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October 12, 2011

BY EMAIL & BEARER

Jamaica Stock Exchange
40 Harbour Street
Kingston

Attention: Mrs. Marlene Street-Forrest

Dear Sirs,

Re: Lease of the Jamaica Pegasus Hotel to Surrey Hotel Management Limited

As you know, we are the Attorneys-at-Law for the Pegasus Hotels of Jamaica Limited ("the Company") and now write on their behalf to disclose to the Jamaica Stock Exchange that the Company has granted a Lease of the Jamaica Pegasus Hotel to Surrey Hotel Management Limited ("Surrey"), a company owned and operated by Kevin Hendrickson, operator of The Courtleigh Hotel & Suites. Surrey will take over the operations of the Hotel with effect from Friday October 28, 2011.

The lease follows the Company's announcement in its 2011 Annual Report that it had decided to cease to be operators of the Hotel and to lease the property to an operator capable of refurbishing and reorganizing the Hotel on a sound financial and profitable basis.

As the Company will no longer be operating the Hotel, they will be making all employees redundant with effect Friday October 28, 2011. Surrey has agreed to review applications made by those employees interested in potential employment with the new operators and interviews will be conducted prior to October 28, 2011. Full redundancy payments will be made on October 28, 2011 and all calculations will be verified by an independent auditing firm.

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Attention: Mrs. Marlene Street-Forrest

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Surrey has indicated that guest rooms and Hotel services such as restaurants will be closed temporarily on Saturday October 29, 2011 and Sunday October 30, 2011 in order to facilitate operational hand-over procedures. Adequate arrangements will be made for guests to be suitably relocated. **Banqueting services and booked functions scheduled for Saturday October 29, 2011 and Sunday October 30, 2011 will not be affected. Third party franchise operators/licensees who operate businesses on the Hotel premises will also not be affected by this temporary closure.**

A full refurbishment exercise is contemplated in 2012 and further information on this will be provided in due course.

Please feel free to contact us if you require any further information.

Yours faithfully,
HYLTON & HYLTON

PER:


LANCE HYLTON