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Arcade Independence Square, Sri Lanka

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***On this page:** Lessons learned on repurposing or adaptive reusing of old assets as they give second chances for revenues to the government, otherwise idle. Find case studies below, or visit the [Guidelines on Innovative Revenues for Infrastructure](#) section.*

Project Summary:

Background

Arcade - Independence Square (Arcade) is by far one of the most important refurbishment and development projects undertaken by the Sri Lankan Ministry of Defence and the Urban Development Authority (UDA) which converted the old Auditor General's Building into a grand and trendy shopping and entertainment destination spending Rs. 700 million (USD 1.98 million) for the renovation.¹

Project Structure

The arcade provides office spaces, commercial outlets, entertainment rooms and all other facilities while preserving its original architectural design and magnificence, opening new opportunities for employment.²

Arcade Independence Square generated a monthly income of Rs. 10 Million (USD 27,800) in 2014 but revenues gradually declined from 2015 while it was under UDA management. Considering this, the UDA board decided to lease the Arcade to the private sector to generate greater revenue. The Department of Valuation recommended that Rs. 120 Million (~USD 330,000) should be obtained as annual lease.³

Currently, Arcade is being operated by Odel PLC as a luxury boutique experience destination, adding its cluster of operating and managing high-end shopping malls in the country. In 2021, Odel PLC yesterday said it entered into an agreement with the Urban Development Authority (UDA) to lease, operate and manage Arcade Independence Square for a period of 10 years (with option to renew for another 10 years).⁴

Odel PLC, a subsidiary of Softlogic Holdings PLC, concurred to pay Rs. 10 million monthly (USD 27,800) and Rs. 120 million (~USD 330,000) as a total upfront fee at the time of signing the agreement. They also paid another Rs. 240 million (~USD 660,000) towards security deposit. Softlogic Holdings PLC is a diversified conglomerate in Sri Lanka engaging in multiple industries such as ICT, Healthcare, Retail, Financial Services, Automobiles, and Leisure.⁵

Footnote 1: [Restoration of Historical Buildings in Sri Lanka](#)

Footnote 2: ['Arcade Independence Square' Colonial Buildings Restored to their Grandeur Magnificence Vested in Public](#)

Footnote 3: [UDA was losing revenue; State Min. gives reasons for leasing Arcade Colombo](#)

Footnote 4: [Softlogic's Odel to operate Arcade Independence Square from April](#)

Footnote 5: [Arcade Independence Square's 10-yr lease: Another retail giant also engaged in bidding, Godahewa](#)

Related Content

- [Selected World Bank Tools](#)

Additional Resources

- [Climate-Smart PPPs](#)
- [Finance Structures for PPP](#)

The [Guidelines on Innovative Revenues for Infrastructure \(IRI\)](#) is intended to be a living document and will be reviewed at regular intervals. They have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions.

To find more, visit the [Innovative Revenues for Infrastructure](#) section and the [Content Outline](#), or [Download the Full Report](#). For [feedback](#) on the content of this section of the website or suggestions for links or materials that could be included, please contact the Public-Private Partnership Resource Center at ppp@worldbank.org.

