Early Warning System

# IFC-39627

## Sunwing - BDHR

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## Quick Facts

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| **Countries** | St. Lucia |
| **Specific Location** | Gros Islet |
| **Financial Institutions** | International Finance Corporation (IFC) |
| **Status** | Proposed |
| **Bank Risk Rating** | B |
| **Voting Date** | 2017-09-08 |
| **Borrower** | Sunwing Travel Group Inc |
| **Sectors** | Construction, Industry and Trade |
| **Investment Type(s)** | Loan |
| **Investment Amount (USD)** | $ 35.00 million |
| **Project Cost (USD)** | $ 144.00 million |

## Project Description

The proposed IFC investment will support the development of a greenfield, 456 room all-inclusive resort in Gros Islet, St. Lucia owned and operated by Canadian-based Sunwing Travel Group Inc (“STG”) and Blue Diamond Hotels and Resorts Inc. (“BDHR”) (collectively the “Sponsors”) under its Royalton brand (the “Project” or “Royalton St. Lucia”).

BDR, established in 2011, is a fully owned subsidiary of STG. It is one of the fastest growing resort groups in the Caribbean and Mexico with a 34-property portfolio exceeding 12.500 rooms. The Company manages around 8,500 rooms (in Cuba) and owns/operates over 4,500 room in Mexico, Jamaica, Dominican Republic, and St Lucia. Blue Diamond Resort’s diverse portfolio caters to a range of budgets and vacation interests. BDR operates six brands each catering to a different market segment (affordability/style).

Royalton St. Lucia is a 456-room 5-star all-inclusive resort with upgraded amenities at Smugglers Cove, St. Lucia. The hotel has been constructed on an existing resort, where almost all the existing facilitates were demolished and the new facilities have been constructed. The hotel consist of ten buildings from one to six floors, five main pools, several restaurants, a SPA and utilities such as laundry, waste water treatment plant, generators, boilers, water distillation / filtration units. The hotel has been operation since February 2017 and has been fully funded with sponsor’s equity. The Company may consider a phase two of 150 to 250 mixed-use condominiums but this is not currently part of the financing package.

Royalton St.Lucia’s design works has been completed by Aleron Limited Consulting Engineers, Trinidad and demolition and construction works was performed by NH International Caribbean Limited, Trinidad. STG’s and BDR’s technical teams supervised and monitored the construction.

This project has been classified as a Category B project in accordance with IFC’s Policy of Environmental and Social Sustainability as the environmental and social (E&S) risks and potential impacts are expected to be limited, generally site specific, and can be avoided or mitigated by adhering to generally recognized performance standards, procedures, guidelines or design criteria.

Key E&S issues include BDR’s capacity to expand its environmental, health, safety and social management system in line with IFC’s PS requirements to Royalton St. Lucia, occupational health and safety during operational phase, implementation of an internal grievance mechanism in line with IFC’s PSs, life and fire safety / structural safety, biodiversity and implementation of an external communication mechanism where interested parties (including stakeholders and neighbors) can register their concern and stakeholder/interested parties consultation.

## Investment Description

- International Finance Corporation (IFC)

Total Project cost is US$144 million. The proposed IFC investments seeks to provide a long-term loan of up to US$35 million, on IFC's own account, and mobilize an additional US$35 million from B loan lenders.

The proposed project includes a 12-year US$70 million project financing package (the "Project") comprising of (i) a US$35 million A-Loan; and (ii) a US$35 million B-Loan for the all-inclusive hotel Royalton St. Lucia, in St. Lucia, an IDA-blend country to BDSL Limited and BDSL (Barbados) Holdings Limited which are 100% subsidiaries of Blue Diamond Hotels and Resorts, Inc. ("Blue Diamond" or "BDR") whose parent company is Sunwing Travel Group ("STG" or "the Group") for financing of its Royalton St Lucia hotel project.

## Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/