



Sri Lanka

Wonder of Asia

Unveiling the investment opportunities



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நகர அபிவிருத்தி அதிகாரசபை
Urban Development Authority



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பாதுகாப்பு மற்றும் நகர அபிவிருத்தி அமைச்சு
Ministry of Defence & Urban Development

Sri Lanka - Wonder of Asia...

Sri Lanka is ranked as the most liberalized economy in South Asia. In 1978, the island adapted open market free economic policies, and successive governments have further liberalized the economy, leading to deregulation, greater privatization and opening the economy to international competition. Transparent investment laws aim to foster foreign direct investments. Sri Lankan commercial laws are based on British laws and country has a highly independent judicial system.

The end of Sri Lanka's long-running civil war in May 2009 has opened a new era of economic opportunities and rebounding economic growth. The Government of Sri Lanka (GSL) has set very ambitious goals for economic development, aspiring to GDP growth rates over 8%, and developing economic hubs in ports, aviation, commercial, knowledge and energy. Sri Lanka also provides very strong prospects in tourism and infrastructure. Compared to other South Asian countries, Sri Lanka is relatively open to foreign investment, offers an open financial system, good infrastructure and generally capable skilled competent enterprising workers for any industry.

Sri Lanka is shifted away from a socialist orientation and opened to foreign investment, although changes in government have often been accompanied by reversals in economic policy. Under "Mahinda Chintana" it seeks to reduce poverty by steering investment to disadvantaged areas; developing small and medium enterprises; promoting agriculture; and expanding the already enormous civil service and also improve enterprises such as state-owned banks, airports, road infrastructure and electrical utilities. The government has adopted import substitution strategies.

While the state is a major player in many economic sectors, state are openly invite foreign investors, invest in this conducive economic environment. there is a strong private sector that plays a key role across the economy including in banking and finance, exports, tea, apparel, IT and tourism. Furthermore Sri Lanka has established strong economic ties with Asian countries such as China and India.

Investment Made Easy In Sri Lanka...

There is a strong relationship between foreign investment and economic growth of Sri Lanka. Larger inflows of foreign investments are needed for Sri Lanka at this juncture to achieve a sustainable economic growth. There are several irrefutable reasons for this. Sri Lankan government has attempted to provide various incentives to foreign investors.

with the present sustainable peace and security, the biggest hindrance for attracting foreign investments has been removed. Therefore higher amounts of foreign direct investments are welcome. An attractive investment climate, consistent macroeconomic policies, good governance, economic stability, guarantee of property rights, rule of law and absence of corruption are among the essentially available in Sri Lanka to make the economic ensure more conducive foreign investors. Consistency and predictability in economic policies and political stability are ground rules that exist which lure investments to the country too.

Sri Lanka expect foreign FDIs would bring the advantages of advanced technology, management practices and assured markets in developed countries.

Sri Lankan government has taken significant steps to improve the quality of physical and technological infrastructure, enhance its human capital and improve its labour market conditions and administrative capabilities to induce higher levels of foreign investment. There has been progress in the development of infrastructure. Enlarged and developed road network, power stations, skills development leaves much scope for development.

Urban Development, the Future Today....

Urban Development is one of the key areas that significant improvements have been made which fostered to higher economic growth. The standards of the cities are improved, and better working environments as well as better facilities for families to spend their leisure time are provided. Sri Lanka has been able to attract many more tourists, draw in even more foreign and local investment, and invited expatriate families to return to the country. It is with all of this in mind that the Government has taken a great deal of effort to improve the standards of Colombo, its suburbs, and other key cities around the country.

The overall quality of Sri Lanka's urban spaces has significantly improved. More facilities are introduced to foster pleasant and relaxed living standards. A great emphasis has been taken to develop clean, green, people friendly cities. Preserving the environment is also considered so that people can enjoy the beauty of this country's natural greenery and abundant waterways. Many projects undertaken over the last three years by the Ministry of Defence & Urban Development, together with Urban Development Authority and the various Municipal and Provincial authorities have all been geared to foster the development of such high quality urban spaces in Sri Lanka.

Urban Development Authority.... The Giant in Urban Development

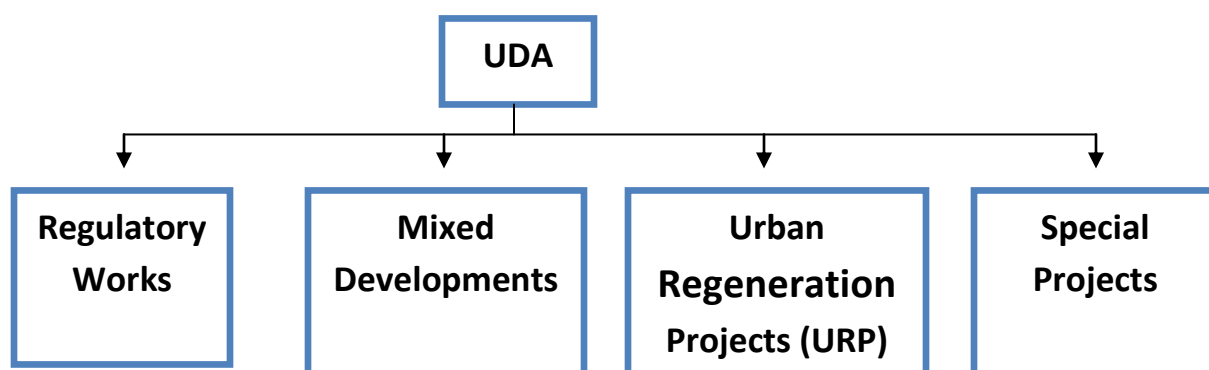
Urban Development Authority (UDA) is a body duly established on 6th September 1978 under the Urban Development Authority Law No.41 of 1978 enacted by National State

Assembly. UDA is operated under the Ministry of Defense and Urban Development having the main objectives to bring investors both local and foreign. In the event of this UDA make substantial profits to run as a nucleus in order to facilitate as a mediator and facilitator amongst all stakeholders.

UDA is the apex body available in Sri Lanka which has an exceptional identity in the entire urban development process of the government of Sri Lanka and it is a Government authority attached to Central Government of Sri Lanka through Ministry of Defense and Urban Development having the main objectives to bring versatile investors both local and foreign.

The main purpose of the UDA is to promote integrated planning in urban areas and implement their economic, social and physical development are taken with concurrence of the provincial offices and UDA performs mostly technical & planning consultancy functions to the government. Including urban development, at present UDA is with a view of developing all under developed urban lands of Colombo metropolitan and suburban cities with the support of overseas investors across the world. UDA acts as a single clearance window or first stop shop between investors and Government of Sri Lanka in urban development.

The policies and strategies are in place to ensure sustainable urban development. Therefore, a well planned path towards sustainable urban development has already become a national priority. UDA has taken steps to design & implement the developments projects to attract attention of the foreign investors and also the government has already embarked on an urban development plan. UDA is currently upgrading Colombo with new walkways, bridges, sanitation facilities, cleaner beach areas, playgrounds and jogging tracks to uplift the aesthetic values of the city.



Projects Undertaken by UDA

UDA is undertaking different types of investment opportunities in city of Colombo.

1. Mixed Development :

Mixed Use Development is in a broader sense is any urban, suburban or village development or even a single building that blends a combination of residential, commercial ,cultural, institutional and industrial uses, where those functions are physically and functionally integrated and that provides pedestrian connections.

The term a "Mixed Use Development" may also use more specifically refer to a mixed use real estate development project - a building, complex of buildings or district of a town or city that is developed for a mixed use by private developer, a governmental agency or a combination of thereof. Traditionally, human settlements have developed in mixed use patterns. However, with industrialization as well as the invention of the skyscraper, governmental zoning regulations were introduced to separate different functions such as manufacturing, from residential areas

Ongoing mixed development projects are Slave Island development stage II, Indo Ocean Residential Tower development, Destiny Mall & Residency & Krrish Square.

Krrish Square



Indocean



Tata Housing



Destiny Mall



Special Projects

- Beira Lake Restoration Project:

The long neglected Beira Lake will be completely rehabilitated. Its gates, tributaries and output channels will be unblocked and improved, and the pollution that has been caused by unauthorized settlements and buildings will be addressed. Once the project is completed, the Beira Lake will be transformed from its present state to a worthy centerpiece for a revitalized city.

- Colombo City Beautification project:

The Green Growth Program which is being carried out in parallel with the Metro Colombo Urban Development Project will protect the marshy areas in the metro region, enhance its bio diversity parks, reduce greenhouse gas emissions and improve the eco-friendly nature of the city.

The development of pavements and walk paths along the city streets has contributed to city to be more people friendly, and the large numbers of citizens who use public transport and use the roads to walk need to be accommodated with high quality pavements and facilities. The development of the pavements in the Colombo and Metro Colombo regions has been of great help to pedestrians, and all future road developments will also feature high quality pavements. Build drains and walkways along the roads that they develop, which will make the roadways much safe and more pleasant for pedestrians.

By creating and maintaining greener, cleaner cities with more public open spaces for people to enjoy, and by improving the infrastructure available within the urban spaces are key initiatives taken by the government to ensure sustainable development in the country. Creation of more public open spaces has been a key priority amongst the projects that have been initiated recently. Alongside the many developments in the Sri Jayawardenepura area, the development of Independence Square and Nawam Mawatha with proper bicycle tracks and walkways have significantly improved the quality of life within Colombo city.

Demolition of walls around public buildings, playgrounds and other public areas has made the city to become much more relaxed and open atmosphere.



- Conservation of Historical Buildings

In terms of sustainability, one of the more innovative approaches taken by the Urban Development Authority over the past few years has been to transform historic old buildings on the verge of collapse into facilities with a new lease on life.

The transformation of the long neglected old Dutch hospital in Colombo Fort into a public open space housing high end shopping and restaurant facilities has been extremely popular, and the demand from the business community for more facilities of that nature has been extremely encouraging. With that in mind, the old Colombo Racecourse buildings, which had initially been scheduled for demolition, are being rehabilitated and will be converted to an up market shopping complex whilst the pavilions and grounds are being converted for new activities.

Private sector companies have also stepped forward to take over and revitalize historic sites; for example, the Krrish Group intends to preserve and transform the old Trans works Building into a high-end boutique hotel as it develops the Trans works Square into a modern mixed development with hotel, residential, office and commercial facilities.



Urban Regeneration Project

The concept of urban renewal is an important one that has many implications. In terms of developing the city, the improvements being made to the lives of people in underserved and unauthorized settlements are particularly noteworthy. These settlements are mostly on government lands in various parts of Colombo, with many of them being located on reservations set aside around lakes, canals, roadways and railway tracks.

Under the Resettlement of Underserved Settlements Project being undertaken by the Urban Development Authority, some 70,000 families living in poor conditions in Colombo will be given housing in high rise buildings designed and constructed to a good standard. The construction of 10,000 housing units is presently under way, and plans are in place to expand this number by a further 15,000 during the next year.

The regeneration of urban spaces through Private Public Partnerships in which investors work with landowners to build mixed developments in areas they occupy is another significant step in urban development. The householders will be resettled in quality high-rise apartments in the same neighborhoods, while new high quality commercial and residential spaces will be created in the lands vacated. A key benefit of both the Resettlement of Under Served Settlements Programme and these Public Private Partnerships is that they will release a lot of prime city land for commercial and other developments, including the creation of more public spaces.

Investment Opportunities Available For Housing :

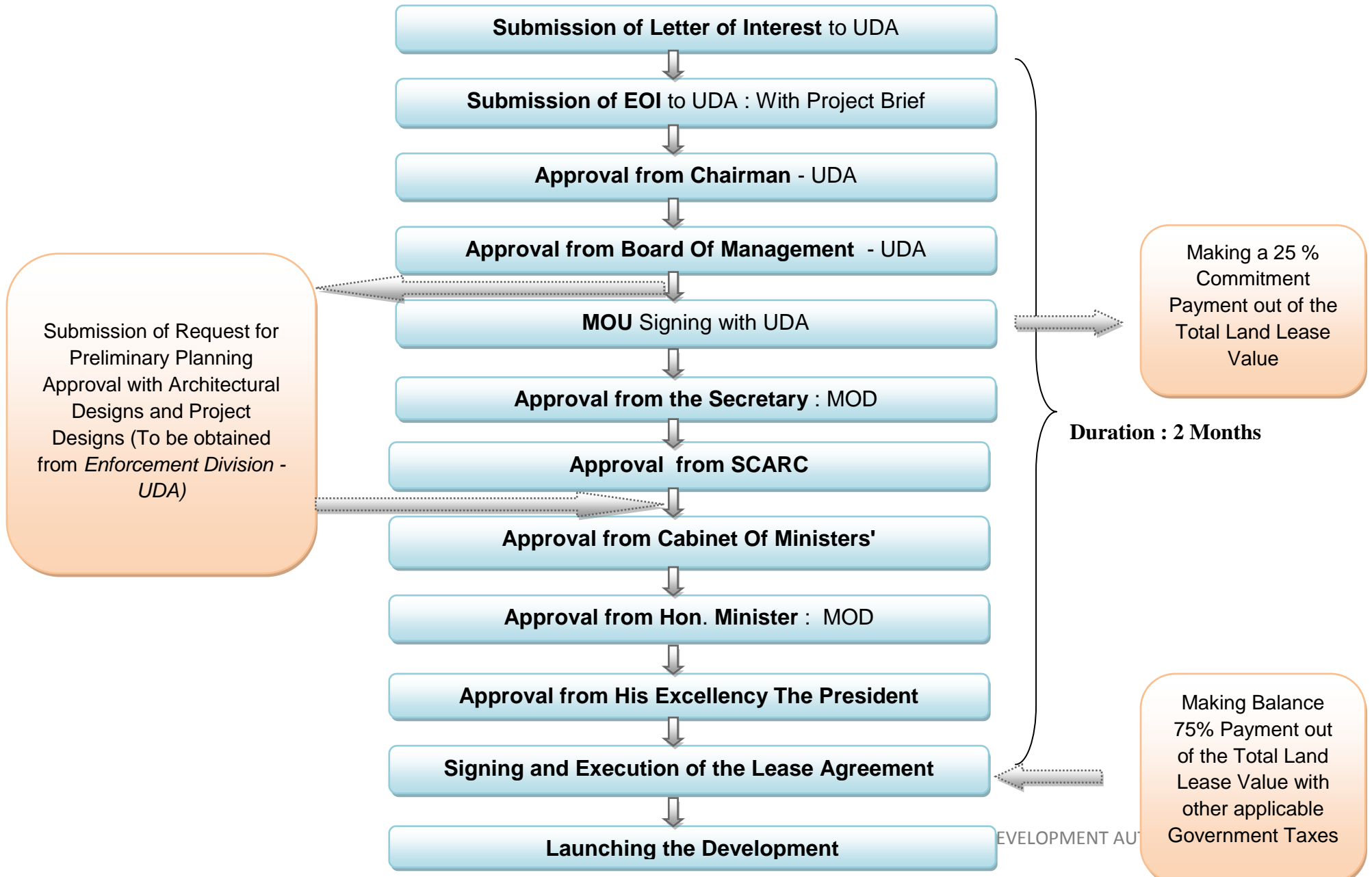
- 537 Watta Dematagoda (Colombo 09)
- Mount Mary Land - Dematagoda (Colombo 09)
- Typing Watta (Colombo 08)
- 187,189,255 Watta-Torrington Avenue
- Udumage Watta (66 Watta) Baseline Road
- Tara Watta (Colombo 07)
- Ginger Hena Watta - Pannipitiya
- Kulasenevi Watta / Alwis Watta - Pannipitiya
- Narahenpita Bakery Watta - Narahenpita
- Samarakoon Watta - Maharagama
- Borella Bakery Watta - Colombo 08



Other Investment Opportunities available in UDA

#	Land	Location	Land Extent	Suggested Development Purpose
1.	Chalmer's Granaries Land Site	Colombo - Fort	09A 03R 00P	Mixed Development
2.	Tripoli Land	Colombo Fort	04A 01R 00P	Mixed Development
3.	St. Jones Car Park Site (Old Fish Market)	Colombo Harbor Front	00A 03R 1.34P	Car Park
4.	Former Bristol Street Land (Hemas Car Park Land)	Colombo Fort	00A 02R 14.78P	Mixed Development
5.	Nawaloka Car Park Land Site	Colombo 02	00A 03R 10P (Approximately)	Mixed Development
6.	ETF Land Site - Nawam Mawatha (Ownership ETF Department)	Colombo 02	02A 01R 23P	Mixed Development
7.	Narahenpita Land	Colombo 05	00A 02R 23.8P	Mixed Development
8.	Castle Street Land (Near Castle Hospital)	Colombo 08	04A 02R 6.93P (Only 0.75 Acres Liberated)	Mixed Development
9	Central Theatre Land (Central Cinema Land) - Orabipasha Mawatha	Colombo 10	00A 03R 23.6P	Mixed Development
10.	Former BCC Land Panchikawatte (Ownership : BCC)	Colombo 12	04A 00R 00P	Mixed Development
11.	Maligawatta Land	Maligawatta	07A 00R 00P	Mixed Development
12	Peliyagoda Land (Near the New Bridge)	Peliyagoda	00A 01R 01.32P	Mixed Development
13.	Clipsal Land	Nawinna	02A 02R 23.8P	Mixed Development
14.	Kollonnawa Land (In front of Bank of Ceylon: Kollonnawa Town)	Kollonnawa	00A 01R 38.68P	Mixed Development
15.	Malambe IT Park	Malambe	SLSI Land (Sri Lanka Standards Institute) Land : 05A 00R 16.5P	IT related development
			Lake Road Land : 00A 03R 18.61P	IT related development
16.	Sethsiripaya Stage III	Battaramulla	05A 01R 6.4P	Car Park
17.	Densil Kobbekaduwa Mawatha (Lot # 14,15,16)	Battaramulla	01A 01R 18.15P	Office Development

Formal Approval Procedure and Time Frame adhered by UDA



Note : However there are other few proposals to be obtained from line ministries and some authorities after the execution of the land lease with UDA.

Credentials Required To Pursue The Development

1. You may be a group of company or consortium, but what is the particular company this development is planning to be undertaken. Give clear details of that company.
2. Director's of that company and their profiles together with members of the business consortium.
3. Audited / certified financial reports for that particular company for last three (03) years? If not UDA need have consortium members details.
4. Registration certificates of that company in particular country under the register of companies / Ministry of trade (If applicable)
5. Government certificate of business authorization
6. Board of management approval from your company approving for this development in Sri Lanka.
7. Board of certification for accommodating / remitting of the 100% up front (one time) payment for Sri Lanka at the time of execution of leasing agreement (Your banker can Issue)
8. Your banker's certification of proving your capacity for said development in Sri Lanka.
9. Rough sketch of the development design (Building architectural).
10. Certification from the commerce department section of the embassy in Sri Lanka for your country.
11. Covering letter of expression showing intension to carry out this development. (New Letter from your consortium)
12. Earliest date for commencement , period of Construction. expected date of completion.
13. Level four (Level 4) credential search report from any world reputed auditing company (Eg: KPMG , Price water coopers.etc)
14. Letter of certification/Verification or board resolution from board members of your company assuring full completion of development and Duration.
15. Company's local office address and details and management structure

Rules and Regulations For Buying and Lease Out Property in Sri Lanka

There is a 100% tax on any property purchased by non citizens, or a company incorporated in Sri Lanka with more than 25% of foreign participation in the equity. This is on top of the 3% legal tax. Sale of land to foreigners has been prohibited from the 2013 budget. Instead the land can only be leased out. Any land leased to foreigners will still incur a 100% tax. Update on 13/05/13 - Foreigners can now buy land if their investment in the project is over \$10 million. Alternatively they can lease the land (for up to 99 years) and pay a tax of around 5-10%.

Foreigners will be exempted from the tax under the following circumstances:

- Investment in a project is over US\$10 million
- A joint venture company incorporated in Sri Lanka (with foreign participation) is not liable to pay the tax
- Condominium units of residential or non-residential accommodation on or above the 4th floor of a registered condominium apartment constructed with the approval of the UDA
- Land for the development of large housing schemes, hospitals and hotels with a minimum investment of \$10 million
- Exporting companies with a minimum investment of \$1 million

Large infrastructure projects with a minimum investment of \$50 million Persons of Sri Lankan origin currently holding foreign passports are to be granted concessions to invest in the real estate sector in the country.

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