

ANNUAL REPORT
2016-2017

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AUDITED FINANCIAL REPORT 2016-2017

“CIP Saint Lucia” as a program and a brand has continued to grow and establish itself as a dynamic, respected and well run global citizenship program. It continues to enhance the range of investment offerings Saint Lucia has as a country and through the delivery on its objectives seeks to contribute meaningfully to the continued economic development and prosperity of the country.

From the inception, our clear mandate has been to ensure the integrity and transparency of CIP Saint Lucia along with adherence to robust international due diligence standards and coordinating the operation of the Citizenship by Investment Unit (“the Unit”) in an efficient manner. During the period under review, the Board has met with industry experts in order to be poised to adequately respond to the market demands and trends. We have also presided over many stakeholder and public consultations all geared towards disseminating information and gaining necessary feedback which has helped in the streamlining of our policies and procedures and building a stronger CIP Saint Lucia Unit.

We have been paying particular attention to the challenges confronting the industry such as the threat of global terrorism, de-risking of banks and the current and potential ramifications of the nationalistic and immigration concerns growing in western countries, among others. In so doing, the Board has been able to position the program as one that is a responsible, stable and sustainable citizenship by investment option through our commitment to the absolute best practices and maintaining high levels of integrity. We continue to cooperate with our international stakeholders to ensure threats are mitigated and risks are managed appropriately.

In January 2017, we embraced the changes made to CIP Saint Lucia by virtue of the provisions of the Citizenship by Investment (Amendment) Regulations No. 1 of 2017. These changes reflect the repositioning of CIP Saint Lucia from its’ original approach of market exclusivity to one that is more open, accessible and attractive to potential applicants and industry professionals alike. The changes are also in line with ensuring the objectives of CIP Saint Lucia are achieved as it relates to making a meaningful contribution to the financial and economic development of Saint Lucia. We have continued to invest in people, both in terms of the size of our team and the training and international exposure required to ensure the highest standards are maintained. That said, the Board is cognizant of the challenges which CIP Saint Lucia has overcome during the period and to that end wishes to thank the CIP Saint Lucia team for the excellent work undertaken while maintaining their efficiency and resilience throughout.

As a Board we wish to thank the Honourable Allen Michael Chastanet, the Minister to whom responsibility for Citizenship by Investment has been assigned, for his dedicated support of the Board and endorsement of CIP Saint Lucia both locally and abroad. As Chairman, I would like to thank my fellow directors for their commitment and dedication to making CIP Saint Lucia a continued success.

The Board shall continue to work hard to ensure the best interests of Saint Lucia, including our responsibility to the global community, remain of paramount importance and that we discharge our functions with integrity and effectively. We remain focused on delivering results in line with the objectives set for the CIP Saint Lucia Unit and its contribution to national development.



Mr. Ryan Devaux
Chairman

INTRODUCTION & EXECUTIVE SUMMARY

This Report covers 2016 – 2017 as the first full year of activity of the Citizenship by Investment Unit (“the Unit”), the statutory body charged with administering Saint Lucia’s Citizenship by Investment Programme. The Citizenship by Investment Act No. 14 of 2015 (“the Act”) defines the Unit’s main role as being responsible for the general administration of the programme. That role serves as the strategic platform for our activities which are reflected in our strategic goals for the year:

- **Contribute** to the revision of the Citizenship by Investment Legislation;
- **Improve** the Unit’s corporate governance policies and procedures;
- Be more **accountable** to key stakeholders and partners;
- **Build** the capacity of the Unit to meet the increased demand of applications to the programme; and
- **Communicate** more effectively with internal and external stakeholders and partners.

Our Annual Work Plan 2016 - 2017 articulated the vision and methodology required to improve our capacity to work effectively in a climate of ever changing priorities, focus and interests on the part of our stakeholders, partners, applicants and the public.

The change of Government in June of 2016, resulted in a change in the philosophy that guided the work of the Unit. That change in philosophy was manifested in several ways, the most significant of which were the change in the membership of the Citizenship by Investment Board in the first instance, and the change in the Citizenship by Investment Legislation in the second.

The new Citizenship by Investment Board, first appointed in July 2016, was very market oriented and started the transition of the Unit’s focus from one of exclusivity and restriction to one that was more open and responsive to the market forces. The Board held its first meeting on August 3rd, 2016, where it considered and made decisions on three (3) applications for citizenship by investment.

In January 2017, new legislation was passed in the form of the Citizenship by Investment (Amendment) Regulations 2017 (“Amendment Regulations”). The new Statutory Instrument had the effect of lowering the minimum donation to the National Economic Fund from US \$200,000 to US \$100,000 as one of the most significant changes to the programme to date.

In fulfilling its mandate, the Unit paid specific attention to maintaining a rigorous due diligence process. Enhanced due diligence was conducted on every applicant for citizenship by investment who had attained the age of sixteen (16). In addition, due diligence was conducted on every applicant for an authorised agent and promoter licence.

The Unit generated actual investments of five million, five hundred and thirty-five thousand United States dollars (**US \$5,535,000**) or fourteen million, eight hundred and seventy-nine thousand, one hundred and eighty-seven Eastern Caribbean dollars (**EC \$14,879,187.00**). The Annual Report provides the details of our past successes while providing an insight into the future.

MAJOR ACHIEVEMENTS FOR THE YEAR

The Citizenship by Investment Unit is a young organization, faced with many challenges including data security and privacy protection; local, regional and international scrutiny; and due diligence imperatives. Our main operational challenge in 2016 – 2017 was that our activities were continuously impacted by changes in the local and international markets.”
C. Malone

APPLICATIONS FOR CITIZENSHIP BY INVESTMENT

The Unit received thirty-six (36) applications for citizenship by investment representing a potential investment of eight million, four hundred and ninety-five thousand United States dollars (**US\$8,495,000.00**) or twenty-two million, nine hundred and thirty-six thousand, five hundred Eastern Caribbean dollars (**EC \$22,936,500.00**). Sixteen (16) applications for citizenship were granted by the Citizenship by Investment Board representing a potential of investment of five million, five hundred and thirty-five thousand United States dollars (**US \$5,535,000.00**) or fourteen million, eight hundred and seventy-nine thousand, one hundred and eighty-seven Eastern Caribbean dollars (**EC \$14,879,187.00**).

However, one (1) additional application was granted through the process of a “Request for Review.” Increasing the total number of citizenships granted under the program to seventeen (17) for the year 2016-2017.

APPLICATIONS FOR APPROVED PROJECTS

The Unit worked with Invest Saint Lucia to recommend four real estate projects for consideration by the Minister to whom the Citizenship by Investment Programme is assigned as approved real estate projects. All four projects were approved by Cabinet. The total potential investment is five hundred and forty-eight million United States Dollars (**USD \$548,000,000.00**).

MARKETING & PROMOTION

The Unit attended and/or made presentations at six (6) major events and meetings for the year. The opportunity was used to promote CIP Saint Lucia and provide training to international agents desirous of working with the programme.

AMENDMENTS TO THE LEGISLATIVE

Five major amendments were made to the Citizenship by Investment Regulations No. 89 of 2015 as follows:

1. Removing the requirement for an applicant to provide an affidavit to declare financial resources of at least US \$3M;
2. Removing the limit of the number of applications which could be granted by the Board previously set at a maximum of 500 applications;
3. Providing the option for successful applicants to sign the declaration of allegiance before an attorney-at-law, a Consular Officer of Saint Lucia, an Honorary Consul of Saint Lucia, a Notary Royal or a Notary Public;
4. Adding a non-refundable administration fee of US \$50,000.00 for the purchase of non-interest bearing government bonds; and
5. Lowering the qualifying investment amounts to the National Economic Fund.

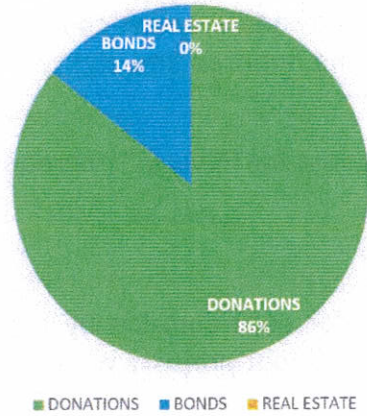
PARTNERS

The Citizenship by Investment Board granted one (1) licence for an authorised agent taking the total number of authorised agents to nine (9).

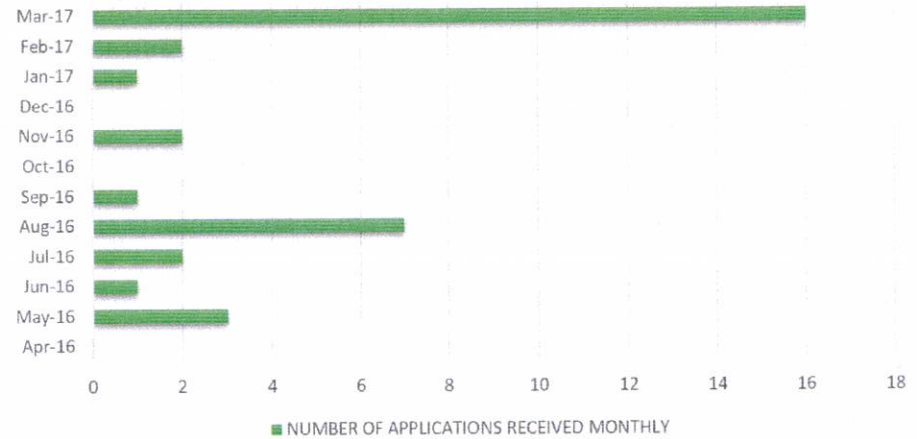
CITIZENSHIP APPLICATIONS RECEIVED

GRAPHS

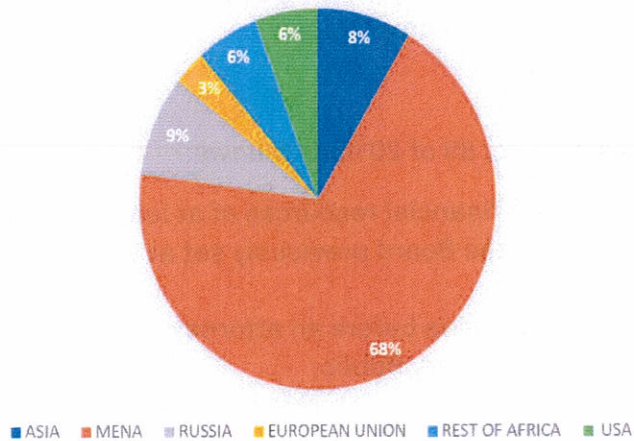
INVESTMENT OPTIONS



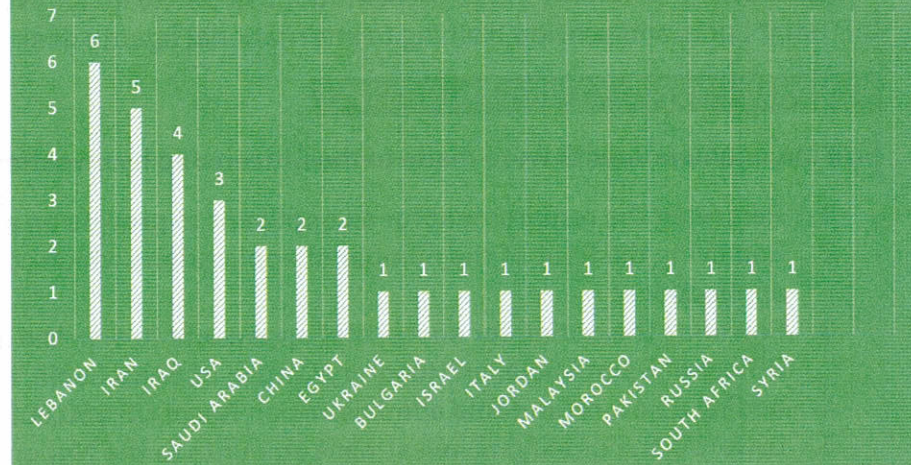
NUMBER OF APPLICATIONS RECEIVED MONTHLY



APPLICATION RECEIVED PER REGION







APPLICATIONS RECEIVED BY COUNTRY OF BIRTH



APPROVED PROJECTS

CIP Real Estate Projects

DEVELOPER NAME	PROJECT NAME	GROSS DEVELOPMENT COST (USD)	OWNER'S EQUITY (FDI) (USD)	CIP FUNDING (USD)	EXPECTED EMPLOYMENT	EXPECTED ROOM STOCK	CABINET NUMBER	STATUS
Range Development (Saint Lucia) Limited	Park Hyatt (Saint Lucia)	168,000,000	16,800,000	151,200,000	350	160	No. 271 of April 25, 2016	
GP Group Saint Lucia Limited	Sunset Bay Resort (Raffles Portalese Beach)	220,200,000	66,000,000	154,200,000	297	120	No. 270 of April 25, 2016	
FM Group of Companies	The Regis at Fond Bay Beach Front Resort	108,000,000	64,800,000	43,200,000	420	120	No. 245 of October 4, 2016	
FM Group of Companies	The Ridge Boutique Property	52,000,000	24,000,000	28,000,000	200	70	No. 245 of October 4, 2016	

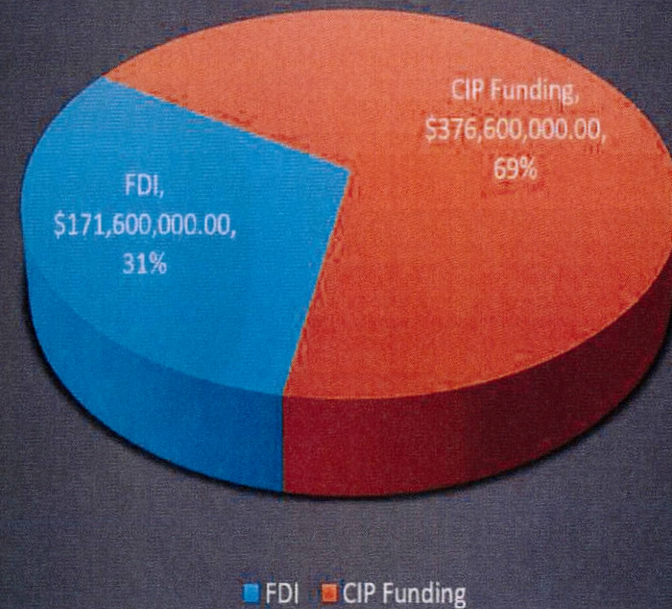
APPROVED PROJECTS

Source of Capital

Source of Capital

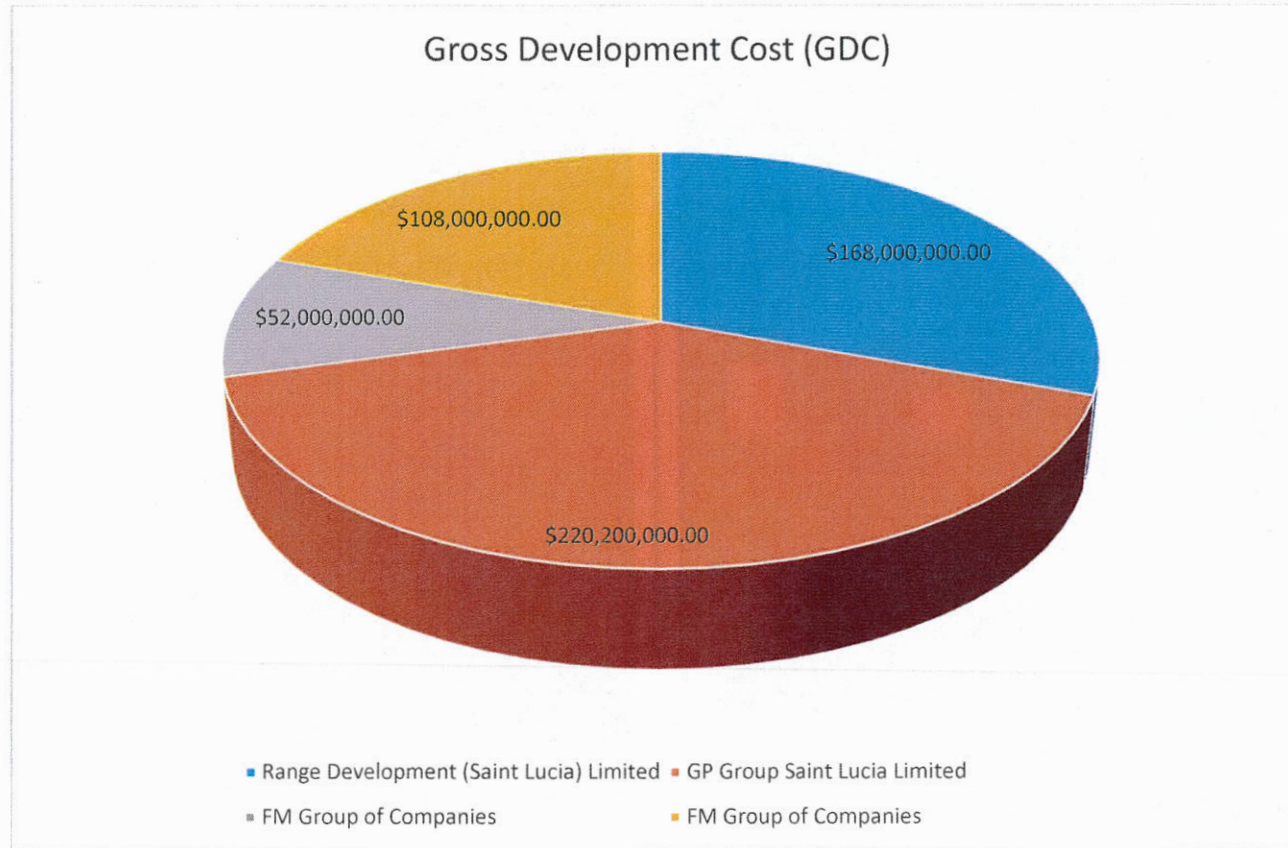


Breakdown of source of capital



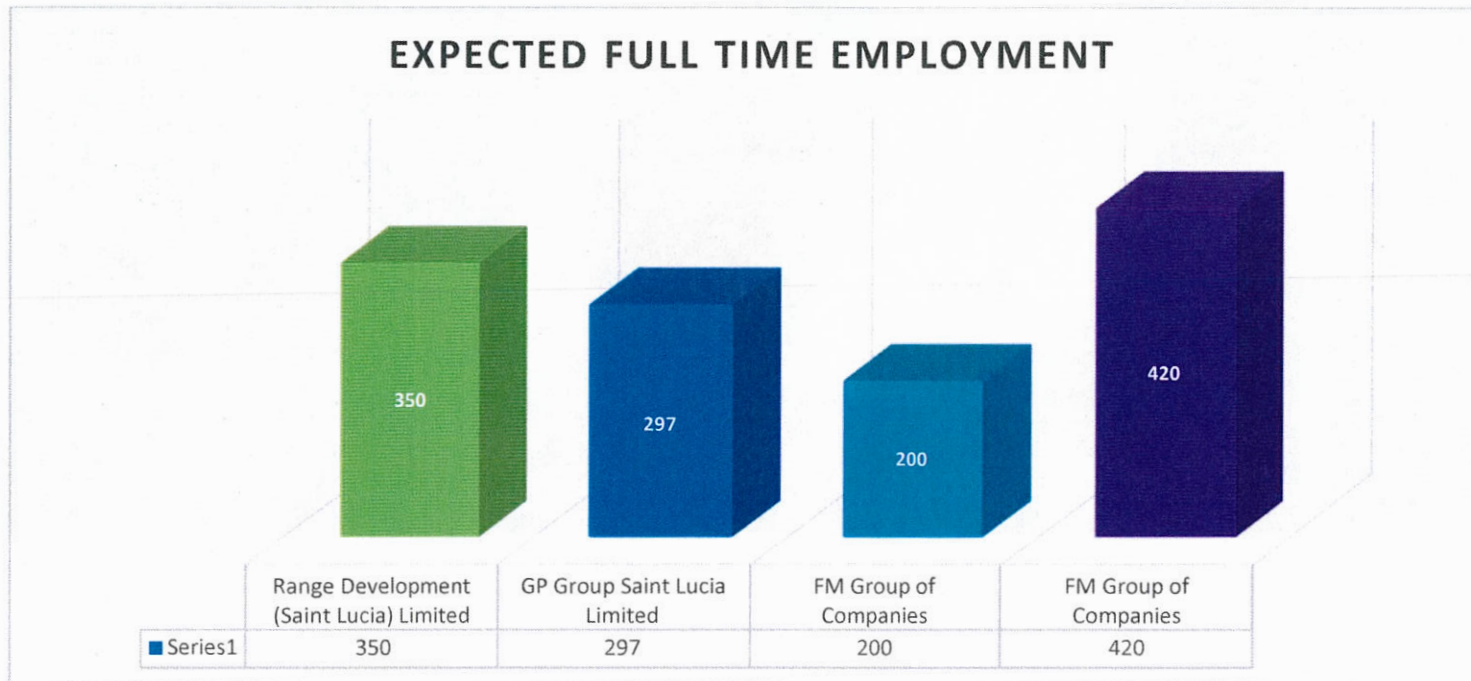
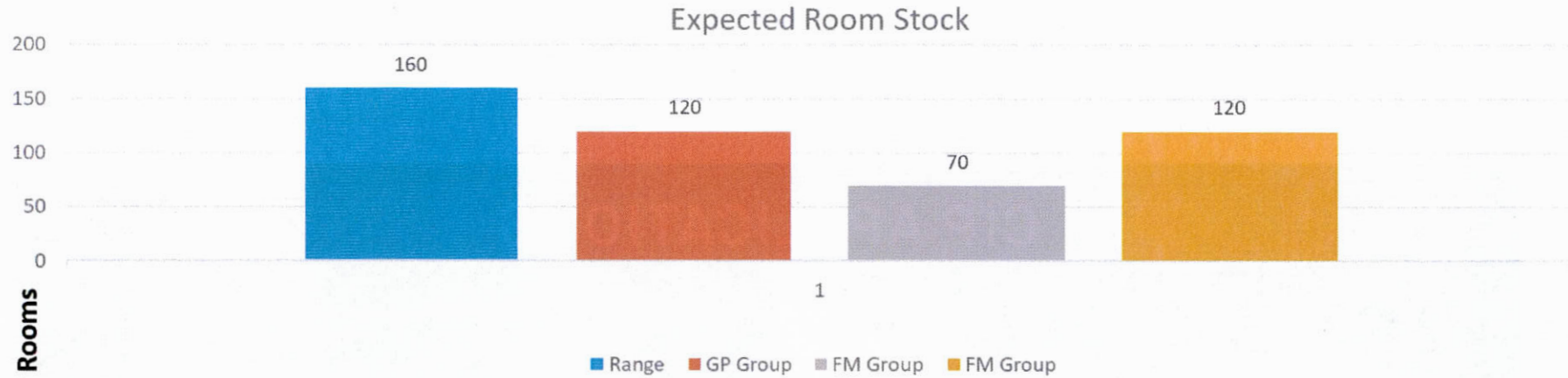
APPROVED PROJECTS

Gross Development Cost

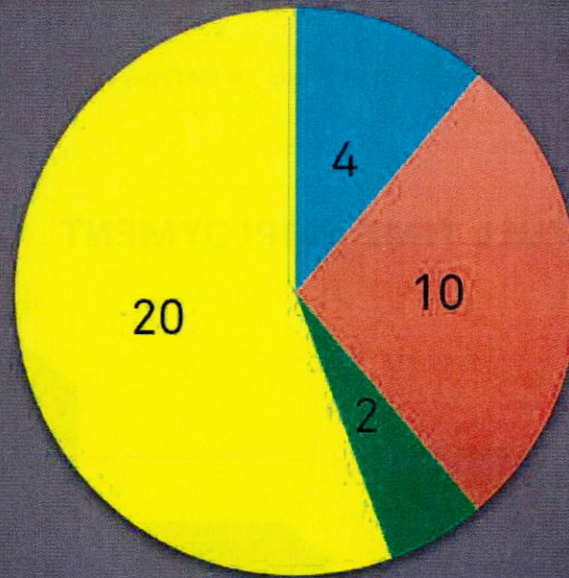


APPROVED PROJECTS

Expected Room Stock & Full Time Employment

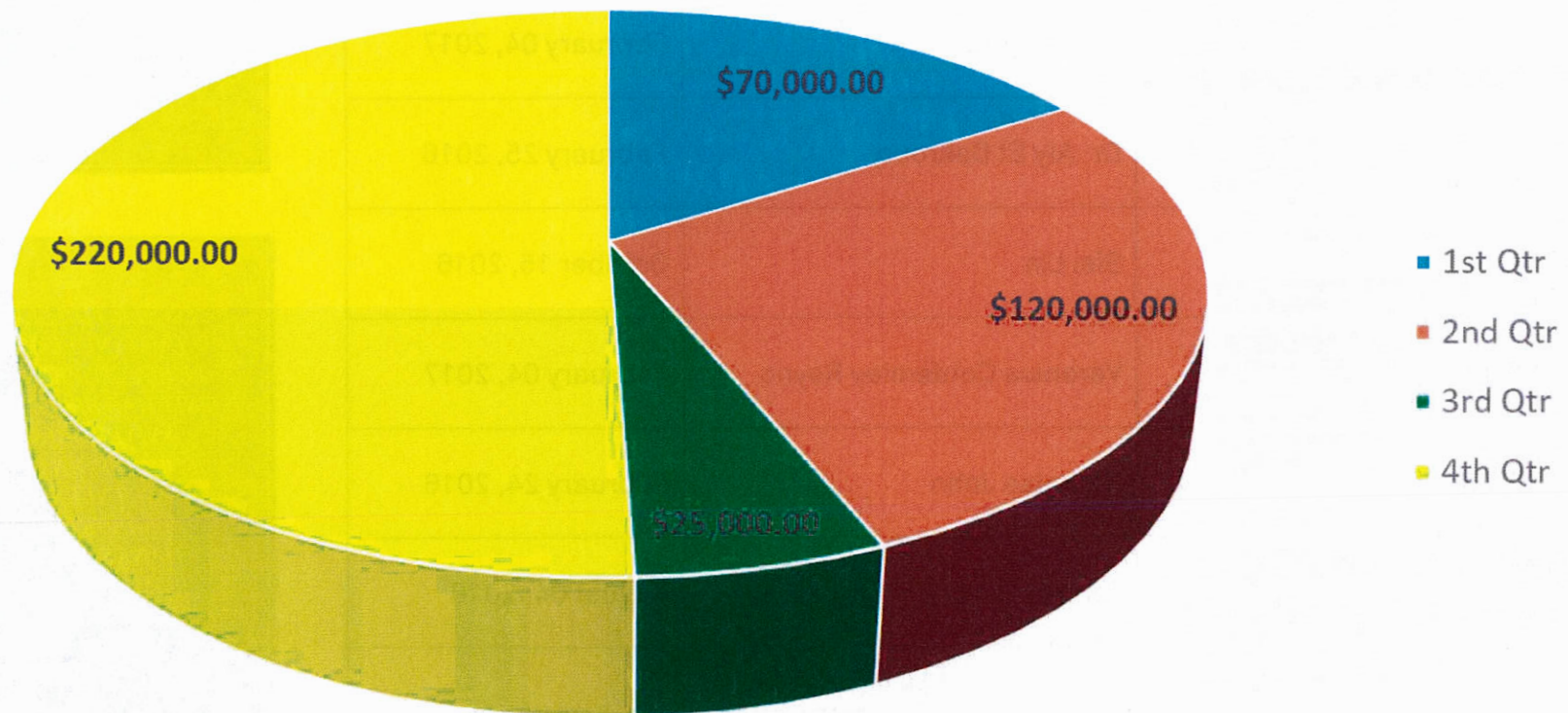


CIP APPLICATIONS



■ 1st Qtr ■ 2nd Qtr ■ 3rd Qtr ■ 4th Qtr

Due Diligence Fees Received (USD)



PARTNER APPLICATIONS

Promoters & Marketing Agents




COMPANY NAME	CONTACT NAME	LICENSED DATE
PROMOTERS		
AIM CAPITAL PARTNERS	Singh Ajula	February 04, 2017
CARIBBEAN TRUST "CTRUSTGLOBAL"	Dr. Aly El Dakroury	February 25, 2016
CENTRAL LEAD DEVELOPMENT LIMITED	Sisi Lin	October 15, 2016
CITIZENSHIP INVEST	Veronica Cotdemiey Reyno	February 04, 2017
HEWANORRA CITIZENSHIP SERVICES LTD	Nicholas John	February 24, 2016
SAVORY AND PARTNERS	Jeremy Savory	August 04, 2016
MARKETING AGENTS		
ARTON CAPITAL	John Hanafin	January 01, 2016
CS GLOBAL	Micha Emmet	January 01, 2016

"SAINT LUCIA CIP HAS QUICKLY BUILT A SOLID REPUTATION AS ONE OF THE MOST RELIABLE CBI PROGRAMS IN THE REGION. THE CIU'S SEAMLESS COLLABORATION AND EFFECTIVE COOPERATION HAVE MADE IT EASIER FOR US TO OFFER CLIENTS OUR ACCUSTOMED BESPOKE SERVICE EXPERIENCE AND EMPOWER THEIR QUEST OF BECOMING GLOBAL CITIZENS." - J. HANAFIN

"UNDER THE LEADERSHIP OF CINDY EMMANUEL MCLEAN, THE SAINT LUCIA CITIZENSHIP BY INVESTMENT UNIT HAS BECOME BOTH SUPPORTIVE AND PROACTIVE. AS THE CHIEF TOUCH POINT FOR THE CS GLOBAL PARTNERS, CINDY HAS BEEN A PLEASURE TO WORK WITH. IT IS THANKS TO HER COMPREHENSIVE MANAGEMENT SKILLS THAT COMMUNICATION WITH THE UNIT HAS BEEN MADE STRAIGHTFORWARD, ALLOWING US TO FOCUS ON BUILDING AN EVER-STRONG CITIZENSHIP BY INVESTMENT PROGRAMME." - M. EMMETT




PARTNER APPLICATIONS

Authorised Agents

COMPANY NAME	PRINCIPAL NAME	LICENSED DATE	
ARMORED GLOBAL INC. (formerly Citizenship Services Saint Lucia Inc.)	Diana Thomas	5 January 2016	 <p>“Working with the Unit has been a great pleasure. The staff is knowledgeable and patient, and go out of their way to assist. The Saint Lucia CBIU is a model of how private sector and quasi-governmental bodies should operate.”</p>
CENTURY CAPITAL	Mark Maragh	5 January 2016	 <p>“A highly efficient and responsive team”</p>
CORPORATE SOLUTIONS LTD.	Ellaine French	2 February 2016	 <p>“Working with the CIP Unit has helped to make my work easier especially in my responses back to applicants. The information received has been timely, informative and helpful.”</p>


PARTNER APPLICATIONS

Authorised Agents

COMPANY NAME	PRINCIPAL NAME	LICENSED DATE	
FOSTER CITIZENSHIP CORPORATION	Peter Foster QC	5 January 2016	 <p>“It is always a pleasure doing business with the Unit. They have managed to remain transparent and keep an open line of communication with us as an Authorized Agent. The updates and training sessions as well as ability to provide feedback for changes to the program are invaluable. Foster Citizenship Corporation commends the Unit on its successes and looks forward to their continued development and that of the Citizenship by Investment Program.”</p>
GLOBAL CITIZENS CARIBBEAN INC.	Leonne Theodore- John	24 February 2016	 <p>“The staff of the Citizenship by Investment Unit is extremely helpful. Responses to queries are generally efficient and timely. It is a pleasure working with them!”</p>
MCNAMARA CITIZENSHIP SERVICES INC.	Jonathan McNamara	24 February 2016	 <p>“Excellent, efficient service all round.”</p>

PARTNER APPLICATIONS

Authorised Agents

COMPANY NAME	PRINCIPAL NAME	LICENSED DATE	
POLARIS CITIZENSHIP & INVESTMENT CONSULTANCY SERVICES LIMITED	Brenda Flossaic-Flemming	24 February 2016	 <p>“We at Polaris Citizenship & Investment Consultancy Services Limited must commend the Citizenship by Investment Unit for their prompt and efficient service. The Unit is very proactive and keeps the authorised agents and other stakeholders abreast of current developments in the industry”</p>
TM ANTOINE PARTNERS ADVISORY INC.	Thaddeus M. Antoine	5 January 2016	 <p>“Professional, open, circumspect, practical, engaging and knowledgeable are just a few words to describe CIP Saint Lucia or rather its Chief Executive Officer and staff. CIP Saint Lucia has a façade of no nonsense/no compromise but yet they are very helpful in meeting the overall objective of seeing that an application is dealt with efficiently and in so doing suggest ways to overcome any issues that might stall or derail the application process. We at TM ANTOINE Partners Advisory, have found the staff of CIP Saint Lucia to be very responsive, efficient and personable with communication for raising or clarifying issues or indeed replying to queries.”</p>

FINANCIAL RESULTS

Year Ended March 2016-2017

OVERVIEW

This year's financial results capture a full year of activity (April 2016 – March 2017) compared to six months in the prior year 2016 (October 2015 – March 2016). During the year, numerous applicants applied to the program contributing significantly to the successful financial performance of the Unit.

Net surplus reported for the period is EC\$352K compared to a deficit in 2016 of EC\$879k.

Overall, revenues increased by EC\$3.46M compared to EC\$338k in the prior year. Program costs increased by EC\$1.14M in contrast to EC\$540K in 2016. Program cost is in direct correlation to the increased performance in revenues.

Operational costs exceed prior year 2016 by EC\$1.08M as a result of the direct impact of twelve (12) months of activity. However, costs have been within budgeted target.

PERFORMANCE SUMMARY

	March 31-2017	March 31 -2016
	\$('000)	\$('000)
Revenue	3,511,251	269,634
Grant Income	280,953	67,959
Interest Income	2,950	-
Gross Revenue	3,795,154	337,593
Program Costs	(1,678,642)	(533,738)
Net Revenue	2,116,512	(196,145)
Operating Expenses	(1,748,183)	(678,883)
Foreign Exchange Loss	(16,134)	(2,520)
Other Expenses	-	(1,630)
Total Expenses	(1,764,317)	(682,983)
Surplus/(Deficit)	352,195	(879,128)

KEY FINANCIAL HIGHLIGHTS

Revenue by Categories

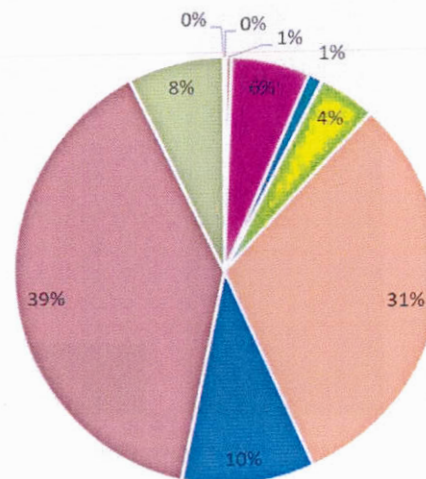
Table 1.

Revenue Categories	EC\$ ('000)
20% Marketing & Promotions Fees	1,490,400
Due Diligence Fees	1,189,144
Processing Fees	383,376
License Fees – AA	224,908
License Fees – MA	162,000
License Fees – PR	41,185
Application Fees – PR	14,838
Application Fees - AA	5,400
Grant Income	280,953
Interest Income	2,950
Total	3,795,154

Legend: AA- Authorized Agent , PR –Promoter, MA – Marketing Agent

REVENUE BY CATEGORIES

- Application Fees -AA
- Application Fees -PR
- Licence Fees - AA
- Licence Fees - PR
- Licence Fees - MA
- Due Diligence Fees
- Processing Fees
- 20% Marketing & Promotion Fees
- Grant Income
- Interest Income

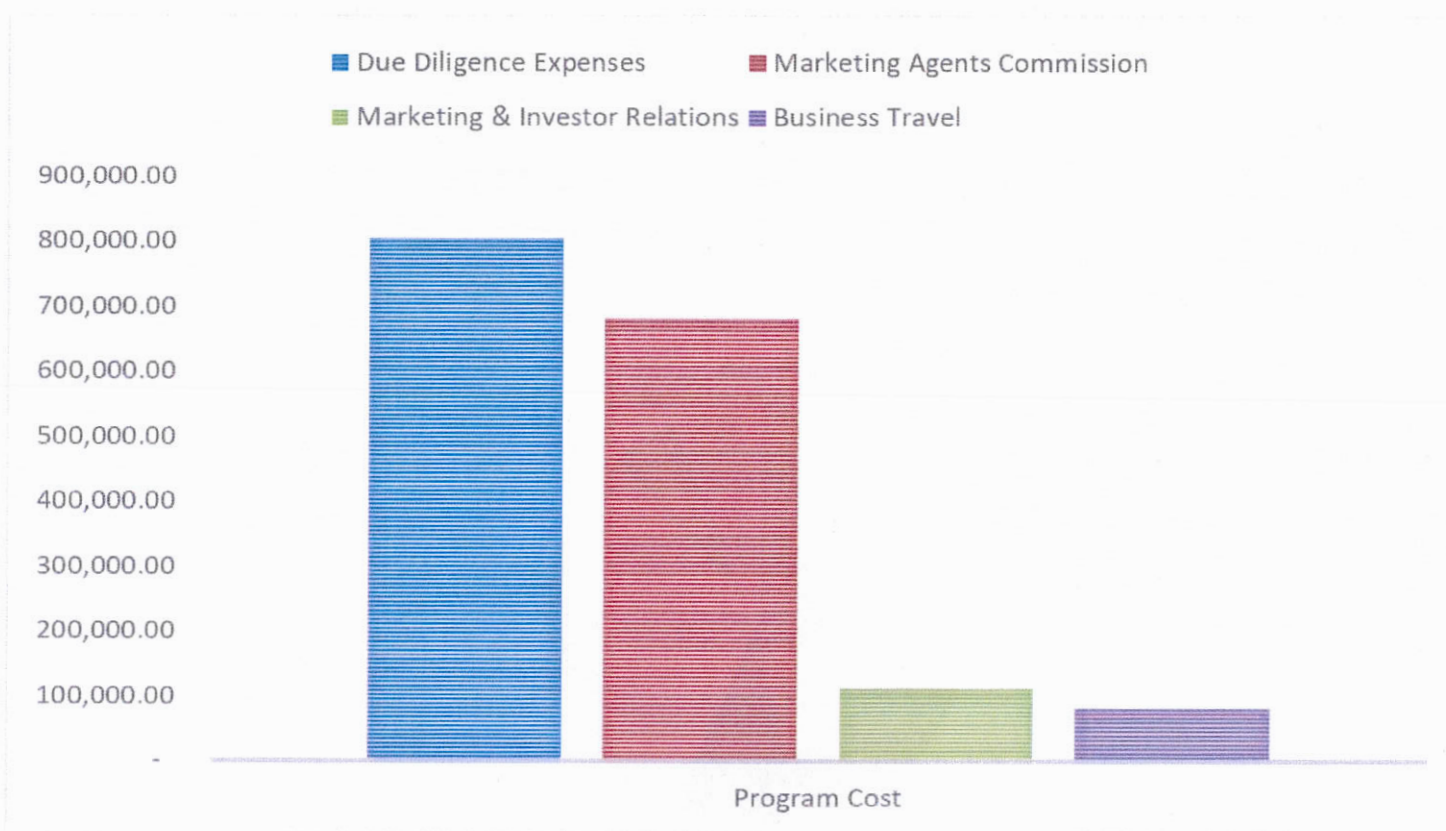


KEY FINANCIAL HIGHLIGHTS

Program Cost

Table 2.

Cost Structure	EC\$ ('000)
Due Diligence Expenses	804,573
Marketing Agents' Commission	681,942
Marketing & Investor Relations	111,466
Business Travel (Promotions & Conferences)	80,661
Total	1,678,642

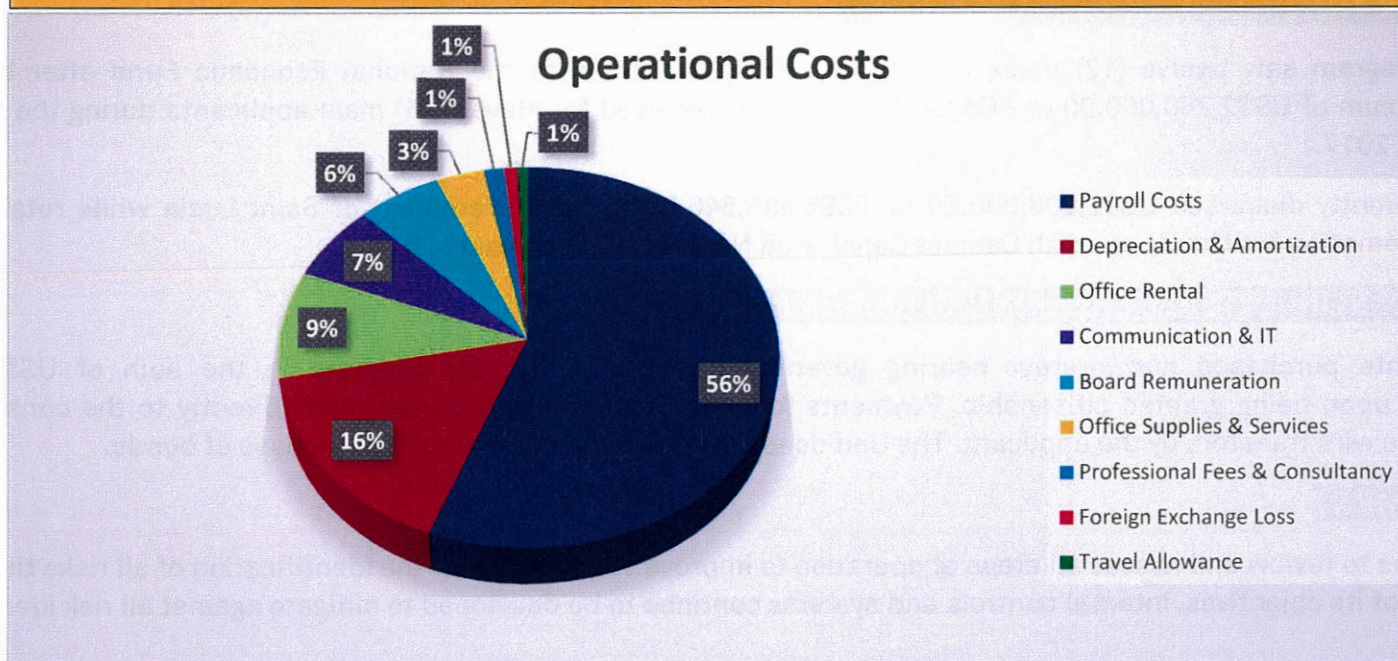


KEY FINANCIAL HIGHLIGHTS

Operational Cost

Table 3.

Cost Categories	EC\$ ('000)
Payroll costs	980,672
Depreciation & Amortization	280,953
Office rental	160,200
Communication & IT	116,373
Board Remuneration	105,150
Office Supplies & Services	60,199
Professional Fees & Consultancy	25,200
Foreign Exchange Loss	16,134
Travel Allowance	11,879
Utilities	7,557
Total	1,764,317



FINANCIAL RESULTS

Year Ended March 2016-2017

PROPERTY, PLANT EQUIPMENT

Fixed assets acquired in the period amounted to EC\$10.4k with Computers and IT Infrastructure being EC\$4K and Furniture EC\$6.4K.

CASH FLOW AND CASH MANAGEMENT

The Unit has been very efficient in managing its cash flow and being able to meet its obligations and commitments to service providers. The Unit has held positive and free cash flow throughout the period. This has been attributed to an increased revenue performance.

A working capital ratio of 1.00 was achieved for the period.

INVESTMENT INFLOWS

INVESTMENT IN THE NATIONAL ECONOMIC FUND

Although, the program saw twelve (12) main applicants making donations to the National Economic Fund after being granted citizenship. The sum of US\$2,760,000.00 or EC\$7,419,432.00 was received for eleven (11) main applicants during the financial year ending March 31, 2017.

The Unit subsequently disbursed US\$2,208,000.00 or EC\$5,935,546.00 to the Government of Saint Lucia while retaining 20% for marketing and promotion in accordance with Cabinet Conclusion No. 01(d) of 5th January 2017.

INVESTMENT IN NON- INTEREST BEARING GOVERNMENT BONDS

Five (5) applicants purchased non-interest bearing government bonds under the program in the sum of US\$2,775,000 or EC\$7,459,755.00 upon being granted citizenship. Payments for the purchase of bonds are made directly to the consolidated fund through electronic wire transfers by the applicant. The Unit does not receive payments for the purchase of bonds.

RISK MANAGEMENT

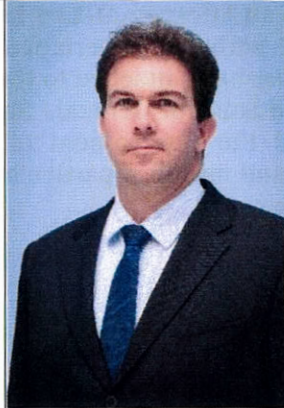
The Unit continues to review and assess all areas of operation to improve the process for the identification of all risks that can impact the achievement of its objectives. Internal controls and systems continue to be developed to mitigate against all risk identified.

STATUTORY INFORMATION

Board of Directors

Ryan Devaux

Chairman



Ryan Devaux is the Chief Executive Officer and a Director and minority Shareholder of BOSLIL Bank Limited (“BOSLIL”), formerly Bank of Saint Lucia International Limited. He has led the development and expansion efforts of the Bank from its infancy in 2005 and the most recent sale process of the Bank from East Caribbean Financial Holding Company Limited (“ECFH”) to PROVEN Investments Limited (“PROVEN”).

Mr. Devaux previously worked with the global firm of Ernst & Young. During that time, he worked in their London, Ontario and Toronto offices in Canada from 1998 to 2003 and in their Barbados office for two years from 2003 to 2005. His area of focus during that time was financial services with a specific focus on the offshore financial services sector.

Mr. Devaux obtained his Bachelor of Commerce from Queens University in Kingston, Ontario, Canada and his Chartered Accountant designation from the Canadian Institute of Chartered Accountants. He is an active member of his community and a director of various other private and charitable board/committees.

Beryl George

Deputy Chairperson



Mrs. Beryl George LLB (Hons) (Lond) MCI Arb qualified as an Attorney-at-Law in 2002. She was called to the Bar of England and Wales in July 2003 and to the Bar of the Eastern Caribbean Supreme Court in September 2003. She is a member of The Honourable Society of Lincoln’s Inn. Until 1999, Mrs. George worked with Barclays Bank in Saint Lucia and Dominica. Mrs. George is in private practice with the Firm of Shillingford Slack & Associates and became a Member of the Canadian Institute of Arbitrators in July 2012.

She is a member of the Electoral Commission, a member of the Disciplinary Committee of the Saint Lucia Bar Association and also sits on the Board of the Development Control Authority.

Esther Greene- Ernest

Director



Mrs. Esther Greene-Ernest LLB (Hons) UWI, L.E.C. Attorney-at-Law was called to the Bar of Eastern Caribbean Supreme Court in September 1990. She is a partner of the firm of Greene, Nelson & Associates with its law offices at #10 Bridge Street, Castries. Mrs. Greene-Ernest has served as a member of the Executive of the St. Lucia Bar Association and was also a member of the Integrity Commission from October 2005 until December 2011. She served on the Crime Commission from inception until the dissolution in 2007.

Mrs. Greene-Ernest also currently sits as the Deputy Chairperson of the Disciplinary Committee of the St. Lucia Bar Association. She also serves currently as a member of the board of the Holy Family Children’s Home.

STATUTORY INFORMATION

Board of Directors

Brender Portland- Reynolds

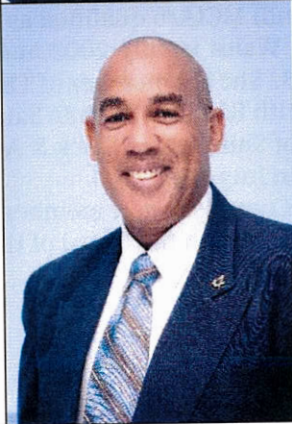
Director



Mrs. Brender Portland-Reynolds is an Attorney-at-Law having been called to the Bar in January 1998. Currently, she is employed with the Government of Saint Lucia at the Office of the Attorney General. Mrs. Reynolds has been attached to the Attorney General's Office from 2004 and currently holds the position of Solicitor General. She has served on different committees and Boards and has represented the Government of Saint Lucia at many regional and international forums, workshops and meetings particularly in the areas of money laundering, terrorism financing and corruption.

Lucius Lake

Director



Mr. Lucius Lake is a long-standing Officer of the Royal Saint Lucia Police Force ("RSLPF") having joined the RSLPF in January 1989. He currently holds the rank of Inspector and has been attached to the Immigration Department from June 2012 to present. Mr. Lake has had exposure to diverse functions and activities having held operational positions both local and overseas and has conducted immigration and visa training with the New York, Miami and Washington Consulate Offices. He presently has the special assignment of Evaluator, Initiator and Organizer for all Full Scale and Table-Top Exercises conducted by Saint Lucia Air and Sea Ports Authority and NEMO. He also currently sits as a Director of the Trade Licence Advisory Board.