

# PAN-JAMAICAN

## INVESTMENT TRUST LIMITED

THE PAN-JAM BUILDING  
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### STATEMENT by PAN-JAMAICAN INVESTMENT TRUST LIMITED

*Wednesday, June 1, 2016*

Pan-Jamaican Investment Trust Limited (Pan Jam) notes the various reports carried in the media over the last several days in relation to the sale of the former Oceana building and the subsequent lease of part of the building to the Accountant General's Department (AGD).

Pan Jam, together with its partner Downing Street Realty Partners (Downing Street) of Toronto, Canada, welcomes the call for an independent investigation into the sale by the Urban Development Corporation (UDC) of the building, concluded in January 2015, and the subsequent lease of 51,000 square feet of the refurbished ground floor to the AGD effective May 1 2016.

In 2013 the Urban Development Corporation (UDC) published a Request for Proposal (RFP) inviting bids for the acquisition of the former Oceana Building. At the time the building was derelict. Downing Street submitted a bid, as did other parties. The Downing Street bid was actually adjudged second, but after the winning bidder was unable to close the Downing Street bid was accepted, after which Downing Street invited Pan Jam to partner with them in the project. Accordingly in January 2015 the building was acquired by a 50/50 partnership formed by Pan Jam and Downing Street for J\$385 million cash. Pan Jam understands and believes that the entire process was conducted strictly in accordance with the prevailing Government Procurement Guidelines.

Following acquisition, the partnership embarked upon an initial renovation phase of the ground floor in order to attract suitable tenants for that part of the building. This initial refurbishment phase is currently estimated to cost the Pan Jam/Downing Street partnership J\$1.5 billion. In late 2014 we were approached, through a licensed real estate broker, by the Ministry of Finance to lease to the AGD the ground floor space (consisting of some 51,000 square feet). Following a period of negotiation, the lease terms were agreed and settled, consistent with the terms noted by the current Minister of Finance in Parliament last week.

It is understood from Press reports that the AGD intends to spend some J\$400 million on fixtures, fittings and other tenant's works to outfit the leased space to their needs.

**DIRECTORS:** Stephen B. Facey, BA., M. Arch. (Chairman & Chief Executive Officer); Christopher N. Barnes BSc., MBA; Richard O. Byles, BSc., MSc; Paul A. B. Facey, BSc., MBA; Paul R. Hanworth, MA., MSc., ACA., CPA.; Kathleen A. J. Moss, BSc. (Mgmt.), MBA, CBV; Ian Parsard, BSc., MBA, ACCA.; Donovan H. Perkins, BA., MBA; T. Matthew Pragnell, BA; Gene M. Douglas, FCIS, MBA (Secretary)

This project is being undertaken by the UDC and other third party contractors, not by the Pan Jam / Downing Street partnership.

The second phase of the Oceana project is to transform the remainder of the building into a hotel with, potentially, other components such as residential and retail. The cost of that second phase of the project, which will be planned in greater detail upon completion of a feasibility study, is currently estimated at J\$5 billion.

Pan Jam also notes the editorial opinion in the May 31<sup>st</sup> edition of the Jamaica Gleaner newspaper titled “Phillips takes the high road”, and in particular the reference to collusion between public officials and the Pan Jam/ Downing Street partnership. Pan Jam wishes to place on record that, consistent with all of its corporate behavior and standards, the highest levels of governance and ethics have been adhered to in all of its discussions and transactions with the UDC and the AGD. The salient facts are:

- (a) the Pan Jam/Downing Street partnership bought the Oceana Building for J\$385 million in an open bidding process conducted by the UDC;
- (b) the partnership embarked on an initial refurbishing programme of J\$1.5 billion to put the ground floor in a tenantable state;
- (c) as a separate and completely independent transaction the partnership entered into a lease of the ground floor to the AGD acting through a firm of real estate brokers;
- (d) the AGD, it was revealed, intends to spend some J\$400 million on tenants out-fitting expenses to set-up the leased space to suit its occupancy requirements. This project, as we understand it, is under the control of the UDC and/ or third parties;
- (e) the Pan Jam/Downing Street Partnership is in the feasibility stage of the second phase of the re-development of the Oceana building which is estimated to cost in the region of J\$5 billion.

The Pan Jam/ Downing Street Partnership, as is obvious, has assumed substantial risk in undertaking an investment of this size in downtown Kingston. The acquisition from the UDC and the lease arrangement with the AGD were negotiated on strictly arms-length commercial terms. The salient elements of the transactions and the project were also presented to stockholders at Pan Jam’s annual general meeting held last Thursday, May 26, 2016. Pan Jam therefore wishes to place on record that it rejects, in the strongest possible terms, any suggestion of improper conduct.

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