberty Developers (Private) Limited began from September 2015.

Statutory tax rate applicable for Colombo Land and Developments Company PLC,

Liberty Developers (Private) Limited and Liberty Holdings Limited is 28% for the year ended 31 December 2020. (28% - 2019)

In terms of an agreement entered into with the Board of Investment of Sri Lanka under section 17 of Board of Investment of Sri Lanka Law, No. 4 of 1978, Agrispice (Private) Limited is exempted from the provisions of the Inland Revenue Act, No. 24 of 2017 for a period of ten years reckoned from the year of assessment on which the Company commences its business. The date of first sale of its products/produce shall be deemed to be the date of commencement of its business.

b. Deferred tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- i. where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ii. In respect of taxable temporary differences associated with investments in subsidiaries except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- i. where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ii. In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

NOTES TO THE FINANCIAL STATEMENTS

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

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax relating to items recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

c. Economic Service Charge (ESC)

As per the provisions of the Economic Service Charges Act No. 13 of 2006, ESC is payable on the liable turnover at specified rates. ESC paid is deductible from the income tax liability. Any unclaimed liability can be carried forward and set off against the income tax payable for further three years. ESC was abolished with effect from 1 January 2020.

d. Turnover Based Taxes

Turnover based taxes include Value Added Tax (VAT) and Nation Building Tax (NBT). The Company/Group pays such taxes in accordance with the respective statutes.

Revenue, expenses and assets are recognised net of the amount of sales tax except where

the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense items as applicable and receivable and payable are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of other receivables and other payables in the Statement of Financial Position. NBT was abolished with effect from 1 December 2019.

2.3.5 Borrowing Costs

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

2.3.6 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Finished goods: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

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

2.3.7 Financial Instruments – Initial Recognition and Subsequent Measurement

(i) Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of SLFRS 9, are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent Measurement

Group classifies all of these financial assets in the measurement category of financial assets at amortised cost and financial assets at fair value through OCI.

(a) Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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 payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are

recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes bank balances and short term deposits under current financial assets.

(b) Financial Assets classified under Fair Value through Other Comprehensive Income

The Financial Assets are reclassified under Equity Investments at Fair Value through OCI (FVOCI) under SLFRS 9 after assessing the business model that applies to the financial assets held by the Group. This category only includes the equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to classify upon transition. There is no recycling of gains or losses to profit or loss on derecognition and the dividend received as a result of holding this investment will be recognized to profit or loss.

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined based on income approach that estimates the fair value by discounting projected cash flows in a discrete projection period to present value.

De-recognition

A financial asset is de-recognised when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other

NOTES TO THE FINANCIAL STATEMENTS

credit enhancements that are integral to the contractual terms.

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

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

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in

credit risk when contractual payments are more than 365 days past due.

(ii) **Financial Liabilities**

Initial Recognition and Measurement

Financial liabilities within the scope of SLFRS 9 remains broadly the same as LKAS 39, are classified as financial liabilities at fair value through profit or loss, or at amortised cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities includes other payables, bank overdrafts, interest-bearing loans and borrowings and tenant deposits.

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

Offsetting of Financial Instruments

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

Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's

recoverable amount is higher of asset's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.3.8 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

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

2.3.9 Property, Plant and Equipment and Biological Assets

(i) Property, Plant and Equipment

a. Initial Recognition

All items of property, plant and equipment are initially recorded at cost.

The cost of property, plant and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its working condition for its intended use. Subsequent to the initial recognition as an asset at cost, revalued assets are carried at revalued amounts less

any subsequent depreciation thereon. All other property, plant and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Accumulated depreciation is provided for, on the bases specified in (d) below.

b. Subsequent Expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance, is recognised as an expense when incurred.

c. Revaluation

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

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss.

A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

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

d. Depreciation

Depreciation is calculated on straight line basis over the estimated useful lives of all Property, Plant and Equipment.

The principal annual rates of depreciation used by the Group are as follows;

Freehold Buildings	- 2%
Plant and Machinery agricultural	- 25%
Furnitures, Fixtures and Fittings	- 25% - 12.5%
Office Equipment	- 25% - 12.5%
Motor Vehicles	- 25%
Media Wall	- 25%

NOTES TO THE FINANCIAL STATEMENTS

e. *Derecognition*

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

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

(ii) *Biological Assets*

Biological assets include Mahogany trees, rubber trees and Attonia trees, for the purpose of harvesting at maturity, but are however used to grow for harvesting agricultural produce from such Biological assets. Those Biological assets include managed timber trees.

Recognition and Measurement

The entity recognises the Biological assets when, and only when, the entity controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

The managed timber trees are measured on initial recognition and at the end of each reporting period at fair value less cost to sell

in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using the Discounted Cash Flow (DCF) method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at maturity and various non- financial assumptions by an independent professional valuer.

The main variables in the DCF model are described below:

Variable	Comment
Currency valuation	Sri Lankan Rupees
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each spices. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Group.
Economic useful life	Estimated based on the normal life span of each group of spices by factoring the forestry plan of the Group.
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition.
Discount Rate	Discount rate reflects the possible variations in the Cash flows and the risk related to the biological assets.

2.3.10 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets,

The growth of the trees is determined by various biological features that are highly unpredictable. Any change to the assumptions will impact the fair value of biological assets. Key assumptions and sensitivity analysis of the biological assets are given in the note 3.b.

even if that right is not explicitly specified in an arrangement.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract

conveys the right to control the use of an identified asset for a period of time

in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group considered whether;

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Group has right to obtain substantially all of the economic benefits of asset throughout the period of use; and
- The Group has right to direct the use of the asset. The Group has this right when it has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;
 - The Group has right to operate the asset; or
 - The Group designated the asset in a way that predetermines how and for what purpose it will be used.

a. Group as the Lessee

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

assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.3.8 Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid

under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

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

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a

NOTES TO THE FINANCIAL STATEMENTS

purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

b. Group as a Lessor

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

2.3.11 Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended

by the International Valuation Standards Committee.

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.3.12 Provisions, contingent assets and contingent liabilities

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

any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed, where inflow of economic benefit is probable.

2.3.13 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by revised LKAS 19 – “Employee benefits” and resulting actuarial gain/ loss was recognized in full in the Other Comprehensive Income (OCI).

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions about discount rate, expected rates of return on assets, future salary increases and mortality rates. Key assumptions used in determining the defined retirement benefit obligations are given in Note 15.2 Any changes in these assumptions will impact the carrying amount of defined benefit obligations and all assumptions are reviewed at each reporting date. Interest expense and the current service cost related to the liability is recognized in profit or loss and actuarial gain or loss is recognized in other comprehensive income.

Accordingly, the employee benefit liability is based on the actuarial valuation as of 31 December 2020 carried out by Messrs Actuarial and Management Consultants (Private) Limited, actuaries.

However, as per the payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of

5 years of continued service.

Funding Arrangements

The gratuity liability is not externally funded.

b) Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with

respective statutes and regulations. These are recognized as an expense in the Statement of Profit or Loss as incurred.

The Group contributes 14% and 3% of gross emoluments of the employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.4 Statement of Profit or Loss

Revenue from contracts with customers

The Group is primarily involved in the development and leasing out of investment property under operating leases and renting of vehicle parking as detailed in Note 18. Revenue from contracts with customers is recognised when the service is provided to the customer at an amount that reflects the consideration to which the Group expects to be entitled in providing for those services.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific criteria are used for the purpose of recognition of revenue.

a) Rental income

Rental income includes rental income from properties leased out to tenants under operating leases and income from providing car parking facilities. Rental income from operating leases is recognised on a straight-

line basis over the lease term while car park income is recognised on an earned basis.

b) Interest Income

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

c) Revenue in plantation industry

Revenue and profit or loss on sale of timber is recognised in the financial period of harvesting. Revenue is recorded at invoiced value net of brokerage, selling expenses and other levies related to turnover.

d) 3D designing income

3D design income recognised when the 3D services provided to its customers.

e) Dividends

Revenue is recognized when the Group's/ Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

f) Others

Other income is recognized on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

2.5 Operating segment and segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors collectively, who make strategic decisions.

The reportable segments derive their revenue primarily from the rental income which consists of "commercial unit income" and "car park income" and from 3D designing income. Although the 3D designing segment is a separate operating segment, it does not generate a material income to meet the quantitative thresholds required by SLFRS 8.

2.6 Cash Flows Statement

The Cash Flows Statement has been prepared by using the 'In direct Method' in accordance with LKAS 7 on Statement of Cash Flows, whereby gross cash receipts and gross cash payments of operating activities, financing activities and investing activities have been recognized. Cash and cash equivalents comprise mainly cash balances and highly liquid investments of which original maturity of 3 months or less and net amount due from banks.

2.7 Standards Issued But Not Yet Effective

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

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2)

Amendments to the definition of a business in SLFRS 3 Business Combinations are made to help the entities the amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures.

Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2021.

Amendments to SLFRS 16 - COVID – 19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from Covid-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 01 June 2020 with early application permitted.

Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37,

an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS16-Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, 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. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

In March 2021, ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively.

None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the Group in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

3a. PROPERTY, PLANT & EQUIPMENT

3a.1 Group

3a.1.1 Gross Carrying Amounts - Group

At Cost/Valuation	Balance As at 01.01.2020 LKR	Additions LKR	Revaluation LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2020 LKR
Land	50,450,000	-	-	-	50,450,000
Buildings	64,622,431	-	35,312,325	-	99,934,756
Plant & Machinery	81,250	-	-	-	81,250
Furniture and Fittings	6,318,278	371,700	-	(536,054)	6,153,924
Motor Vehicles	533,384	-	-	-	533,384
Office Equipment	30,842,715	1,073,960	-	(1,438,048)	30,478,627
Tools and Utensils	530,051	706,000	-	-	1,236,051
Media Wall	34,268,474	-	-	-	34,268,474
Total Gross Carrying Amount	187,646,583	2,151,660	35,312,325	(1,974,102)	223,136,466

3a.1.2 Depreciation and Impairment

At Cost/Valuation	Balance As at 01.01.2020 LKR	Charge LKR	Revaluation LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2020 LKR
Buildings	57,572	1,291,754	(1,267,754)	-	81,572
Plant & Machinery	81,250	-	-	-	81,250
Furniture and Fittings	4,821,183	302,390	-	(416,447)	4,707,124
Motor Vehicles	528,531	-	-	-	528,531
Office Equipment	25,459,638	802,302	-	(1,438,040)	24,823,899
Media Wall	14,461,279	3,495,467	-	-	17,956,746
Tools and Utensils	144,062	360,281	-	-	504,343
	45,553,515	6,252,193	(1,267,754)	(1,854,487)	48,683,466

3a.1.3 Net Book Values

	2020 LKR	2019 LKR
At Cost		
Land	50,450,000	50,450,000
Buildings	99,853,184	64,564,859
Plant & Machinery	-	-
Furniture and Fittings	1,446,798	1,497,095
Motor Vehicles	4,853	4,853
Office Equipment	5,654,728	5,383,077
Tools and Utensils	731,708	385,989
Media Wall	16,311,728	19,807,195
Total Carrying Amount of Property, Plant & Equipment	174,453,000	142,093,068

NOTES TO THE FINANCIAL STATEMENTS

3a. PROPERTY, PLANT & EQUIPMENT (CONTD.)

3a.2 Company

3a.2.1 Gross Carrying Amounts

	Balance As at 01.01.2020 LKR	Additions Transfers LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2020 LKR
At Cost				
Furniture and Fittings	3,317,282	371,700	(536,054)	3,152,928
Motor Vehicles	-	-	-	-
Office Equipment	28,257,348	1,073,960	(1,438,048)	27,893,260
Total Value of Depreciable Assets	31,574,630	1,445,660	(1,974,102)	31,046,188

3a.2.2 Depreciation and Impairment

	Balance As at 01.01.2020 LKR	Charge Transfers LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2020 LKR
At Cost				
Furniture and Fittings	2,581,139	210,772	(416,447)	2,375,464
Motor Vehicles	-	-	-	-
Office Equipment	23,190,169	541,406	(1,438,040)	22,293,535
	25,771,308	752,178	(1,854,487)	24,668,999

3a.2.3 Net Book Values

	2020 LKR	2019 LKR
At Cost or Valuation		
Furniture and Fittings	777,464	736,142
Motor Vehicles	-	-
Office Equipment	5,599,725	5,067,179
Total Carrying Amount of Property, Plant & Equipment	6,377,189	5,803,321

3a.3 The fair value of land and buildings was determined by means of a revaluation during the financial year 2020 by FRT Valuation Services (Private) Limited, an independent valuer in reference to Market based evidence and DCF Model respectively. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31 December 2020. The surplus arising from the revaluation net of deferred taxes, was transferred to a revaluation reserve.

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows:

Class of Asset	Cost LKR	Cumulative Depreciation If assets were carried at cost LKR	Net Carrying Amount 2020 LKR	Net Carrying Amount 2019 LKR
Buildings	43,041,000	(11,762,280)	31,278,720	32,139,540

3a.4 The significant assumptions used by the valuer are as follows :

	2020	2019
Rental rates used		
Anticipated maintenance cost:	Rs. 175 - 450 p. sq.ft	Rs. 140- Rs. 450 p. sq.ft
Yield/Discount rate :	35% of rentals	35% of rentals
	6% - 6.5% p.a.	6% - 6.5% p.a.

3a.5 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of LKR.2,151,660/- (2019 - LKR.5,254,056/-). Cash payments amounting to LKR.2,151,660/- (2019 - LKR 5,254,056/-) were made during the year for purchase of Property, Plant & Equipment.

3a.6 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of LKR.1,445,660/- (2019 - Rs. 5,478,735/-). Cash payments amounting to LKR.1,445,660/- (2019 - LKR 4,548,767/-) were made during the year for purchase of Property, Plant & Equipment.

3a.7 The Group Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of LKR 26,447,958/- (2019 - LKR 27,508,553/-) which are still in use.

3a.8 The Company Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of LKR 22,892,440/- (2019 - LKR. 24,014,567/-) which are still in use.

3a.9 The Agrispice (Private) Limited, subsidiary of the Company has obtained a valuation for land and building by H. R. De Silva, Chartered Valuation Surveyor (U.K) on January 05, 2018. As per the valuation given in the valuer's report, the estimated value of the land and building as at December 31, 2017 is Rs. 51,650,000/-. A reassessment of the valuation was performed mainly using external independent professional valuer. Based on such assessment no significant charge to the revalued carrying as at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

3a. PROPERTY, PLANT & EQUIPMENT (CONTD.)

3b. BIOLOGICAL ASSET (GROUP)

	Group			
	Mahogany	Attoniya	Rubber	Total
	2020	2020	2020	2020
	LKR	LKR	LKR	LKR
Cost as at 01 January	32,809,096	19,113,780	3,570,243	55,493,119
Additions during the year	356,806	-	20,890	377,696
Cost as at 31 December	33,165,902	19,113,780	3,591,133	55,870,815
Fair value gain/loss	2,846,052	(503,227)	(777,940)	1,564,885
Carrying value as at 31 December	36,011,954	18,610,553	2,813,193	57,435,700

3b.1 Under LKAS 41, group has obtained a valuation for biological assets held by Agrispice Private Limited (Subsidiary), by G.W.G. Abeygunawardene FRICS, Chartered Valuation Surveyor (U.K.). As per the valuer's report, the estimated value of the biological assets as at 31 December 2020 is Rs. 57,435,700/-.

3b.2 Basis of Valuation

The group has valued its timber plantation at fair value less to sell. Timber plantations as at 31 December 2020 have been cultivated on the Land to the extent of approximately 41.4977 hectares.

The biological assets were valued by G.W.G. Abeygunawardene FRICS, Chartered Valuation Surveyor (U.K.) using Discounted Cash Flow (DCF) method in ascertaining the fair value of timber.

3b.3 Key assumptions used in valuation

	2020	2019
Discounted rates used by the Valuer	16%	16%
Rate in 8 years time (2029) cubic meter		
Mahogani	Rs. 55,000	Rs. 56,500
Rubber	Rs. 22,000	Rs. 27,600
Attoniya	Rs. 25,500	Rs. 26,000
Wastage at harvesting	10%	10%
Cost to sell	10%	10%

The valuation, as presented in the external valuation model based on the DCF, takes into accounts the long term exploitation of the timber plantation. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisation value.

The biological assets of the group are mainly cultivated in owned lands. Timber content expects to be realised in future and is included in the calculation of the fair value that takes into account the age of the timber plants.

3b.4 Sensitivity Analysis

Sensitivity Variation on Sales Price

Net Present Value of the Biological Assets as appearing in the Statement of Financial Position are very sensitive to changes in the average sales price applied. Simulations made for timber show that an increase or decrease by 10% of the estimated future selling price has the following effect on the Net Present Value of the Biological assets.

	-10%	10%
Value of Timber	64,615,162	50,256,237

Sensitivity Variation on Discount Rate

Net Present Value of the Biological Assets as appearing in the Statement of Financial Position are very sensitive to changes in the discount rate applied. Simulations made for timber show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the Net Present Value of the Biological assets.

	-1%	+1%
Value of Timber	61,554,968	53,623,967

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT PROPERTY

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
As at 1 January	13,315,813,325	12,631,490,000	8,597,700,000	8,020,426,000
Additions				
- Subsequent expenditure on investment property	2,707,499	92,868,894	45,000	21,372,332
Disposals of the Investment Properties	-	-	-	-
Net gain / (loss) from fair value adjustment	199,291,679	591,454,431	101,367,500	555,901,668
As at 31 December	13,517,812,502	13,315,813,325	8,699,112,500	8,597,700,000

4.1 Investment property consists of leasehold land and unsold commercial units given on Operating leases in buildings constructed on leasehold land at Pettah and Kolpetty which have been obtained from the Urban Development Authority under 99 year lease agreement commencing from the year 1981.

4.2 Details of Investment Properties

Property	Extent	Value	Valuation Date	Method
Group				
Liberty Plaza	181,496 Sq. Ft.	Rs. 5,902.3 Mn	31.12.2020	Income
Liberty Arcade	0A - 0R - 36.88P	Rs. 1,020.3 Mn	31.12.2020	Market Value and Cost **
GAS Land	2A - 3R - 13.25 P	Rs. 6,458.8 Mn	31.12.2020	Market Value
Peoples Park	52,262 Sq. Ft	Rs. 136.4 Mn	31.12.2020	Income
Company				
Liberty Plaza	46,972 Sq. Ft.	Rs. 1,093.7 Mn	31.12.2020	Income
Liberty Arcade	0A - 0R - 36.88P	Rs. 1,020.3 Mn	31.12.2020	Market Value and Cost **
GAS Land	2A - 3R - 13.25 P	Rs. 6,458.8 Mn	31.12.2020	Market Value
Peoples Park	52,262 Sq. Ft	Rs. 126.3 Mn	31.12.2020	Income

** The method of valuation of Liberty Arcade is the depreciated replacement cost method using the depreciated value of buildings and current open market value of land.

4.3 The significant assumptions used by the valuer are as follows :

	2020	2019
Rental rates used - for shop units	Rs. 200– Rs. 1450 p. sq.ft	Rs. 340– Rs. 700 p. sq.ft
- for parking area	Rs. 157 p. sq.ft	Rs. 157 p. sq.ft
Anticipated maintenance cost:	20% - 45% of rentals	35% of rentals
Yield/Discount rate :	6% - 6.5% p.a.	6% - 6.5% p.a.
Per Perch Value (Gas Land):	14.25 Mn	14.25 Mn
Per Perch Value (Liberty Arcade):	18 Mn	18 Mn

- 4.4** Fair value of the investment property is ascertained by annual independent valuations carried out by FRT Valuation Services (Private) Limited Valuers.
- 4.5** The Company also has a legal right to receive the balance land 10A-1R-19.16P in Pettah, which the Company has no physical possession. The fair value of such land has not been accounted as land held for development under investment property due to the Company's inability to have physical possession of the land for development. The company will recognize fair value of this land after resolving the matter relating to the occupation of the land by the Central Bus Terminal and other entities.
- 4.6** Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.
- 4.7** The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real estate property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT PROPERTY (CONTD.)

- 4.8 Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate.

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 2020

The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in discount rate, growth rate and rate of maintenance cost (taken individually, while other variables are held constant) on the profit or loss and carrying value of Investment Property for the year.

Capitalization Rate	Increase /Decrease		Investment Property Valuation	Fair Value/Gain or (Loss) on Investment Property
	Future rentals change	Maintenance cost		
Group				
-0.50%			14,006,355,944	488,543,441
0.50%			13,099,317,019	(418,495,483)
	-5%		13,309,025,008	(208,787,494)
	5%		13,726,295,504	208,483,002
		-5%	13,767,019,502	249,207,000
		5%	13,268,801,011	(249,011,492)
Company				
-0.50%			8,785,012,500	85,900,000
0.50%			8,625,712,500	(73,400,000)
	-5%		8,684,912,500	(14,200,000)
	5%		8,713,312,500	14,200,000
		-5%	8,767,512,500	68,400,000
		5%	8,630,812,500	(68,300,000)

4.9 Rental income receivable under the operating lease agreement of investment property as follows,

	Rental income Receivable					
	<1 year	1-2 Year	2-3 Year	3-4 Year	4-5 Year	over 5 years
Group						
2020	418,963,157	425,247,604	431,626,318	438,100,713	444,672,224	451,342,307
2019	412,771,583	418,963,157	425,247,604	431,626,318	438,100,713	896,014,530
Company						
2020	100,166,716	101,669,216	103,194,255	104,742,169	106,313,301	107,908,001
2019	98,686,419	100,166,716	101,669,216	103,194,255	104,742,169	215,816,000

5. INVESTMENTS IN SUBSIDIARIES

	Holding % 2020	Holding % 2019	At Cost 2020 LKR	At Cost 2019 LKR
Liberty Holdings Limited	100%	100%	808,289,373	808,289,373
Agrispice (Private) Limited	100%	100%	8,299,110	8,299,110
Anantaya Global Solutions (Private) Limited	70%	70%	700	700
Total Investments in Subsidiaries			816,589,183	816,589,183

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. After the initial recognition, investments in subsidiaries are carried at cost less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

6. TRADE AND OTHER RECEIVABLES

Year Ended 31 December	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
6.1 Summary				
Trade Debtors	211,875,934	148,259,054	56,494,493	78,291,991
Less: Allowances for Doubtful Debts (Note 6.2)	(49,069,014)	(26,253,394)	(30,933,285)	(23,448,478)
	162,806,920	122,005,660	25,561,208	54,843,513
Other Debtors - Related Parties (Note 6.3)	-	-	1,723,393,900	1,651,120,188
Prepayments	75,668,667	48,164,141	39,558,704	7,940,006
Staff Loans (Note 6.4)	9,449,737	8,999,376	9,291,986	8,777,727
Other Receivables	18,907,286	17,979,074	13,285,352	12,784,764
	266,832,610	197,148,251	1,811,091,150	1,735,466,197
6.2 Allowance for Doubtful Debts				
As at 1 January	26,253,394	15,528,510	23,448,479	10,299,845
Provision for Impairment	22,815,620	10,724,884	7,484,806	13,148,634
As at 31 December	49,069,014	26,253,394	30,933,285	23,448,479

Year Ended 31 December	Relationship	Group		Company	
		2020 LKR	2019 LKR	2020 LKR	2019 LKR
6.3 Other Debtors - Related Parties					
Liberty Holdings Limited	Subsidiary	-	-	1,226,732,576	1,262,120,549
Agrispice (Private) Limited	Subsidiary	-	-	48,344,492	47,674,960
Anantaya Global Solutions (Private) Limited	Subsidiary	-	-	3,061,032	3,061,032
Liberty Developers (Private) Limited	Subsidiary	-	-	445,255,800	338,263,646
		-	-	1,723,393,900	1,651,120,188

6.4 Staff loans are due at the date of statement of financial position represent loans given to staff on fixed repayment terms and are unsecured. These loans are given at a concessionary rate of 5% (2019 - 5%). Fair value of loans given to staff equals their carrying amount, as the impact of discounting is not significant.

6.5 As at 31 December, the Age Analysis of Trade Receivables is as follows

	Total	Current	Past due but not impaired		
			31-60 days	61-90 days	> 90 days
Group					
2020	162,806,920	11,912,174	27,963,393	22,047,845	100,883,508
2019	122,055,660	28,529,686	17,487,726	12,660,598	63,327,650
Company					
2020	25,561,208	5,008,722	9,771,170	4,342,342	6,438,974
2019	54,843,513	7,252,237	6,065,163	4,905,613	36,620,499

7. INVENTORIES

	2020 LKR	2019 LKR
Group		
Goods in Transit	995,833	822,535
	995,833	822,535

8. INVESTMENT IN PREFERENCE SHARES OF LIBERTY HOLDINGS LIMITED- LOANS AND RECEIVABLES

	2020 LKR	2019 LKR
Company		
As at 1 January	63,687,163	66,310,775
Redeemed Preference Shares	-	(2,623,612)
As at 31 December	63,687,163	63,687,163

NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL ASSETS CLASSIFIED UNDER FVOCI AND OTHER INVESTMENTS

Quoted Shares - Group/Company	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
9.1 Financial Assets Classified Under FVOCI				
As at 1 January	23,520	10,800	23,520	10,800
Disposals	-	-	-	-
Share Investment	-	4,680	-	4,680
Fair Value (Loss) / Gain	840	8,040	840	8,040
As at 31 December	24,360	23,520	24,360	23,520
9.2 Other Investments				
Investment in Unit trusts	22,368,094	-	22,368,094	-
	22,368,094	-	22,368,094	-

10. CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT

Components of Cash and Cash Equivalents	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
10.1 Favourable Cash and Cash Equivalents Balance				
Cash and Bank Balances	4,390,041	7,148,398	1,231,522	1,194,262
	4,390,041	7,148,398	1,231,522	1,194,262
10.2 Unfavourable Cash and Cash Equivalents Balance				
Bank Overdraft	(6,781,632)	(8,580,863)	(6,781,632)	(8,300,906)
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	(2,391,592)	(1,432,466)	(5,550,109)	(7,106,644)

11. STATED CAPITAL

Group/Company	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Fully Paid Ordinary Shares	199,881,008	341,602,342	199,881,008	341,602,342

12. REVALUATION RESERVE

	Group	
	2020 LKR	2019 LKR
As at 1 January	66,042,128	84,612,602
Fair value increase on Property, Plant & Equipment	36,580,079	(25,792,325)
Deferred Tax effect of depreciation transfer	(10,242,422)	7,221,851
As at 31 December	92,379,785	66,042,128

Revaluation reserve of the group includes revaluation of land and buildings owned by the subsidiary of Agrispice (Private) Limited valued on 31st December 2017 and building of the subsidiary of Liberty Holdings (Private) Limited valued on 31st December 2020 by an independent professional valuer.

13. INTEREST BEARING LOANS & BORROWINGS

	2020	2020	2020	2019	2019	2019
	Amount Repayable Within 1 Year LKR	Amount Repayable After 1 Year LKR	Total LKR	Amount Repayable Within 1 Year LKR	Amount Repayable After 1 Year LKR	Total LKR
13.1 Group						
Bank Loans (13.3)	162,202,049	1,700,056,614	1,862,258,663	37,279,462	1,714,000,000	1,751,279,462
Bank Overdrafts (10.2)	6,781,632	-	6,781,632	8,580,863	-	8,580,863
	168,983,681	1,722,056,614	1,869,040,295	45,860,325	1,714,000,000	1,759,860,325
13.2 Company						
Bank Loans (13.3)	162,202,049	1,700,056,614	1,862,258,663	37,279,462	1,714,000,000	1,751,279,462
Bank Overdrafts (10.2)	6,781,632	-	6,781,632	8,300,906	-	8,300,906
	146,983,681	1,722,056,614	1,869,040,295	45,580,368	1,714,000,000	1,759,580,368

NOTES TO THE FINANCIAL STATEMENTS

13. INTEREST BEARING LOANS & BORROWINGS (CONTD.)

13.3 Bank Loans

	Balance As At 01.01.2020 LKR	Loan Obtained LKR	Capital on Due LKR	Over Provision of Interest LKR	Repayment LKR	Balance As At 31.12.2020 LKR	Current LKR	Non-current LKR
Peoples Bank	1,779,462	-	-	-	(1,779,462)	-	-	-
Peoples Bank	1,437,500,000	-	-	-	(14,000,000)	1,423,500,000	60,500,000	1,363,000,000
Peoples Bank	-	80,697,915	-	-	-	80,697,915	80,697,915	-
Bank of Ceylon Loan	312,000,000	25,000,000	-	-	-	337,000,000	9,210,528	327,789,472
Merchant Bank of Sri Lanka	-	24,500,000	-	-	(3,439,252)	21,060,748	11,793,606	9,267,142
	1,751,279,462	130,197,915	-	-	(19,218,714)	1,862,258,663	162,202,049	1,722,056,614

13.4 Details of Long Term Loans

Bank	Purpose	Revised Facility Amount	Interest	Grace Period	Repayment Terms	Security
People's Bank	Bank Loan Facility - Settlement of outstanding facilities	LKR. 1.6 Bn	AWPLR + 2.5% (Rate - Review bi- annually) Minimum 11%	-	1st Year - Rs. 2.5 Mn p.m. 2nd Year - Rs. 3 Mn p.m. 3 Year - Rs. 3.5 Mn p.m. 4th Year - Rs. 8 Mn p.m. 5th Year - Rs. 12 Mn p.m. 6th Year - Rs. 16 Mn p.m. 7th Year - Rs. 20 Mn * 11 Months Last Instalment 690Mn	Mortgage over leased hold property of LP owned by CLDC Mortgage over leased hold property of LP owned by LHL Mortgage over leased hold property of LP owned by LDPL Cross Corporate Guarantee
Bank of Ceylon	Bank Loan Facility - Settlement of short term liabilities in MBSL and BOC, refurbishment in Gas land and People's park and working capital requirement	LKR 350 Mn	AWPLR + 2.5%	30 Months	Rs.3,070,176 in 114 equal monthly installments	Mortgage over the property depicted as Lot A in plan no. 2303 at No.282, R.A.De Mel Mawatha, Colombo 03. Mortgage over land called ""Liberty Arcade"" in extent of 36.88P
Merchant Bank of Sri Lanka	Bank Loan Facility - To meet the working capital requirements of the company	LKR 24.5 Mn	20% per annum	6 Months	Rs. 1,246,947 in 24 equal monthly instalments	Mortgage over the property depicted as Lot no A,B,C & D in plan no. 1111 at "Orukanda Estate" in extent of 102 Acres, 3 Roods, 6.47 Perches

14. DEFERRED TAX LIABILITIES

14.1 Gross Movement on the Deferred Tax Liabilities is as follows:

Quoted Shares - Group/Company	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
As at January	3,444,637,634	3,215,887,489	2,375,425,208	2,192,702,246
Deferred Tax impact on depreciation of Revalued Assets	10,242,422	(7,221,851)	-	-
Income Statement charge	111,659,046	236,843,638	34,726,653	183,468,915
Deferred Tax impact on actuarial Gain on retirement benefit obligations	(132,840)	(871,642)	31,058	(745,953)
As at December	3,566,406,262	3,444,637,634	2,410,182,919	2,375,425,208

14.2 Deferred Tax Assets, Liabilities - Group

Deferred Tax Liabilities	Revaluation of Land and Building LKR	Capital Allowances for Tax purposes LKR	Fair Valuation of Investment Property LKR	Total LKR
As of 31 December 2018	15,691,739	5,261,265	3,238,631,831	3,259,584,836
Charged to income statement	-	1,767,902	221,051,522	222,819,424
Charged to OCI	(7,221,851)	-	-	(7,221,851)
As of 31 December 2019	8,469,888	7,029,168	3,459,683,353	3,475,182,410
Charged to income statement	-	1,035,274	100,465,809	101,501,083
Charged to OCI	10,242,422	-	-	10,242,422
As of 31 December 2020	18,712,310	8,064,442	3,560,149,162	3,586,925,915

Deferred tax assets	Tax losses LKR	Defined Benefit Obligation LKR	Total LKR
As of 31 December 2018	(42,180,218)	(1,517,129)	(43,697,348)
Credited/ (Debited) to income statement	14,379,366	(355,152)	14,024,213
Charged to Other Comprehensive Income	-	(871,642)	(871,642)
As of 31 December 2019	(27,800,853)	(2,743,923)	(30,544,776)
Credited to income statement	10,738,223	(580,259)	10,157,964
Charged to Other Comprehensive Income	-	(132,839)	(132,839)
As of 31 December 2020	(17,062,630)	(3,457,021)	(20,519,651)

NOTES TO THE FINANCIAL STATEMENTS

14. DEFERRED TAX LIABILITIES (CONTD.)

14.3 Deferred Tax Assets, Liabilities - Company

Deferred Tax Liabilities	Capital Allowances for Tax purposes LKR	Fair Valuation of Investment Property LKR	Total LKR
As of 31 December 2018	288,430	2,193,375,195	2,193,663,625
(Reversed) / Charged to income statement	(641,419)	184,357,275	183,715,856
As of 31 December 2019	(352,989)	2,377,732,470	2,377,379,481
(Reversed) / Charged to income statement	859,990	34,411,080	35,271,070
As of 31 December 2020	507,001	2,412,143,551	2,412,650,551

Deferred tax assets	Defined Benefit Obligation LKR	Total LKR
As of 31 December 2018	(961,378)	(961,378)
Credited to income statement	(246,941)	(246,941)
Charged to Other Comprehensive Income	(745,953)	(745,953)
As of 31 December 2019	(1,954,272)	(1,954,272)
Credited to income statement	(544,417)	(544,417)
Charged to Other Comprehensive Income	31,058	31,058
As of 31 December 2020	(2,467,630)	(2,467,630)

The Company has not recognized deferred tax assets amounting to Rs. 101,875,753/- (2019- Rs. 110,252,880/-), arising from carried forward tax losses as at 31 December 2020 amounting to Rs. 363,841,976/- (2019 - Rs. 393,760,284/-), as 'since the company cannot assess with reasonable certainty that taxable profits would be available to recover the asset in the foreseeable future.

The Group has not recognized deferred tax assets amounting to Rs. 243,086,995/- (2019- Rs. 257,770,758/-), arising from carried forward tax losses as at 31 December 2020 amounting to Rs. 868,167,839/- (2019 - Rs. 920,609,851/-), since the Group cannot assess with reasonable certainty that taxable profits would be available to recover the asset in the foreseeable future.

15. DEFINED BENEFIT OBLIGATION

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Gratuity				
As at 1st January	10,093,067	5,661,250	6,979,541	3,433,493
Current service cost	1,485,183	885,121	1,260,350	702,146
Interest cost	988,559	674,789	683,995	413,387
Actuarial (Gain)/ Losses	289,356	3,116,907	(110,922)	2,664,117
Liability Transfer Between Parent and Subsidiary	-	-	-	11,398
Payments Made During The Year	-	(245,000)	-	(245,000)
As at 31st December	12,856,165	10,093,067	8,812,964	6,979,541
Post Employee Benefit Expense for				
Current service cost	1,485,183	885,121	1,260,350	702,146
Interest cost	988,559	674,789	683,995	413,387
	2,473,742	1,559,909	1,944,345	1,115,533

15.2 The employee retirement benefit liability of the Company is based on the actuarial valuation carried out by Messrs. Actuarial and Management Consultants (private) Limited, Independent actuarial specialists as at 31 December 2020. The principal assumptions used are as follows:

	2020 LKR	2019 LKR
Discount rate assumed (%)	7.60%	9.80%
Salary increase (%)	10%	10%
Staff turnover factor (%)	2%	2%

NOTES TO THE FINANCIAL STATEMENTS

15. DEFINED BENEFIT OBLIGATION (CONTD)

15.3 Sensitivity of Assumptions Used in the Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible changes in the key assumptions used along with all other variables which held constant in the employment benefit liability measurement.

The sensitivity reflected the sensitivity adjusted balance in Statement of Financial Position with the effect of the assumed key assumptions as,

	Group		Company	
	1% Increase LKR	1% Increase LKR	1% Increase LKR	1% Increase LKR
2020				
Discount rate assumed	12,449,519	13,310,536	8,503,795	9,157,104
Further salary increase	13,329,262	12,423,020	9,171,787	8,483,297
2019				
Discount rate assumed	9,778,906	10,427,631	6,755,699	7,226,363
Further salary increase	10,467,995	9,734,462	7,261,536	6,717,732

16. TRADE AND OTHER PAYABLES

Summary

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Trade Payables	145,982,181	121,108,042	3,488,209	-
Other Payable (16.1)	124,907,281	132,777,411	52,594,071	60,743,780
Sundry Creditors Including Accrued Expenses	40,774,718	30,988,465	8,780,916	8,916,228
	311,664,180	284,873,918	64,863,196	69,660,008

16.1 Other Payable

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Other Payable	116,157,281	124,027,411	43,844,071	51,993,780
Provision for Litigation (16.2)	8,750,000	8,750,000	8,750,000	8,750,000
	124,907,281	132,777,411	52,594,071	60,743,780

16.2 Provision for Litigation

	Group/Company	
	Current 2020 LKR	Non - Current 2020 LKR
Provision for Litigation*	8,750,000	6,562,500

* Total provision of Rs.32,812,500/- was made as at 31 December 2018 on the legal case 13171/MR held between Anglo Asian Supermarkets Limited and the Company to pay in 45 equal monthly instalments. The Company held liable to pay 21 equal monthly instalments of Rs.729,167/- until 30 September 2022, as of 31 December 2020.

17. TENANT DEPOSITS

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
As at 1st January	195,787,788	207,782,348	44,807,962	46,369,523
Deposits received during the period	9,506,655	8,443,936	3,574,370	468,642
Repayments made during the period	(20,875,878)	(20,438,496)	(6,147,843)	(2,030,203)
As at 31st December	184,418,565	195,787,788	42,234,489	44,807,962

NOTES TO THE FINANCIAL STATEMENTS

18. REVENUE

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Rental Income from Investment Properties	438,405,676	476,852,314	168,813,474	162,938,586
	438,405,676	476,852,314	168,813,474	162,938,586

19. OTHER INCOME AND GAINS

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Dividend Income	-	-	2,974,214	3,086,567
Interest on Staff Loans	101,192	47,307	101,192	47,307
Overdue Interest on rentals due past	-	462,095	-	117,352
Sundry Income	772,372	934,658	319,664	398,115
Gain on disposal of Property Plant and Equipment's/ Investment Property	54,888	10,760	54,888	10,760
Interest on Fixed Deposits	1,282,653	16,389	1,282,653	16,389
RAMP Shared Income	-	596	-	596
	2,211,105	1,471,805	4,732,612	3,677,087

20. FINANCE COST

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Interest on Overdrafts	645,024	2,361,075	633,843	2,352,879
Interest on Loans & Borrowings	230,244,740	232,173,540	38,067,542	27,354,845
Loans Expenses	1,480,972	975,252	1,480,972	975,252
	232,370,736	235,509,867	40,182,357	30,682,976

21. PROFIT FROM CONTINUING OPERATIONS

Stated after Charging /(Crediting)

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Included in Direct Expense				
Depreciation	155,833	134,039	68,170	31,247
Included in Administrative Expenses				
Employees Benefits including the following	57,323,077	51,679,436	53,685,431	46,756,470
- Defined Benefit Plan Costs - Gratuity	2,473,741	1,559,910	1,944,345	1,115,533
- Defined Contribution Plan Costs - EPF & ETF	6,041,849	3,737,594	5,634,859	3,360,795
Depreciation	6,096,363	6,437,267	684,009	736,762
Auditor's Fees	2,404,925	2,017,556	1,120,000	957,000
Included in Selling and Distribution Costs				
Advertising and Promotional Expenses	417,185	1,360,062	78,555	1,227,516
Allowance for Doubtful Debts	22,815,619	18,647,887	7,484,806	13,148,634

22. INCOME TAX

The major components of income tax expense for the years ended 31 December are as follows :

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Income Statement				
Current Income Tax				
Current Income Tax charge	-	-	-	-
Unrecoverable ESC	4,661,583	2,080,967	1,569,630	513,769
Dividend Tax	-	432,120	-	432,120
	4,661,583	2,513,087	1,569,630	945,889
Deferred Income Tax				
Deferred Taxation Charge (Note 14.1)	111,659,046	236,843,638	34,726,653	183,468,915
Income tax expense reported in the Income Statement	116,320,629	239,356,725	36,296,283	184,414,804

NOTES TO THE FINANCIAL STATEMENTS

22. INCOME TAX (CONTD.)

22.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows :

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Accounting Profit before Tax from continuing operations	171,284,757	568,875,468	106,302,317	549,038,813
Disallowed Expenses	268,189,462	573,712,827	51,261,601	22,018,582
Allowable Expenses	(458,801,370)	(1,089,661,194)	(127,425,091)	(580,888,252)
Statutory Profit	(19,327,150)	52,927,101	30,138,827	(9,830,857)
Statutory Income	(19,327,150)	52,927,101	30,138,827	(9,830,857)
Tax Losses utilized during the Year	19,327,150	(62,757,958)	(30,138,827)	-
Taxable Profit	-	(9,830,857)	-	(9,830,857)
Tax at 28% (2019 - 28%)	-	-	-	-
22.2 Tax Losses				
Tax Losses Brought Forward	1,027,962,967	1,080,890,068	393,760,284	390,595,941
Adjustments on Finalisation of Brought Forward Tax Losses	(176,261)	-	220,518	(6,666,513)
Tax Losses Incurred During the Year	-	9,830,857	-	9,830,857
Tax Losses Utilised	19,327,150	(62,757,958)	(30,138,827)	-
Tax Losses Carried Forward	1,047,113,856	1,027,962,967	363,841,975	393,760,284

23. EARNINGS PER SHARE

23.1 Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders (after deducting preference share dividends) by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

23.2 The following reflects the income and share data used in the Basic Earnings Per Share computation.

Amount Used as the Numerator:

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Profit for the Year	59,226,214	332,524,765	70,006,034	364,624,009
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	59,226,214	332,524,765	70,006,034	364,624,009

Number of Ordinary Shares Used as Denominator:

	Group		Company	
	2020 Number	2019 Number	2020 Number	2019 Number
Number of Shares at the Beginning of the Year	199,881,008	199,881,008	199,881,008	199,881,008
Number of Shares at the End of the Year	199,881,008	199,881,008	199,881,008	199,881,008

24. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

24.1 Transaction with the parent and related entities

	Group		Company	
	2020 LKR	2019 LKR	2020 LKR	2019 LKR
Nature of Transaction				
As at 1 January	1,714,807,350	1,654,560,548	1,714,807,350	1,654,560,548
Central Cost Allocated	19,641,940	54,249,537	19,641,940	54,249,537
Finance Charges	192,177,198	204,115,688	192,177,198	204,115,688
Expenses paid by others on behalf of the Company	(77,732,501)	(116,737,852)	(77,732,501)	(116,737,852)
Fund Transfers	(69,520,185)	(142,000,000)	(69,520,185)	(142,000,000)
Settlement of Liabilities	4,733,071	60,156,539	4,733,071	60,156,539
Dividend Interest	2,974,190	3,086,503	2,974,190	3,086,503
Redeemed Preference Shares	-	(2,623,613)	-	(2,623,613)
As at 31 December	1,787,081,063	1,714,807,350	1,787,081,063	1,714,807,350

Included in Trade and Other Receivables and Investment in Preference Shares

NOTES TO THE FINANCIAL STATEMENTS

24. RELATED PARTY DISCLOSURES (CONTD.)

Terms and Conditions :

Purchase/sales of services to related parties were made on the basis of the price lists in force with non related parties. Management Fees were made at agreed prices. Outstanding balance with related parties at balance sheet date are unsecured and interest free. Settlement will take place in cash.

The loan obtained on behalf of Liberty Developers Private Limited and interest reimbursement arrangement is as follows :

	2020 LKR	2019 LKR
Loan amount as at 31 December (Note 13.3)	1,423,500,000	1,510,000,000
Finance cost recorded under Related Party**	192,177,198	210,185,240

**Loan was obtained by Colombo Land and Development Company PLC on behalf of Liberty Developers Private Limited, and the interest pertaining to loan is reimbursed from the Liberty Developers Private Limited.

24.2 Transactions with Key Management Personnel of the Company or its parent

The key management personnel of the Company are the members of its Board of Directors and that of its parent.

Key Management Personnel Compensation

	2020 LKR	2019 LKR
Short-term employee benefits	31,650,000	35,040,000
Post-employment benefits	3,968,750	2,097,214
	35,618,750	37,137,214

Loans obtained from Related Parties have been disclosed in Note 13.4 in these financial statements.

Other Transactions with Key Management Personnel

	2020 LKR	2019 LKR
Loans to Key Management Personnel		
As at 1 January	5,956,000	-
Loans advanced during the year	-	5,956,000
Loans repayments received	-	-
As at 31 December	5,956,000	5,956,000

25. ASSETS PLEDGED

The assets pledged as at 31.12.2020 have been disclosed in Note 13.5 to these financial statements.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, comprise loans and borrowings, trade and other payables, and tenant deposits. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables and cash and short-term deposits that arrive directly from its operations. The Group also holds available-for-sale investments.

The Group is exposed to market risk, credit risk and liquidity risk. Risk management is carried out by the finance department under the policies approved by the Board of Directors. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include: loans and borrowings, deposits and AFS investments.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2020 and 2019.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates of the debt and all other factors remain constant as at 31 December 2020.

The analyses exclude the impact of movements in market variables on the carrying value of post-retirement obligations, provisions and the non-financial assets.

The following assumptions have been made in calculating the sensitivity analyses:

The statement of financial position sensitivity relates to derivatives and available-for-sale debt instruments.

The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2020 and 2019.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's exposure to the risk of changes in market interest rates relates to primarily to the Company's long-term debt obligations with floating rates. The Group manages its interest rate risk by daily monitoring and managing cash flows, keeping borrowings to a minimum, negotiating favourable rates on borrowings and deposits.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	Effect on profit before tax
2020		
Borrowings	+10/-10	17,653,608
2019		
Borrowing	+10/-10	17,094,254

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Equity price risk

The Group's listed equity securities are susceptible to market-price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

Credit Risk

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

Trade Receivables

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. The Company has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history, but the Company does not monitor the credit quality of receivables on an on going basis.

Deposits refundable to tenants may be withheld by the Company in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

Financial instruments and cash deposits

The fair value of cash and cash equivalents at 31 December 2020 approximates the carrying value. There is no significant concentration of credit risk with respect to cash and cash equivalents, as the Company holds accounts in a number of financial institutions.

Liquidity risk

The Company's finance department aims to maintain flexibility in funding by keeping committed credit lines available.

The Company's liquidity position is monitored on a monthly basis by the management and is reviewed quarterly by the Board of Directors. A summary table with maturity of financial liabilities is presented below. The amounts disclosed below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position as the impact of discounting is not significant.

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

Group

Year ended 31 December 2020	On demand	1 to 12 Months	From 2 to 3 years	From 4 to 5 years	More than 5 Years	Total
Interest Bearing Loans and Borrowings (Note 13)	6,781,632	162,202,049	271,951,366	457,684,224	970,421,024	1,869,040,295
Tenant Deposits (Note 17)	184,418,565	-	-	-	-	184,418,564
Trade and Other Payables (Note 16)	310,393,702	-	-	-	-	310,393,702

Group

Year ended 31 December 2019	On demand	1 to 12 Months	From 2 to 3 years	From 4 to 5 years	More than 5 Years	Total
Interest Bearing Loans and Borrowings (Note 13)	6,781,632	162,202,049	154,052,640	361,684,224	1,198,263,136	1,759,860,325
Tenant Deposits (Note 17)	195,787,787	-	-	-	-	195,787,787
Trade and Other Payables (Note 16)	283,603,440	-	-	-	-	283,603,440

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Company

Year ended 31 December 2020	On demand	1 to 12 Months	From 2 to 3 years	From 4 to 5 years	More than 5 Years	Total
Interest Bearing Loans and Borrowings (Note 13)	6,781,632	162,202,049	271,951,366	457,684,224	970,421,024	1,869,040,295
Tenant Deposits (Note 17)	42,234,489	-	-	-	-	42,234,489
Trade and Other Payables (Note 16)	64,080,945	-	-	-	-	64,080,945

Company

Year ended 31 December 2019	On demand	1 to 12 Months	From 2 to 3 years	From 4 to 5 years	More than 5 Years	Total
Interest Bearing Loans and Borrowings (Note 13)	12,580,368	33,000,000	154,052,640	361,684,224	1,198,263,136	1,759,580,368
Tenant Deposits (Note 17)	44,807,962	-	-	-	-	44,807,962
Trade and Other Payables (Note 16)	68,877,757	-	-	-	-	68,877,757

	2020 LKR	2019 LKR
Interest Bearing Loans and Borrowings (Note 13)	1,869,040,295	1,759,860,325
Trade and Other Payables (Note 16)	310,393,702	283,603,440
Less: Cash and Cash Equivalents (Note 10)	(4,390,041)	(7,148,398)
Net debt	2,175,043,956	2,036,315,367
Equity	8,084,115,600	7,998,728,407
Capital and net debt	10,259,159,556	10,035,043,774
Gearing ratio	21%	20%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

27. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Amendments to Inland Revenue Act no. 24 of 2017 were enacted subsequent to the reporting date which will reduce the deferred tax liability recoded as of 31 December 2020 by Rs.509,486,609 in the group and Rs.344,311,846 in the Company with the changes in tax rates from 28% to 24%.

Subsequent to the reporting date, no other circumstances have arisen, which would require adjustments or disclosures in the Financial Statements other than disclosed above.

28. FAIR VALUES

28.1 The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

The following methods and assumptions were used to estimate the fair values:

- Variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.
- The fair values of the remaining financial assets classified under fair value through OCI are derived from quoted market prices in active markets.

The fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2020 was assessed to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

28. FAIR VALUES (CONTD.)

28.2 The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

The fair value measurement hierarchy for assets as at 31 December 2020:

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Investment Properties (Note 4)					
Properties	31-Dec-20	13,517,812,502	-	-	13,517,812,502
Financial Assets classified under FVOCI					
Quoted Equity Shares	31-Dec-20	24,360	24,360	-	-
Revalued Property, Plant and Equipment					
Land and Buildings	31-Dec-20	150,384,756	-	-	150,384,756
Biological Assets					
Plantation	31-Dec-20	57,435,700	-	-	57,435,700

The fair value measurement hierarchy for assets as at 31 December 2019:

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Investment Properties (Note 4)					
Properties	31-Dec-19	13,315,813,325	-	-	13,315,813,325
Financial Assets classified under FVOCI					
Quoted Equity Shares	31-Dec-19	23,520	23,520	-	-
Revalued Property, Plant and Equipment					
Land and Buildings	31-Dec-19	115,072,431	-	-	115,072,431
Biological Assets					
Plantation	31-Dec-19	55,493,119	-	-	55,493,119

29. COMMITMENTS AND CONTINGENCIES

29.1 Financial commitments and contingent assets

The Company and Group do not have material financial commitments or contingent asset as of reporting date other than disclosed in note 4.5.

29.2 Contingencies

The Company and Group do not have significant contingencies as at the reporting date.

30. GROUP INFORMATION

30.1 The consolidated financial statements of the Group include:

Name	Group Holding	Company Holding	Principal Activity
Liberty Holdings Limited	100%	100%	Renting out developed property
Agrispice (Private) Limited	100%	100%	Cultivating plantation of teak and mahogany trees
Anantaya Global Solutions (Private) Limited	70%	70%	IT solutions, software development and e-marketing
Liberty Developers (Private) Limited	100%	100%	Renting out developed property

The above companies have been incorporated in Sri Lanka.

NOTES TO THE FINANCIAL STATEMENTS

30. GROUP INFORMATION (CONTD.)

30.2 Summarised financial information of subsidiaries

Agrispace (Private) Limited carries on, inter-alia, the business of cultivating plantations of teak and mahogany trees. The results, assets and liabilities of Agrispice (Private) Limited have been included in the consolidated financial statements of the Group using the purchase method. Anantaya Global Solutions (Private) Limited is in the business of providing IT solutions to the group.

Set out below are the summarised financial information for each subsidiary

Year ended 31 December 2020	Liberty Holdings Limited		Agrispice (Private) Limited		Liberty Developers (Private) Limited	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Current						
Assets	124,162,933	122,231,918	1,107,574	1,077,530	149,481,202	88,913,432
Liabilities	1,463,527,075	1,481,741,547	65,807,575	62,848,995	730,055,335	621,265,335
Total current net assets	(1,339,364,142)	(1,359,509,629)	(64,700,001)	(61,771,465)	(580,574,134)	(532,351,903)
Non-current						
Assets	4,248,399,326	4,228,612,408	109,141,671	107,225,509	2,725,196,094	2,612,583,860
Liabilities	514,552,689	585,348,200	365,113	294,039	477,412,808	486,667,430
Total non-current net assets	3,733,846,637	3,643,264,208	108,776,558	106,931,470	2,247,783,287	2,125,916,429
Net assets	2,394,482,495	2,283,754,578	44,076,557	45,160,005	1,667,209,153	1,593,564,527
Revenue	79,245,952	98,541,028	-	-	198,067,308	232,101,919
Profit/(Loss) before income tax	3,874,407	417,729,634	(1,080,282)	(2,236,926)	66,498,392	(392,502,620)
Income Tax	78,143,946	(121,206,566)	-	-	7,146,234	54,533,766
Profit/(Loss) after income tax	82,018,353	296,523,067	(1,080,282)	(2,236,926)	73,644,626	(337,968,854)
Other Comprehensive income/ (expense)	28,709,563	(18,893,673)	-	-	-	-
Total comprehensive (loss)/income	110,727,916	277,629,394	(1,080,282)	(2,236,926)	73,644,626	(337,968,854)

ENDURING VALUE

SUPPLEMENTARY INFORMATION

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DECADE AT A GLANCE

Ten Year Summary

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Turnover	94,752	104,912	125,470	149,680	210,592	422,435	445,909	481,952	476,852	438,406
Operating Income	65,317	72,966	77,790	84,625	126,753	311,842	318,302	360,467	341,021	329,917
Operating Expenses	(129,624)	(80,283)	(94,934)	(97,241)	(126,120)	(122,321)	(101,051)	(107,266)	(127,029)	(125,088)
Operating Profit/(Loss)	277,273	(16,340)	137,733	257,979	2,032,404	745,287	4,096,402	726,069	807,372	407,897
Non Operating Income	2,076	2,179	2,057	1,094	4,324	7,567	16,627	4,786	1,479	2,211
Net Finance Income/(Cost)	12,769	6,655	(20,215)	(35,672)	(64,433)	(234,312)	(43,367)	(215,061)	(235,510)	(232,371)
Profit/(Loss) Before tax	290,042	(9,685)	117,518	222,307	1,967,971	510,975	3,853,035	511,008	571,862	175,526
Income Tax	45,933	(80,284)	(56,444)	(69,224)	(611,135)	(203,730)	(1,110,643)	(82,673)	(239,357)	(116,320)
Profit/(Loss) after tax	335,035	(89,969)	64,074	153,083	1,356,836	307,244	2,742,393	328,334	332,505	59,205

INVESTOR INFORMATION

Twenty Major Shareholders as at 31st December 2020

	Name	No. of Shares	%
1	MR E.G. NG	47,393,516	23.711
2	HIKKADUWA BEACH RESORT PLC	40,413,200	20.219
3	URBAN DEVELOPMENT AUTHORITY OF SRI LANKA	34,872,675	17.447
4	BANK OF CEYLON A/C CEYBANK UNIT TRUST	18,725,832	9.368
5	MR Y.T. NG	6,006,876	3.005
6	HATTON NATIONAL BANK PLC/CAPITAL TRUST HOLDINGS LIMITED	5,070,408	2.537
7	MR E.S. NG	4,945,716	2.474
8	MR Y.C. NG	4,715,502	2.359
9	SEYLAN BANK PLC./ NALAKA HARSHAJEEVA GODAHEWA	2,342,200	1.172
10	MES K.P. HONG (DECEASED)	2,251,625	1.126
11	MR Y.H. NG	1,920,000	0.961
12	MR K.V. HEWAVITARNE	1,750,000	0.876
13	MR Y.K.D. NG	1,605,600	0.803
14	ALLNATT INVESTMENTS (PRIVATE) LIMITED	1,524,074	0.762
15	MR T.G. THORADENIYA	1,454,190	0.728
16	CAP W. BAPTISTA	1,390,654	0.696
17	MR A. LUKMANJEE	695,889	0.348
18	MRS V.R. JAYASINGHE	629,512	0.315
19	BANK OF CEYLON A/C CEYBANK CENTURY GROWTH FUND	580,218	0.290
20	MR R. MAHESWARAN	500,050	0.250
		178,787,737	89.447
	OTHERS	21,093,271	10.553
	TOTAL	199,881,008	100.000

Distribution of Shareholding as at 31st December 2020

From	To	No. of Holders	No. of Shares	%
1	- 1,000	1,622	561,789	0.28
1,001	- 10,000	872	3,211,070	1.61
10,001	- 100,000	290	8,180,229	4.09
100,001	- 1,000,000	50	11,545,852	5.78
Over 1,000,000		16	176,382,068	88.24
		2,850	199,881,008	100.00

INVESTOR INFORMATION

Distribution of Shareholding as at 31st December 2020

Category	No. of Shareholders	No. of Shares	%
Local Individuals	2,609	19,512,794	9.76
Local Institutions	192	109,118,871	54.59
Foreign Individuals	46	68,933,131	34.49
Foreign Institutions	3	2,316,212	1.16
Total	2,850	199,881,008	100.00

Directors' Shareholding as at 31st December 2020

Names of Directors	No. of shares	Percentage (%)
Prof. C K Deheragoda	Nil	Nil
Mr. D S Jayaweera	2,600	0.00%
Mr. M D S Goonatilleke	Nil	Nil
Mr. Ng. Yao Xing, Eugene	Nil	Nil
Mr. P V S Premawardhana	Nil	Nil
Mr. L A P H De Silva	Nil	Nil
Mr. D I De Zoysa Abeyesiriwardana	Nil	Nil
Mr. Ng. Heng Chye Clement (Alternate Director to Ng Yao Xing, Eugene)	Nil	Nil
Mr. S A Ameresekera. (Alternate Director to M D S Goonatilleke)	Nil	Nil

Share Prices for the Year

Market price per share	31.12.2020	Date	31.12.2019	Date
Highest during the period	Rs.28.50	22/09/2020	Rs.29.90	19/11/2019
Lowest during the period	Rs.10.30	12/05/2020	Rs.10.10	14/05/2019
As at end of the period	Rs.24.30		Rs.26.00	

Public Holding

Category	31.12.2020
Public Holdings Percentage as at 31st December 2020	38.62%
Number of shareholders representing the above percentage	2,846
Float adjusted market capitalization as at 31st December 2020	Rs. 1,875,936,113.10

The Float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

GLOSSARY OF FINANCIAL TERMS

Earnings per Share

Profit/(Loss) attribute to ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding during the year.

Net Asset

Total Asset minus Liabilities

Net Asset per Share

Net Asset divided by number of shares

Dividend per Share

Total dividend divided by number of shares

Market Capitalisation

Number of ordinary shares in issue multiplied by market value per share

Asset Turnover Ratio

Total revenue divided by Total Assets

Capital Employed

Stated capital plus Reserves

Return on Capital Employed

Profit/(Loss) for the year divided by Capital Employed

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty Ninth (39th) Annual General Meeting of Colombo Land and Development Company PLC will be held by electronic means centred at the Board Room of the Company on 30th June 2021 at 3.00 pm for the following purposes:

1. To receive the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st December 2020 and the Report of the Auditors thereon.
2. To re-elect as a Director Mr. D S Jayaweera who retires by rotation in terms of Articles 86 and 87 of the Articles of Association.
3. To re-elect as a Director Mr. M D A Weerasooriya who retires in terms of Article 94 of the Articles of Association.
4. To re-elect as a Director Mr. S A Ameresekere who retires in terms of Article 94 of the Articles of Association.
5. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.
6. To authorize the Directors to determine payments for the year 2021 and upto the date of the next Annual General Meeting for charitable and other purposes as set out in the Companies Donations Act (Cap 147).

By Order of the Board

COLOMBO LAND AND DEVELOPMENT
COMPANY PLC



P W Corporate Secretarial (Pvt) Ltd
Director / Secretaries

31st May 2021

Notes:

1. A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy enclosed herewith.
2. A proxy need not be a shareholder of the Company.
3. Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
4. For more information on how to participate by virtual means in the above virtual meeting, please refer Guidelines and Registration Process enclosed herewith.

FORM OF PROXY

*I/We
holder of NIC No of being a
*Shareholder /Shareholders of Colombo Land and Development Company PLC do hereby appoint holder of NIC No
..... of or
failing him/her

Mr. L A P H De Silva	or failing him
Mr. D S Jayaweera	or failing him
(Alternate Director – Mr. W G U I Ranaweera)	
Mr. P V S Premawardhana	or failing him
Mr. M D S Goonatileke	or failing him
Mr. NG Yao Xing, Eugene	or failing him
(Alternate Director - NG H C Clement)	
Mr. D L De Zoysa Abevsiriwardana	or failing him
Mr. S A Amarasekera	or failing him
Mr. M D A Weerasooriya	

as *my/our proxy to represent me/us to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 30th June 2021 at 3.00pm and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To re-elect Mr. D S Jayaweera who retires in terms of Articles 86 and 87 of the Articles of Association, as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. M D A Weerasooriya who retires in terms of Article 94 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. S A Ameresekere who retires in terms of Article 94 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorize the Directors to determine payments for the year 2021 and up to the date of the next Annual General Meeting for Charitable and other purposes as set out in the Companies Donations Act (Cap 147).	<input type="checkbox"/>	<input type="checkbox"/>

Signed this..... day of Two Thousand and Twenty One.

.....
Signature

- 1) *Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse thereof.

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. 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.
4. To be valid, the completed Form of Proxy must be deposited at the Registered Office of the Company, 3rd Floor, Liberty Plaza, 250 R A De Mel Mawatha, Colombo 03, or must be emailed to clnd.pwcs@gmail.com by 03.00 p.m on 28th June 2021.

CORPORATE INFORMATION

NAME OF THE COMPANY

Colombo Land and Development Company PLC

REGISTERED OFFICE

3rd Floor, Liberty Plaza,
250, R. A. De Mel Mawatha,
Colombo 03.

Tel No. 011-2575935-7 Fax: 011-2573111

E-mail: info@colomboland.com

BOARD OF DIRECTORS

Mr. Harshana De Silva

Mr. Mangala Goonatilleke

Mr. Vasula Premawardhana

Mr. Sarva Ameresekere

Mr. Ng Yao Xing, Eugene

Mr. Lalith Abeysiriwardana

Mr. Dilith Jayaweera

Mr. Asoka Weerasooriya

Mr. Ng Heng Chye Clement

Alternate Director to Mr. NG Yao Xing, Eugene

Mr. Uditha Ranaweera

Alternate Director to Mr. D S Jayaweera

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd

3/17, Kynsey Road, Colombo 08.

Tel: 4640360

LAWYERS

Nithi Murugesu & Associates

Attorneys-at-law & Notaries public

28 (Level 2) W A D Ramanayaka Mawatha,
Colombo 02.

Capital Law Chambers & Corporate Consultants

Attorneys-at-law, Notaries Public,

11, Arcadia Gardens, Rosmead Place,
Colombo 07.

AUDITORS

Ernst & Young

Chartered Accountants

201, De Saram Place, Colombo 10.

BANKERS

People's Bank

Nations Trust Bank PLC

Sampath Bank PLC

Commercial Bank of Ceylon PLC

Bank of Ceylon

SUBSIDIARY COMPANIES

Liberty Holdings Limited

Agrispice (Private) Limited

Anantya Global Solutions Company Limited

Liberty Developers (Private) Limited

Designed & produced by

emagewise

Printed by Printage (Pvt) Ltd



Colombo Land and Development Company PLC
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E-mail: info@colomboland.com