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## IT'S PARADISE

IT'S PARADISE four seasons project to be ready early next year Effective today \$120 million is now in the kitty, but it will take an overall \$600 million to construct the massive Four Seasons project, which is set to get going in early 2011 having been stalled for almost two years. This was revealed by Paradise Beach Limited executive chairman Professor Avinash Persaud as he and executive director of Trinidad's ANSA Merchant Bank Limited, Gregory Hill, signed an agreement giving Paradise access to the equivalent of US \$120 million contributed by ANSA and several other companies, and guaranteed by Government. Speaking during the signing ceremony at Paradise's offices within the construction site's compound, Persaud said the \$1.1 billion project, which was expected to provided work for as much as 1,000 people at the peak of building, would take three years to complete, including a hotel costing between \$160 million and \$240 million. He explained that he and other officials who have been working for the past year to get the project revived had determined it was more financially prudent to source the money via the ANSA-led arrangement instead of depending on the hundreds of millions of dollars expected to be earned from villa sales. With British real estate firm Savills having valued the project at \$1.1 billion in December 2008, Persaud noted that between 2006-2007 owners purchased villas worth \$400 million and deposited \$180 million on the venture, 25 per cent complete when the gates were closed in February 2009. He noted too that if all villas were now sold, the surplus from constructing them and paying debts, including about \$30 million to local creditors, would be between \$200 million and \$260 million. "The cost of building the hotel is approximately USD\$80-USD\$120 million. Consequently, the hotel can be built from the surpluses of villa sales," he noted. "The purpose of the credit facility and any further financing facility, is that when added to the surpluses from existing villa sales, we will be able to complete the hotel without having to wait for an aggressive return to villa sales in what is currently a depressed economic climate. "In a virtual cycle, hotel construction is also likely to support villa sales. Total construction costs (including infrastructure and interest) for the project going forward is US \$275 million to US \$300 million. Total revenues going forward from sold and unsold villas is US \$300 million to US \$325 million." The executive chairman said beyond the numbers, what was important for Barbados was that "from today we are in a financial position to restart this project and this is a day that we have all long waited for. From this point we are now able to fund the resumption of work." He added, though, that there were still some things to finalised before construction could restart, hence this wouldn't take place before early next year. "I know that everyone in Barbados would like that to mean that tomorrow workers will be coming through the gates, but ... that's the surest way to make the project fail again. We have to do a fair amount of preparation of really looking at our design, our master plan. We need to do a correct tendering process that is fair to all, fair to all Barbadian suppliers, and those things cannot be done in 24 hours and if you wish to do it in 24 hours you are sure to get it wrong," he said. "With the best will in the world I think that with an aggressive timetable we can complete all of that preparation in around six weeks time, which would put us probably on Christmas Day, which I don't think would be the day to start. "So we will be starting, I reckon in all reasonableness, ... early next year. Before we can start constructing this site we need to have had fair tenders delivered to all. People need to be able to tender for this in a fair process -- that requires time." Persaud said before fair tenders could be contracted "we need to be absolutely clear on what it is we are constructing and given that we are in the middle of the world's largest financial crisis since the 1930s it's given us an opportunity to think carefully about what it is we are constructing". "We are absolutely committed to delivering a 100-room or so Four Seasons hotel, but the precise parameters of that we need to relook. We are now in this very fortunate position of being able to finance that resumption." He said a failure of the Four Seasons project could have done major harm to Barbados and its reputation. "This project would have been thrown into receivership. The \$30 million or so of Barbadian unsecured creditors would have been wiped out, the project in my view would have been in abeyance for 10 years or more, locked in court cases as people squabbled over who owned what and what they were owed. I think that Four Seasons would unlikely have remained in that project," he noted. Hill said today's finalisation of the finance arrangement was "a watershed" given the importance of the project to Barbados. "In this particular transaction ANSA Merchant Bank played the role of lead arranger. The government of Barbados provided a guarantee and they put their faith and confidence in ANSA Merchant Bank to deliver on that mandate, to deliver the financing and to respect and honour the guarantee of the Government of Barbados, which represents a commitment on the people of Barbados. So we took that responsibility very seriously," he stated. Locally-based Consolidated Finance, which like ANSA Merchant Bank is a subsidiary of Trinidad conglomerate ANSA McAI, will manage the disbursement of the \$120 million in a way Hill said was "to ensure that all of the creditors are paid and that the management of all the cash flows coming in from the project will be managed expertly". (SC)

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