PERFORMANCE AUDIT OF THE
URBAN DEVELOPMENT CORPORATION (UDC)

Auditor General of Jamaica
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Table of Contents

Auditor General's Overview

The UDC, being the main urban and rural development agency of the Government of Jamaica (GOJ), has the responsibility to facilitate the sustainable development of the nation's resources in designated areas. The UDC is also responsible to manage prudently its resources to ensure its economic viability and sustainable national impact on the quality of life for all Jamaicans.

The UDC notes two of its objectives as *"to assure the financial viability and solvency of the Corporation and to improve business and operational efficiencies"*. In order to achieve these, the UDC must adhere to good corporate governance practices. These include the establishment of appropriate internal controls. These controls should involve a robust risk management system, aimed at identifying; analysing; evaluating and managing the impact of financial, operational and governance risks that threaten the achievement of its objectives.

We found that the UDC did not achieve its corporate objectives and consequently was not effectively executing its core objective to make development happen through the planning and implementation of comprehensive projects and programmes in designated areas. This report also highlights several corporate governance failures; as well as financial challenges and internal control deficiencies, which impair the UDC's ability to manage effectively and efficiently the resources under its control. We also identified deficiencies in UDC's management of its investments in subsidiary and joint venture companies. The UDC should seriously consider implementing the recommendations contained within this report.

Pamela Monroe Ellis, FCCA, FCA, CISA
Auditor General

Executive Summary

The Urban Development Corporation (UDC) was established, by the UDC Act of Parliament in 1968, to plan orderly development in a holistic and sustainable manner in designated areas across the island. In addition, UDC, as provided by the Act, may enter into transactions which are necessary to ensure the proper performance of its functions. With this, the Act empowers UDC to, among other things; acquire, manage and dispose of lands; construct and maintain roads and buildings; provide and maintain car parks, piers, public parks and gardens.

UDC, being a self-financing entity, generates revenue from its return from investments in subsidiary, joint venture and associate companies; rental income, project management fees, as well as parking and attractions entry fees. Over the past six years, 2006-07 to 2011-12, UDC generates revenue totalling $9 billion.

We conducted a performance audit to determine whether UDC is managing its operations effectively and efficiently to achieve its core business objectives. Our audit focuses on whether UDC employs appropriate systems and procedures to ensure:

1. The efficient and effective management of its financial resources;
2. The proper planning, executing and monitoring of development projects; and
3. The efficient and effective management of its investment portfolio and real estate properties under its control.

The audit also examined the economy of UDC's administrative activities, and management's approach to adhere to good corporate governance practices. We found that UDC is not managing efficiently and effectively the resources under its control to achieve its objectives and maximum potential. The key findings are outlined in paragraphs 1 to 18.

Key Findings

Failures in Corporate Governance

1. **UDC failed in its corporate governance initiative to develop and adhere to accountability and compliance standards across the organisation.** The audited financial statements for the financial years 2010-11 and 2011-12 were not presented within the timeframe specified by the UDC Act. Further, since 2009, UDC failed to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). As a result, we were unable to assess the combined financial position of UDC and its subsidiaries for the last three financial years 2009-10 to 2011-12. In addition, Parliament's oversight responsibilities to assess the performance of UDC was curtailed because they failed to prepare and submit to the Minister, for tabling in the House of Representatives, annual reports for the last six years, 2006-07 to 2011-12.

2. **UDC fails to urgently formalize its risk management framework to ensure a disciplined approach to managing risk.** UDC recognised in its Corporate Plan (2011-12 to 2013-14), the need to have its risk framework formalised or highly structured to ensure that such framework causes an embracing of an established, structured and disciplined practice of managing risk. Despite its limited resources, UDC has not adopted an approach of ensuring that risk management is embedded in the Corporation's procedures. In that, the draft policy prepared in 2011 is yet to be re-submitted to the Board with the recommended changes. In addition, UDC organisation structure provides for a Risk Unit comprising a Risk Management Manager and two Risk Analysts; however, only a Risk Analyst is assigned to the Unit.

UDC not Prioritising the Preparation of Development Plans

3. **UDC is not fulfilling its core objective to *"make development happen through the planning and implementation of comprehensive projects and programmes in designated areas."*[1]** UDC is not prioritising the preparation of the required development plans and the accompanying statements for the approved designated areas as specified by Section 15(1) of the Act. Since November 1990, UDC has only completed the preparation of the development plans for only two of the five Gazetted designated areas. The prolonged delays between the gazetted designated areas and the preparation of the development plan could adversely affect the attainment of Jamaica's long-term national development plan to achieve developed country status by 2030.

4. **There was no provision in the UDC Act for consultation with national environmental regulatory Agency.** We noted that there is no legal requirement for UDC to consult with the National Environment and Planning Agency (NEPA) in designating development areas and preparing the required plans. Given that NEPA by way of Development Orders also designate lands for various uses, it is imperative that both entities consult on development issues during the planning stage. This consultation would facilitate the orderly development of Jamaica's natural and built environment in order to achieve sustainable development.

5. **UDC does not have an effective mechanism in place to ensure the proper planning, execution and monitoring of all development projects.** For example, UDC did not implement 10 (36 per cent) of the 28 projects, under the Downtown Kingston Redevelopment Plan, within the dates stipulated in the three-year Corporate Strategic Plan (2011-12 to 2013-14). Of the remaining 18 projects only four were completed, four were still in progress, five deferred, four abandoned and one stalled. In addition, UDC deferred, to the financial year 2012-13, 15 other projects slated for implementation in 2011-12.

6. **UDC incurred $26 million in cost overruns on 17 Social Intervention Projects. While noting that one of the projects was "*plagued with theft and numerous disputes,*" UDC did not provide any justification for the overrun on the other 16 projects.** The actual expenditure for 16 of these projects has exceeded budget between 1 per cent and 77 per cent. The other project is work in progress with cost overrun of $3 million or 10%. We also observed that UDC failed to closeout and handover, to the respective agencies, 10

[1] Obtained from UDC website

developments classified as chronic incomplete projects with commencement dates ranging from 1976 to 2007.

High Investment Impairments and Operating Losses

7. **UDC is not managing well its investments in joint ventures and subsidiaries.** As at March 31, 2011, investments in two of the three joint venture companies totalling $1.413 billion have suffered total impairment losses. The remaining joint venture, Seaside at Rose Hall Development could not be evaluated as UDC failed to present the related financial statements. Further, UDC fails to meet its corporate objective to *“diversify revenue streams and bring the subsidiaries to, at a minimum, a state of break even in preparation for divestment or long term sustainability”*. UDC is at risk of not recovering loans and advances totaling $912 million granted to 10 subsidiaries that have suffered impairment losses totaling $503 million. We observed that seven of the 10 companies are dormant. The three active companies have losses and working capital deficit, which could negatively affect their ability to repay the loans and advances. The failure of UDC to wind up the three dormant subsidiary companies has resulted in nugatory costs amounting to $5.4 million, between 2008 and 2012. These costs include administrative expenses, declaration of asset charges and insurance fees.

8. **We observed that only the St. Ann Development Company (SADCo), shows consistent positive trend in its financial operations over the period.** The income and expenditure statement provided for the 19 SADCo managed operations shows that all, except for the Dunn’s River operation, incurred accumulated losses of $675.5 million over the last six years, 2006-07 to 2011-12. The Dunn’s River operation earned accumulated profits of $1.8 billion for the same period. The positive gains from the Dunn’s River operation is used to offset the operating expenses of the other 18 loss making operations, which include seven staff apartments at the Fishermans Point, Turtle Towers Beach and Sandcastles Resorts.

UDC faces cash shortages

9. **UDC is failing in its Corporate Objective to assure the financial viability and solvency of the Corporation.** We found that UDC is not generating adequate cash from ongoing operations to cover its short-term obligations. Cash generated from operating activities declined by 167 percent moving from negative $409 million as at March 2010 to negative $1 billion as at March 2012. In addition, total cash balances decreased from $718 million as at March 2010 to $221 million as at March 2012 (**Table 12**)**.** As at March 31, 2012, current liabilities exceeded current assets by $367.7 million moving from a positive $898.7 million at March 2011. UDC unaudited financial statements shows that non-current liabilities increased from $751 million as at March 2011 to $945 million as at March 2012, due mainly to increases in bank borrowings and debt issuance. Also, customer’s land deposits are used to finance UDC operational activities. The SWOT results in UDC’s Corporate Plan for 2011/12 – 2013/14 states that “*continued deterioration of cash flow position affecting the Corporation’s ability to execute its mandate’.*

10. **UDC’s receivable management system has proven to be ineffective.** As a result, the impairment provision, as at May 2012, stood at 72 per cent ($973 million) of its total receivables balance of $1.3 billion. Included in the figure is rent and lease receivable of

$194 million, of which 76 per cent ($148 million) is outstanding for over 120 days. This reduction in the asset value has resulted in UDC failing to meet its corporate objective of transforming its receivables into cash/tangible assets".

Non-compliance With Property Management Policies

11. **We found that UDC does not have a proactive strategy to evaluate all major property assets to analyse current utilization and recommend strategies to increase its returns.** In addition, UDC failed to conduct the required assessments of the physical conditions of all properties under its control to aid in developing its annual maintenance budget. UDC was unable to present either a property condition-based assessment report or a schedule of its properties detailing their physical condition, despite request. We also found that UDC did not have an effective system in place to monitor and prevent the problem of squatting on lands and in buildings owned by the Corporation. UDC provided a list of lands and building spaces, measuring 314 million square feet (29.13 square kilometres); sections of which are occupied by squatters.

12. **UDC Corporate Mission Statement (Core Value) indicates that they will conduct business in a transparent manner.** Despite request, UDC failed to present documentary evidence to indicate whether it had faithfully followed internal procedures for the disposal of eight real estate properties. These properties were sold between March 2005 and March 2011 for sums totalling $252 million. Further, we observe that UDC was in breach of Section 4, Ministry Paper No. 34 (Privatization Policy and Procedures), which states; "*The selection of items to be privatized will be announced to the public by way of advertisements."* UDC failed to advertise five of the eight real estate holdings.

13. **Contrary to its Corporate Initiative, UDC has failed to develop a formal process for selling and purchasing real estate.** On the contrary, we observe a breakdown in the controls over the sale, lease and purchase of real estate holdings due to the disbanding of the Land Evaluation Committee (LEC) and failure to replace it with a suitable control mechanism. The breakdown was further exacerbated by the transfer of critical control functions from the Estate Department, prior to the completion and approval of UDC management process review. These actions circumvented the control mechanism over the purchase, lease and sale of property as both the Estate Department and the LEC played a pivotal role in these processes.

14. **UDC abandon plans to relocate its head office after purchasing Machado Complex for $85 million because of its failure to undertake the necessary due diligence, including a feasibility study, prior to the acquisition**. Subsequently, UDC realized that the estimated cost of $1.2 billion to retrofit the complex was not feasible due to its financial position. UDC has advertised the Complex for sale, after spending additional sums totalling $47 million.

15. **UDC has not adequately safeguarded its properties from potential losses that may result from natural or man-made disasters.** For the financial year 2012-13, UDC properties under its all risk insurance coverage was valued at $10.1 billion. These properties remain uninsured since May 2012. UDC requires annual premium of $84.6 million to provide all risk coverage for these properties. Also, as at March 2012, UDC fails to lodge the required

premiums to its self-insured properties valued at $1.7 billion. The situation was exacerbated by the withdrawal of $87 million from the account to fund UDC's recurrent expenditure during the period September to November 2011. Further, UDC was unable to provide evidence that it conducted the MOF recommended actuarial assessment to determine whether the balance in the account is adequate.

16. **We found that UDC did not have an effective system in place to ensure that contractual agreements with tenants are maintained on a current basis.** We obtained a schedule containing 116 properties leased to both government and private tenants, of which only 47 of the lease agreements were current, 46 were expired and there were no formal agreements for the other 23. Further, we found that 18 of the 85 craft shops lease agreements examined were expired for periods up to 10 years.

Legal, Regulatory and Other Issues

17. **UDC fails to honour its legal and regulatory obligations.** We found that UDC did not remit statutory deductions, which totalled $146 million as at June 30, 2012, to the relevant authorities. Further, board members received fees totalling $458,000 for meetings they did not attend.

18. **UDC distribute unapproved petroleum voucher to staff.** During the period April 2007 to July 2012, UDC issued to staff members over $90 million worth of petroleum product vouchers without the prior approval of the Board of Directors and the Ministry of Finance (MOF). This benefit was also not subject to statutory deductions in breach of the Income Tax Act.

Recommendations

1. UDC should ensure strict adherence to the applicable Acts and submit to the portfolio Minister, all outstanding annual reports and audited financial statements for tabling in the Houses of Parliament. UDC's failure to submit these reports, not only breached the relevant Acts, but also denies stakeholders timely and accurate information that is critical to decision making. UDC should be cognizant that continued delay in the submission of the audited financial statements undermines the public accountability process; prevents a proper assessment of its financial performance and their state of affairs; and increases the risk of delayed or non-detection of errors and fraud.

2. UDC should immediately finalise and implement an effective Risk Management Process Policy and Procedure Manual and ensure that the Risk Unit is adequately staffed. The Board should ensure that the Risk Committee immediately commence its oversight responsibilities to ensure that appropriate strategies are develop and implemented to mitigate material risks identified.

3. In light of the reported investment losses, UDC should adopt a robust investment management strategy to better guide future investment decisions. It is also an immediate requirement of UDC to conduct a rigorous assessment of its existing investment portfolio. This, with a view to formulate appropriate strategies to reverse the negative impact these are having on the financial viability of UDC.

4. UDC should move expeditiously to wind up all its dormant companies in order to cauterise the current nugatory expenditure. In addition, UDC should establish a formal policy to guide the prompt winding up of dormant subsidiaries.

5. UDC should prioritise the completion of development plans for all designates areas published in the Gazette. Prompt completion of the plan of development in designated areas could aid in efficient planning of sustainable developments in these areas.

6. Given that NEPA, by way of Development Orders also designate lands for various uses, it is imperative that both entities consult on development issues during the planning stage. This consultation would facilitate the orderly development of Jamaica's natural and built environment in order to achieve sustainable development.

7. As part of its project planning process, UDC should identify the necessary financial resources to ensure the timely implementation and completion of projects. Also, UDC should implement formal systems to investigate and report cost overruns.

8. UDC should urgently take measures to ensure that it returns to a financially viable and solvent operation. The Board should ensure that the executive management of UDC develop and present to it in the shortest time, appropriate strategies to reverse the current operating losses and negative cash flow position, in order to ensure UDC success as a business and its long term sustainability. In addition, UDC needs to improve its efficiencies so as maximise its revenue from its income generation portfolio and decrease or at least contain expenditure on all or most cost centres.

9. UDC should better manage the collection of rent and lease receivables by ensuring strict adherence to its collection policy. For example, the required reminder and demand notices should be prepared and served on delinquent tenants. The Legal Unit should be proactive and aggressive in the collection of rent/lease receivables. Further, UDC should implement a system to ensure that current contractual agreements are in place with all tenants. UDC should also ensure the collection of project management fees, based on the percentage of work done on each project, during the course of construction.

10. UDC should desist from using the funds of its customers' land deposits to meet its operational costs, as the funds are not owned by UDC.

11. UDC should periodically conduct the required assessment of the physical conditions of all properties to assist in developing its annual maintenance plan. It is an immediate requirement of UDC to strengthen the critical control functions over the sale, lease and purchase of real estate holdings. UDC should also monitor these control functions to ensure strict compliance. This will assist in safeguarding the integrity of the real estate acquisition and divestment process. Also, there should be strict adherence to the Ministry Paper No. 34 (Privatization Policy and Procedures), regarding the advertisement of real estate slated for divestment. This is to allow for greater accountability and transparency that will promote fair competition in the divestment process.

12. UDC should ensure that all its properties are adequately insured to cover potential losses. Further, UDC should ensure that an actuarial assessment of its self insurance fund is conducted as recommended by MOF to ensure its adequacy in the event of a disaster.

13. UDC needs to develop and implement a proactive and effective anti-squatting policy.

14. UDC should ensure that statutory deductions are remitted to the relevant agencies in accordance with the relevant Acts, especially the NHT and NIS payments so as not to deprive the employees of their benefits.

15. UDC should conduct an investigation to determine and recover the related board fees paid to members for meetings not attended.

16. UDC should immediately provide the authority for the payment of petrol allowances to its staff. UDC should also engage the MOF to ascertain the appropriateness of the current situation where individuals are given fuel vouchers while in receipt of motor vehicle upkeep and mileage allowances.

Part One Introduction

Background

1.1 The Government of Jamaica (GOJ), by an Act of Parliament, established the Urban Development Corporation (UDC) in March 1968, to plan orderly development, within the framework of national priorities, in a holistic and sustainable manner. The core business objective of UDC is to make development happen through the planning and implementation of comprehensive projects and programmes in designated areas across Jamaica. In addition to its head office in Kingston, UDC has four branch offices located in Montego Bay, Negril, Ocho Rios and Falmouth **(Picture 1)**.

Picture 1 UDC Development Areas and Offices

SOURCE: Auditor General's Department (AuGD)

Mission Statement and Strategic Objectives

1.2 UDC promulgates its mission statement as follows:

> "*The Mission of the UDC is to fulfil our role as the nation's main urban and rural development agency and facilitator, by effectively and efficiently assigning and managing our resources, so as to ensure the economic viability of the Corporation, sustainable national development and the best quality of life for the citizens of Jamaica*."

1.3 In addition, UDC outlines its strategic objectives as follows:

- To assure the financial viability and solvency of the Corporation
- To improve Business/Operational Efficiencies
- To return the Corporation to its core functions as defined by the UDC Act
- To maximize and align the talent of the UDC with new structure and redefine the UDC Culture
- To improve service provided to our customers
- To maximize UDC's social impact and contribution to National Development"

Sources of Finance

1.4 UDC became a self-financing entity in 1987 when the Corporation was removed from the budget of central Government. UDC financed its projects mainly from retained earnings, government grants and loans from commercial banks as well as international lending institutions. UDC income is mainly derived from the return on investments in land and buildings, property sales, project management fees and receipts from parking and attraction entry fees. UDC's aggregate revenue for the last six years, 2006-07 to 2011-12 amounted to $9 billion.

Investments in Subsidiaries, Associates and Joint Ventures

1.5 As shown in **Table 1**, UDC has investments in 13 subsidiary, joint venture and associate companies. The portfolio of investments includes six subsidiaries, three joint ventures and four associate companies. UDC's interest in seven of 13 of the companies, as at March 2011, amounts to $440 million **(Appendix 1)**.

Table 1 Investment in Subsidiaries, Associates and Joint Venture

	% Holdings	Interest At Cost as at March 2011		Principal Activity
Subsidiaries				
Montego Bay Convention Centre	100	-	3	Real Estates Owners
Montego Freeport Ltd	82	5,985,000	4	Property Owners and Managers
Runaway Bay Water Company Limited	100	21,000	2	Supply water
Ocho Rios Commercial Centre	100	3,547,000	1	Leasing shops at Ocean Village Shopping Centre
Caymanas Development Company Ltd.	100	1,000	3	Operation of golf course and management agricultural and horticultural projects
Independence Park Limited	100	Nil	-	Managers of the National Stadium
Joint Ventures				
Seaside at Rose Hall Development Limited	60	321,189,000	3	Acquire, develop and sell lands at Rose Hall, St. James
Ackendown Newtown Development Company Limited	37	Nil	1	Hotel operators, builders, developers, lessors
Port Royal Development Company	8.34	Nil		Acquire and develop properties in Port Royal environs
Associates				
Portmore Commercial Development Company Limited	50	65,923,000	1	Operation of shopping and Commercial Centre
Central Wastewater Treatment Company Limited	35	-	2	Collecting, treating and disposing of sewerage and wastewater.
Bloody Bay Hotel Dev. Company	50	43,840,000	3	Hotel managers, developers, lessors
SADCO Managed[2]	1	-	4	Acquire and hold lands in and adjoining the waterfront area of Ocho Rios
Total		**440,506,000**		

SOURCE: AuGD compilation of information provided by UDC

Audit Scope and Methodology

1.6 We conducted a performance audit to determine whether UDC is managing its operations effectively and efficiently to achieve its core business objectives. Our audit was planned and conducted in accordance with the Government Auditing Standards, which are applicable to Performance Audit and issued by the International Organization of Supreme Audit Institutions (INTOSAI). The planning process involved gaining a thorough understanding of the operations of UDC and developing an issue analysis which focuses on four main areas; corporate governance, financial management, project management and property management.

[2] Appendix 2

1.7 The audit was designed to determine whether:

1. UDC has a clear management philosophy and operating style that ensures good governance practices;
2. UDC is managing its financial resources effectively and efficiently to achieve its objectives;
3. There is an effective mechanism in place to ensure the proper planning, execution and monitoring of all development projects;
4. UDC is effectively managing its investment properties to achieve its objectives and full potential.

1.8 Our assessment is based on the review of internal and external documents, interviews with senior management and staff, observations and analysis of information provided by UDC.

Part Two Failures in Corporate Governance

Audited Financial Statements Outstanding for the Financial Years 2010-11 and 2011-12

2.1 UDC failed to present its audited financial statements for the financial years 2010-11 and 2011-12 within the required timeframe as specified in the UDC Act. The Act require the presentation of the audited financial statements within four months after the expiration of each financial year.

UDC Failed to Prepare Consolidated Financial Statements Since 2009

2.2 Since 2009, UDC failed to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). IFRS 10 requires the preparation of combined financial statements of a parent company and its subsidiaries, in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single entity. As a result, we were unable to determine the combined financial position of UDC and its subsidiaries for the last three financial years 2009-10 to 2011-12.

UDC did not Prepare Annual Reports for Six Consecutive Years

2.3 We found that UDC did not prepare and submit to the Minister, for tabling in the House of Representatives, its annual reports for the last six years, 2006-07 to 2011-12. The Public Bodies Management and Accountability (PBMA) Act and the UDC Act require the preparation of an annual report at the end of each financial year, for tabling in the House of Representatives.

UDC Fails to Urgently put in Place the Mechanisms to Support its Risk Management Process

2.4 There has been limited progress by UDC to operationalize an enterprise wide risk management framework to facilitate an established, structured and disciplined practice of managing risk. UDC, since 2011, formulated a draft Risk Management Process Policy and Procedure Manual to guide its risk management processes. The draft manual details the approach in identifying, assessing and managing the impact of potential risks that threaten the achievement of its objectives.

2.5 The full implementation of the risk management procedures is reportedly being delayed as the suggested changes, by the Board to the draft manual, has not yet been submitted to the board for its approval. We also observed that the Board's Risk Committee, established in April 2012 did not convene its first meeting until August 2012. The Committee has the responsibility to, among other things, "*ensure that a comprehensive Risk Management system is in place.*"

2.6 In addition, UDC's organisational structure provides for a Risk Unit comprising a Risk Management Manager and two Risk Analysts; however, only a Risk Analyst is presently assigned to the Unit. The Risk Unit falls under the ambit of the Strategic Management and Special Projects Division. We obtained a memorandum, dated September 28, 2011, from the Deputy General Manager for Strategic Management and Special Projects, stressing the need to fast track the employment of the additional staff to fully operationalize the risk management process.

Part Three UDC not Prioritising the Preparation of Development Plans

3.1 UDC's mandate is to transform Jamaica's most viable urban centres and strategic rural towns, whilst preserving the natural environment and spurring economic development. Further, the Vision 2030 National Development Plan acknowledges that one of the key hindrances to sustainable urban and rural development is the fact that *"much of the legislation and plans are outdated and were drafted when Jamaica was experiencing totally different social and economic circumstances and growth was largely confined to the KMA and a few smaller urban centres."* As such, one of UDC's core business objectives is to make development happen through the planning and implementation of comprehensive projects and programmes in designated areas. UDC seeks to achieve this objective through the preparation of development plans for designated areas.

3.2 UDC is empowered under Section 4 of the UDC Act *"to carry out or secure the laying out and development of areas designated under section 14"* Section 14 of the Act gives the portfolio Minister the power to make an order of the Act designating that area for development by UDC. Further, Sections 21(1) and 22(a)(b) of the Act mandate UDC to carry out or secure the laying out and development of every designated area in accordance with the approved plan of development. An Approved Plan of Development is a legal document which is used to guide development within the designated area. The plans serve to create a blueprint for orderly development by designating lands for various uses, such as, residential, commercial, industrial and protected areas. These plans should clearly define the Government's[3] proposals for buildings, roads, open spaces, water supply, drainage and sewage disposal as per Section 15 (1) (a-c) of the Act.

3.3 Section 15 (1) of the Act also mandates UDC to, as soon as practicable after a designation order has been made, furnish every local authority[4] within whose area the relevant designated area or any part thereof is situated with a plan of development for such designated area and a statement. Both of which give particulars in regard to the manner in which such designated area will be laid out, the land used, the approximate number and nature of the buildings proposed to be constructed and particulars relating to water supply, drainage and sewage disposal. The plan of development should be approved and published in the Gazette[5] in accordance with Section 15(5) of the Act.

UDC Failed to Prepare Development Plans for Designated Areas

3.4 UDC failed to fulfil its core objective to make development happen through the planning and implementation of comprehensive projects and programmes in designated areas. As shown in **Table 2**, of the five designated areas Gazetted between November 1990 and

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[3] Final Approved Plan of Development represents the UDC, local authority and portfolio Minister (government) input.

[4] Local authority means in relation to the parishes of Kingston and St. Andrew, the KSAC; and in relation to any other parish, the Parish Council of such parish.

[5] An approved plan of development, which is used to guide development within the designated area.

February 2011, UDC has completed the preparation of the development plans for only two areas, Caymanas in St. Catherine and Belmont, Malvern/Roaring River in St. Ann. Although the Plan for the Malvern/Roaring River designated area was Gazetted, we found no evidence that UDC is actively pursuing the implementation of development projects within this designated area.

3.5 UDC was unable to provide the published Gazette for the Caymanas development plan and the development plans for the designated areas of Greater Portmore in St. Catherine, Mansfield II and Ackendown/Mt. Edgecombe in St. Ann. The Urban and Regional Planning Division of UDC, which has responsibility for preparing the development plans for all designated areas, comprises seven staff including six planners.

3.6 We observed that UDC is not prioritising the preparation of the required development plans and the accompanying statements for the approved designated areas as specified by Section 15(1) of the Act. UDC also failed to pursue aggressively the implementation of development projects within the areas designated for development.

Table 2 Designated Areas approved for development

Designated Areas	Designated Areas Published in Gazette	Development Plan Prepared	Development Plan Published in Gazette	Actual Physical Development
Greater Portmore Area	Nov. 06, 1990	Not Provided	Not Provided	Partially Developed[6]
Mansfield II	Oct. 02, 1991	Not Provided	Not Provided	None
Ackendown/Mt. Edgecombe	Sept. 20, 1991	Not Provided	Not Provided	None
Caymanas	Mar. 30, 2009	Completed	Not Provided	None
Belmont/Malvern Park, Roaring River	Feb. 07, 2011	Completed	Sept. 12, 2011	None

3.7 Although the Act requires UDC to submit to the local authorities the development plans and statements as soon as practicable after the development order is issued, UDC has no defined completion date or timescale for this process. UDC informed us that *"the process of formalizing the approved plan as required by Section 15 of the Act does not have to take place contemporaneously as the area can be designated as the development of the land use which is the approved development plan can be subsequent to the designation."*

3.8 Local authorities input are required to prepare the Approved Plan of Development to inform their decisions in the granting of development permits in designated areas for their respective parishes. In the absence of an Approved Plan of Development, approval may be granted for projects/ development to be undertaken in areas that should be protected from such activities. Vision 2030 Jamaica[7] "acknowledge that poor spatial planning in the

[6] Bridgeview Housing Development completed. Lands at Port Henderson Road remain undeveloped
[7] National Outcome 15: Sustainable Urban and Rural Development

past has resulted in various problems as is evidenced by rundown town centres, urban sprawl, environmental degradation, unsafe and dilapidated housing, planned and unplanned development in ecologically-sensitive areas, crime and disorder, rural-urban migration, and poverty." UDC's failure to prepare (and publicise) the approved plans for designated areas will not facilitate the attainment of Jamaica's long-term national development plan.

3.9 The prolonged delays between the published Gazette of the designated areas and the preparation of the development plan could:

a. adversely impact the proper development of these areas in the nation's interest and the attainment of Jamaica's long-term national development plan;
b. result in outdated designated areas impacted by demography and social changes and designated area being illegally occupied by squatters as evidenced in the Mansfield II, Caymanas, Belmont/Malvern Park, Roaring River designated areas.

3.10 UDC indicated in its Corporate Plan 2011-12 to 2013-14, its desire to return the Corporation to its core functions as defined by Section 4 of the UDC Act. UDC's failure to prepare development plans, may contribute to weaknesses in the physical planning system as outlined in the Vision 2030 Jamaica National Development Plan. These include:

- fragmented subdivisions;
- unbalanced regional development, including the uncontrolled and disorderly growth of urban areas and the under-development of rural areas;
- squatting;
- environmental degradation;
- congested towns;
- planned and unplanned development in ecologically sensitive areas.

No Provision for Consultation with National Environmental Regulatory Agency

3.11 There is no legal requirement for UDC to consult with the NEPA in designating development areas and preparing the required plans. Given that NEPA by way of Development Orders also designate lands for various uses, it is imperative that both entities consult on development issues during the planning stage. This consultation would facilitate the orderly development of Jamaica's natural and built environment in order to achieve sustainable development.

3.12 For example, NEPA had to obtain the intervention of the Attorney General's Chambers to get UDC to comply with the requirements of the Natural Resources Conservation Act in relation to the development of lands at Caymanas Estate. This development includes the investment of approximately $9.2 billion to construct 853 detached housing units. This misunderstanding could have been avoided if there was a mandatory requirement for UDC to consult with NEPA prior to the designation of the area.

Lack of Financial Capital Delays Project Implementation

3.13 UDC does not have an effective mechanism in place to ensure the proper planning, execution and monitoring of all development projects. For example, UDC did not implement all the aspects of 10 (36 per cent) of the 28 projects, under the Downtown Kingston Redevelopment Plan, within the dates stipulated in the three-year Corporate

Strategic Plan 2011-12 to 2013-14 (**Appendix 2**). Of the remaining 18 projects only four were completed, four were still in progress, five deferred, four abandoned and one stalled **(Table 3)**.

Table 3 Status of Projects under the Downtown Kingston Redevelopment Plan

Status	No. of Projects	Periods
Not Implemented	10	April 2008 to January 2014[8]
Completed	4	Sept 2010 to November 2011
Ongoing (W.I.P)	4	January 2010 to August 2012
Deferred	5	September 2010 to November 2011
Abandoned	4	June 2009 – December 2012
Stalled	1	July 2009 to August 2011
	28	

SOURCE: AuGD compilation of information provided by UDC

3.14 UDC attributed the failure to execute aspects of these projects within the proposed dates, to its inability to secure the required financing. Of the 28 projects, the Corporate Plan indicates that UDC would self-finance 22; jointly finance two and secure external funding (including divestment) for four. The 22 self-finance projects include 19 that were either not implemented, deferred or abandoned; eight of which were projected to cost $157 million.

3.15 In addition, UDC deferred, to the financial year 2012-13, 15 other projects slated for implementation in 2011-12. UDC explained that it did not have the budgeted $489 million to finance the implementation of these projects in the financial year 2011-12. (**Appendix 3**)

Cost Overruns on UDC Social Intervention Projects Amounts to $26 million

3.16 UDC provided a list of 44 social intervention projects undertaken within the four-year period 2008-09 to 2011-12. **Table 4** shows that 17 (39 per cent) of the 44 projects have cost overruns totalling $26 million.

Table 4 Comparison of budget and actual expenditure of Social Intervention Projects

	Total Projects	With-in Budget	In-Excess of Budget
Completed	31	15	16
Work-In-Progress	7	6	1
Incomplete	4	4	0
Work Ceased/Suspended	2	2	0
Total	44	27 (61%)	17 (39%)
Overrun	-	-	$25,901,078.04[9]

SOURCE: AuGD compilation of information provided by UDC

[8] Completion date expired for 11 of these projects

[9] See Appendix 4 for details.

3.17 An analysis of the 17 projects, as shown in **Appendix 4**, revealed that actual expenditure for 16 projects has exceeded their budgets by amounts ranging from 1 per cent to 77 per cent; whereas one project has cost overrun to date of $3 million or 10%. While noting that one of the projects was "*plagued with theft and numerous disputes,*" UDC did not provide any justification for the overrun on the other 16 projects.

UDC Failed to close 10 chronic Incomplete Projects.

3.18 UDC failed to closeout and handover, to the respective agencies, 10 developments classified as chronic incomplete projects **(Appendix 5)**. UDC classified these projects due to the age of the projects with start dates ranging from 1976 to 2007. The projected financial requirement to complete six of the projects amounts to $328 million. The UDC did not provide the financial requirement to complete the other four projects.

Part Four High Investment Impairments and Operating Losses

Investment Portfolio suffer Millions in Impairments Losses

4.1 As shown in **Table 5**, as at March 31, 2011, capital invested in and loans granted to two of the three joint venture companies totalling $ 1.413 billion have suffered total impairment losses. These are Port Royal Development Company and Ackendown Newtown Development Company (ANDCo). UDC's investment in joint ventures declined from $1.2 billion to $321 million between March 2010 and March 31, 2011.

Table 5 Joint Venture Investment and Impairment as at March 2011

Details	Port Royal Development Company $'000	Ackendown Newtown Development $'000	Seaside at Rose Hall Development $'000
Investment	101,429[10]	1,311,418[11]	Not Provided
Impairment Loss	(101,429)	(1,311,418)	Not Provided
Balance	-	-	(321,189)[12]

SOURCE: AuGD compilation of information from UDC unaudited Financial Statements

4.2 The decline mainly reflects the losses incurred due to the sale of its investment holdings in ANDCo. UDC unaudited financial statements disclosed impairment of $1.3 billion, which represents amounts UDC invested, in the form of shares and loans, up to March 2011. Also, UDC failed to present the latest audited financial statement and status report for the Seaside at Rose Hall Development in which it has a 60 per cent shareholding.

4.3 As at March 2011, loans and advances totalling $912 million granted to 10 subsidiaries, have suffered impairment losses totaling $503 million. The impairment losses reduce the amount due from related parties to $409 million as at March 2011. We observed that seven of the 10 companies are dormant, six of which are in the process of being wound up **(Table 6)**.

[10] Capital investment of $18.137 million and advance of $83,292 million (US$2.2 million)
[11] Capital investment of $497.828 million and loans of $813.59 million (2011)
[12] Capital investment of $287.226 million and loans of 33.963 million

Table 6 Total loans and advances to Subsidiary and Associate Companies as at March 31, 2011

Subsidiary and Associate Companies	Operational Status of Company	Gross Amount $'000	Impairment Value $'000	Balance $'000
Caymanas Development Company	Active	262,554	174,948	87,605
Ocho Rios Commercial Centre	Active	18,473	-	18,473
Bloody Bay Hotel Development	Active	303,611	-	303,611
Kingston Waterfront Hotel	Dormant	8,030	8,030	-
Urban Maintenance	Dormant	126,705	126,705	-
Portmore Newtown Development	Dormant	1,529	1,529	-
Lilliput Development Corporation	Dormant	43,207	43,207	-
Seacastles	Dormant	37,542	37,542	-
Rutland Point Beach Resorts	Dormant	55,911	55,911	-
Hellshire Marble	Dormant	54,587	54,587	-
Total		**912,149**	**502,460**	**409,689**

SOURCE: AuGD analysis of information provided by UDC

4.4 Based on the unaudited financial statements as at March 2011 for the remaining three active companies, their accumulated losses and working capital deficit could negatively affect their ability to repay the loans and advances. For example, the Caymanas Development Company has accumulated deficit of $240 million and incurred operating losses of $44.5 million for the financial year 2010-11. In addition, the Company's current liabilities have exceeded its current assets by $11.26 million.

4.5 Further, for the financial year 2010-11, the current liabilities of the Ocho Rios Commercial Centre and Bloody Bay Hotel Development have exceeded their current assets by $17 million and $22 million respectively. The Ocho Rios Commercial Centre reported operating profit of $21.7 million, while Bloody Bay Hotel Development reported an operating loss of $553 million.

UDC's Subsidiaries Reporting Continuous Operating Losses

4.6 As shown in **Table 7**, the financial statements for 11 of UDC's subsidiaries show varying operating losses over the last five years, 2007-08 to 2011-12. The income and expenditure statement, as at March 2012, for the Montego Bay Convention Centre shows an operating loss of $181 million. UDC stated in their Corporate Plan 2011-12 to 2013-14 that the Convention Centre *"will not be financially viable given the fact that there is no anchor hotel and the associated auxiliary facilities to facilitate the marketing of the facility in a truly competitive manner."*

Table 7 UDC Subsidiaries Gain/Loss April 2008 to March 2012

Subsidiaries	2011-12 Exp. Report GAIN/(LOSS)	2010-11 Unaudited F/S GAIN/(LOSS)	2009-10 Audited F/S GAIN/(LOSS)	2008-09 Audited F/S GAIN/(LOSS)	2007-08 Audited F/S GAIN/(LOSS)
SADCO Managed[13]	396,530,470.84	Not Provided	363,898,677	145,747,421	219,557,818[14]
UDC Managed					
Montego Bay Convention Centre	(180,745,658.10)	-	-	-	-
Montego Freeport Ltd	(5,932,067.00)	(58,335,000)	88,617,000	361,798,000	284,327,000
Runaway Bay Water Company	32,300,500.89	32,906,000	20,981,000	(11,814,000)	2,030,176
Ocho Rios Commercial Centre	2,295,979.05	Not Provided	4,817,000	22,051,000	373,000
Caymanas Development Company	(32,209,895.65)	(44,541,941)	(94,948,567)	(30,47,767)	(18,479,294)
National Hotel & Properties	(37,539,990.31)	832,197,000	131,666,000	(965,000)[15]	1,014,911,000
Seacastle Limited	(170,554.77)	(587,050)	(283,139)	1,073,131	946,299
Rutland Point Beach Resorts Limited	(5,077,508.03)	(5,572,987)	20,223,409	5,172,948	3,884,931
Portmore Newtown Development	(8,000.00)	(23,640)	(52,929)	(203,381)	(237,758)
Lilliput Development Corporation	Not Provided	4,000	3,667,000	(93,173)	(114,141)
Net Gain/Loss					

SOURCE: AuGD analysis of information provided by UDC

4.7 We observed that only the St. Ann Development Company (SADCo), shows consistent positive trend in their financial operations over the period. The income and expenditure statements provided for the 19 SADCo managed operations show that all, except for the Dunn's River operation, incurred accumulated losses totalling $675.5 million over the last six years, 2006-07 to 2011-12. The Dunn's River operations earned accumulated profits of $1.8 billion for the same period.

4.8 The positive gains from the the Dunn's River operations is used to offset the operating expenses of the other 18 loss making operations, which include seven apartments at the Fisherman's Point, Turtle Towers Beach and Sandcastles Resorts. As shown in **Table 8**, the seven apartments incurred losses totalling $18.6 million over the six-year period. The financial statements show no income relating to these apartments. UDC considered it more cost effective to retain these apartments to house staff who need to work in the area for extended periods. However, UDC did not conduct the requisite cost benefit analysis to determine whether it is more cost effective to retain the apartments for this purpose.

[14] Restated
[15] Restated

Table 8 Staff Apartments Managed by SADCo

SADCo Managed Apartments	Accumulated Losses 2007 to 2012
Turtle Towers- Apt. 48B	5,714,080.08
Turtle Towers- Apt. 21C	650,739.84
Fisherman's Point Apt 64	5,262,396.84
Sandcastles-Apt 28B	3,402,606.77
Sandcastles-Apt. B7	1,685,696.90
Sandcastles-Apt E8	1,751,841.63
Sandcastles-Apt E25	161,012.17
	18,628,374.23

SOURCE: AuGD compilation of information provided by UDC

4.9 As shown in **Appendix 6**, UDC did not provide the yearly profit and loss results for all the SADCo managed operations. Therefore, we were unable to determine the actual extent of the profit/loss results for all the operations.

UDC Continues to Incur Costs for Holding Dormant Companies

4.10 UDC does not have a formal policy that guides the winding up of dormant subsidiary companies. UDC provided us with a list, which includes six dormant subsidiary companies; however, it did not state how long these companies had been dormant (**Table 9)**. We observed that the last prepared statements for these companies were for the financial year 2008-09.

Table 9 UDC Dormant Companies

Companies
Urban Maintenance Limited
Portmore New Town Development Co. Ltd
Seacastles Limited
Rutland Point Beach Resorts Ltd
Lilliput Development Corporation Ltd
Kingston Waterfront Redevelopment Co. Ltd.

4.11 **Table 10** shows that between 2008 and 2012, UDC incurred costs amounting to $5.4 million in relation to three of these dormant companies, the Kingston Waterfront Redevelopment, Seacastles and Portmore New Town Development. These costs include administrative expenses, declaration of asset charges and insurance fees.

Table 10 Cost incurred for fees and charges relating to 3 Dormant Companies

Companies	Kingston Waterfront Rev. Co. Ltd	Seacastles Ltd	Portmore New Town Dev. Co. Ltd	Total
2008	238,681.00	549,122.35	235,788.36	**1,023,591.71**
2009	0	557,618.70	79,011.47	**636,630.17**
2010	0	2,963,317.57	52,928.62	**3,016,246.19**
2011	0	587,050.32	23,640.00	**610,690.32**
2012	0	170,554.77	8,000.00	**178,554.77**
Total	**238,681.00**	**4,827,663.71**	**399,368.45**	**5,465,713.16**

SOURCE: AuGD Compilation of Information Provided by UDC

4.12 An Inter-Office memorandum dated July 4, 2012 explained that UDC Finance Committee, in December 2011, agreed to the dissolution of the six dormant companies. Despite this, we found no evidence to suggest that UDC is actively pursuing the dissolution of the companies. UDC explained that it formed these companies for specific projects, which have been completed.

Part Five UDC Faces Cash Shortages

UDC Experiencing Negative Cash Flows from Core Operating Activities

5.1 The Analysis as shown in **Table 11** reveals that UDC is not generating adequate cash from ongoing operations to cover its short-term obligations. UDC's cash flow performance shows that total cash balances decreased from $718 million as at March 2010 to $221 million as at March 2012. Further, net cash generated from operating activities declined by 167 percent increase, moving from negative $409 million as at March 2010 to negative $1 billion as at March 2012.

Table 11 Analysis of UDC Cash Flows from Operating, Investing and Financing activities

Net Cash Flow from:	2011-12 $'000	2010-11 $'000	2009-10 $'000
Opening Balance	844,077	718,018	1,356,138
Adjusting Items	177	-	22,758
Operating Activities	- 1,092,972	- 709,363	- 409,253
Investing Activities	106,614	1,423,543	- 424,602
Financing Activities	363,351	- 588,121	172,977
Increase in Net Cash and Cash Equivalent	- 623,007	126,059	- 660,878
Closing Cash Balance	**221,247**[16]	**844,077**	**718,018**

SOURCE: AuGD analysis of information provided by UDC

5.2 Information provided by UDC showed that the main contributory factors to the reducing cash balance were the purchase of an investment property and advances made to subsidiary, joint venture and associate companies amounting to $794 million **(Table 12)**.

Table 12 Main factors contributing to UDC reducing cash balance

Details	$'000	Breakdown
Purchase, plant and equipment	99,652	Purchase of 4 Hilux trucks & 1 tractor $18M, computer & access -$53M, computer software - $22M, others-$6m
Purchase of Investment property	143,273	Purchase of Cotton Polyester Building-$143M
Advances to subsidiary and associates	318,208	Cash Advances to Montego Bay Convention Centre $189M, Caymanas Development Company $72M, St. Ann Development Company $21M, Caymanas Golf Club $22M, Rutland Point Beach Resorts Ltd $10M Others - $4M
Advances to joint ventures	232,823	Investment in Ackendown $232M
	793,956	

16 -comprises CD and Repos valued at $207.6M and current account balances totalling $13.6M

UDC Operating Activities Mainly Supported by Borrowing and Sale of Assets

5.3 Due to UDC's deteriorating cash position, it had to source funding by increased borrowing and the sale of investment properties. We observed that UDC has drawn down $815 million and $135 million in 2009-10 and 2010-11 respectively from a $1 billion line of credit facility provided by the Development Bank of Jamaica (DBJ). A loan of US$1.8 million was obtained from the Petrocaribe Development Fund (PDF) in 2010-11. The PDF further loaned UDC US$3.8 million in 2011-12, which increased the total loan to US$5.6 million. Also, in August 2011, UDC entered into a credit facility of $140.9 million with a financial institution for insurance premium financing.

5.4 UDC also generated cash resources from the disposal of investment properties and sale of equity. In 2010-11, proceeds from the disposal of freehold lands and buildings amounted to $385 million. This represents an 850 per cent increase when compared to the proceeds of $40.45 million in 2009-10 from the sale of freehold lands and buildings. UDC further generated cash resources from dividend and capital distribution of $1.3 billion in 2010-11. Included was the sale of its 59.81 per cent holdings in Pegasus Hotel of Jamaica Limited by its subsidiary NHP Limited. In addition, in 2011-12, UDC disposed of investment property totaling $108 million and other assets amounting to $86 million.

UDC Facing Deteriorating Working Capital Deficit

5.5 UDC's unaudited financial statements, as at March 31, 2012, revealed that its current liabilities have exceeded current assets by $367.7 million moving from a positive $898.7 million at March 2011. **Table 13** shows a negative trend in the liquidity ratios that indicates UDC's diminished ability to settle short-term obligations.

Table 13 Liquidity ratios Analysis

Liquidity Ratios	31-Mar-12	31-Mar-11	31-Mar-10
Current Ratio	0.82:1	1.52:1	3.3:1
Acid Test Ratio	0.44:1	0.94:1	1.66:1

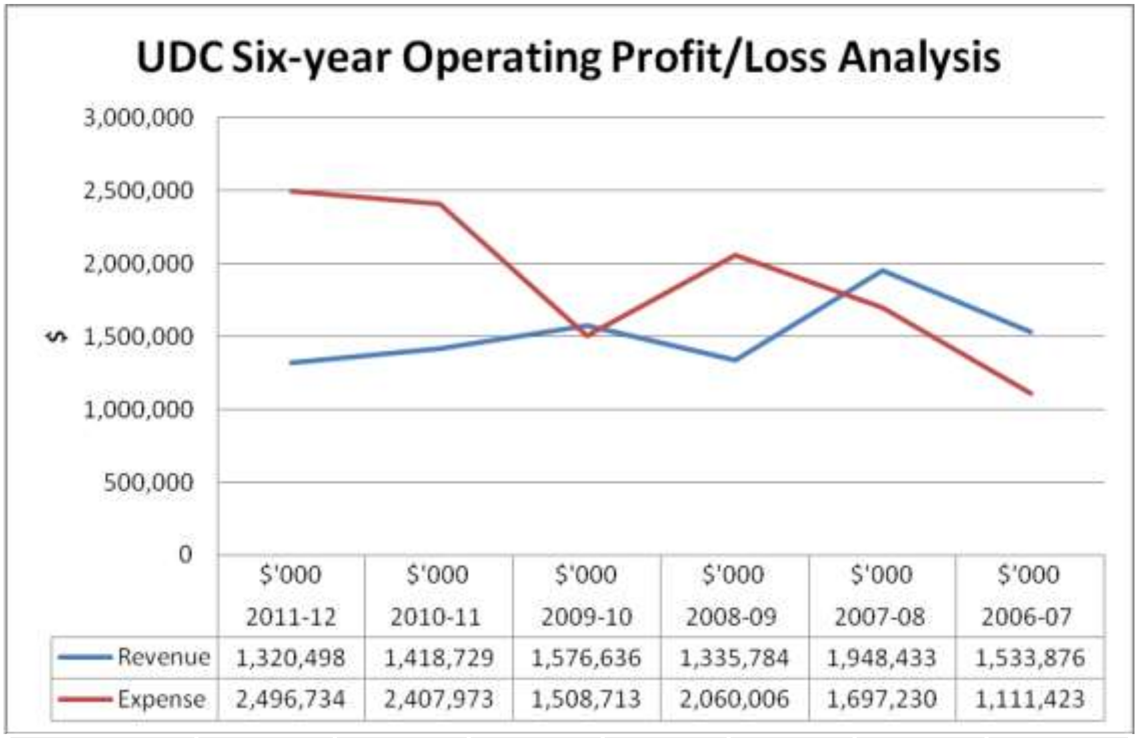
SOURCE: AuGD analysis of UDC financial information

5.6 UDC acknowledges its worsening liquidity position in the notes to its unaudited financial statements for 2011-12, which states "*In general, this ratio should at least be equal to one (1) to disclose a liquid financial position. The results suggest that the Corporation needs improvement in this regard. This position worsened over the previous year. There are also concerns about the Corporation's current assets, other than cash and cash equivalents, which may not be readily converted into cash."* It further states that the Acid Test Ratio results *"indicate that the Corporation is incapable of paying all its short-term obligations with its current asset."*

UDC not Earning Adequate Revenues to Offset Increasing Operating Expenses

5.7 We observed that for the last two financial years, 2010-11 and 2011-12, UDC has reported operating losses amounting to $989 million and $1.2 billion respectively. This after reporting a marginal profit of $68 million in 2009-10. For the five-year period ranging from 2007-08 to 2011-12, UDC revenue has declined by an average one per cent, when compared to an average 22 per cent increase in operating expenses over the same period. **Chart 1** shows that the aggregate operating expense of $11 billion was 19 per cent more than the $9 billion revenue inflows for the period 2006-07 to 2011-12.

Chart 1



	Total 2007-12	2011-12 Unaudited F/S	2010-11 Unaudited F/S	2009-10 Audited F/S	2008-09 Audited F/S	2007-08 Audited F/S	2006-07 Audited F/S
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	9,133,956	1,320,498	1,418,729	1,576,636	1,335,784	1,948,433	1,533,876
		-7%	-10%	18%	-31%	27%	
Expense	11,282,079	2,496,734	2,407,973	1,508,713	2,060,006	1,697,230	1,111,423
		4%	60%	-27%	21%	53%	
Profit/(Loss)	**-2,148,123**	**-1,176,236**	**-989,244**	**67,923**	**-724,222**	**251,203**	**422,453**

SOURCE: AuGD analysis of information provided by UDC

5.8 The notes of the unaudited financial statements for 2011-12 states that the declining operating profit ratio *"indicates that the Corporation has no revenue reserve for other expenses after all its operating costs are covered. The result also suggests that the income generated was grossly insufficient to cover the expenses of the operations."* It also states that *"the Corporation is not generating enough cash to cover its bills and other short-term obligations to date without having to sell its assets."*

UDC Makes Impairment Provision for 72 per cent ($973 million) of Total Accounts Receivables

5.9 **Table 14** shows that UDC outstanding receivables, as at May 2012, amount to $1.3 billion. Of this amount, UDC made impairment provision for $973 million (72 per cent) reducing its total receivables to $376 million.

Table 14 Receivable balances March 07 to May 2012

Current Assets	As at May 2012 $'000	2011-12 $'000	2010-11 $'000	2009-10 $'000	2008-09 $'000	2007-08 $'000	2006-07 $'000
Trade Receivables	1,348,750	1,448,961	1,930,679	1,370,082	1,340,571	1,070,917	827,481
Impairment Provision	(972,772)	(972,772)	(1,543,119)	(1,166,824)	(938,147)	(337,777)	(236,575)
TOTAL	375,978	476,189	387,560	203,258	402,424	733,140	590,906

SOURCE: AuDG Analysis of UDC Financial Statements

UDC not Managing Well the Collection of $194 Million From Delinquent Tenants

5.10 We found that UDC is not managing well, the collection of outstanding rental from both government and private tenants. As shown in **Table 15**, as at May 2012, of $194 million, 76 per cent ($148 million) is outstanding for over 120 days. We note that Government tenants accounted for the greater portion of delinquency, owing 71 per cent ($137 million). On the other hand, private tenants owe 29 per cent ($56 million) of the total receivables.

Table 15 Schedule of Aged rent receivables as at May 31, 2012

Category of Tenants	61-90 days	91-120 days	Over 120 days	Total	%
Government	20,505,657.82	20,318,543.66	96,699,121.69	137,523,323.17	71%
Private	2,565,509.94	2,408,187.84	51,628,820.33	56,602,518.11	29%
Grand Total	**23,071,167.76**	**22,726,731.50**	**148,327,942.02**	**194,125,841.31**	**-**
Percentage [%]	12%	12%	76%	**-**	**100%**

SOURCE: AuGD compilation of information provided by UDC

5.11 We examined the files of 25 delinquent tenants and found that UDC failed to dispatch reminder and/or demand letters to these tenants, as required by their Management of Accounts Receivables Policy.

5.12 As shown in **Table 16**, the policy outlines the process for collecting from delinquent tenants. The policy requires the Receivables Unit to send reminder and demand letters, along with a statement of account, to tenants having amounts outstanding for one month and 45 days respectively.

Table 16 Excerpts from UDC Management of Accounts Receivables Policy

Period of Arrears	UDC Accounts Receivables Policy Requirement
One Month	- *The Receivables Unit sends a letter to remind tenants of arrears and request regularization of account within 14 days. Encloses a copy of the tenants' Statement of Accounts* - *Determines if cheque payments have been prepared and if possible arrange for collection from the Tenant*
45 days and over in arrears	- *The Receivables Unit sends a demand letter requesting full payment in 7 days. A copy of the Statement of Account is submitted* - *Tenants upon the expiration of the second demand letter:* - *The Receivables Unit sends a demand letter requesting full payment in 5 days otherwise the account will be referred for legal action.* - *If payment is not received, the account is referred to the Legal Department to pursue suit for arrears in the Court.*

UDC Failed to Collect $108 million in Project Management Fees

5.13 As shown in **Table 17**, as at May 2012, UDC project management fee receivable balance, for 15 projects, amounted to $108 million. Of this amount, $106 million (98 per cent) has been outstanding, for 11 of the 15 projects, for more than one year. UDC Finance Policy and Guidelines require the deduction of the related fee from each payment certificate. UDC was unable to provide a satisfactory explanation for its failure to effect these deductions.

Table 17 Project Management Fees Receivables Balance as at May 31, 2012

Project Name	Original Amount	1-30 Days	31-60 Days	61-90 Days	91-120 Days	121-365 Days	Over 365
San Jose Accord	13,718,915.49						13,718,915.49
National Cultural Complex	858,024.88						858,024.88
Cultural Training Centre	2,034,963.09						2,034,963.09
National Stadium Arena	18,222,223.00						18,222,223.00
G.C. Foster College	18,461,260.02						18,461,260.02
Portmore Sports Complex	50,475.43						50,475.43
Westmoreland Sports Complex	1,542,768.21						1,542,768.21
Montego Bay Civic Centre	17,523,815.70						17,523,815.70
Multimedia Library	1,011,767.49						1,011,767.49
Independence Park	30,163,581.60						30,163,581.60
Mobay Civic Centre	2,021,035.75						2,021,035.75
Montego Bay Sports Complex Phase 3	164,716.01	25,215.62	26,300.86	25,038.81	44,928.22	43,232.50	
Port Maria Civic Centre Phase 2	94,747.67					94,747.67	
GC Foster Football Seating	(65,908.85)	(65,908.85)					
Simon Bolivar Cultural Centre	2,003,616.03	769.76	3,119.37	626,103.62	43,235.21	1,330,388.07	
TOTAL	107,806,001.52	(39,923.47)	29,420.23	651,142.43	88,163.43	1,468,368.24	105,608,830.66

SOURCE: AuGD compilation of information provided by UDC

UDC used Land Deposits to Finance its Daily Operations

5.14 We found that contrary to UDC's Finance Policy and Guidelines, UDC used approximately $637 million, which represents deposits made by customers in relation to the acquisition of lands, to finance its daily operations. UDC explained that all land deposits are lodged to its Capital Development Fund Account. This account records all transactions relating to the sale of real estate. As at May 31, 2012, the CDF had a closing balance of $828,681. UDC has since indicated that *"the Corporation will ensure that this will not recur and has designated an escrow account for all land sales."*

Part Six Non-compliance with Property Management Policies

Condition-based Assessment of UDC properties not Conducted to aid in Maintenance Plan

6.1 UDC Estate Management Policy details the procedures to ensure the efficient management of all real estate holdings under its jurisdiction. The policy states that conditioned-based maintenance *"shall be undertaken as a result of an asset's condition and driven by a condition assessment or inspection process and it shall apply to all building structures, equipment services and site improvements."* Section 5.5.2 of the policy further states; *"Planning for maintenance shall be undertaken annually, based on information from condition assessments, existing program and historical data."* Section 7.4 of the policy states; *"the Estates Department shall be responsible for such management activities of the entire Corporation's real property, except for improved facilities which are managed by the subsidiary companies."*

6.2 We found that UDC does not have a proactive strategy to evaluate all major property assets to analyse current utilization and recommend strategies to increase its returns. In addition, UDC failed to conduct the required assessments of the physical conditions of all properties under its control to aid in developing its annual maintenance budget. UDC was unable to present either a property condition-based assessment report or a schedule of its properties detailing their physical condition, despite being request.

UDC fails to adhere to its Policy Governing the Sale of Real Estate properties

6.3 Section 1.0 of the Real Estate Divestment (Sale) Procedure states; "*The purpose of this procedure is to outline the necessary steps to be taken to ensure the open and transparent divestment by way of sale, of the Urban Development Corporation's real estate holdings."* UDC's Corporate Mission Statement (Core Value) also states that they will conduct business in a transparent manner. UDC did not follow internal procedures for the disposal of eight real estate properties. These properties were sold between March 2005 and March 2011 for sums totalling $252 million **(Table 18)**.

Table 18 Properties disposed of in between March 2005 and March 2011

No.	Real Estate Location	Contract Date	Sale Price
1	Lot 18a, Mobay Waterfront	February 2011	$42,500,000.00
2	West Kingston Shops (35 West Parade)	September 2011	$31,400,000.00
3	1 Beckford Street	September 2011	$13,250,000.00
4	Land Part Of Mansfield, Ocho Rios St. Ann	February 2005	$28,750,000
5	Lot 4A, 6 & 8 and Part of Section E Kingston Waterfront	September 2008	$115,000,000
6	Lot 720, Calabash Drive, Cardiff Hall (Vol. 1076 – Folio 524)	March 2011	$7,850,000.00
7	Lot 737 Cardiff Hall St Ann (Volume 1076 – Folio 540)	March 2011	$6,750,000.00
8	Cardiff Hall - Lot 133	May 2011	$6,750,000.00
			$252,250,000.00

SOURCE: AuGD compilation of information provided by UDC

6.4 The steps outlined in Sections 4.2 to 4.6 of the Real Estate Divestment (Sale) Procedure include:

1. *Consult development or land use plan for the area to ensure property to be divested is in keeping with the plans for the area;*
2. *Preparing terms and conditions to guide negotiation for sale and send to the Executive Chairman and or the General Manager for approval;*
3. *Preparing draft sale advertisement inviting members of the public to submit applications for the land and giving brief particulars of the property to be divested;*
4. *Receive applications/proposals from members of the public;*
5. *Copy and dispatch applications/proposals to the Planning Department for technical review and recommendation;*
6. *Send applications/proposals to the next sitting of the Land Evaluation Committee (LEC);*
7. *Preparing terms and conditions for all sales and secure approval for limits of value from either the General Manager or the Executive Chairman;*
8. *Conduct preliminary negotiation based on the recommended terms and conditions for sale; and*
9. *Submit draft Board Paper to Executive Management Committee for review, approval and recommendation to the Board.*

6.5 We found no evidence on the related files to suggest that these requirements were complied with. For example, there was no evidence to suggest that the required board papers were submitted to the EMC for review, approval and recommendation to the Board. Also, the absence of documentations provides no assurance that the required internal consultation among the Board, EMC, LEC and the relevant technical departments (Planning and Estate Management) actually took place during the process of disposal of these properties. In addition, we observed that UDC was in breach of Section 4, Ministry Paper No. 34 (Privatization Policy and Procedures), which states; "*The selection of items to be privatized will be announced to the public by way of advertisements."* UDC failed to advertise five of the eight real estate holdings.

UDC Purchased Machado Complex Without Following Internal Procedure

6.6 UDC failed to follow the internal Real Estate Acquisition Procedures in acquiring the Machado Complex at 22-26 Victoria Avenue, Kingston, which it procured for $85 million. The Procedure outlines the steps involved in acquiring real estate holdings. We found no evidence on file to suggest that the:

a) Planner and Environmental Officer conducted the required review of the acquisition proposal (Section 4.1(iv);
b) Executive Management approved the acquisition and submitted the required report to the Planning and Building Sub-committee of the Board of Directors [Section 4.2(iv)];

c) Technical Services Department advised the Planning and Building Sub-committee of the rationale for the purchase and the Sub-committee's approval to proceed with the purchase [Section 4.2(v)];
d) Guidelines to be used for the negotiation and the valuation report to provide a base price for negotiations were prepared [Section 4.2(vii & viii)].

6.7 UDC did not have on file the EMC review of the draft Board Paper, their recommendations to the Board, approval of the Board and the required portfolio minister's ratification. UDC failed to present these documents, despite requests.

6.8 Section 4.2 (i-iii) of the Procedure also charges the LEC with the responsibility to establish the criteria for the assessment of offers; assess the offers based on the criteria and make recommendations to the Executive Management. However, we obtained a memorandum dated March 12, 2008, from the former General Manager, which notes the immediate disbanding of the LEC. The memorandum states; "*All matters relating to lands, leases etc. are to be brought to the Planning and Development Committee through the acting General Manager's office*."

6.9 We found no evidence that the Planning and Development Committee deliberated on the purchase and sale of properties. UDC also failed to provide terms of reference for the Planning and Development Committee in relation to its role in the purchase and sale of properties.

Picture 2 Machado Complex (Front View)

Picture 3 Machado Complex (Corner View)

22-26 Victoria Avenue, Kingston (AuGD File photo)

High Retrofitting Cost forces UDC to Abandon Plans for Machado Complex

6.10 UDC purchased the Machado Complex without undertaking the necessary due diligence, including a feasibility study, prior to the acquisition. UDC acquired the complex in 2009 for $85 million to house its head offices. Subsequently, it realized that the estimated cost to retrofit the complex for this purpose was not feasible due to its financial position.

6.11 UDC draft Project Proposal Summary Document states; *"The UDC is contemplating whether to proceed with the retrofitting of the complex at 22-26 Victoria Avenue, Kingston into modern offices to accommodate the relocation of the UDC's head Office."* The document noted that the *"Full estimated project cost is projected at J$1.2 billion of which J$1.1 billion are construction costs."* An email from the Acting General Manager dated June 15, 2012 notes; *"Because of the Corporation's present financial position, we would not be able at this time or in the near future, to undertake what will be a costly project."* UDC has since advertised the Complex for sale, after spending additional sums totalling $46.7 million for varying expenditure as shown in **Table 19**.

Table 19 Machado Complex Property Expense As At March 31, 2012

Description	Amount ($)
Construction	20,056.50
External - Other Professional Services	582,249
Professional Fee	35,054,292.23
Electricity Charges	234,945.97
Water Charges	396,897.63
Property Maintenance	16,495.32
Miscellaneous	14,439.18
Security	10,363,280.00
Total	**46,682,656.10**

SOURCE: Information provided by UDC

UDC Fails to Insure Properties Valuing $10 Billion Under its All-Risk Insurance Plan

6.12 UDC has not adequately safeguarded its property from potential losses that may result from natural or man-made disasters. For the financial year 2012-13, UDC properties under its all-risk insurance was valued at $10.1 billion. These properties remain uninsured since May 2012. UDC requires annual premium of $84.6 million to provide all risk coverage for these properties. UDC is considering obtaining a loan from a financial institution to finance the insurance premium.

6.13 Section 5.8 of the Asset Management Policy and Guidelines states that all assets owned or leased by UDC shall be fully insured; either with an insurance company or through self insurance as recommended and approved by the Board. Section 8.3 of the Estate Management Policy states "*The full reinstatement cost of each building shall be assessed each year and insurance valuation prepared and forwarded to the Accounts Department for insurance placement*."

UDC Depletes Property Self-Insurance Accounts to Offset Day-to Day Operations

6.14 UDC insures certain properties deemed low risk, under its self-insurance arrangement. This, as the cost to obtain outsourced insurance for all its properties is exorbitant and unaffordable. The properties under the self-insurance arrangement are determined based on the nature of the property and the level of associated risks. Such properties include certain facilities at main attractions. For example, at the Dunn's River-Falls, facilities such as picnic shelters, changing rooms, storerooms, beach house, bathroom, staff facilities are self-insured.

6.15 The properties under UDC's self-insurance policy values $1.7 billion as at March 2012. **(Appendix 7)** UDC estimated annual premium for these properties, based on the industry average, is $16.7 million. UDC informed us that it maintains four "self insurance" fixed-deposit accounts at three financial institutions in which the premium is lodged monthly.

However, the last two lodgements of $1.8 million and $10.8 million made to these deposit accounts were in April and August 2009 respectively. The amount of $10.8 million, lodged in August 2009, represents a reimbursement of funds previously withdrawn from the Account.

6.16 As shown in **Table 20**, we observed that the balances in the self-insurance accounts as at March 2011 amounted to $103 million. This amount was reduced to $19 million as at March 2012 and stands at $11.8 million as at June 2012.

Table 20 Movements of funds in Self-Insurance Account between March 2009 and June 1012

Periods	Balances ($)
June 2012	**11,849,062**
March 2012	19,000,000
March 2011	103,325,000
March 2010	99,582,000
March 2009	75,879,000

SOURCE: AuGD analysis of UDC data

6.17 **Table 21** shows that UDC withdrew $87 million, from its self-insurance deposit account between September and November 2011 to finance its day-to-day operations.

Table 21 Withdrawals from the self-insurance deposit account to support daily operations

Details	Ref. #	Fixed Deposits $	Purpose
Opening Balances As At April 1, 2011		**103,324,732.65**	
02/11/2011	**1**	(13,294,183.58)	To facilitate insurance payment for subsidiary
01/11/2011	**2**	(9,470,757.61)	To facilitate motor vehicle upkeep and allowance payments
27/10/2011	**3**	(7,500,000.00)	To facilitate salary deduction payments
30/09/2011	**4**	(26,427,421.01)	To facilitate insurance financing payment
26/09/2011	**5**	(26,414,308.34)	To facilitate treasury payments & UDC Operations CDF Payments
23/09/2011	**6**	(4,336,068.30)	To assist with UDC Operations cash requirement
	7	3,503,694.42	Interest earned for the period: 01/04/11-31/03/12
Closing Balances: March 31, 2012		**19,385,688.23**	

SOURCE: Information provided by UDC

UDC Fails to Conduct Actuarial Assessment and Prepare Policy for Self-Insurance Plan

6.18 UDC's annual Internal Audit Report (2011-12) contained an extract from the meeting of the Board held on May 4, 2006, which highlights the MOF concerns about the adequacy of the funds earmarked for self-insurance. The MOF also recommended that an actuarial assessment be conducted to determine whether the amount invested for this purpose was adequate. The report also referred to another Board Extract dated May 2, 2008 in which the Board instructed that a policy document relating to self-insurance be prepared. UDC was unable to provide evidence that the actuarial assessment was done or the policy document relating to self-insurance was prepared at the time of the audit.

Extract: UDC Annual Internal Audit Report - April 2011 to March 2012 [Page 8]

A Board Extract dated May 4, 2006 stated that the Ministry of Finance & Planning had concerns about the funds being earmarked for self insurance, therefore an actuarial assessment should be carried out to determine whether the amount invested for this purpose was adequate.

A review of Board Extract dated May 2, 2008 recommended that a policy document relating to Self Insurance be prepared. IAD[17] was unable to obtain evidence that an actuarial assessment was conducted or a policy document on Self Insurance was drafted.

UDC Does not have an Effective System to Ensure the Timely Renewal of Lease and Licence Agreements

6.19 We found that UDC did not have an effective system in place to ensure that contractual agreements with tenants are maintained on a current basis. We obtained a schedule containing 116 properties leased to both government and private tenants, of which only 47 of the lease agreements were current, 46 were expired and there were no formal agreements for the other 23 **(Table 22)**.

Table 22 Analysis of lease agreements

Status of Lease	Government Tenants	Private Tenants	Total No. of Tenants	Percentage
Active Lease	13	34	47	41%
Expired	22	24	46	40%
No Lease	2	21	23	19%
Total	37	79	116	100%

SOURCE: AuGD Compilation of Information Provided by UDC **(Appendix 8)**

6.20 **Table 23** showed that the 46 lease agreements were expired for periods ranging from 1 to 8 years.

Table 23 Analysis of lease agreements

Government Tenants	Period of Expiration
16	1 to 7 months
1	1 to 2 years
Private Tenants	**Period of Expiration**
8	1 to 7 months
10	1 to 3 years
2	4 to 5 years
1	8 years

SOURCE: AuGD analysis of information provided by UDC

6.21 We obtained a list containing 85 craft shops which were rented by UDC to craft vendors under an annual licence agreement. We examined the files for 18 (21 per cent) of these lease agreements and found that all were expired for periods up to 10 years **(Table 24)**.

[17] Internal Audit Department

Table 24 Analysis of Licence Agreement for use of Craft Markets

Number of Contracts	Period of Expiration
8	1 to 2 years
1	3 to 4 years
9	8 to 10 years
18	**Total**

SOURCE: AuGD compilation of information provided by UDC

UDC Failed to Prevent or Remove Squatters Occupying Land and Building Spaces

6.22 Section 5.4.1(h) of UDC Estate Management Policy and Guidelines states that the Corporation will "*Monitor its lands to ensure the prevention of illegal and unauthorized occupation and use*" *Where illegal and unauthorized occupation exists the Corporation will remove the offenders in accordance with Government guidelines"*. UDC provided a list of lands and building spaces measuring 314 million square feet (29.13 square kilometres); sections of which are occupied by squatters. However, UDC was unable to quantify the actual square footage of properties occupied by squatters.

6.23 UDC indicated that it has *"a system in place to manage, contain and prevent further squatting on its lands. This is managed by the Corporate Security Department of the UDC through the employment of Rangers, Environmental Protection Officers and Security Guards."*

6.24 As shown in **Table 25**, of the 314 million square feet of land and building spaces, 313 million square feet (99.97 per cent) are investment properties earmarked for future development. Further, the other 58,000 and 43,000 square feet of vacant land and derelict buildings respectively are located in the parish of Kingston.

Table 25 Acreage of UDC owned properties - sections of which are affected by squatting

Property	LAND AREA			Percentage
	Area (sq. ft.)	Acres	Metric (Sq. m.)	Area (sq. ft.)
Vacant Land	57,529.31	1.32	5,345	0.02%
Derelict Buildings	43,421.79	1.00	4,034	0.01%
Investment Properties	313,425,158.93	7,195.25	29,118,341	99.97%
	313,526,110.03	**7,197.57**	**29,127,720**	**100.00%**

SOURCE: AuGD analysis of information provided by UDC

Part Seven Legal, Regulatory and Other Issues

UDC Owes $145.7 Million in Statutory Deductions

7.1 We found that UDC cash flow situation resulted in the Corporation failing to fulfil its statutory obligation to Tax Administration Jamaica (TAJ) and other statutory bodies. In its 2011-12 unaudited financial statements, UDC first declared that it had outstanding statutory obligations for NIS, NHT, Education Tax, HEART and Income Tax amounting to $106 Million as at March 2012. Since then, UDC month-end financial statements, as at June 2012, showed that the outstanding statutory obligations increased to $145.7 million **(Table 26).**

Table 26 Schedule of Outstanding Statutory Deductions

Months	NIS	NHT	ED. TAX	HEART	Income Tax	Total
November-11	-	-	3,597,147	-	13,712,550	17,309,697
December-11	-	-	4,440,646	2,855,773	14,145,457	21,441,876
January-12	-	-	3,675,482	2,341,053	14,842,673	20,859,208
February-12	-	-	3,201,945	2,061,883	11,915,751	17,179,579
March-12	-	-	3,274,739	2,100,093	11,531,992	16,906,824
April-12	1,681,091	3,625,246	3,444,021	2,207,326	13,389,197	24,346,881
May-12	1,797,186	4,133,978	3,921,339	2,513,019	15,264,581	27,630,103
Total	**3,478,277**	**7,759,224**	**25,555,319**	**14,079,147**	**94,802,201**	**145,674,168**

SOURCE: AuGD compilation of information provided by UDC

UDC Pays Board Fees to Members who were absent from Board Meetings

7.2 UDC paid fees to board members for meetings they did not attend, in breach of the MOF Circular number No. 1, Ref No. 11358[IV], dated January 15, 2007. Our test checks revealed 53 instances, between April 2010 and October 2011, whereby 17 members received board fees totalling $458,000 for meetings, which they did not attend **(Table 27)**.

Table 27 Board fees paid to board members absent from meeting between April 2010 and October 2011

Director	No. of Meetings did not attend	Amount Paid Per Meeting ($)	Total ($)
Director 1	4	8,500	34,000
Director 2	5	8,500	42,500
Director 3	3	8,500	25,500
Director 4	6	8,500	51,000
Director 5	6	8,500	51,000
Director 6	3	8,500	25,500
Director 7	5	8,500	42,500
Director 8	4	8,500	34,000
Director 9	3	8,500	25,500
Director 10	3	8,500	25,500
Director 11	1	8,500	8,500
Director 12	2	8,500	17,000
Director 13	2	8,500	17,000
Director 14	2	8,500	17,000
Director 15	1	8,500	8,500
Director 16	2	8,500	17,000
Director 17	1	16,000	16,000
	53		**458,000.00**

SOURCE: AuGD compilation of information provided by UDC

UDC Issued Unapproved Petrol Vouchers to Employees

7.3 UDC issued to staff members over $90 million worth of petroleum product vouchers within the five-year period, April 2007 to July 2012 **(Table 28)**. UDC failed to present evidence of Board approval and/or the MOF's ratification of the payment of this employee benefit. We observed that senior contract staff members are among those who are in receipt of the benefit, as part of their contractual arrangement. We were not able to ascertain the basis on which other category of staff members received the benefit, as UDC does not have in place a formal policy governing the issuing of the vouchers.

7.4 UDC issues the vouchers monthly, in addition to the payment of regular motor vehicle upkeep and mileage allowances. Twenty vouchers, totalling $12,200, are included in one booklet, each valuing $610. This employee benefit was not subject to statutory deductions which is a breach of Section 5(c) of the Income Tax Act.

Table 28 Value of petroleum product vouchers issued between April 2007 and July 2012

	April - July 2012	2011-12	2010-11	2009-10	2008-09	2007-08
	($)	($)	($)	($)	($)	($)
April	1,817,800	1,793,400	1,460,950	1,237,848	1,176,400.00	879,360
May	1,777,540	1,822,070	1,388,970	1,353,720	1,188,800.00	963,620
June	1,767,780	1,830,610	1,401,780	1,329,240	1,121,600.00	988,145
July	1,708,000	1,799,500	1,421,910	1,292,520	1,151,600.00	1,128,210
August	0	1,819,630	1,461,560	1,244,400	1,121,600.00	1,007,220
September	0	1,910,520	1,494,500	1,297,440	1,126,400.00	1,121,125
October	0	2,102,060	1,542,690	1,281,000	1,138,800.00	996,320
November	0	1,959,320	1,505,480	1,647,000	1,114,000.00	1,029,020
December	0	1,936,140	1,488,400	1,195,600	1,230,853.00	996,320
January	0	1,876,970	1,547,570	1,564,650	1,284,360.00	1,164,000
February	0	1,845,250	1,652,490	1,024,800	1,500,600.00	1,164,000
March	0	1,817,800	1,652,490	1,145,580	1,577,100.00	1,176,400
	7,071,120	**22,513,270**	**18,018,790**	**15,613,798**	**14,732,113.00**	**12,613,740**
Grand Total:	**90,562,831**					

SOURCE: AuGD compilation of information provided by UDC

7.5 As a public body, UDC is subject to the directions of the provisions of the Public Bodies Management and Accountability (PBMA) Act. Section 20 of the PBMA Act requires that in relation to emoluments the Board shall act in accordance with such guidelines as are issued from time to time by the Minister responsible for the public service.

Appendices

Appendix 1 UDC Subsidiaries Gain/Loss April 2009 to March 2012

	% Holdings	Interest As at March 2011	Principal Activity	2007-08 Audited F/S GAIN/ (LOSS)	2008-09 Audited F/S GAIN/(LOSS)	2009-10 Audited F/S GAIN/(LOSS)	2010-11 Unaudited F/S GAIN/(LOSS)	2011-12 Exp. Report GAIN/(LOSS)
Subsidiaries								
Montego Bay Convention Centre	100	-	Real Estates Owners	-	-	-	-	(180,745,658.10)
Montego Freeport Ltd	82	5,985,000	Property Owners and Managers	284,327,000	361,798,000	88,617,000	(58,335,000)	(5,932,067.00)
Runaway Bay Water Company Limited	100	21,000	Supply water	2,030,176	(11,814,000)	20,981,000	32,906,000	32,300,500.89
Ocho Rios Commercial Centre	100	3,547,000	Leasing of Commercial properties	373,000	22,051,000	4,817,000		2,295,979.05
Caymanas Development Company Ltd.	100	1,000	Operation of golf course and management agricultural and horticultural projects	(18,479,294)	(30,47,767)	(94,948,567)	(44,541,941)	(32,209,895.65)
Independence park Limited	100	-	Managers of the National Stadium					
Joint Ventures								
Seaside at Rose Hall Development Limited	60	321,189,000	Acquire, develop and sell lands at Rose Hall, St. James					
Ackendown Newtown Development	37	-	Hotel operators, builders, developers, lessors					

	% Holdings	Interest As at March 2011	Principal Activity	2007-08 Audited F/S GAIN/ (LOSS)	2008-09 Audited F/S GAIN/(LOSS)	2009-10 Audited F/S GAIN/(LOSS)	2010-11 Unaudited F/S GAIN/(LOSS)	2011-12 Exp. Report GAIN/(LOSS)
Company Limited								
Associates								
Portmore Commercial Development Company Limited	50	65,923,000	Operation of shopping and Commercial Centre					
Central Wastewater Treatment Company Limited	35	-	Collecting, treating and disposing of sewerage and wastewater.					
Bloody Bay Hotel Development Company	50	43,840,000	Hotel managers, developers, lessors					
SADCO Managed[18]	1	-	Acquire and hold lands in and adjoining the waterfront area of Ocho Rios	219,557,818[19]	145,747,421	363,898,677		396,530,470.84
Net Gain/Loss								

[18] Dunn's River Falls and Park; Ocho Rios Water Front; Ocho Rios Craft Park; Pineapple Place Craft Market; Turtle Towers- Apt. 48B; Apt. 21C; Laughing Waters; Roaring River Estate; Fisherman's Point Apt 64; Sandcastles-Apt 28B and B7; Undeveloped Lands; Reach Falls and Attractions; Sandcastles-Apt E8 and E25; Landscaping; Green Grotto Cave and Attractions Department; Shaw Park North (Turtle River Park) and Tuck Shop; Ocho Rios Bay Beach

[19] Restated

Appendix 2 Downtown Kingston Development Projects

Project name	Objective	Project Description	Period	Budgeted	Source of funding	Remarks
Car park Dev Prog	To develop car park facilities	To carry out analysis of areas	April2011- Oct 2011	2,000,000	UDC/Planning	Work in progress
Downtown Kgn housing prog	To develop plan, policy financial for renovation	Assess each community to determined regeneration strategies	Jan 2010- Dec 2011	39,000,000	UDC/Planning	Work in progress
Downtown Kgn Yard and Lane	Renovate, replace or add to existing communities	Pilot project to be undertaken in south side and western side of the city	Jan 2010 – June 2011	50,000,000	UDC specially funded	Work in progress
Craft Market Renovation	To reroof and renovate existing Craft Market	Removal of asbestos to commence	April 2010- Aug 2012	69,470,000	UDC Planning/Treasury	Work in progress
Simon Bolivar Cultural Centre	Seek to re-establish the Parade area of downtown Kgn	Total renovation of the existing multi-storey bldg.	July 09- Aug 2011	266,381,000	UDC/Venezuela	Stalled Amt expended 31.1.12
Downtown Kgn & Port Royal Development guidelines	To develop guidelines to ensure adherence of approved urban design	To ensure guidelines established to ensure conformity to plan	July 2010 – June 2011	2,855,000	UDC/Planning	Completed
Downtown Kgn Port Royal City Mgmt Plan	To create framework ensuring high quality of life for its citizens	UDC and KSAC will prepare a Mgmt plan	July 2010- June 2011	2,855,000	UDC/Planning	Completed
Construction of Digicel's Regional Headquarters	To promote Downtown Kgn as a viable business centre.	A new high rise office complex will be constructed on the western car park lands purchased by Digicel	Mar 2010- Apr 2012	-	Financed by Digicel	Completed
Retrofitting of UDC's Building Downtown Kingston.	To modernize and make efficient the existing building	Replacing windows ,painting etc	Sept 2010- Nov 2011	65,360,000	UDC Planning	Project deferred to f/y 12/13
Downtown Kgn Housing Prog. Tivoli Gdns (Rasta City)	To provide alternative housing solution.	To develop 100 starter homes as pilot project	Jan 2011- June 2012	114,500,000	UDC specially funded	Not Implemented
Machado Complex	To retrofit the existing	Retrofitting the existing into	Jan 2009- Dec 2012	15,000,000	UDC/Planning /Treasury	Abandoned

Project name	Objective	Project Description	Period	Budgeted	Source of funding	Remarks
	building to accommodate UDC offices	modern offices				
Waterproofing of Orange St. car park	To eliminate water seepage into the building after rainfall	Carrying out engineering assessment of the structure	July 2010-April 2011	27,556,000	UDC Treasury	Deferred
Up Park Camps Lands	To develop a plan to integrate lands at JDF into the Kgn Redevelopment plan	JDF is planning to un required lands to UDC	Jun 2009 – June 2011	41,393,000	UDC/Treasury	Abandoned
Commissioners of Police Lands	To develop plans to utilize lands for residential use.	To improve housing development in the Triangle	June 2009-June 2011	6,655,000	UDC Planning/Treasury	Abandoned
Water Commission Lands at Marescaux Rd	Develop a plan to integrate NWC lands into Kgn Redevelopment Plan	Acquisition of lands to facilitate Cross Roads into the programme	Sep-09-Jun-11	2,605,000	UDC Planning/Treasury	Abandoned
Victoria Pier Building and Seawall Rehabilitation	To determine structural integrity	To undertake investigation re structural integrity	Apr 2011-Nov 2011	12,000,000	UDC Planning/Treasury	Deferred
Festival Market Place Dev Plan	To develop a commercial, recreational centre	Lands nearby to be developed	Jul 2009-Mar 2011	4,000,000	UDC Planning	Not Implemented
Food Bazaar	To add facilities for the periodic staging of food bazaar	Lands between West st. and Ocean Blvd will be used	April 2010-Aug 2012	4,000,000	Tourism Enhancement Fund	Not Implemented
Coronation Market Renovation	Start with renovation of the existing building	Renovate the existing Coronation Market	Feb 2010-Jan 2011	174,917,000	UDC/KSAC and private funding	Completed
Heywood St widening and Commercial subdivision	Contain street vending in the market place	Complete the widening of Heywood street	April 2010-Sept 2011		UDC Planning	Not Implemented
Northern Mall Shops Development	Create a covered arcade for small shops	Reorganise the remaining open market	Sept 2010-Oct 2012	67,635,000	UDC Planning	Deferred
Garvey Mall Development	Create a branded commercial development	Extend New Chapel Lane southward to darling st.	Sept 2010-Aug 2011	32,212,000	UDC Planning	Deferred
Block 2/6	To enable	UDC decided to	Feb 2011-	9,975,000	UDC Treasury	Not

Project name	Objective	Project Description	Period	Budgeted	Source of funding	Remarks
	operation of units within the strata dev.	divest this building	Jan 2014			Implemented
Renovation of JAMINTEL Bldg.	To provide relocation for Govt. offices	Develop a brief & employ team of consultants	Jan 2011- Jan 2013	3,000,000	UDC Planning	Not Implemented
Office Centre Northern Car Park	Provide permanent car park for the Office Centre	To provide 840 car parks on 4 levels	Jan 2011- Aug 2012	64,344,000	UDC Planning	Not Implemented
Urban Commercial Centre	To provide commercial services	Mall to Transportation to be develop	Oct 2011- Sept 2012	2,000,000	Divestment to be considered	Not Implemented
Ministry of Foreign Affairs & Foreign Trades offices	Provide a new headquarters for the ministry.	Plan and manage the implementation of a bldg	Apr 2008- May 2012	3,922,000	Agency project	Not Implemented
Area 4 Police Headquarters	To relocate JCF with a new technologically advanced centre	The new bldg will be a multi storey	36 months	6,000,000	UDC Planning	Not Implemented
				579,745,000		

Appendix 3 Projects slated for implementation for the in 2011-12 deferred to 2012-13

	Projects	Description	Budgeted $000
1	Office Centre Bldg(external painting replacing of windows	Painting of external surface and masonry works	65,360,000
2	Albert George Market	This project was designed to take over the lease of the facility and to transform it into a cultural cost centre	32,897,000
3	Dunn's River Central Gardens	The plan called for the recreation of a focal point that would serve to enhance the fall	27,000,000
4	Dunn's River Logo Shop	The shop will provide a retail outlet where Dunn's River brand item will be sold	29,325,000
5	Dunn's River public rest rooms renovations	To provide facility of sufficient quantity and international standard to satisfy the visitor capacity	9,775,000
6	Dunn's River Stairs alignment	To provide alignment of the mid-level to beach level	27,500,000
7	Dunn's River Ticketing	To streamline POS for the facility as well as an admission and control system	18,825,000
8	Dunn's River breakaway (emergency works)	Emergency works are required for sections along the falls where land slippage occurs	3,124,000
9	Portocol House repairs lot 2	To solve the erosion of the embankment to stabilized the area	6,750,000
10	Upgrade of sewer system for Seafort Sub-station and FT Clarence	Completion of sewer trunk mains and lift station in the community	47,381,000
11	Catherine Hall Entertainment Complex – Sewage collection system	The project is to collect and dispose of the sewage from the facility into the municipal system	29,450,000
12	Ocho Rios Commercial Centre – Electrical upgrade	The state of the existing cables and entry equipment is below standard to conducive to maintain safety to lives and property	5,000,000
13	Downtown Transport Centre	For the continued dev of lives and property	71,148,000
14	Hellshire Treatment Plant Extension	Project being done to facilitate NHT development	110,000,000
15	Success Sewage Treatment Plant	This project is to provide a sewage treatment facility to the Success Development	6,000,000
			489,535,000

Appendix 4 Comparison of budget and actual expenditure of social intervention projects

No.	Name of Project/Name of Person/Organization	Description	Start Date	Completion Date	Budget ($)	Expenditure ($)	Variance ($)	%
1	Fairy Hill Community Centre (Portland)	Refurbish community centre	Mar-07	Dec-08	7,881,855.52	9,160,327.28	- 1,278,471.76	-16%
2	Mount Providence Basic School (Clarendon)	Rehabilitate basic school	Mar-08	Sep-09	10,573,668.90	11,460,676.29	- 887,007.39	-8%
3	257 Spanish Town Road Zinc Fence Removal (St. Andrew)	Remove zinc fence and construct block wall	Jun-07	Jun-09	8,448,560.00	10,743,641.41	- 2,295,081.41	-27%
4	Grass Yard Open Market (St. Catherine)	Repair Grass Yard Open Market	Jun-09	Feb-10	18,262,101.01	19,550,081.63	- 1,287,980.62	-7%
5	Phillipsfield Cultural Centre (St. Thomas)	Construct community centre, including auditorium. Install bathroom facilities	Nov-08	Jul-09	13,222,169.05	17,810,567.70	- 4,588,398.65	-35%
6	Spaulding Market (Clarendon)	Refurbishing of Spaulding Market	Jun-07	Jan-10	20,369,301.74	21,089,914.96	- 720,613.22	-4%
7	Upgrading of Dover Community Centre Playfield (St. Catherine)	Upgrading of playfield	Mar-08	Jul-09	6,912,607.64	8,167,695.66	- 1,255,088.02	-18%
11	Christopher Road Basic School Blockwall Fence (St. Andrew)	Construction of block wall fence	Oct. 2008	Sep-10	1,180,225.00	1,445,653.00	- 265,428.00	-22%
14	Denham Town Mini-Park (St. Andrew)	Re-construction of park inclusive of fencing & murals on walls	June. 2009	Dec-09	2,891,893.00	3,837,034.35	- 945,141.35	-33%

16	Denham Town Zinc Fence Removal (Phase 2) (Kingston)	To remove zinc fence and replace with blockwall	July. 2011	Jan-12	13,306,140.00	13,551,711.00	- 245,571.00	-2%
18	Lyndhurst Methodist Basic School (St. Andrew)	Refurbish basic school including timber roof, doors and painting of walls, electrical repairs	Aug-10	Oct-10	1,530,825.00	1,555,558.00	- 24,733.00	-2%
19	Top Hill Community Centre (Manchester)	Construct community centre, postal agency and training facilities	Jun-09	Mar-10	9,472,025.00	9,512,718.44	- 40,693.44	0%
23	Fisheries Car Park (Kingston)	Construction of car parking lot	May-10	Sep-10	27,578,261.00	33,520,284.00	- 5,942,023.00	-22%
25	Hellshire Glades 2 Cul-De-Sac (St.Catherine)	Extension of 2 cul-de-sac to facilitate turning of garbage truck.	March - 2011	Apr-11	1,173,922.00	1,188,770.18	- 14,848.18	-1%
26	Herb McKinley Statue Base (National Stadium)	Construction of statue base for Herb McKinley statue	Nov. 2009	Dec-09	600,000.00	1,063,285.00	- 463,285.00	-77%
30	Transportation Centre Bus Park (Kingston)	Completion of transportation centre including erecting Police Post, temporary offices and bathroom facilities	Dec-10	Feb-11	36,233,453.00	38,727,667.00	- 2,494,214.00	-7%
39	Edward Seaga Sports Complex (Kingston)	Construction of public bathroom facilities & VIP Stands and upgrading of existing football field.	Jul-10	Work in progress	30,247,500.00	33,400,000.00	- 3,152,500.00	-10%
							-25,901,078.04	

Appendix 5 UDC Chronically Incomplete Projects as at March 31, 2012

Description	Expenditure to March 12, 2012	Location	Project Start Date	Description of Project	Projected Financial Requirement
Catherine Hall Cultural Centre	89,123,925.95	Montego Bay	1993	Development of a comprehensive Entertainment complex in Mobay-Upgrade of the sewerage system	12,000,000
Caymanas Main Road Upgrading	6,380,304.54	Caymanas, St. Catherine	1989/90	Project 70 % Complete, awaiting Costing of final phase	Not provided
Cave Hill Roads and Drains	-	Hellshire, St. Catherine	1976	Part of the Hellshire Heights Infrastructure development program. The sewage system connection is the last part of this project.	10,350,000.00
Development Projects Port Maria	19,620,715.00	Port Maria, St. Mary	2007	Road repairs upgrading cricket playfield etc.	Not Provided
Fairy Hill Sites and Services	23,892,596.17	Fairy Hill, Portland	1977	Creation of residential lots for squatters - Installation of light and Rehabilitation of Roads before handing over	20,300,000
Hellshire Development: Seafort Subdivision, Hellshire Heights (2), Cave Hill Estate Sewer	11,070,168.65	Hellshire, St. Catherine	1976	Large Project concentrating on the Hellshire area including Seaforth Sewerage, Hellshire Heights and Cave Hill Estate Sewerage	180,000,000
Lilliput Housing Scheme Road Rehabilitation	268,322,512.51	Montego Bay	1977	Squatter sub-division	Not Provided
May Pen Hospital	1,073,758,967.80	May Pen	1992	Phase 1 build a 150-bed hospital. Phase 2 Reinstate existing hospital to a nursing home	500,000

Description	Expenditure to March 12, 2012	Location	Project Start Date	Description of Project	Projected Financial Requirement
Oracabessa	15,308,099.76	Oracabessa, St. Mary	1973	Implementation of a deep water pier	Not Provided
West Kingston Market	25,116,041.24				104,400,000
					327,550,000

Appendix 6 SADCo Managed Operations - Operating Profit/Loss Results for the Years 2007-12

SADCO Managed	Total 2007-12	2011-12 Profit and Loss GAIN/(LOSS)	2010-11 Profit and Loss GAIN/(LOSS)	2009-10 Profit and Loss GAIN/(LOSS)	2008-09 Profit and Loss GAIN/(LOSS)	2007-08 Profit and Loss GAIN/(LOSS	2006-07 Profit and Loss GAIN/(LOSS
Dunn's River	1,835,408,394	518,553,017.90	370,884,619	457,709,443	285,650,934	346,131,896	375,031,502
Ocho Rios Water Front	-19,987,754.87	-19,987,754.87	Not Provided	Not Provided	Not Provided	Not Provided	Not Provided
Ocho Rios Craft Park	-16,809,772.72	-2,005,601.72	-1,321,294	-4,448,095	-2,199,091	-4,980,504	-1,855,187
Pineapple Place Craft Market	-17,541,013.24	-4,775,784.24	-3,810,617	-2,308,313	-1,527,084	-3,320,246	-1,798,969
Turtle Towers- Apt. 48B	-5,714,080.08	-1,839,828.08	-1,524,847	-851,647	-664,941	-428,037	-404,780
Laughing Waters	-93,860,771.61	-22,828,520.61	-19,491,909	-15,491,893	-13,114,429	-12,347,521	-10,586,499
Roaring River Estate	-112,681,732.94	-18,465,193.94	-20,997,360	-9,472,350	-24,559,759	-23,268,618	-15,918,452
Turtle Towers- Apt. 21C	-650,739.84	-564,430.32	-86,309.52	Not Provided	Not Provided	Not Provided	Not Provided
Fisherman's Point Apt 64	-5,262,396.84	-213,636.84	-483,443	-1,462,589	-1,171,241	-1,003,224	-928,263
Sandcastles-Apt 28B	-3,402,606.77	-166,017.77	-552,657	-593,427	-628,950	-655,843	-805,712
Sandcastles-Apt. B7	-1,685,696.90	-191,247.90	-235,997	-265,008	-322,221	-307,150	-364,073
Undeveloped Lands	-7,598,339.09	-387,054.09	-1,970,405	-5,240,880	Not Provided	Not Provided	Not Provided
Reach Falls	-28,693,810.95	-100,639.95	-	-56,915	-11,412,153	-15,028,577	-2,095,526
Sandcastles-Apt E8	-1,751,841.63	-370,131.63	-669,106	-712,604	Not Provided	Not Provided	Not Provided
Sandcastles-Apt E25	-161,012.17	-159,971.17	-1,041	Not Provided	Not Provided	Not Provided	Not Provided
Landscaping Department	-64,260,820.36	-25,591,098.36	-22,892,311	-15,777,411	Not Provided	Not Provided	Not Provided
Green Grotto Cave and Attractions	-76,221,213.49	-6,090,497.49	-16,902,909	-6,975,002	-20,094,969	-16,726,015	-9,431,821
Shaw Park North (Turtle River)	-127,006,907.02	-19,478,659.02	-19,132,575	-15,684,744	-29,864,638	-22,982,556	-19,863,735
Ocho Rios Bay Beach	-92,213,443.00	Not Provided	-23,173,645	-19,055,532	-24,432,362	-18,748,751	-6,803,153
Accumulated Losses	**- 675,503,953.52**	**- 123,216,068.00**	**- 133,246,425.52**	**- 98,396,410.00**	**- 129,991,838.00**	**-119,797,042**	**-70,856,170.00**

Appendix 7 All Risk Property Self Insurance

All Risk Property	Sum Insured	Annual Premium
Dunns River St Anns (Picnic shelters, changing rooms, guard stations, snack shops, storeroom, first aid room, lunch room, locker, beach house, bathroom, staff facilities)	50,821,839.70	514,825.24
Victoria Pier Building; Ocean Blvd	32,411,250.00	328,325.96
Fort Clarence Beach Complex Hellshire	10,254,980.00	103,882.95
Building Occupied At Two Sisters Cave	387,000.00	3,920.31
Ten Workshops Situated At Hellshire Park Estate	10,534,802.98	106,717.55
Walter Fletcher Beach, Montego Bay	9,169,664.00	92,888.70
Ocho Rios Craft Park	5,056,800.00	51,225.38
Pineapple Place Craft Market	9,391,274.16	95,133.61
Bridgeport Neighbourhood Service Centre	8,304,281.10	84,122.37
Caymanas Estates	76,691,467.20	776,884.56
Building, Hellshire Park Estate	17,555,330.48	177,835.50
Pechon Street - Two Buildings Housing Seven Shops	17,979,903.90	182,136.43
Building Situated At 35 West Parade	16,494,778.40	167,092.11
Eleven Individual Vendor Shops At Bluefield Beach Park	6,665,000.00	67,516.45
Building At Rae Town Lift Station	601,997.76	6,098.24
Half Moon Bay Pumping Station	3,010,000.00	30,491.30
Montego Freeport Jetty	1,806,000.00	18,294.78
Cardiff Hall (Runaway Bay):	13,000,000.00	131,690.00
Blocks 2 & 6 Ocean Blvd Kingston	510,384.00	5,170.19
Caymanas Estate, St. Catherine.	13,465,500.00	136,405.52
Contents At Dunns River:	2,050,000.00	20,766.50
Sandcastles (Apartment B7)	150,000.00	1,519.50
Sandcastles (Apartment 28b)	250,000.00	2,532.50
Sandcastles (Apartment A4)	200,000.00	2,026.00
Turtle Beach Towers (Apartment 48b)	4,577,000.00	46,365.01
Cardiff Hall , Runaway Bay	2,500,000.00	25,325.00
Ocho Rios Waterfront Office	80,000.00	810.40
Sadco Main Office	1,445,888.00	14,646.85
Caymanas Estate, St. Catherine	73,140,000.00	740,908.20
Buildings Temple Lane Kingston	563,806,110.00	5,711,355.89

<u>**All Risk Property**</u>	**Sum Insured**	**Annual Premium**
J.C.C. Multi-Storey Car Park	617,654,408.00	6,256,839.15
Building At Fern Grove Ocho Rios	3,225,000.00	32,669.25
Six Private Dwelling Units At Hellshire	5,375,000.00	54,448.75
Furniture Therein	48,000.00	486.24
Roaring River Estate - Office Building	1,986,600.00	20,124.26
Roaring River - Great House	36,240,376.67	367,115.02
Farm Managers Residence	5,441,184.00	55,119.19
Contents	374,400.00	3,792.67
Miscellaneous Property	11,483,572.00	116,328.58
Laughing Waters Contents Contained Threin	2,380,560.00	24,115.07
Contents Contain Threin	2,340,000.00	23,704.20
Beach Bar & Grill Water Sports Bld Seacastle, Rose Hall	1,075,000.00	10,889.75
Contents Of Bed Room At Fishermans Port	312,000.00	3,160.56
Bridgeview Shop Constructed Of Reinforced Concrete	874,104.00	8,854.67
Malvern Park :- Single Storey, Dwelling House	13,119,082.00	132,896.30
Bridgeview Daycare Constructed Of Reinforced Concrete	3,178,560.00	32,198.81
Total	**1,657,419,098.35**	**16,789,655.47**

Appendix 8 Leased Premises with expired Agreements

	Type of Tenants	Address of Properties	Location	Area Leased	Title Reference		Lease Duration		Term of Lease
					Volume	Folio	Date Commenced	Date Expired	
1	Non-Gov.	Shop 8a	Block 4	453 sq.ft.	1062	902	1-Dec-08	30-Nov-11	3 yrs
2	Non-Gov.	Shop 12	Block 4	809 sq.ft.	1062	902	1-Dec-08	30-Nov-11	3 yrs
3	Non-Gov.	Shop13-15	Block 4	2,402 sq.ft.	1062	902	1-Apr-06	31-Mar-16	10 yrs
4	Non-Gov.	Shop 16	Block 4	745 sq.ft.	1062	902	1-Mar-09	28-Feb-12	3 yrs
5	Non-Gov.	Shop 20	Block 4	2,742.02 sq.ft.	1062	902	1-Feb-08	31-Jan-11	3 yrs
6	Non-Gov.	Shop 37, 63-64, Office 13&15	Block 2/6	12,212.00 sq.ft.	1128	656 & 657	1-Nov-07	31-Oct-10	3 yrs
7	Non-Gov.	Shop 43	Block 2/6	863.00 sq.ft	1128	656	1-Dec-08	30-Nov-11	3 yrs
8	Non-Gov.	Shop 2	Seabed Arcade	345.00 sq.ft			1-Apr-08	31-Mar-11	3 yrs
9	Non-Gov.	Shop 7	Seabed Arcade	543.68			15-Sep-00	14-Sep-03	3 yrs
10	Non-Gov.	Shop 9	Seabed Arcade	561.00 sq.ft			1-Mar-07	28-Feb-10	3 yrs
11	Non-Gov.	Shop 10	Seabed Arcade	561.00 sq.ft.			1-Mar-08	28-Feb-09	1 yr
12	Non-Gov.	Shop 11	Seabed Arcade	385.00 sq.ft.				31-Mar-08	
13	Non-Gov.	Shop 12	Seabed Arcade	355.00 sq.ft.			1-Mar-07	28-Feb-10	3 yrs
14	Non-Gov.	Shop 2	Temple Lane Car Park	181.00 sq.ft.				30-Apr-08	
15	Non-Gov.	Breezy Castle	Kingston – Miscellaneous				1-Jan-06	31-Dec-10	5 Yrs
16	Non-Gov.	10 and 12 Port Royal Street	Kingston – Miscellaneous	22,900.00 sq.ft.				31-Oct-08	Quarterly billing
17	Non-Gov.	1 Port Royal Street	Kingston – Miscellaneous	8,000.00 sq.ft.				31-Oct-09	
18	Non-Gov.	82 Beeston Street	Kingston – Miscellaneous	1,378.00 sq.ft.	218	93		28-Feb-09	
19	Non-Gov.	14-34 Harbour Street	Kingston – Miscellaneous	181,283.00 sq.ft.			1-Jan-06	31-Dec-10	5 Yrs
20	Non-Gov.	23 Beckford Stret	Kingston - Miscellaneous	854.02 sq.ft				31-Mar-07	

	Type of Tenants	Address of Properties	Location	Area Leased	Title Reference		Lease Duration		Term of Lease
					Volume	Folio	Date Commenced	Date Expired	
21	Non-Gov.	Things Jamaica Building	Montego Bay		1127	603	1-May-09	30-Apr-09	1 yr
22	Non-Gov.	Caymanas Model Unit	Lot 1 Caymanas Estate					31-Mar-10	1 yr
23	Non-Gov.	Mount Edgecombe	Bluefields						10 yrs
24	Gov.	Shop 1	Block 4	1143.03 sq.ft.	1062	902	1-Dec-08	30-Nov-11	3 yrs
25	Gov.	1st Floor North	Block 4	3,476 sq.ft	1062	902	1-Dec-08	30-Nov-11	3 yrs
26	Gov.	pt. 1st Floor	Block 4	5,325.40 sq.ft.	1062	902	1-Dec-08	30-Nov-11	3 yrs
27	Gov.	pt. 1st Floor	Block 4	4,790 sq.ft	1062	902	1-Dec-08	30-Nov-11	3 yrs
28	Gov.	pt. 1st Floor	Block 4	5,146.13sq.ft	1062	902	1-Dec-08	30-Nov-11	3 yrs
29	Gov.	pt.1st Floor	Block 4	5,132.76 sq.ft.	1062	902	1-Dec-08	30-Nov-11	3 yrs
30	Gov.	Pt. 1st Floor	Block 4	6,983.64 sq.ft.	1062	902	1-Apr-09	31-Mar-12	3 yrs
31	Gov.	3rd Floor & Pt. 4th	Block 4	13,408 sq.ft.	1062	902	1-Apr-09	31-Mar-12	3yrs
32	Gov.	Pt. 4th Floor	Block 4	1,868.94 sq.ft.	1062	902	1-Dec-08	30-Nov-11	3 yrs
33	Gov.	Pt. 4th Floor	Block 4	548 sq.ft	1062	902	1-Dec-08	30-Nov-11	3 yrs
34	Gov.	Pt. 5th Floor	Block 4	4717.98 sq.ft.	1062	902	1-Apr-09	31-Mar-12	3 yrs
35	Gov.	Pt. 5th Floor	Block 4	7,865.79 sq.ft.	1062	902	1-Dec-08	30-Nov-11	3 yrs
36	Gov.	Pt. 6th Floor	Block 4	5,150.89 sq.ft.	1062	902	1-Jan-09	31-Dec-12	3 yrs
37	Gov.	Pt. 6th Floor	Block 4	7,433 sq.ft.	1062	902	1-Apr-09	31-Mar-12	3 yrs
38	Gov.	Pt. 10th Floor	Block 4	12,583.93 sq.ft.	1062	902	1-Apr-09	31-Mar-12	3 yrs

	Type of Tenants	Address of Properties	Location	Area Leased	Title Reference		Lease Duration		Term of Lease	
					Volume	Folio	Date Commenced	Date Expired		
39	Gov.	11th Floor	Block 4	12,583.93 sq.ft.	1062	902	1-Dec-08	30-Nov-11	3 yrs	
40	Gov.	Grnd. Floor	Block 3	2,720.00 sq.ft.			1-Apr-08	31-Mar-11	3yrs	
41	Gov.	Grnd. Floor, 1st & 4th - 9th Floors	Oceana Complex	96,201.18 sq.ft.			1-Dec-07	30-Nov-10		
42	Gov.	Shop 68	Block 2/6	15,117.00 sq.ft	1128	661	1-Aug-09	31-Jul-12	3 yrs	
43	Gov.	Shop 60 - 62	Block 2/6	3,306.00 sq.ft	1128	656	1-Dec-09	30-Nov-12	3 yrs	
44	Gov.						1-Jan-06	31-Dec-11	5yrs	
45	Gov.	Rodney Memorial Building	Emancipation Square, Spanish Town	226.61 sq.ft.			1-Apr-10	31-Mar-11	1 yr	