

Amid family disputes...

## Sandals mulls US\$7b sale, WSJ reports

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**SANDALS Resorts International, which former prime minister Dr Keith Rowley announced last weekend would return to Tobago next month to reassess investment opportunities, is reportedly restarting efforts to sell itself, according to *The Wall Street Journal* (WSJ).**

This, the *WSJ* said, follows years of family infighting after the death of founder Gordon 'Butch' Stewart. The deal is estimated to be worth as much as US\$7 billion.

While the receipt of questions from *Sunday Express Business* about Sandals' possible return to this country was acknowledged by regional public relations manager Sunil Ramdeen, they remained unanswered up to press time. However, digital news service Our Today reported that Sandals dismissed the sale rumours as 'speculation'. Both Our Today and Sandals are headquartered in Jamaica.

Citing anonymous sources familiar with the matter, *The Wall Street Journal* reported that a deal for Sandals could be valued between \$6 billion and \$7 billion.

However, the *WSJ* said these sources cautioned that valuation expectations may still change and noted that Sandals could ultimately decide not to proceed with the sale.

'Sandals is working with bankers on the sale process, which could draw interest from other big hotel owners and private-equity suitors. A deal would rank among the biggest real-estate transactions of the year,' *WSJ* reported.

'Sandals previously explored a sale around 2019, but those efforts fizzled out once the Covid-19 pandemic struck, people familiar with those talks said,' *WSJ* reported.

### Family feud

Sandals was founded in 1981 by Butch Stewart.

It operates resorts on eight Caribbean islands: Jamaica, The Bahamas, St Lucia, Antigua and Barbuda, Grenada, Barbados, Curaçao, and St Vincent and the Grenadines.

In 2017, Sandals announced that it had signed a Memorandum of Understanding to build a 750-room Sandals resort on the island.

However, in January 2019, Sandals announced it was pulling out of the Tobago project, citing negative publicity as the main reason.

Sandals' executives informed the Government that due to the cumulative effect of negative narratives surrounding the pursuit of a Sandals and Beaches Resort in Tobago, the board of Sandals decided to allocate its resources elsewhere.

'After careful consideration of our current priorities and existing expansion plans, we will unfortunately not be moving forward with development in Tobago at this time,' Sandals said in a statement.

Sandals CEO Gebhard Rainer said, 'The reason for the withdrawal...is the constant and ongoing negative publicity and media coverage that we have received over the last two and half years since the inception of the project that for us, as a global brand...it is taking on a dynamic that we are not willing to carry on.

'We have to concentrate our resources where it does matter and where we are appreciated for what we stand for and what we do,' Rainer said.

Sandals, however, left the door open to having a resort in Tobago in the future, according to Rainer.

On Saturday, March 15, during his final working weekend as prime minister, Rowley revealed he had spoken with the leadership of Sandals and encouraged them to reconsider Tobago as a potential location.

He said they agreed to visit next month.

He made this announcement during the commemoration of the practical completion of the new terminal construction at the ANR Robinson International Airport.

Rowley said Sandals remains the most successful indigenous tourism model in the region, and urged Tobago's leadership to seize the opportunity during the upcoming visit.

'Success will be that you all manage to convince them to look at Tobago again and give Tobago one or more of those Sandals projects that the Caribbean has been benefiting from,' Rowley said.

'If Sandals is good enough for The Bahamas, for Jamaica, for Antigua, for St Vincent, for Grenada and the rest of the world, it's good enough for Tobago,' he said.

Rowley said the Sandals brand brings not only worldclass hotel accommodations, but also opportunities for training in the hospitality industry.

Days after Rowley's announcement, the *WSJ* broke news of the potential sale of the Sandals.

'The privately held business has been ensnarled in a family drama that could influence sale discussions,' *WSJ* reported. Stewart died in 2021. 'Butch Stewart's son, Adam Stewart, is only the second person to hold the executive

chairman role in the company's history after his father. Legal filings show that Butch Stewart's common-law wife has contested her

late husband's will and intent, while other family members continue to fight over who will get what from his estate,' it stated.

Our Today stated that Sandals issued the following statement in response to the *WSJ* article: 'You may have seen recent media reports about investor interest in Sandals Resorts.

'This isn't a new topic for us and tends to come up from time to time. As a leader in hospitality, Sandals consistently attracts attention from global investors, which can lead to speculation.

'At the same time as you know, we've recently made some exciting announcements about major investments in the future of the brands, highlighting the company's commitment to growth and innovation.

'While we appreciate the interest, our focus remains where it matters most: providing exceptional experiences and service to our valued guests.'

**Sale could be strategic**

Travel news outlet Skift reported that a Sandals spokesperson responded, stating, 'Sandals Resorts does not comment on market speculation.'

Skift stated the renewed sale effort by Sandals could be strategic. 'Major hotel groups like Hyatt, Marriott, and Accor are aggressively expanding their all-inclusive portfolios.

'Exhibit A: Hyatt Hotels agreed last month to acquire Playa Hotels & Resorts for approximately \$2.6 billion, including debt. Playa operates 24 resorts in the Caribbean and Mexico,' it stated.

Stewart spoke with Skift in December about the company's most ambitious brand overhaul to date, with a multimillion-dollar 'Made of Caribbean' campaign running throughout this year.

'The campaign is blanketing prime media real estate (Times Square, the Super Bowl, Golden Globes) and less traditional outdoor marketing, such as ads on rideshare vehicles in major cities. The saturation approach aims to reposition Sandals beyond its wedding and honeymoon associations as a gateway to authentic connections.

If it materialises, a Sandals transaction could rank among the largest real estate deals of the year. The company is the largest employer in the Caribbean, with about 20,000 workers,' it stated.