

Benefits to investors

Enhanced Capital Allowance (ECA)

Applicable to new projects and expansion by existing BOI projects.

| Total Investment Made (US\$ Mn) | Enhanced Capital Allowance | | Period for Deducting Unrelieved Losses (Years) |
|---------------------------------|----------------------------|------------------------------|--|
| | Northern Province | Other than Northern Province | |
| > 3 and ≤ 100 | 200% | 100% | 10 |
| > 100 and ≤ 1,000 | 200% | 150% | 10 |
| > 1,000 | 200% | 150% | 25 |

Depreciable Assets:

Class 1: computers and data handling equipment together with peripheral devices.

Class 2: buses and minibuses, goods vehicles, construction and earthmoving equipment, heavy general purpose or specialised trucks, trailers and trailer-mounted containers, plant and machinery used in manufacturing.

Class 3: railroad cars, locomotives, and equipment, vessels, barges, tugs, and similar water transportation equipment, aircraft, specialised public utility plant, equipment, and machinery, office furniture, fixtures and equipment, any depreciable asset not included in another class.

Class 4: buildings, structures and similar works of a permanent nature.

Class 5: intangible assets, excluding goodwill.

Exemption of Income Tax on Employment Income of Expatriates During the ECA

During the period covered by the ECA, the employment income of the company's expatriate employees is entitled to a 0% rate, if:

- The company has incurred more than US\$ 250 Mn on depreciable assets in Sri Lanka, for the period in which that payment is made, out of profits sheltered by ECA allowance, or for 5 years from the commencement of commercial operations, whichever is higher.
- The number of expatriate employees at any time during that period does not exceed twenty.

Exemption from Import Taxes & Levies

| Exemption | Customs Duty | VAT | PAL | CESS |
|---|--------------------------|--------------------------|-------------------------------------|-------------------------------------|
| Importation of construction related items during project implementation (PI) period | ✓ | ✓ | ✓ | ✓ |
| Importation of capital items (plant, machinery, equipment) | ✓ During PI Period | ✓ During PI Period | During PI (for Inv > US\$ 50 Mn) | During PI (for Inv > US\$ 50 Mn) |

Why Sri Lanka is Emerging as a Real Estate Hotspot in South Asia ?

Strategic Location & Growing Tourism

- Located on key Maritime Trade Routes
- Strong Tourism Industry driving demand for Rentals and Hospitality-focused Properties



Diverse Investment Opportunities

- Wide Range of Options: Luxury Condos, Villas, mixed-use developments
- Safe and secure environment for both local and Foreign Investors



Attractive Rental Yields

- Higher rental returns compared to regional countries
- Consistent income, especially in urban and tourist-centric areas



Skilled Labour & Tech-Ready Workforce

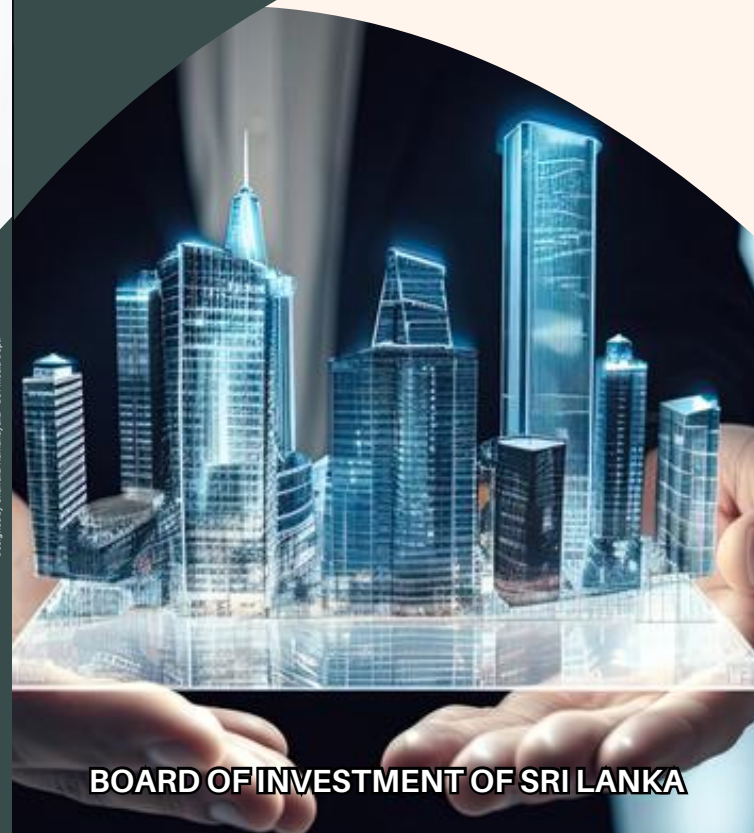
- 1,500+ Engineering Graduates from State Universities each year.
- 800+ Tech Graduates annually from UNIVOTEC
- 10,000+ Skilled Workers trained through vocational Institutions
- A supportive ICT Sector enables tech Integration—benefiting smart Buildings, Real Estate Services, and Future-Ready Infrastructure



INVEST IN SRI LANKA

Real Estate

Building the Future of Sustainable Development



Designed by Chankai Kumarayaka - BOI Media Dept.

Why Invest in Sri Lanka's Real Estate

Sri Lanka is undergoing a transformative phase with growing demand across residential, commercial, industrial, and mixed-use developments. With strategic location advantages, rising urbanisation, and strong government backing, the real estate sector offers compelling opportunities for domestic and international investors alike.

Key Sub-Sectors Driving Growth



Residential Real Estate

- High demand for affordable and mid-range Housing
- Eco-friendly townships and smart homes offer new frontiers



Commercial Real Estate

- Demand for modern office spaces, retail centers and logistics hubs
- Colombo Leads; Kandy, Galle Jaffna emerging as secondary markets



Industrial & Logistics Parks

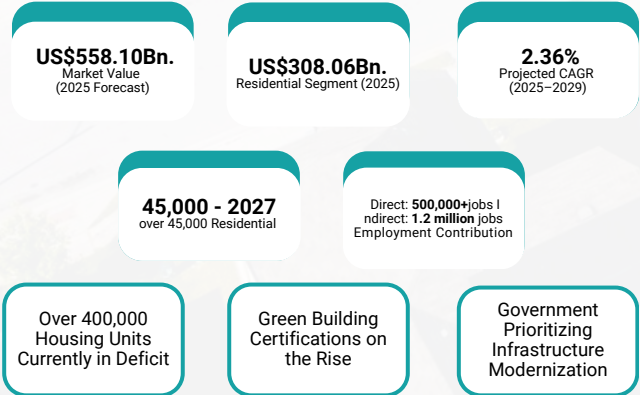
- Expansion of EPZs & IZs in BOI
- Bingiriya EPZ Phase II
 - KKS, Paranthan & Mankulam Industrial Zones (Northern Province)



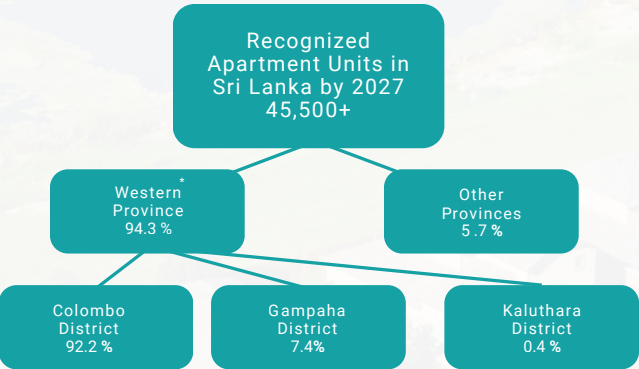
Mixed-Use Developments

- Integrated Residential, Retail & Recreational Spaces
- Opportunities to combine real estate with solar-integrated buildings & smart Grids

Sector Overview



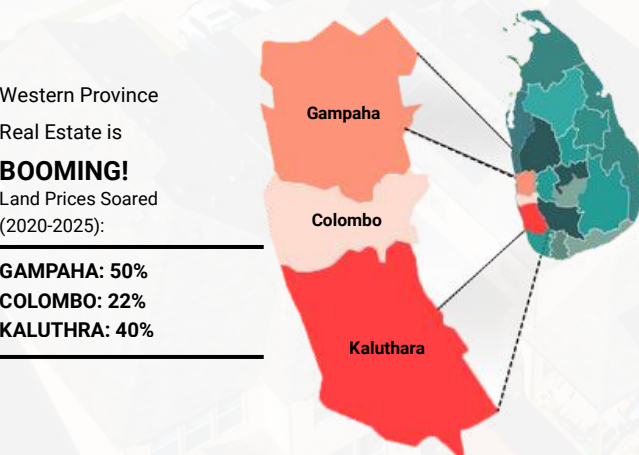
Projected Residential Apartment Distribution by 2027



Source : Sri Lanka Real Estate Market Outlook Report, 2025

Investment Opportunities

- Residential & Commercial Developments
- Luxury Apartments & Urban Mixed-Use Projects
- Tourism Infrastructure: Hotels, Resorts & Eco-Lodges
- Industrial Parks & Economic Zones (KKS, Mankulam, Paranthan)
- Green Construction & LEED-Certified Projects
- Healthcare Infrastructure: Hospitals & Clinics



Key Foreign Real Estate Investments in Sri Lanka

Colombo Port City Development

- A Landmark Mixed-use Megaproject Aimed at Transforming Sri Lanka into a Global Business and Financial Hub.
- Major Foreign Investors Include China Harbour Engineering Company and LOLC Holdings.
- Includes Residential, Commercial, and Financial Districts with Tax Incentives for Investors.



Mixed-Use Developments & Luxury Condominium

Cinnamon Life – "The City of Dreams"

- US\$ 1.2 Bn. Integrated Development.
- Features Luxury Apartments, a Five-Star Hotel, Convention Center, Shopping Mall, and Office Spaces.
- Developed by John Keells Holdings, with Significant Foreign Investment.



Foreign Hotel Chains & Commercial Projects

ITC Ratnadipa

- A Luxury Hotel Project by ITC Hotels (India), Adding Value to Colombo's Hospitality Sector.



One Galle Face by Shangri-La Group

- A Flagship Waterfront Development in Colombo.
- Includes Residential Towers, Office Spaces, a luxury Mall and the Shangri-La Hotel Colombo

