



Kanmec Holdings (Pvt) Limited

TANGALLE BEACH HOTEL

Project Proposal

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1. Executive Summary

The proposed luxury eco-resort in Tangalle, Sri Lanka, presents a unique investment opportunity in one of the country's fastest-growing tourism markets. Situated on a 1.7-acre site adjacent to the Madilla Natural Swimming Area, the resort is designed to offer a premium experience for travelers seeking relaxation, adventure, and cultural immersion. The development will feature three categories of chalet-style accommodations, a beachfront restaurant and bar, an outdoor pool, and a range of recreational activities, including nature excursions and Sri Lankan cultural experiences.

With its proximity to key attractions such as Rekawa Bird Sanctuary, Udawalawe National Park, and the Galle-Hambantota main highway, the resort is positioned to attract both international and domestic travelers. The investment model includes Kanmec Holdings retaining 55% ownership while opening 45% to investors. The projected occupancy rate is 66.7%, with an expected return on investment within six years.

The resort's commitment to sustainability, combined with its strategic location and diverse offerings, ensures strong long-term profitability. Future expansion plans, including Ayurvedic Spa and Meditation Camps, will further enhance the resort's appeal. With construction set to begin in 2025 and operations expected to commence in 2026, this project is an exceptional opportunity to invest in Sri Lanka's thriving tourism industry.

2. Project Concept and Objectives

2.1 Project Concept

The project envisions the development of a luxury eco-resort in Tangalle, designed to blend seamlessly with the natural environment while offering a world-class hospitality experience. The resort will focus on sustainability, cultural immersion, and adventure tourism, catering to high-end travelers who seek both relaxation and engagement with nature. The combination of beachfront luxury and eco-friendly practices will set the resort apart from competitors in the region.

2.2 Project Objectives

- Provide a premium hospitality experience by integrating luxury accommodations with natural surroundings.
- Enhance Sri Lanka's tourism sector by offering a unique blend of eco-tourism and cultural experiences.
- Promote sustainability through environmentally friendly construction, energy-efficient operations, and conservation programs.
- Maximize investment returns with a well-planned revenue model and strategic marketing.
- Support local communities by creating job opportunities and collaborating with local businesses for cultural and nature-based experiences.

3. Market Analysis

3.1 Tourism Growth Trends

Sri Lanka's tourism industry has experienced significant growth over recent years, driven by increasing global interest in eco-tourism and adventure travel. Tangalle, located along Sri Lanka's southern coast, has become a sought-after destination due to its pristine beaches, natural beauty, and proximity to major attractions. The government's ongoing efforts to promote tourism, including infrastructure improvements and marketing initiatives, are expected to drive further growth in visitor numbers.

3.2 Competitive Landscape

The Tangalle region has a mix of high-end resorts, boutique hotels, and guesthouses. However, there remains a gap in the market for a fully integrated luxury eco-resort that combines sustainability with high-end services. Competitor analysis indicates that while some hotels offer beachfront accommodations, few provide the combination of nature-based experiences, adventure tourism, and luxury eco-living that this project aims to deliver. The differentiation strategy will focus on premium services, exclusivity, and immersive cultural and environmental experiences.

3.3 Target Audience

The primary customer segments for the resort include:

- **Luxury Travelers:** High-net-worth individuals and affluent tourists seeking exclusive beach and nature experiences.
- **Eco-Tourists:** Travelers with an interest in sustainable tourism, wildlife, and nature conservation.
- **Adventure Seekers:** Guests looking for outdoor activities such as kayaking, safaris, and cultural immersion.
- **Honeymooners and Couples:** Those seeking a romantic and secluded getaway with premium services.
- **International and Domestic Travelers:** Tourists from Europe, Asia, and North America, as well as the growing segment of domestic travelers looking for high-end vacation experiences within Sri Lanka.

4. Project Location and Site Analysis

Tangalle, located in Sri Lanka's picturesque Southern Province, is celebrated for its untouched natural beauty and cultural significance. The town offers a unique combination of tranquil beaches, lush greenery, and vibrant marine ecosystems, making it an ideal destination for tourists seeking relaxation and adventure.

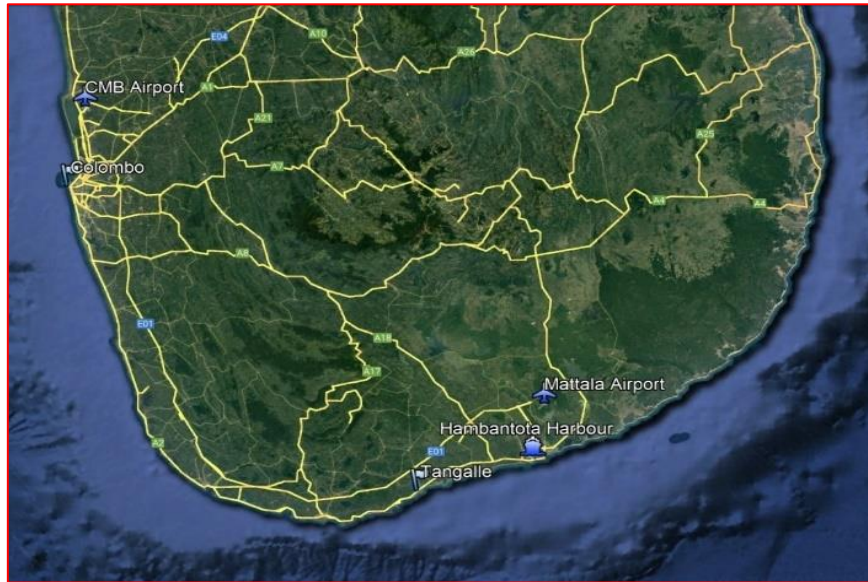


Figure 1 – Proposed Location of Land

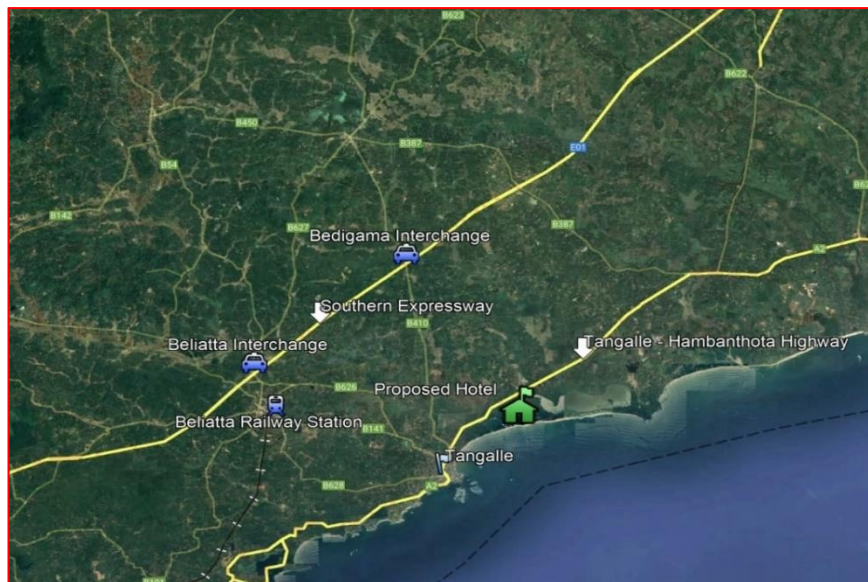


Figure 2 - Site Location

4.1 Site Characteristics

The selected site for this project spans 1.7 acres adjacent to the Madilla Natural Swimming Area, offering a prime beachfront location combined with proximity to the Rekawa Lagoon

and Bird Sanctuary. This location not only provides breathtaking views but also allows guests to immerse themselves in nature through activities such as birdwatching, turtle observation, and lagoon exploration.

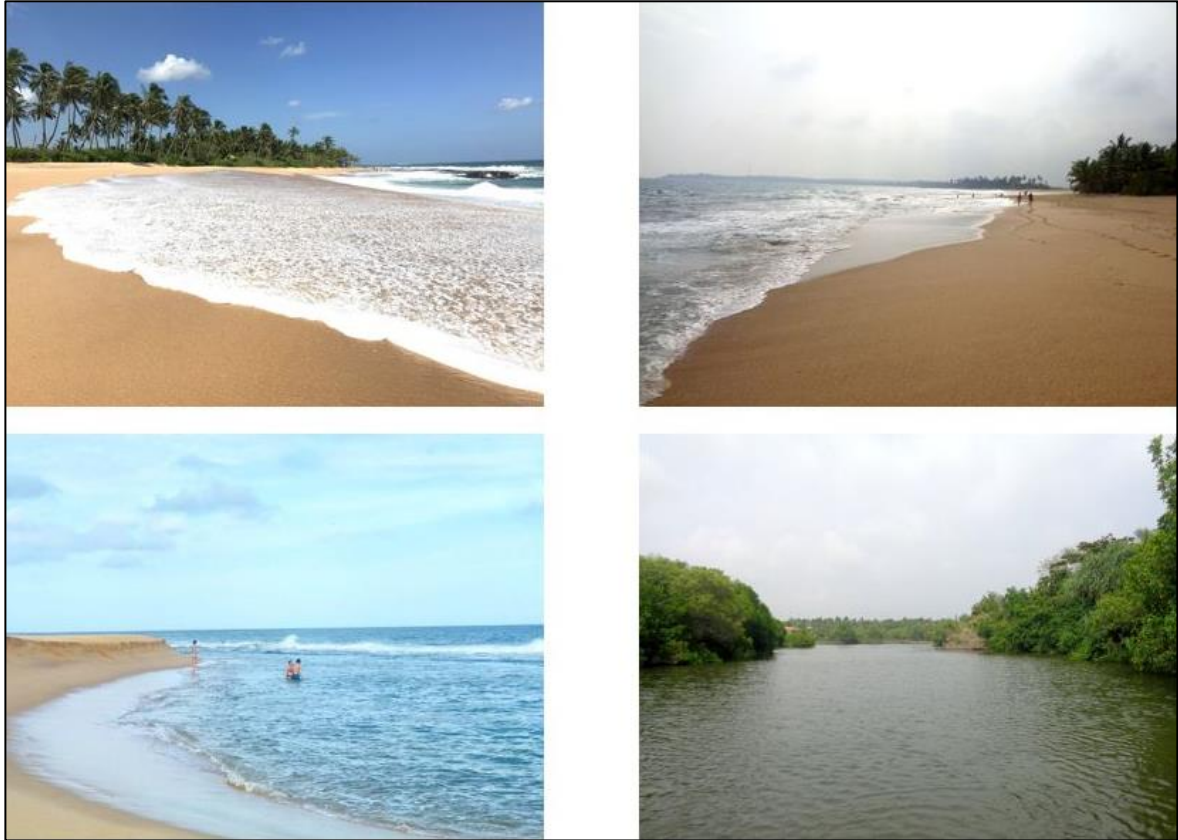


Figure 3 – Natural Attractions

4.2 Accessibility

Tangalle's accessibility is a major advantage. It is conveniently connected to key infrastructure via:

- The Southern Expressway (Bedigama Interchange – 15 minutes away).
- The Galle-Hambantota main highway.
- Mattala International Airport, which is just 45 minutes away.
- Bandaranaike International Airport, reachable within three hours.

This ease of access ensures a smooth journey for both domestic and international travelers, enhancing the resort's marketability.



Figure 4 - Site Access

4.3 Nearby Attractions

The surrounding region of Tangalle is home to numerous attractions that enhance the appeal of this destination. These include:

- Natural Wonders:
 - Hummanaya Blow Hole
 - Ussangoda Beach
 - Rekawa Turtle Hatchery
- Cultural and Historical Landmarks:
 - Mulkirigala Rajamaha Viharaya
 - Paravi Duwa Temple

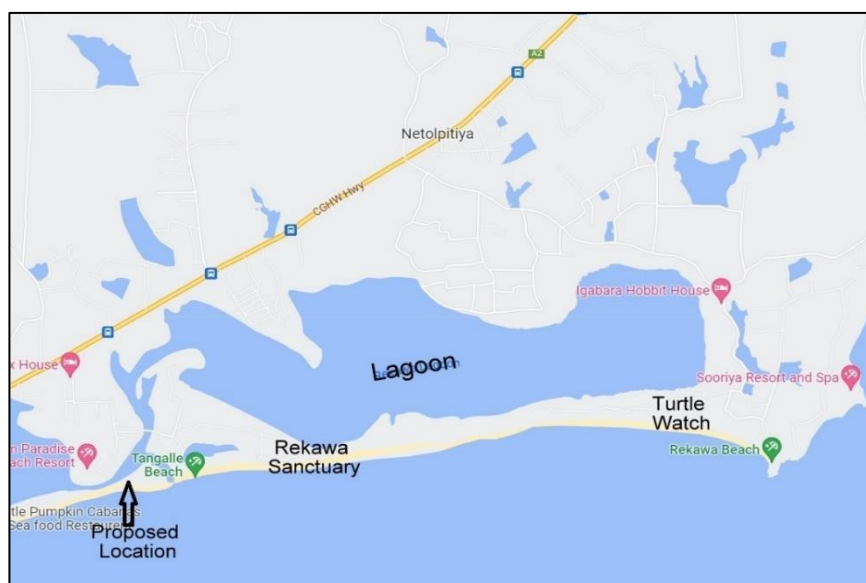


Figure 5 – Nearby Attractions

These attractions provide guests with opportunities for both adventure and cultural enrichment, adding to the overall experience offered by the resort.

4.4 Strategic Importance

Tangalle's strategic location in Sri Lanka's tourism circuit makes it a high-potential investment destination. Its position between the major hubs of Galle and Hambantota creates opportunities to attract travelers from both international arrivals at Mattala Airport and domestic tourists exploring the southern coastal belt.

By situating the resort in Tangalle, we aim to capitalize on the region's untapped tourism potential while aligning with sustainable practices and community engagement. This project will elevate Tangalle's profile as a prime destination for eco-tourism and luxury hospitality, offering a truly unique and enriching experience for visitors.

5. Project Development Plan

5.1 Proposed Facilities and Amenities

The available area is used for the optimized usage of facilities and amenities.



Figure 6 - Site Layout

- 07 Sea-View Luxury Chalets (1171 sq. ft.)

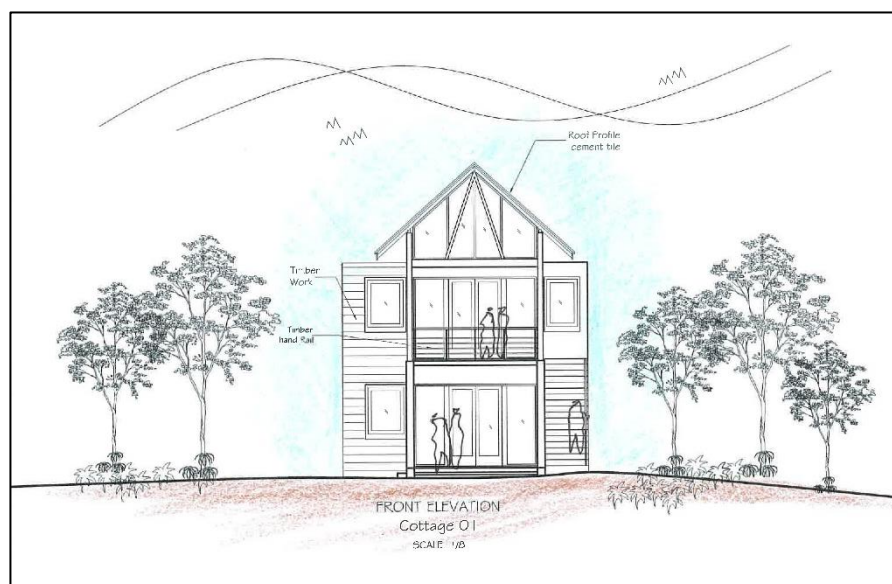


Figure 7 - Sea View Chalet

- 06 Lagoon-View Semi-Luxury Chalets (1073 sq. ft.)



Figure 8 - Lagoon View Chalet

- Other Amenities
 - Spa & Massage Center
 - Sauna
 - Foot Spa
 - Gymnasium
 - Swimming Pool



Figure 9 - Spa & Gym Centre

- Recreational Offerings:
 - Swimming, diving, water sports
 - Cultural and eco-experiences (bird watching, nature tours, local culinary programs)
- Dining & Infrastructure:
 - Restaurant
 - Outdoor Bar
 - Jetty, parking, and access roads
- Support Facilities:
 - Staff accommodation
 - Landscaping and green spaces
 - Waste management and eco-friendly infrastructure

5.2 Operational Model

- Revenue Streams:
 - Accommodation (Full Board, Half Board, B&B, Room Only)
 - Dining and bar services
 - Wellness programs and spa services
 - Recreational activities and tours
 - Event hosting (weddings, corporate retreats)
- Sustainability Initiatives:
 - Use of solar energy and rainwater harvesting
 - Waste management and eco-friendly practices
 - Community engagement and local employment

This comprehensive development plan ensures the resort delivers an unparalleled experience while maintaining environmental and financial sustainability.

6. Construction Plan and Timeline

The construction of the resort will follow a structured timeline to ensure efficient project execution. The plan is divided into the following phases:

- **Phase 1: Site Preparation (Q2 2025 – Q3 2025)**
 - Land clearing and leveling
 - Environmental impact assessment and approvals
 - Foundation and infrastructure planning
- **Phase 2: Chalet Construction (Q2 2025 – Q1 2026)**
 - Construction of Sea-View Luxury, Semi-Luxury, and Lagoon Eco Chalets
 - Interior furnishing and finishing
 - Implementation of eco-friendly design elements
- **Phase 3: Restaurant and Facilities Development (Q3 2025 – Q2 2026)**
 - Construction of the restaurant and bar
 - Development of common areas, pool, and jetty
 - Installation of renewable energy and water conservation systems
- **Phase 4: Infrastructure and Landscaping (Q4 2025 – Q3 2026)**
 - Road and pathway construction
 - Landscaping and greenery enhancements
 - Staff accommodation and operational facilities setup
- **Phase 5: Finalization and Pre-Opening Preparations (Q3 2026 – Q4 2026)**
 - Quality control and safety inspections
 - Staff recruitment and training
 - Marketing and promotional campaigns
 - Soft launch and testing operations
- **Estimated Timeline**
 - Start Date: Q1 2025
 - Completion Date: Q4 2026
 - Operational Launch: Early 2027

This phased approach ensures an organized construction process while maintaining environmental sustainability and operational efficiency.



Figure 10 - Construction Timeline

7. Investment and Financial Feasibility

Tangalle, situated along the southern coast of Sri Lanka, is a serene coastal town celebrated for its unspoiled beaches, crystal-clear waters, and tranquil ambiance. As a gateway to some of the island's most breathtaking natural and cultural attractions, Tangalle has emerged as an ideal destination for tourists seeking a blend of relaxation and adventure.

With the newly appointed government prioritizing tourism as a key pillar for economic recovery and development, significant growth in the industry is anticipated. Despite past challenges, Sri Lanka is regaining its position as a top-tier tourist destination. The steady increase in tourist arrivals and the growing presence of Sri Lanka in travel narratives on social media affirm the sector's promising potential for rapid expansion.

Recognizing the unique appeal of Tangalle and the increasing demand for boutique accommodations, this project aims to develop a chalet-style, semi-luxury hotel that harmonizes with the natural surroundings while offering high standards of comfort and service. The construction will be managed by Kanmec Holdings (Pvt) Limited, ensuring quality execution, while an expert hospitality entity will oversee operations.

The project will integrate sustainable practices such as energy-efficient systems, local material usage, and self-sufficient utilities for renewable energy, water treatment, and waste management. Funding will be secured through a combination of internal resources and external investments, leveraging Kanmec Holdings' strong industry reputation.

The resort will contribute to the local economy by employing staff from the Tangalle region and sourcing supplies from local businesses. This community-focused approach, combined with the resort's distinctive offerings, positions it as a key player in Sri Lanka's tourism expansion while ensuring long-term profitability for investors.

8. Cost Evaluation

8.1 Current Property Value (Kanmac Current Investment)

- Current Value of the Main Land: Rs. 200,000,000.00
- Current Value of the Parking Area: Rs. 27,000,000.00
- **Total Property Value: Rs. 227,000,000.00**

8.2 Project Investment

- Current Property Value (Already Invested): Rs. 227,000,000.00
- Estimated Construction Cost: Rs. 726,167,500.00
- Estimated Purchasing & Installation: Rs. 57,090,000.00
- **Total Investment: Rs. 1,010,257,500.00**
- Final Kanmec Investment (55%): Rs. 555,641,625.00
- Balance Kanmec Investment: Rs. 328,641,625.00
- Partner Investment (45%): Rs. 454,615,875.00

8.3 Hotel Operational Cost

- Annual Salary Cost: Rs. 32,208,000.00
- Annual Sales & Legal Cost: Rs. 6,000,000.00
- Annual Maintenance Cost: Rs. 23,100,000.00
- Annual Utility Cost: Rs. 8,400,000.00
- Annual Food & Beverage Cost: Rs. 38,808,000.00
- **Annual Estimated Operational Cost: Rs. 108,516,000.00**

8.4 Estimated Income

- From Room Rental: Rs. 316,800,000.00
- Other Incomes: Rs. 31,680,000.00
- **Estimated Annual Income: Rs. 348,480,000.00**

8.5 Return of the Investment (ROI)

- Total Operational Cost: Rs. 108,516,000.00
- Estimated Income: Rs. 348,480,000.00
- Annual Operation Profit: Rs. 239,964,000.00
- Total Investment: Rs. 1,010,257,500.00
- Time Taken to Generate Profit: 5 Years (2031)

8.6 Market Value After Completion

Considering 50% of the Capital Appreciation, Market Value after the Completion would be Rs. 1,515,386,250.00.

9. Risk Assessment and Mitigation Strategies

Every development project faces inherent risks that must be assessed and mitigated to ensure long-term success. The following risks have been identified, along with appropriate mitigation strategies:

- **Market Risks**
 - **Risk:** Fluctuations in tourism demand due to economic downturns, global travel restrictions, or unforeseen crises.
 - **Mitigation:** Diversified marketing strategies targeting both international and domestic tourists; strategic partnerships with travel agencies to maintain steady bookings.
- **Environmental Risks**
 - **Risk:** Coastal erosion, extreme weather conditions, and climate change effects impacting the resort's operations.
 - **Mitigation:** Sustainable building materials, reinforced coastal protection measures, and climate-adaptive landscaping to minimize environmental impact.
- **Operational Risks**
 - **Risk:** Inconsistent service quality or staff turnover affecting guest satisfaction.
 - **Mitigation:** Comprehensive training programs, competitive salary structures, and strong employee engagement initiatives to retain skilled staff.
- **Financial Risks**
 - **Risk:** Variability in exchange rates and inflation affecting profitability.
 - **Mitigation:** Financial modeling to account for currency fluctuations, periodic cost adjustments, and pricing strategies aligned with market trends.
- **Regulatory and Legal Risks**
 - **Risk:** Changes in government policies, taxation, or tourism regulations impacting operations.
 - **Mitigation:** Continuous legal compliance monitoring, engagement with local authorities, and adaptability to regulatory changes.
- **Infrastructure and Supply Chain Risks**
 - **Risk:** Delays in material delivery, shortages in essential supplies, or logistical challenges affecting project timelines.
 - **Mitigation:** Establishing multiple supplier agreements, maintaining buffer stock for critical materials, and using local resources whenever possible.

By proactively addressing these risks through well-defined mitigation strategies, the project will ensure a resilient and adaptable operational model, securing long-term success in the hospitality industry.

10. Future Expansion and Sustainability Plans

The long-term vision for the resort extends beyond its initial development, ensuring continuous growth, enhanced guest experiences, and a positive environmental impact. The following key initiatives outline the expansion and sustainability strategy:

10.1 Future Expansion Initiatives

- **Improvement of an Ayurvedic Spa and Wellness Center:** A sophisticated space offering traditional Sri Lankan healing practices, including herbal treatments, yoga, and meditation retreats.
- **Development of Adventure and Experience-Based Tourism:**
 - Marine activities such as snorkeling, diving, and whale watching.
 - Cultural immersion programs, including Sri Lankan cooking classes and traditional dance workshops.
 - Guided nature trails and wildlife safaris.
- **Corporate and Event Facilities:** Establishing conference rooms and event spaces to cater to corporate retreats, destination weddings, and wellness workshops.

10.2 Sustainability Plans

- **Renewable Energy Integration:** Expanding the use of solar panels and wind turbines to generate on-site electricity and reduce carbon emissions.
- **Water Conservation and Recycling:**
 - Implementation of rainwater harvesting systems.
 - Advanced wastewater treatment and recycling for landscaping and irrigation.
- **Eco-Friendly Infrastructure:**
 - Use of sustainable building materials and low-impact construction techniques.
 - Expansion of green roofs and vertical gardens to reduce heat absorption.
- **Biodiversity and Environmental Protection:**
 - Establishment of a conservation program for local marine and wildlife species.
 - Partnering with local organizations to protect nearby turtle nesting sites and coral reefs.
- **Community Engagement and Economic Upliftment:**
 - Prioritizing local employment and providing skills development programs.
 - Partnering with local artisans and suppliers to feature Sri Lankan craftsmanship in the resort's design and operations.

By implementing these initiatives, the resort will not only enhance its guest offerings but also solidify its reputation as a leader in eco-tourism and sustainable luxury. This long-term approach ensures resilience in a competitive tourism market while contributing positively to the local environment and economy.

11. Conclusion

The proposed luxury eco-resort in Tangalle represents an unparalleled opportunity to invest in Sri Lanka's flourishing tourism industry. Combining sustainable development with high-end hospitality, the resort is positioned to cater to a growing demand for eco-conscious travel experiences while maintaining strong financial viability.

With a strategic location, thoughtfully designed accommodations, and a commitment to environmental responsibility, the project offers investors a promising return on investment within six years. The inclusion of cultural and adventure-based tourism, along with future expansion initiatives such as Ayurvedic wellness programs and corporate retreat facilities, ensures continued growth and long-term sustainability.

Moreover, the resort is dedicated to fostering local economic development by engaging with the surrounding community through employment, training programs, and partnerships with local suppliers. By doing so, it not only enhances the region's tourism appeal but also contributes positively to Sri Lanka's economic progress.

As construction is set to commence in 2025 and operations launch in 2027, this project is well-positioned to become a premier destination for travelers seeking luxury, sustainability, and cultural immersion. We invite investors and stakeholders to be a part of this transformative venture, shaping the future of eco-tourism in Sri Lanka.