



HotelCompass

THE HOSPITALITY COMPASS

FEASIBILITY STUDY

Feasibility Study

The Oceanview · Vipingo, Kenya

PREPARED FOR

Sunrise Developments Ltd

20 April 2026 · Ref FEAS-2026-0042 · Prepared by Maxwell Otiende, HotelCompass

Executive Summary

Project: The Oceanview is a proposed 122-key 4-star beachfront resort on a 4.2-hectare parcel in Vipingo, Kilifi County, Kenya, 41 km north of Mombasa International Airport.

Verdict: Viable with Conditions - overall viability score 82/100. The project is judged commercially viable subject to three stipulations: (i) securing an international operator affiliation prior to financial close; (ii) a pre-opening marketing budget of no less than USD 680,000 ring-fenced for year -1 and year 0; and (iii) a minimum cash equity injection of 30% on the approved total project cost of USD 27.4 million.

Headline economics: Stabilised RevPAR is projected at USD 112 (year 4), with a stabilised GOP margin of 34.8%. Unlevered IRR on an 8-year hold reaches 16.9%; levered IRR (60:40 debt:equity, 9.5% all-in) reaches 23.4%. Payback on equity occurs in year 5.8 at the base case.

Sensitivity: The project remains viable within a -15% occupancy shock but breaks IRR covenant below a 52% annual occupancy floor. ADR downside elasticity is lower; a 10% ADR reduction still yields a 19.1% levered IRR.

Scope & Methodology

This feasibility study follows the HVS-ULI framework adapted for East African coastal markets and covers (i) macroeconomic context, (ii) tourism demand analysis, (iii) competitive-set benchmarking, (iv) site suitability, (v) facility programming, (vi) 8-year USALI P&L projection, (vii) capital cost and phasing, (viii) capital stack design, (ix) sensitivity testing, and (x) risk register with mitigation.

Primary research for this study included a two-week on-site visit, 18 stakeholder interviews (Kenya Tourism Board, Kilifi County Planning, KCAA, three operator VPs of Development, four active coastal GMs, two institutional lenders, one sovereign fund), and physical inspection of 11 comparable properties on the Kenyan coast.

Secondary research draws on STR Global competitive-set data (Kenya coastal sub-market, 2019-2026 YTD), Kenya Economic Survey 2026, World Bank Tourism Development Indicators, and IATA North-Africa aviation recovery reports. All figures in this document are presented in US dollars at the exchange rate of the report date unless otherwise stated.

Market Demand Analysis

Kenya recorded 2.42 million international tourist arrivals in 2025, a 7.1% increase on 2024 and a full recovery to 112% of the pre-pandemic 2019 baseline. The coastal sub-market captured 31% of these arrivals - approximately 751,000 stopovers. Average length of stay in the Kilifi corridor was 6.8 nights, with a 63% leisure / 26% MICE / 11% transient business split.

Three demand catalysts are pulling capacity into the Vipingo corridor: (i) the SGR Phase 2B extension to Malindi (commissioning Q3 2027); (ii) the Vipingo Ridge development cluster (1,800 residential plots, 18-hole championship golf course, private airstrip); and (iii) a Ministry of Tourism MICE-development incentive package launched Q1 2025 granting 10-year tax holidays on qualifying conference-anchored hotels above 100 keys.

Source-market composition for the micro-market (within 5 km of the subject site) is: UK 24%, Germany 17%, Kenya domestic 14%, US 9%, Italy 8%, UAE 6%, India 5%, South Africa 4%, other 13%. We project a marginal shift toward Asian and Gulf source markets by year 4 driven by the Emirates and Qatar Airways expansion into MBA.

Metric	2023	2024	2025	2026F	2027F	2028F
Kenya intl. arrivals (m)	1.93	2.26	2.42	2.58	2.75	2.89
Coastal sub-market share	28.4%	29.8%	31.0%	31.6%	32.1%	32.5%
Avg. length of stay (nights)	6.1	6.4	6.8	6.9	7.0	7.1
Competitive-set occupancy	58.2%	61.7%	64.8%	66.1%	67.4%	68.2%
Competitive-set ADR (USD)	148	156	164	172	181	189
Competitive-set RevPAR (USD)	86	96	106	114	122	129

Competitive-Set Analysis

Eight competing properties were assessed within a 45-kilometre radius of the subject site, covering 1,189 keys of mostly 4-star and upper-4-star supply. Competitive-set occupancy averaged 64.8% in 2025, ranging from 52% at the weakest property (tertiary beach access, no conference facilities) to 79% at the strongest (Sarova-branded, all-inclusive positioning). ADR averaged USD 164, with a range of USD 121 to USD 228 depending on positioning, beachfront depth, and MICE offering.

The Oceanview is projected to enter as a secondary-competitor to the top tier and a primary-competitor to the upper mid-tier. Its fair-share RevPAR index at stabilisation (year 4) is forecast at 1.08, reflecting a

modest premium to competitive-set average driven by its international operator affiliation, beachfront depth (110 m of sand frontage), and conference capacity (480-seat ballroom + four breakout rooms).

Property	Keys	?	Occ.	ADR	RevPAR
Sarova Whitesands Beach Resort	338	4	79.1%	USD 228	USD 180
Serena Beach Resort & Spa	166	4	74.3%	USD 212	USD 158
Voyager Beach Resort	238	4	68.0%	USD 154	USD 105
Bamburi Beach Hotel	150	3	61.5%	USD 128	USD 79
Travellers Beach Hotel	180	3	58.8%	USD 121	USD 71
Diani Reef Beach Resort	145	4	71.4%	USD 198	USD 141
Baobab Beach Resort	154	4	64.9%	USD 167	USD 108
PrideInn Paradise Beach	100	4	55.2%	USD 139	USD 77

Site & Facility Programme

The site is a regular-shaped parcel with 110 metres of beach frontage and 380 metres of depth from high-water-mark. The soil bearing study (carried out January 2026) returned an allowable bearing capacity of 180 kN/m² at 1.5 metres depth - adequate for conventional strip and pad foundations on the resort buildings. The groundwater table sits at approximately 9 metres below natural ground, permitting a basement for back-of-house without dewatering.

The recommended programme, developed with Boogertman + Partners Architects, distributes 122 keys across three low-rise wings (maximum two storeys), preserving the Kilifi county planning-brief skyline covenant. Public areas concentrate at the beach end: main restaurant (180 covers), speciality restaurant (80 covers), beach bar, spa (8 treatment rooms), 480-seat ballroom, four breakout rooms (45-seat each), and full back-of-house.

Component	Keys/Sq.m	GFA (sq.m)	Capex (USD m)
Guestrooms (3 wings, 122 keys, 36 sq.m avg)	122 keys	5,450	12.80
F&B outlets (2) + lobby + lounge	-	1,180	2.95
Ballroom + meeting rooms	480+180 pax	990	2.10
Spa, gym, pool deck, kids club	-	880	1.75
Back-of-house (kitchen, laundry, admin)	-	1,420	2.30
External works + landscape + beach	-	-	2.20
FF&E + OS&E + pre-opening	-	-	3.30

Financial Projection (8 years)

The base-case projection assumes a 16-month construction period commencing Q3 2026, with commercial opening 1 January 2028 and ramp-up to stabilisation over four operating years. USALI 12th-edition departmental structure is applied throughout. Assumptions: 2.5% global CPI, 5% local wage inflation, 3% energy escalation, operator management fee 3% base / 8% incentive above 40% GOP margin.

Year	Occ.	ADR	RevPAR	Revenue	GOP	GOP %
2028 (Yr 1)	48%	USD 158	USD 76	USD 5.8m	USD 1.1m	19.0%
2029 (Yr 2)	58%	USD 165	USD 96	USD 7.4m	USD 2.0m	27.0%
2030 (Yr 3)	64%	USD 172	USD 110	USD 8.6m	USD 2.6m	30.2%
2031 (Yr 4)	68%	USD 178	USD 121	USD 9.6m	USD 3.3m	34.8%
2032 (Yr 5)	70%	USD 185	USD 130	USD 10.4m	USD 3.7m	35.5%
2033 (Yr 6)	70%	USD 192	USD 134	USD 10.8m	USD 3.9m	35.8%
2034 (Yr 7)	70%	USD 199	USD 139	USD 11.2m	USD 4.0m	36.0%

2035 (Yr 8) 70% USD 206 USD 144 USD 11.6m USD 4.2m 36.2%

Capital Stack & Funding Strategy

Total project cost is budgeted at USD 27.4 million inclusive of land cost (already acquired at USD 4.2m), hard costs, soft costs, FF&E, OS&E, pre-opening, working capital and a 6.5% contingency. The recommended capital stack is 60% senior debt (USD 16.4m), 10% DFI mezzanine (USD 2.7m), 30% sponsor equity (USD 8.3m).

Senior debt is modelled at 9.5% all-in USD pricing, 4-year availability, 10-year tenor with a 2-year grace on principal. Two East African DFIs have issued indicative term-sheets at this pricing. Mezzanine is structured as a 5-year subordinated loan at 13% coupon with a 2% equity kicker convertible at year 5. Sponsor equity is to be supplied 60% by Sunrise Developments and 40% by a co-investing family office with a 6-year exit expectation.

Sensitivity Analysis

Stress testing was applied across five independent variables: occupancy, ADR, construction cost, interest rate, and exit multiple. The levered IRR is most sensitive to occupancy and exit multiple; least sensitive to interest rate swings within a 200-basis-point band.

Scenario	Levered IRR	Payback (yrs)	Verdict
Base case	23.4%	5.8	Viable
Occupancy -10% throughout	18.8%	6.9	Viable
Occupancy -20% throughout	13.2%	8.4	Marginal
ADR -10% throughout	19.1%	6.7	Viable
Construction cost +15%	19.6%	6.5	Viable
Interest rate +200bps	20.4%	6.3	Viable
Combined: Occ -10% + Cost +10%	15.1%	7.8	Marginal
Exit cap rate 8.5% (vs 7.5% base)	19.8%	-	Viable

Risk Register & Mitigation

Nine material risks have been identified and scored on a 1-5 probability/impact matrix. Four risks sit in the red zone (probability × impact > 12) and require active mitigation plans as conditions precedent to financial close.

R1 - Operator default (probability 2, impact 5, score 10): mitigated by a pre-financial-close operator affiliation with hard performance guarantees and a 45-day replacement mechanism.

R2 - Construction cost overrun (probability 4, impact 4, score 16): mitigated by a GMP contract with a qualified main contractor, 6.5% contingency, and independent QS monthly certification.

R3 - Demand shock from regional security (probability 3, impact 5, score 15): mitigated by diversified source-market strategy, travel-advisory insurance, and a flexible cost base able to absorb 18 months of 35% occupancy drop.

R4 - Currency volatility on debt service (probability 3, impact 4, score 12): mitigated by 70% USD-denominated revenue base (international source markets) and a hedging budget of USD 120k/year.

Conclusion & Recommendation

The Oceanview project is viable with conditions. We recommend the sponsor proceed to the design-development phase and operator-selection RFP in parallel, with financial close targeted for Q4 2026. The three conditions identified in the Executive Summary must be satisfied prior to drawdown.

HotelCompass is available to support the operator-selection process, the ADR/occupancy-penetration tracking during ramp-up, and the owner-representative mandate through construction. Fee proposals for these mandates are available on request.



AUTHENTIC HOTELCOMPASS DOCUMENT

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Reference FEAS-2026-0042

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