



PRIME LANDS RESIDENCIES LIMITED

IPO Price – LKR 10.40

Company Profile

Prime Lands Residencies limited (PLR), a subsidiary of Prime Lands (Pvt) Ltd was created in FY16 via amalgamation of Prime Homes International (Pvt) Ltd, Prime Homes (Pvt) Ltd and Living Homes (Pvt) Ltd.

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

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

Future Outlook

Prime Lands Residencies currently consists of 5 active apartment projects across Colombo city and its suburbs, totaling to 563 units amounting to a value of LKR 34.1Bn, including its flagship project "The Grand", an Ultra-Luxury project located in Ward Place Colombo 07, amounting to a value of LKR 27.7Bn catering to the high-end clientele. Further 5 more projects are in Pre-Launch/Planning Stage with 1,120 units of apartments valued at LKR 16.5Bn expected to be completed by FY23-24E.

PLR expects a cashflow of LKR 9.8Bn over the next 24-36 months from the pre-sold apartments. Additionally, PLR holds an unsold apartment inventory of LKR 24.4Bn and LKR 2.1Bn of cash which has been received but yet to be recognized as revenue.

PLR mainly focuses on the Affordable Luxury segment, with future plans to move into the middle-income segment of the market, especially in the suburbs of Colombo. Middle income segment has been a growing segment due to the affordability of the expanding middle-income population of Sri Lanka together with urbanization.

PLR Valuation

P/E 31 March	FY17	FY18	FY19	FY20	10MFY21
Estimates (LKR 'Mn)					
Revenue	6,308	5,590	3,595	5,716	6,260
Gross Profit	1,896	1,504	882	1,073	1,481
EBIT	1,648	1,191	843	784	1,261
Net Profit	1,052	715	258	138	736
Adjusted EPS (LKR)	1.4	1.0	0.3	0.2	1.0
YoY Growth (%)	100%	-32%	-64%	-47%	433%
Valuations					
PER (x)	7.4x	10.9x	30.2x	56.5x	10.6x
PBV (x)	4.1x	3.6x	3.6x	4.0x	1.8x

Peer Group Comparison

	Share Price (LKR)	4 Quarter Trailing as per company stats (LKR Mn)	BV as at 31.12.2020 (LKR Mn)	P/E	P/BV
OSEA	80.0	46.7	45,036.9	11.0	0.4
MHDL	232.9	407.0	1,012.79	5.1	0.8
PLR*	10.4	1261.0	3,181.19	10.6	1.8
Sector**				13.6	0.6
Market**				14.0	1.2

*Earnings and Book Value as at Jan 31, 2021

**Values as at Dec 31, 2020

Revenue Recognition Policy

PLR applies a unique method of revenue recognition policy in accordance with "SLFRS 15 – Revenue from Contracts with Customers). The revenue is recognized using 25% of completion method as construction progresses, in lower of the percentage of a total sales value or 20% of advance received subject to the completion of both above-mentioned criteria.

IPO Details

Issue Price	: LKR 10.4
Amount to be Raised	: LKR 1.04Bn (1 st Tranche) LKR 0.91Bn (2 nd Tranche)
No. of Shares offered	: 100.0Mn (1 st Tranche) 87.5Mn (2 nd Tranche)
Issue open Date	: May 11, 2021

Purpose of the issue

- Payment for the Acquisition of Land in Meegoda, Homagama
- Settling the Revolving Import Loans taken for "The Grand" Project
- To further strengthen the working capital of the Company

Issue Allotment Structure

Applicant Category	% of Shares Offered
Unit Trust Investors	10.0%
Retail Individual Investors	40.0%
Non-Retail Investors	50.0%
	100.0%



Appendix 1

Summarized Audited Income Statement

Income Statement	FY16	FY17	FY18	FY19	FY20
Year ended 31st March (LKR 'Mn)					
Revenue	2,939	6,308	5,590	3,595	5,716
Cost of Sales	(2,081)	(4,411)	(4,086)	(2,713)	(4,643)
Gross Profit	858	1,897	1,504	882	1,073
Other Income	4	5	11	22	19
Fair Value Gains/ (Losses)				198	5
Distribution Expenses	(16)	(34)	(24)	(22)	(30)
Administrative Expenses	(142)	(220)	(300)	(238)	(283)
Operating Profit	704	1,648	1,191	842	784
Finance Income	3	5	62	53	23
Finance Expenses	(165)	(598)	(518)	(622)	(626)
Profit before Tax	541	1,055	735	273	181
Income Tax Expenses	(17)	(3)	(20)	(16)	(44)
Profit for the Period	525	1,052	715	258	138

Appendix 2

Summarized Audited Statements of Financial Position

Statement of Financial Position	FY16	FY17	FY18	FY19	FY20
Year ended 31st March (LKR 'Mn)					
ASSETS					
Non-Current Assets	12	509	588	1,035	1,035
Current Assets					
Inventory Property	6,812	6,667	7,831	10,269	8,506
Advances Paid for Contractors	510	481	458	2,275	3,807
Cash and Cash Equivalents	314	715	941	213	145
Total assets	7,953	8,956	10,168	13,890	13,853
Total Equity	1,427	2,404	2,694	2,727	2,458
LIABILITIES					
Non-Current Liabilities					
Interest Bearing Borrowings	2,672	2,635	2,273	2,552	1,589
Current Liabilities					
Trade and Other Payables	159	321	400	505	497
Interest Bearing Borrowings	1,457	1,460	717	869	1,594
Customer Advance Collection	1,958	1,835	3,510	4,859	3,915
Income Tax Payables	16	3			119
Bank Overdraft	252	285	538	2,326	2,936
Total Liabilities	3,845	3,906	5,186	8,568	9,468
Total Equity & Liabilities	7,953	8,956	10,168	13,890	13,583

Appendix 3

Project	Total Residential Units	Total Value of Project (LKR Mn)	Completion	Project Categorization
Construction in Progress				
Prime Bella - Rajagiriya	60	1,402.0	Mar-21	Luxury
Jawa 25 - Kassapa Road	25	1,001.0	May-21	Luxury
Prime Residences Kassapa Road II	35	1,323.6	Nov-21	Luxury
The Beach Front - Uswetakeiyawa II	112	2,687.9	Apr-23	Luxury
The Grand – Colombo 07	331	27,753.3	Jun-22	Ultra-Luxury
	563	34,167.8		
Projects in hand (Pre-Launch/Planning Stage Projects)				
The Palace - Gampaha	480	5,982.3	Mar-24	Affordable Luxury/Lifestyle apartment
Kurunegala	225	3,500.0	Dec-23	Affordable Luxury/Lifestyle apartment
Negombo	72	1,400.0	Mar-23	Affordable Luxury/Lifestyle apartment
Nuwara Eliya	43	1,700.0	Dec-23	Leisure
Meegoda, Homagama	300	4,000.0	Dec-23	Affordable Luxury/Lifestyle apartment
	1120	16,582.3		



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BRANCHES

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