

2.0 Institutional and Financial Mechanisms

This section examines the mechanisms that DSM and ALG will utilize to address any impacts resulting from pre-construction, during construction and subsequent operations of the hotel. These will also address any unexpected health and environmental consequences arising out of upset conditions or other unforeseen circumstances during the life of the Hotel Project.

DSM and ALG's preparedness, evaluation and response to incidents and emergencies is based on a tiered approach. The developers are committed to the protection of its staff, contractors the environment, the community and any other stakeholder that may be impacted by the Company's business by complying with all company policy documents as well as all relevant legislation.

The developer's Environmental Management Plan identifies, analyses and outlines mitigation measures for any hazard that may present risks during the hotel construction and subsequent operations (Refer to **Section 9.0 — Mitigation Strategy and Environmental Management Plan**). This Plan provides an established baseline, which developers would update and revise all Incident Response and/or Crisis Management Plans, prepare strategies for cost-effective mitigation measures and recovery policy decisions for the proposed project.

The criteria used to identify and evaluate potential foreseeable environmental emergencies for all hotel development is facilitated through its risk analysis process and involves Risk and Hazard Vulnerability Assessments.

DSM and ALG Contingency Plan provides guidelines and instructions to all personnel involved in managing any unexpected environmental event resulting from all routine, non-routine operations and developmental phases of the project (Refer to **Section 9.0**

- **Mitigation Strategy and Environmental Management Plan**). This Plan sets effective and efficient responses for any environmental incident by developing tiered response strategies with the aim of reducing ecological, economic and amenity damage and subsequent compensation claims.

2.1 Background Information on Client-Institutional Structure and Financial Capability

DSM INVESTMENTS LTD (DSM) was incorporated on the 06th November 2019 under the Companies Act 1995 of the Republic of Trinidad and Tobago, (*Refer to **Appendix B – Institutional and Financial Mechanisms***). The company is an associate company of Southern Maintenance Services Company Limited and its registered office is at Kilgwyn Bay, Tobago, West Indies.

DSM entered into a Hotel Marketing and Management Services Agreement (HMMSA) with an international Resort Management Company – AMResorts through its subsidiary AMResorts Marketing Panama S. de R.L (AMR) to manage and operate the 500 keys Luxury Hotel Resort, consisting of two (2) of its leading Resort brands; Secrets[®]/Dreams[®] with two hundred (200) and three hundred (300) rooms, respectively. These resorts brands are a part of Apple Leisure Group (ALG) AMR Collection of luxury all-inclusive properties (*Refer to **Figure 2.1***). It also engaged the services of CBRE Limited/CBRE Hotels Vacation and Advisory Services to evaluate the market and competitive supply and demand for the Secrets[®]/Dreams[®] resorts in Tobago.

The company has submitted for the Town and Country Planning Division (T&CPD) Approvals and is currently undertaking its Environmental Impact Assessment Study. In addition, the company has also engaged DCM Architecture and Engineering LLC (DCM), an international architectural company familiar with the AMR's Brands, to commence the hotel design and development phase and Optimal Geosciences & Engineering Solutions Limited (Optimal GESL) to treat with the Environmental Study.

– **Financial Capability**

Based on preliminary costs provided by two leading international companies, discussions with both international and local financial institutions are ongoing. A Financial Viability Study by the Project's Financial Consultant – FCL FINANCIAL LTD'; effected at a Construction price point of USD 100M, consisting of a Debt-to-Equity Structure of 4:1 and a Market and Competitive Supply and Demand Study done by CBRE Limited/CBRE hotels Valuation and Advisory Services support the success of the Project.

– **Financial Performance**

The capital structure comprises a debt-to-equity ratio of 4:1, WACC of 4.96% where the cost of debt is 6% over 15 years and equity is 8%. The proposed project is estimated to have an IRR of 10.2% and Payback Period of eight (8) years. The IRR is adjusted to 6.3%, and the Payback Period of approximately ten (10) years when the EBITDA includes the annual replacement reserves of 4% of gross revenues and incentive fees of 8%, 9% and 10% of GOP in years one to three respectively, and continuing thereafter at 10%; but in both instances the adjusted IRR exceeds the WACC of 4.96%.

Positive growth in GOP from 31% to 40% and EBITDA from approximately 24% to 34% from years one to five respectively, confirms the viability and sustainability of the proposed project.

Comparison of the Secrets®/Dreams® 5th Year performance to “upscale” resorts in the Caribbean and Mexico, in three key areas – being; the EBITDA to Total Revenue (after the replacement reserves), EBITDA to Total Revenue and GOP provided results in favor of Secrets®/Dreams®; **31.3%/30.3%**; **39.5%/27.3%**; and **36.3% / 31.3%**, respectively.

A Cashflow safety net is included to mitigate any unforeseen occurrences through a Cure Right provision that allows AMResorts Marketing, to meet Cashflow shortfalls in instances where at least 85% of GOP is not met in two (2) consecutive Years.

Consideration was also given to the business and financial risks of the proposed project.

2.1.1 Business Risks

The possibility that the Secrets®/Dreams® resorts will have lower than anticipated profits or experience a net loss is discussed via the Total Leverage, Operating Leverage and Financial Leverage Ratios.

However, the general sensitivity of the Net Profit to Revenue, which ranged from – 2.28% to 33.68% over the 5-Year period, is largely driven by the debt element of the capital structure while operating profits are stable and in excess of comparable hotels in the Caribbean and Latin America by the 5th Year of operation.

2.1.2 Financial Risks

Consideration was also given to the possibility of default on borrowings and is discussed in the Leverage Ratio, Interest Coverage Ratio and the Debt Service Coverage Ratio.

The bearish trending of the Debt-to-Equity Ratio from 11.8 in Year 3 to 5.9 by Year 5, confirms the company's ability to pay off its debt using its own capital. This is further supported by the company's ability to pay interest on the assumed debt, reflected in interest coverage increasing from 1.4 to 3.7 over the 5-Year period. However, it is necessary that the company's working capital policy be aligned, specifically in Year 1 to meet lower cash estimates.

team of over 1,300 plus people, furthering Amstar's ability to achieve its mission of being the leading provider of destination services in their respective locations.

Expansion to other countries is planned for the near future and management continue to look for promising opportunities where Amstar can be a driving force in delivering exceptional destination services to the Tourism and Meetings & Incentives market in other key destinations.

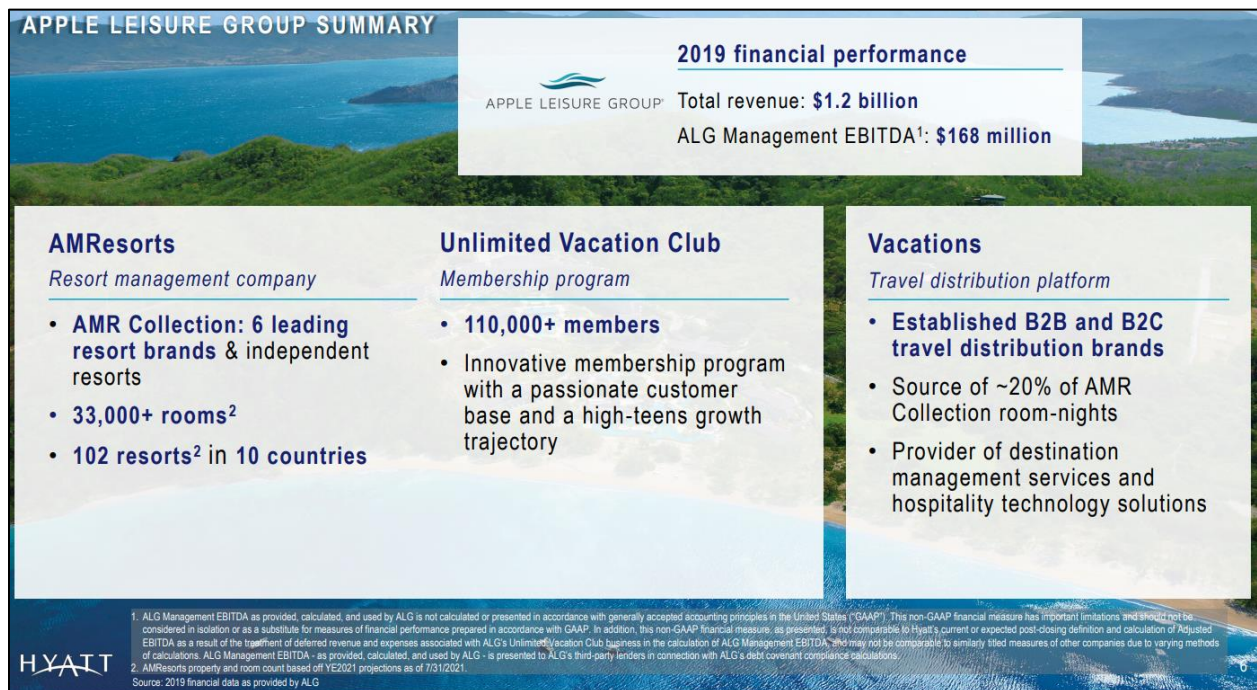


Figure 5 - 2.2: Apple Leisure Group Summary.

Source: 2019 Financial Data as Provided by ALG.

2.2 ALG 2030 Environmental Goals

A healthy environment is important for all people to be their best. Hyatt is committed to advancing environmental action so that destinations around the world are vibrant for our guests, colleagues, and communities. The following environmental management strategies are being employed across the hotel group;

1. **Climate Change and Water Conservation-** Accelerate climate and water action by elevating efficiency measures, prioritizing water conservation in drought-prone areas, and increasing the use of renewable energy and grey water. Achieve our 2030 science-based target, including reducing absolute Scope 1 and 2 emissions by 27.5% from a 2019 baseline.
2. **Waste and Circularity:** Reduce waste generated at properties – including food waste and single-use items – and increase recycling and composting. In particular, achieve a 50% global reduction in food waste sent to landfill or incineration per square meter by 2030 compared to 2019.
3. **Responsible Sourcing:** Increase responsible sourcing of products and services associated with concerns for climate change, deforestation, human rights, waste, public health, resource scarcity, biodiversity, and animal welfare.
4. **Thriving Destinations:** Prioritize the vitality of our global communities by respecting local natural resources and cultural heritage; helping to protect biodiversity and animal welfare; addressing water risks; minimizing pollution; and advancing climate resilience.
5. **Awareness and Collaboration:** Accelerate collective action and innovation across colleagues, guests, customers, owners, operators, suppliers, and our communities by elevating the understanding of issues and opportunities for change.
6. **Measuring and Reporting:** Provide transparency to internal and external stakeholders supported by clear data.
7. **Management:** Advance environmental stewardship from the leadership level and employ management systems that prompt continuous improvement

2.3 Compliance Monitoring by ALG

Environmental Compliance Monitoring is a process designed to determine conformity with environmental legal mandates, regulations and conditions of approval. Conditions of approval include mitigation measures and other requirements imposed on applicants.

Monitoring is fundamental to environmental management, both to assess the adherence to standards and to allow environmental managers to learn from practical experiences.

The purpose of compliance monitoring is to ensure that the quality or quantity of an environmental component is not altered by a human activity beyond a specified standard of regulation level. Implicit in compliance monitoring is the assumption that if the characteristic being monitored is within acceptable limits, then the effects will be within acceptable limits.

For all environmental sampling and monitoring conducted on behalf of the company the reliability of data collected and the validity of the information generated will be ensured by strict adherence to, and full documentation of, QA/QC procedures in the sampling and analysis program. This will be achieved by consultation with the analytical laboratory, taking into account accuracy, precision and detection limits required (which will determine the analytical processes and sensitivity of the instrumentation/techniques selected). All sampling and monitoring will be preceded by a Quality Assurance Project Plan (QAPP) from the relevant laboratory which will be approved by the EMA prior to execution of any project activities.

The Project Environmental Management Plan (EMP) will be audited monthly once the project has commenced to ensure compliance with the plan. Audits will include random checks of the documentation and records gathered during the monitoring phases. This will assist in proving that the system is being executed as intended. For gaps found during such an audit, measures will be implemented to reinforce and retrain staff and contractors on the importance of implementing the plan as designed and the requirements of the plan.

Data collected from sampling and testing will be tracked and trended (in some cases on a real time basis) to ensure compliance to the relevant regulatory standards are being achieved.

For instances where a non-conformance to a specific standard is identified the following actions will typically be required:

- Notification to the relevant Regulatory body in a timely manner;
- Non-compliance / incidents are reported to the relevant level of management;
- Root cause analysis carried out for the non-compliance/incident;
- Corrective actions (changes in procedures, mitigation measures, controls etc.) are identified and implemented;
- Changes in procedures and lessons learned from corrective actions are recorded; and
- Non-conformance reporting is carried out with associated actions logged and closed out to address the non-conformance.

Follow up audits, conducted within a shorter timeframe will then be carried out to ensure compliance is once again being achieved.

2.4 Staffing/Roles and Responsibilities Within ALG

The company's management team will ensure that the necessary resources are available to adequately implement this Project. These resources will include, but not be limited to, financial, logistics, personnel and equipment. Management will also be responsible for the endorsing of all policies, procedures and programs that guide all aspects of this project.

An organizational chart specific to the GAD Project will be developed in accordance with **Table 10 - 2-1**. A rigorous contractor selection process will also be put in place to ensure that the Project is ably supported by competent, experienced Contractors with proven track records for safe delivery of projects of this nature and effective HSSE Management systems, which align with ALG's requirements and expectations for the project.

The roles and responsibilities are presented in **Table 10 - 2-1**.

Table 10 - 2-1: Staffing/Roles and Responsibilities within ALG.

Role	Responsibility
Executive Management Team	<ul style="list-style-type: none"> • Integrate the HSSE expectations into planning and decision-making processes, to ensure that documented systems are in place to deliver these expectations; • Establish clear HSSE goals and objectives, roles and responsibilities, performance measures and allocate resources and where necessary, specialist expertise. • Integrate HSSE targets and regulatory requirements into their activities. • Ensure that adequate time and resources are allocated to ensure the job activities are conducted in a safe and efficient manner.
Team Leads (and GAD Managers)	<ul style="list-style-type: none"> • HSSE Performance of their respective assigned site. • Ensure that inspections, sampling and testing are carried out according to regulatory requirements and records maintained.
HSSE Advisors	<ul style="list-style-type: none"> • Advise and support on the development of HSSE Management System by providing up to date information on legislative requirements and recognized good health and safety management techniques. • Assist with monitoring and effectiveness of the Company's implementation of the HSSE Policies via inspection of sites, facilities and audits of the management system and associated documentation.
Environmental Coordinator	<ul style="list-style-type: none"> • Ensuring that the monitoring conforms to planned arrangements for environmental management, and that policies, procedures and standards are properly implemented and maintained. • Providing information on the results of audits and monitoring to Management. • Reviewing all documents related to the EMP.
Employees	<ul style="list-style-type: none"> • Comply with the relevant laws of T&T and standards of ALG, to protect their own safety and health, as well as the safety and health of anyone who may be affected by their acts or omissions at work.
Contractors	<ul style="list-style-type: none"> • Directly responsible and accountable to the relevant ALG representative for the application of the Company's HSSE Policy.

	<ul style="list-style-type: none"> • Demonstrate their competence in health and safety and allocation of adequate and appropriate resources to address legislative required by the provision of documentation and satisfactory operational
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2.5 Record Keeping and Document Control

Proper record keeping will prove that the EMP is being followed and that it is effective.

Records will be kept on all aspects of the management plan and includes:

- Completed forms, checklists, maintenance and compliance logs;
- Identified problems and corrective actions undertaken;
- Monitoring data / results;
- Incident forms (especially Spill and Leaks incidents and response);
- Internal and external communications regarding the EMP (for example, waste disposal contractors are aware of and follow ALG’s Waste Management procedure)
- Results of internal or external assessments and compliance visits;
- Training; and
- Personnel roles and responsibilities.

All data collected and documents generated throughout the lifespan of this project, including all communication to and from regulatory bodies, stakeholder groups and contractors must be maintained within the project document management system.

2.6 Auditing and Inspection

Audits and inspections shall be conducted by all levels of the organization. Management shall conduct at minimum, monthly site inspections throughout the lifespan of the project. During such visits, they shall engage with employees on site and record their findings. These findings shall be submitted to the Project Manager for review and action.

The Project HSSE Advisor and the Environmental Coordinator shall conduct monthly audits of the EMP being utilized. These findings shall again be submitted to the HSSE Team Lead and Project Managers for review and action. Where applicable, they must also make recommendations and assist in implementation.

All supervisors and the Project HSSE Advisor are responsible for conducting daily inspections of the work sites and scheduled environmental monitoring sampling days. These visits should pay focus to the monitoring aspects of the EMP that are used or implemented daily (e.g., waste water systems). Records of their findings shall also be documented, and issues that can be resolved immediately should be rectified. For gaps that need special focus groups to assist, these shall be escalated to the Project Manager for resolution.

2.7 Reporting

All aspects of the monitoring program and auditing process will be documented. Additionally, records of all reportable incidents and aspects of non-compliance shall also be maintained. These shall be made available to the EMA upon request.