

Deals and developments in Sri Lanka

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REPORT FROM SRI LANKA—Sri Lanka's hotels have been far from the international spotlight for 30 years, but the country accumulated a sizable inventory during the 1960s and 1970s. There are more than 500 Sri Lankan hotels and other lodging listed on online booking sites. There are approximately 70 listed for the Bentota-Kalutara beach strip southwest of Colombo. Here are some companies that have announced sizable investments for renovations or new builds since the end of the country's civil war.

Jetwing Hotels Limited

Jetwing Hotels will build six hotels by 2014, adding to its existing stable of 12, according to Jetwing Chairman Hiran Cooray. Forty-year old Jetwing, which also runs outbound tours, already operates the largest number of hotels in the country with a total of approximately 520 rooms. Cooray said Jetwing will spend \$18 million to build the six properties. The company will contribute a total of \$80 million all-in on upgrades at existing facilities, new construction and land. Ground has been broken for three of the new hotels, which will be in the 4- or 5-star range.



Rebuilding Sri Lanka

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Serendib Leisure/Minor Hotel Group

Thailand's Minor Hotel Group has joined with Hemas Holding's Serendib Leisure to renovate and rebrand two of the latter's four hotels. After a \$50-million refurbishment, the Serendib Bentota reopened in December as the Avani Bentota Resort and Spa, which marked the debut of the new Avani brand for Minor. Lacking all the amenities of Minor's 5-star Anantara brand, the 75-room Avani Bentota is "a boutique luxury brand" with "a contemporary ambiance," according to Suranjith De Fonseka, Serendib Leisure's director of sales and marketing. The second Serendib-Minor Avani joint venture is located farther up the southwestern coast, 60 kilometers from Colombo and near the city of Kalutara and the mouth of the Kalu Ganga River. The Kani Lanka Resort & Spa will be renovated this summer and be reopened as the 105-room Avani Kalutara Resort.

UGA Resorts (The Finco Group)

The Finco Group, with interests in finance, construction and energy, has ventured into the hospitality sector with the creation of Uga Resorts. The first of these resorts, Ulagalla Resort, opened in July 2010 in the ancient cities district north of Kandy. Three more resorts are in the works, according to Uga Resorts' assistant manager, Shamila Philips.

Near the northeastern harbor of Trincomalee, the 4-star, 50-cabin Jungle Beach is scheduled to open this July after a \$5.4-million investment. Uga Resorts bought the land from the government, which had designated it for tourist development.

Bordering Yala National Park in the southwest of the country, construction is expected to begin this autumn on the 5-star Uga Yala and be completed by the end of the year. The site was secured by a 99-year lease from the government.

Uga Resorts' fourth project will be a renovation. Scheduled to open in July 2012, the budget-oriented Uga Bay will be in the newly designated Passikudah Resort Development Area, about midway down the east coast. Uga Resorts is renovating what was the Malu Balu and relaunching it as a 3-star hotel with 50 Mediterranean-style villas, Philips said.

Taj Hotels Resorts & Palaces

The upscale **Taj Hotels of India** is refurbishing two of its three hotels in Sri Lanka, according to Rohit Khosla, the Sri Lanka area director and GM of the Taj Samudra. About 30 kilometers from downtown Colombo, the Gateway Airport Garden already has undergone a complete renovation of its 60 existing rooms in the past year. An adjacent building with 100 more rooms and a spa is under construction and expected to be completed by year's end.

The Taj's flagship hotel in the country, the 300-room Taj Samudra, is located on 11 acres of gardens in downtown Colombo. Khosla wouldn't comment on the costs of the renovations, but said revenues have been growing 40% year-on-year since the imposition of minimum rates in the Colombo area in 2011.

Seventy kilometers down the southwestern coast from Colombo on Bentota Beach, the Vivanta by Taj - Bentota this year is undergoing a complete refurbishment and renovation of its 160 rooms as well as its public areas, restaurants and swimming pool.

Aitken Spence

With nine hotels and more than 800 rooms, Aitken Spence Hotels ranks as the nation's second-largest hotel owner after John Keells Hotels. It plans to build four additional hotels during the next few years that will result in a total 2,132 rooms, according to Renusha Gomis, public relations manager for the hotel unit. Existing hotels are 5-star, 4-star, 3-star and "heritage" properties operating under the Aitken Spence, Heritance, and Ramada brands. Heritance is the top tier.

The company's big hotel project is the renovation and expansion of what was the Ramada Resort Kalutara. At least parts of it will re-open as The Sands by Aitken Spence "very soon," Gomis said. Eventually The Sands will have 200 rooms, about double the number of rooms of its previous incarnation. Gomis declined to disclose the costs. According to its website, Aitken Spence also plans to build three new hotels: two city hotels, in Colombo and Jaffna, and a seaside resort hotel on a 100-acre plot of land near Trincomalee.

John Keells Hotels Group

Like Aitken Spence Hotels, public company John Keells Hotels Group owns nine hotels in Sri Lanka (and three in the Maldives), but its inventory of more than 1,600 rooms is by far the largest in the country, according to HVS's calculations.

John Keells Hotels didn't respond to queries but, according to a September 2011 news release, it was expecting to spend more than \$12 million on complete refurbishment of the 150-room seaside Chaaya Tranz Hikkaduwa and \$5 million on the 60-chalet "world-class game lodge" of 4-star Chaaya Wild Yala.

According to the John Keells website, there is also a plan to develop a hotel on 10 acres of land bought near Hambantota, where the new international airport is being built. According to HVS New Delhi, John Keells also plans to enter the mid-market with a new hotel in Colombo.

Amaya Leisure (Hayleys)

[Amaya Leisure](#), a new division of Hayleys, only numbers three hotels but has ambitious plans to become the country's third-largest player in the coming year. Hayleys, a Sri Lankan conglomerate, didn't respond to queries, but a February press release on its website says Amaya Leisure intends to nearly double its room capacity in the coming year—adding 400 rooms to the current 350 under management.

Hayleys acquired Amaya Leisure in September 2011. Separately, Hayleys Hotels already managed four other hotels, which it partly or wholly owns. The best known is the 5-star Ceylon Continental in Colombo.

New Amaya hotels are planned for Trincomalee and for the resort area north of it, Nilaveli, as well as at Wadduwa, the beach resort just 30 kilometers south of Colombo. Amaya Leisure also has acquired land near the Amaya Hills hotel in Kandy and has "prospective developments" near both Yala and Wilpattu national parks, according to the news release.

Softlogic Holdings/Mövenpick Hotels & Resorts

While neither Switzerland's [Mövenpick Hotels & Resorts](#) nor Sri Lanka's Softlogic Holdings PLC responded to queries about their hotel plans, there are a few clues on the Softlogic website. Softlogic, another listed diversified group, entered into the hotel sector in 2011 with the purchase of the distressed 65-room Ceysands Hotel on Bentota Beach for \$7.2 million. Softlogic intends to add rooms and transform it into "a luxury 5-star resort," according to the website and local news reports.

With Mövenpick, Softlogic plans to build the Mövenpick Hotel Colombo, a 25-story, 220-room, 5-star business hotel. According to local news reports, the total investment will be \$30 million.

Shangri-La Hotels and Resorts

A spokeswoman for Hong Kong's Shangri-La Hotels and Resorts said the company plans to build hotels in Colombo and Hambantota that will open, respectively, in 2013 and 2014, but said further details were "proprietary." Sri Lankan newspapers reported almost a year ago, however, that Shangri-La would invest \$350 million in a 6-star, 500-room hotel on Galle Face Green, Colombo's prime seaside promenade, and \$150 million in a 300-room hotel in Hambantota, the southern city where a second international airport is being built.