

The Right Combination



The Liberty Plaza shopping mall is a well known landmark situated in the heart of Colombo and recognised as the premier shopping complex of the country. Its proprietor, Colombo Land and Development however, has long envisioned a future and a potential that has remained unrealised till now. Chief Operating Officer, Devadharshan Jayadeva, speaks of the factors that have created an opportune moment for Liberty Plaza that would not only dramatically transform Sri Lanka's first shopping complex to one of global standards, but also impact the development drive of the commercial capital.

By Prasadini Nanayakkara

Photography Menaka Aravinda

Liberty Plaza can be recognised as the very first shopping mall in Sri Lanka and has since maintained its place amongst shoppers. Could you talk about the history of Liberty Plaza and the motivation behind its new development?

Liberty Plaza is owned by Colombo Land and Development Company a quoted company in the market. The original developer was a Singaporean, and a pioneer in real estate development. Unfortunately, when he came into Liberty Plaza the basic structures were already constructed so he simply continued with the project.

Currently, Liberty Plaza is not on par with modern times. We have had continuous discussions on how best to revamp the mall. In comparison to other malls the main aspect with Liberty Plaza is that we lacked control in terms of ownership. Over a period of time the previous managements have divested the shops and apartments. The strategy is that we have discussed our blueprint with the key owners of the mall. We believe that they have all gained confidence in the fact that if we stand together and utilise our networking, this project will become feasible.

In the past, though we had plans, nothing was actually put into action. As a Singapore-based company we lacked a solid relationship with the then Government. Now, Colombo Land is a truly Sri Lankan company with more shares owned by locals than foreigners. The original Singaporean founder is still a main shareholder

and brings on board years of experience as a real estate developer. He has even built an entire township on the Singaporean border near Malaysia. We will be making use of his know how and are very confident that his knowledge will help any township development not only in the Western Province but anywhere in Sri Lanka.

Furthermore, the present Board sincerely wishes to improve Liberty Plaza as they believe that Colombo Land came into existence as a result of developing this shopping complex. The key fact is that it is in a strategic location. We also want to support the Defence Secretary in his endeavours to make Colombo a clean city, similar to what he has accomplished with the Galle Road. If we do that others too will follow suit.

We are looking at where we can get involved and seriously contribute to the Government's plans and assist overall development. It may not generate the kind of financial return other companies look for but it is a contribution that we will make towards our country.

One of the strengths is that we have a very strong Board in terms of personalities. We have to take this opportunity now to improve and modernise Liberty Plaza. That is my motivation.

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What are the key changes we can expect at Liberty Plaza?

At the moment Liberty Plaza does not have places for people to sit and relax while shopping. For this purpose we will be introducing walkways and public places to. The current entrance to the mall is very small and narrow, almost a corridor, which is not suitable for a mall. We plan to shift the entrance towards the roundabout with a modern outlook and easy access to the shoppers. We are also looking to increase the pedestrian pathway around the building. Currently there's only the pavement to walk around and the area utilised to grow plants along the Duplication Road will also be allocated.

Furthermore, there will be advertising screens which can be lit up in the night. This is a prime location where three main roads come together and thus identified as a

strategic advertising venue – something we have to capitalise on initially. We have already started working on a state-of-the art advertising LED panel to be installed on the building. This is quite common in Singapore and Hong Kong malls. This will be the first one in Sri Lanka. My thinking is that it would be better to have LED screens instead of hoardings and give the opportunity for the top brands to advertise. We can do promotions by screening interesting sporting or other types of events, which will also attract people, thereby increasing the number of shoppers. It is quite challenging as people are hesitant to spend a large amount of money on LED screens but when I spoke to the parties involved their response was spontaneous and positive. It is a good concept and I believe they all want to be part of it as it's going to be the very first of its kind in Sri Lanka. At the moment none of the malls in Sri Lanka have any of this – that is the right combination.

We are also looking at the interior especially in terms of matching themes. Everything will be in order once the new additions are done. However, we will be phasing out the entire development as we cannot just close down the mall. We are also hoping to develop the lift lobbies to enhance the mall. The proposed entrance of the mall will give the feeling of entering a new mall. We will have an escalator going to the basement, where Keells Supermarket is currently situated. From the proposed renovation we are also hoping to provide more retail space for Keells Supermarket. The connectivity for the customers from the ground floor becomes very easy. We have already held negotiations with our tenants who have agreed with our plans. With these proposed additions the mall is going to be amazing and marketable.

Going forward with these new developments, what plans are underway to draw the required numbers to Liberty Plaza?

The food court is one aspect that we have focused on. The said development will be in the extent of 18,000 sq ft. Fortunately with my current Board everything became possible. Initial work is already progressing. The food court will be operational by April 2012. This will definitely drive the shoppers to Liberty Plaza as it is a strategic location where many offices are situated.

We also intend to have lobby promotions and other events to draw the public. Going forward we will be equipped to host book fairs, public events and maybe even a launch. We are also building a banquet hall along with the food court. The current footfall is around 2,000 per day and we are anticipating this would go up by at least 300 percent. To accommodate the increase we are planning for an additional car

park deck, which will in turn increase our parking number to 380 from 240. Parking will be one of our main strengths.

We also plan to build two additional floors on top of the proposed car park, which will be connected to the existing building through the first and second floors. The proposed addition will have a retail space in the extent of 40,000 sq ft. We have already identified the client who is planning to introduce a well-known departmental store brand to Sri Lanka. The key factor will be the connection to Move n' Pick hotel, which is coming up on the next property on Dharmapala Mawatha. The additional retail space will be connected from Dharmapala Mawatha through an open escalator. As a result clients will also come to our mall by virtue of connecting to Move n' Pick. These kind of connections are seen in other countries.

At the southern side where we now have the car park, we intend to construct on top of the car park and the expected retail space there will be approximately 12,500 sq ft.

Could you elaborate on the significance of introducing brands for a niche market?

Today, the number of people travelling abroad has increased. Singapore and Malaysia have become favorite shopping destinations. We can definitely cater to this niche market. For example, the two best companies that are catering to the perfume market in Sri Lanka are already in the mall. All what we need is variety to satisfy the shoppers and what I propose is to accommodate the current mix of different brands, as we are not geared for top international brands yet.

Could you talk about the impact the recent growth in tourism has had?

Tourism will help Sri Lanka greatly and we are preparing to cater to tourists as well. Shopping malls have become an integral part of the whole tourism industry. You should have a place to go and buy what you like. This is however very limited at the moment in Sri Lanka. We have very few central places to buy everything in one place. That is something we have often considered.

That's why I say that malls should also have brands. The mall should invite the tourist but when they come in they may not go for brands but they may opt for local products such as batiks and stones instead.

How Liberty Plaza becomes important for tourists is by having the right combination. Products that Sri Lanka is famous for; gems, batik, and tea are items they will like to take back. The only aspect lacking is brands.

Furthermore, we have apartments, where we are taking into account the tourist demand and converting the entire floor into a service apartment concept, where large families can stay. Our strength here is that our apartments are very spacious, approximately 1,500 square feet, sufficient for a family of five or six. If we have a series of these service apartments and coupled with hotels coming next to it, this will become very viable.

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Could you talk about the change in management and how this would reflect on future developments for Liberty Plaza?

Colombo Land Development's core business is real estate development so we want to go forward with the same; to do real estate development that will in turn help the country immensely. At the moment if you look at our country, you won't find many real estate companies. In the past few years, we haven't accomplished much, but the current Board and the relationship we have with the Government, will propel us to where other companies cannot reach.

The Executive Director Board at present is very strong with dynamic personalities. The Board includes Dr Nalaka Godahewa Chairman Sri Lanka Tourism also representingthe UDA, high networth investor, Dilith Jayaweera, eminent lawyer Ari Sabry, former Navy Commander Admiral Wasantha Karannagoda, who is also the Ambassador to Japan and Prof Krishan Deheragoda former Chairman UDA. The current Board is a great strength to me.

What is the target period of completion for this project and when is its commencement?

We are starting on this immediately but it will be phased out. It cannot be done together, however there will be individual projects which will be carried out simultaneously. Looking at the blue print that we have developed, tentatively our time period is one to one and a half years.

Could you talk about your journey and how you came to take on this mammoth task of operating a large shopping complex and building its future?

This is my sixth year with Colombo Land. With a finance background initiated at Ernst and Young, I thereafter became the head of finance at the Indian Oil Company (IOC). I was one of the very early employees at IOC. I received tremendous exposure since I was instrumental in developing the retail sales outlets and structuring the entire initial IPO. It was quite a challenge for me and I came to a point when I felt I had had enough with the oil industry.

I was looking to venture into something different. I felt that real estate at that time was not doing well but I had always thought of Liberty Plaza, to create a landmark. What we are planning now is something that I have always been waiting for and preplanning for. Given the chance I want to improve Liberty Plaza before I venture further.

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Could you talk about strengths in overcoming setbacks and sustaining through the changing economic environment over the years?

Colombo Land originally was incorporated to develop UDA lands so we were part of the whole master plan for Colombo, in particular Pettah. That has not changed yet so we are still waiting for the right opportunity. One of the strengths we have is UDA being our partner. They are our third largest shareholder. As a result the UDA will always consider us when development is taking place. If we are in a position to perform and if we also prove our ability to develop, then we can foresee a long future.

In the past it was quite a challenge with the ongoing war. When I took over Colombo Land, there were many challenges. There were no development work taking place, we had issues with land conflicts, and there were ongoing cases with tenants. The biggest challenge we had then was that we had done a divestment with a group of companies which was not very successful. Since that was not our core business, we found a way to exit from it without making a huge loss. That was quite a challenge.

Starting from then, I actually explored the potential of Liberty Plaza and how it can be improved. The biggest challenge for me even as the head of Colombo Land was being the Chairman of the Management Corporation of Liberty Plaza, as it was not doing well financially. The Management Corporation is the body which runs and maintains the mall. Even the recurring expenditures were going up, machines were breaking down and we didn't have funds to service them. At the time I had to get Colombo Land to fund the Management Corporation. Then I started working on the numbers, getting the advertising hoardings along with additional income. I never burdened the tenants. Every tenant pays a service charge to maintain the mall and after I took over, I never increased the service charge.

Thereafter we started saving money and used the interest to move around. The key issue was getting people to support us and the second was financing, which was an integral part. My proposal was to self finance in the long run. We understood the value of the location we are in. The current Board also wants to work on Liberty Plaza as they always felt Colombo Land came into existence because of Liberty Plaza.

The fact is with every project there are challenges but we have the resources to overcome those. I don't see challenges preventing the development plans, unless there are other external factors, which you can be never sure of. Economies or how things take place in the country are external factors, which will always be there. Other than that I don't see any internal forces stopping us from proceeding with the development, those cannot be considered as challenges.

Aside from the developments of Liberty Plaza what are the other new ventures in store for the future?

We have a land bank, but of course everything is still in the pipeline, we have not yet laid a concrete plan. Going forward there is much that we are planning to do, I cannot be very specific but we are exploring whatever possibilities available in Colombo with the assets we have.

As I said before we are gearing ourselves to support the Government for real estate development not only in Colombo but also in the outskirts. We are keen to be involved in a township development, which would become an integral part in the whole development process. Especially with the infrastructure in place now, for example the Southern Expressway there are many points that can be identified for township developments.

