

For Immediate Release

PRESS RELEASE

Government-owned shares in Jamaica Pegasus Hotel sold

An agreement was signed recently between National Hotels and Properties Limited (NHP), a wholly-owned subsidiary of the Urban Development Corporation (UDC), and hotelier Mr. Kevin Hendrickson for the sale of 71,865,384 ordinary stocks units or 59.81% of the shares held by the NHP in Pegasus Hotels of Jamaica Limited (PHJL) for the amount of US\$11 million (approximately J\$947,639,000).

The share sale, which was approved by Cabinet, is conditional on the Articles of PHJL being amended to formally "transfer" the right of the NHP to elect six directors to Mr. Hendrickson. However, the right of the minority shareholders to elect two directors to the Board will remain.

Miss Joy Douglas, the UDC's General Manager, said that the divestment is in keeping with the 2008 instructions by the Government for the UDC to return to its core functions as established under the Urban Development Corporation Act, that is, to carry on the business of planning and development of designated areas in Jamaica.

"To comply with this mandate the UDC was required to divest itself of its non-core assets," she said. "And we are pleased that the process of divesting the Pegasus shares went extremely well, with transparency and within the time frame that was set."

The sale of the shares was undertaken by way of a controlled competitive bidding process which began in August 2009, led by Scotia DBG, the lead broker and advisor to the Government of Jamaica in this transaction.

Advertisements were published in local and regional media and international hotel trade publications over the period August to September 2009 inviting interested parties to submit Expressions of Interest. Shortly afterwards, a prequalification exercise was undertaken with prequalified candidates allowed to submit bids for the shareholding.

The Office of the Contractor-General (OCG) has monitored this privatisation transaction from its inception. The OCG reviewed the process and advised, by letter dated 18 August 2010, of its general observations of the divestment procedures and, despite some areas requiring attention for future transactions, noted that "the overall propriety of the transaction and its consequent final result was not compromised."

The Development Bank of Jamaica Limited (DBJ), the Secretariat to the UDC divestment Enterprise Team, supervised the sale of the shares in PHJL and retained Scotia DBG Investments Ltd., by way of competitive tender, to provide brokerage and advisory services relating to the identification of the most appropriate time and method of disposing of the shares.

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