

INVESTMENT / JOINT VENTURE OPPORTUNITY IN A HIGH-END RESORT IN THE EAST COAST



Real-estate Intelligence Unit (Pvt) Ltd

THE OPPORTUNITY

Proposed **Vandaloos Bay Resort and Spa** ("VBR") is a high end luxury resort promoted by **Kassapa Leisure Limited** ("KLL"). VBR will be built on a 6.25 acre land (excluding approx 2 acre beach reserve) facing Vandaloos Bay in the eastern coast.

Total estimated development cost of VBR (Including land) is estimated to be at **USD 7.5 million**, and KLL intends to finance 75% of the project through equity. KLL is **offering a stake upto 50% to a strategic investor**. Remaining 50% stake will be held by KLL. Main shareholder of KLL is an entrepreneur who has a track record of promoting and developing world class businesses.

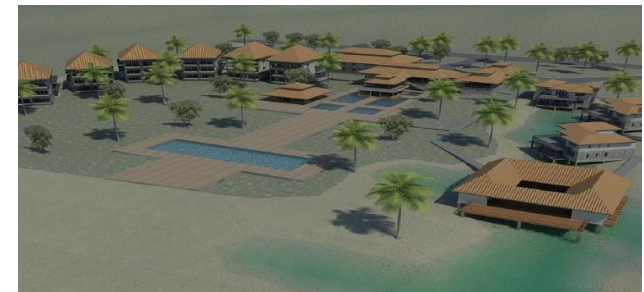
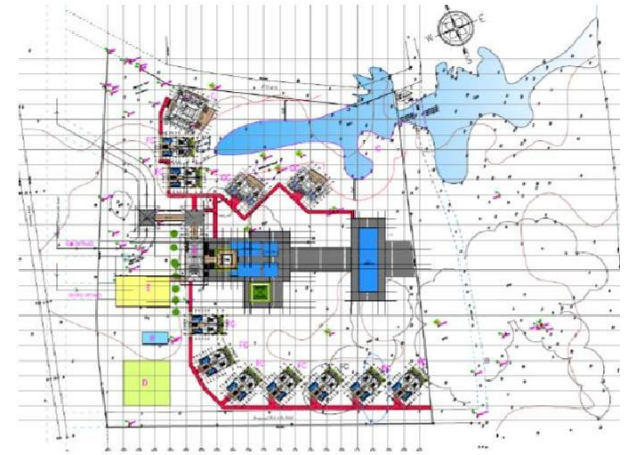
KLL expects to enter into a management agreement with an experienced resort hotel operator to manage VBR. KLL has already obtained all regulatory approvals for the project and detailed architectural designs are being finalized currently.

VBR is designed by an experienced architect who has designed several popular resorts including a highly successful resort in the east coast. VBR is designed according to the **"Rustic Dutch Colonial"** theme, and there is no other hotel in the area with similar design theme.

VBR will have **54 rooms spread across 9 chalets**. Each chalet will have three levels- lower, ground, and upper level. Upper level rooms (18 nos.) will have an attic room and will have facilities to accommodate 4 persons. VBR will also include **two luxury chalets with 4 rooms** and these chalets are facing an inland water body ("odai").

VBR will have two restaurants, two pubs and a spa built over the odai. A **conference/banquet facility with capacity upto 150 pax** and staff quarters to accommodate upto 90 staff is also included in the plan.

Total floor area of the resort is approx. **75,000 sq.ft.**



TOURISM IN THE EAST COAST OF SRI LANKA

East coast has best beaches in the country and has many attractions such as good surfing sites, coral reefs, and many historic/ religious locations. Major part of the east coast was closed for visitors during the civil conflict which ended in 2009. Since 2009, several areas in the east coast are emerging as tourist hotspots. There are three main tourist hubs in the east coast. They are **Trincomalee**, **Pasikudah Bay/ Kalkudah area**, and **Arugam Bay**.

Pasikudah/ Kalkudah area which has beautiful beaches is emerging as the largest and main tourism hub in the East Coast with many new hotels and other tourism related facilities/services. Room capacity at Pasikudah/ Kanudah area is expected reach 1,000 within next 5 years. One reason for its growing popularity is easy access, and its close proximity to several other tourist hubs such as central hills, cultural zone and wild life parks. (Please see photographs of several resorts in Pasikudah area in page 5)

Although many leading hotel firms did not venture into the east coast during early post 2009 period, by 2014 several major hotel firms have entered the east coast by either acquiring existing properties or by constructing new resorts.

Tourist data shows that east coast achieved healthy level of occupancy and visitors during 2014 - after several years of low visitor volume (Please see statistical charts in page 4). For the first time, foreign visitors to east coast exceeded local visitors in 2014, and seasonality also declined in 2014. Further hotels in the East Coast has achieved higher room rates compared to other tourist zones in the country.

Trincomalee:

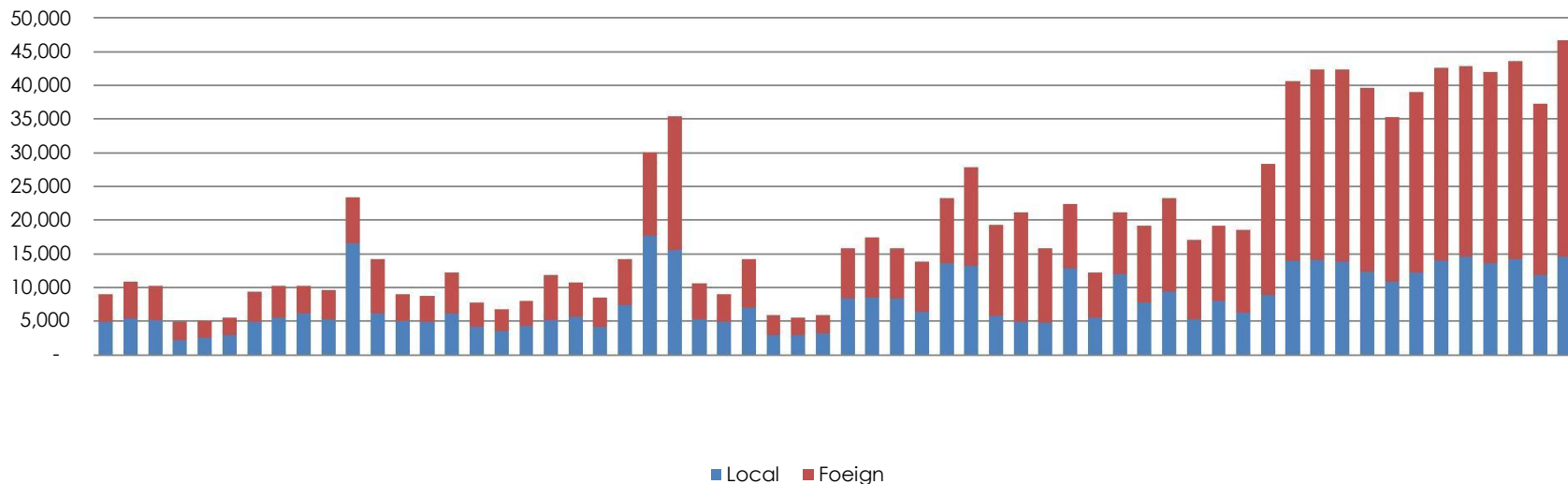
Pasikudah/ Kalkudah:

Arugam Bay:

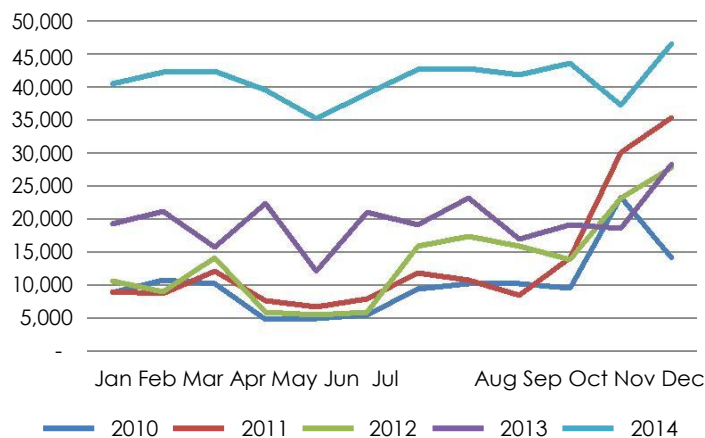


GROWTH IN GRADE HOTEL CAPACITY AND GUEST NIGHTS

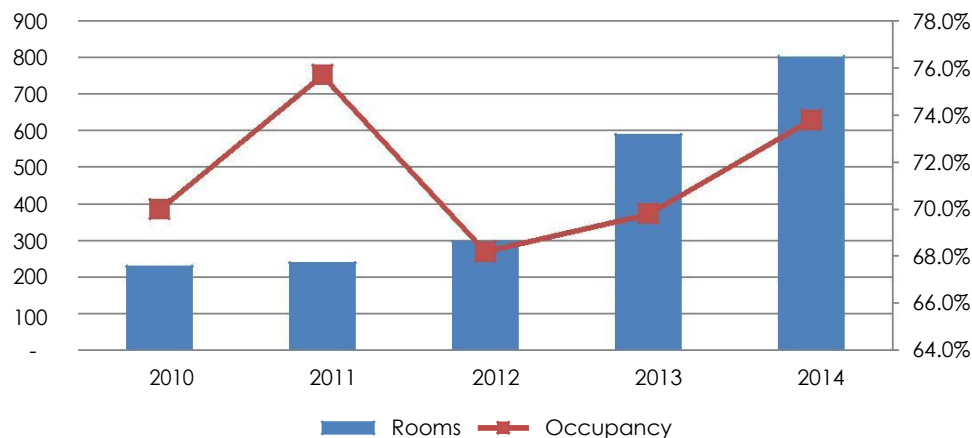
Monthly Guest Nights at Graded Hotels in the East Coast



Monthly Guest Nights at East Coast hotels



Capacity & Occupancy (%) at graded hotels in the East Coast



NEWLY DEVELOPED RESORTS IN PASIKUDAH BAY



VANDALOOS BAY



Vandaloo Bay ("VB") is located north of Pasikudah Bay ("PB") and separated by Valachchnai river mouth. VB has a longer beach stretch than PB and offer much more development potential compared to PB.

VB is almost a 5 KM stretch of untouched, undeveloped natural beach with the famous Elephant Point in the north and the Valachchenai river mouth in the south. Elephant point is regarded as the best coral reef in Sri Lanka by many naturalist. VB area has rich vegetation due to waterways running parallel to the beach.

VB could be reached through A15 (Trincomalee – Batticalao) and A11 (Polonnaruwa - Batticalao). It is likely that VB will emerge as a high end and exclusive resort zone compared to VB as PB is already getting crowded with many resorts located within close proximity to each other.



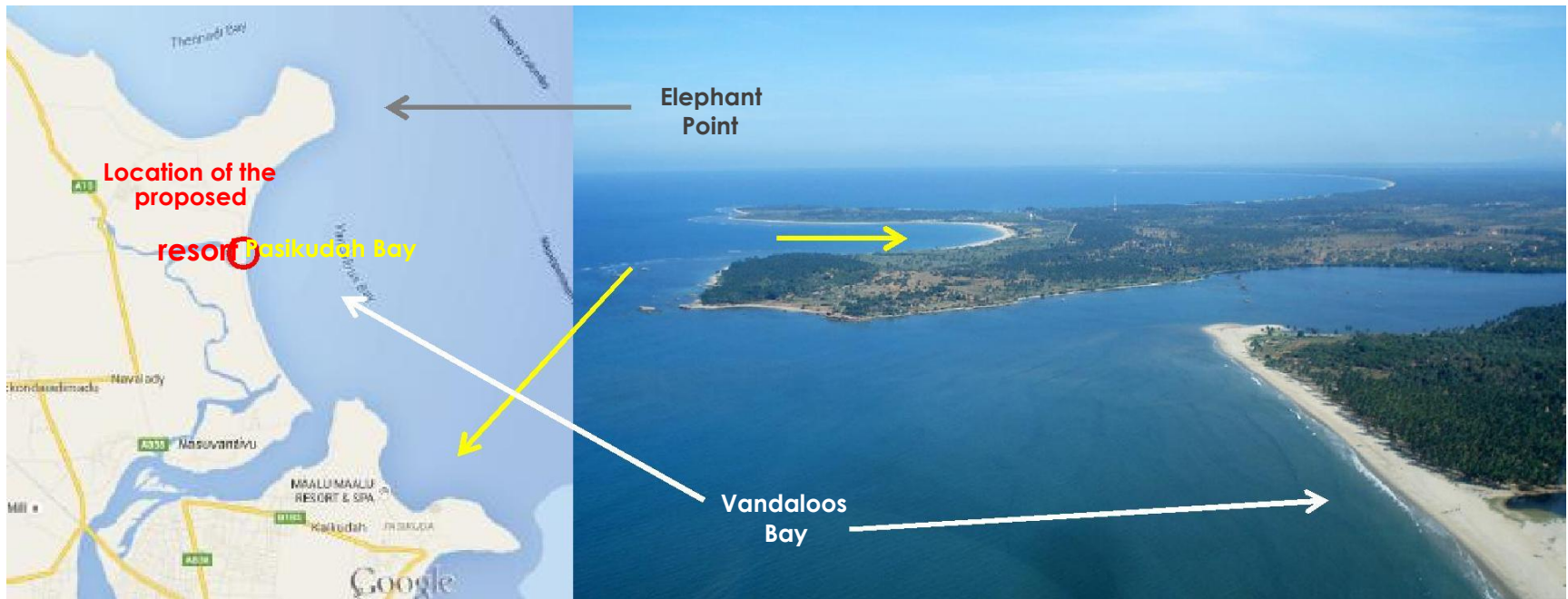
LOCATION OF THE PROPOSED RESORT

Proposed hotel site is located facing Vandalooe Bay ("VB"). Site is about 8 KM drive from the A15 highway and the distance between the resort site and Pasikudah tourist zone is about 20 KM (by road).

Proposed resort site has wide beach frontage as well as a small waterway running through the land (Which connects to Valachchnai river and many other internal waterways). Land is bordered by two vacant lands (one is a part of the land belonging to original owner of the hotel site and the other is a land with an abandoned Church). There is potential to acquire these two properties for future expansions.

Hotel site has many advantages. These include long and wide beach, close proximity to coral reef at Elephant Point as well as access to inland waterways. Proposed site also enjoys around 2 acres of beach reserve.

Proposed site's unique location within VB and its close proximity to a major tourist zone is ideal to position proposed resort as an exclusive up-market resort.





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