

Forensic Audit and Review

Property Holdings Incorporated

Period 1999/10/05
to 2015/05/31

Charles Sugrim, CPA
August 24th, 2015

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August 24th, 2015

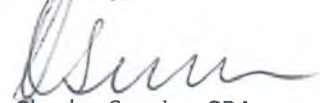
Mr. Nirmal Rekha
The Finance Secretary
Ministry of Finance
Main & Urquhart Streets
Georgetown

Re: Forensic Audit and Review of the Operations of Property Holding Incorporation (PHI)

Dear Mr. Rekha,

As per the agreement of July 10th, 2015 between the Finance Secretary, Ministry of Finance and Charles Sugrim to undertake the forensic audit and review of Property Holding Incorporation, I am pleased to submit the final report of the task undertaken.

Sincerely,



Charles Sugrim, CPA
Consultant/Auditor.

C: Honourable Winston Jordon, MP
Minister of Finance

Honourable Jaipaul Sharma, MP
Minister within the Ministry of Finance

Marcia Nadir-Sharma, LLB, LEC, LLM
Chairman- PHI

Executive Summary

On July 7th, 2015 the forensic audit of the accounts of Property Holding Incorporated (PHI) commenced. The audit covers the period from October 5th, 1999 through June 30th, 2015. Emphasis is placed on the following:

1. Properties vested to PHI on Order No. 36 of 1999
2. Method of sale of properties vested
3. Investigate the process used to dispose of properties
4. Trace receipt of sales proceeds
5. Test expenses of PHI
6. Trace the distribution of cash from sales
7. Analyze bank statements and test bank reconciliation
8. Evaluate the Corporate culture in the execution of its functions
9. Test accounting system to ensure adherence to sound accounting practice
10. Analyze board minutes
11. Observe the operation of the company
12. Trace court matters of the company
13. Trace minority interest shareholders

The investigation revealed that properties disposed of were done in a manner that seeks to maximize sales proceeds on behalf of the shareholders. Properties sold were either by public tenders and/or through professional valuation.

For properties sold through public tenders, the procedures for public tenders were followed. The system employed in the process of public tender was as follows:

1. Tender forms were prepared and sold to anyone in the public domain
2. Advertisements were placed in the national newspaper clearly stating the property for sale and place, date, and time of the close of tenders
3. Interested parties were given access to the property advertised for sale
4. Interested parties were allowed to witness the opening of the bids
5. Generally the building was sold to the highest bidder
6. The Board of Directors of PHI and NICIL/Privatization Unit (PU) approve the sale
7. Document prepared for Cabinet approval of sale
8. The contract for sale was executed between the bidder and PHI. A deposit of 10% of the bid price was paid at execution of the contract
9. PHI prepared the order paper to be signed by the President for the transfer of the property to the buyer
10. Buyer pays the balance of the bid price before the sale is published in the gazette

For properties that were occupied by tenants, the process was different from the public tender. In these instances, the tenants were given the first option to purchase the property at the most recent valuation

price from professional valuation firms/individuals. On acceptance of the professional valuation, the following process occurred:

1. The Board of Directors of PHI and the Privatization Unit (PU) approve sale
2. Document prepared for Cabinet approval of sale
3. A deposit of 10% of the bid price is paid on the signing of the sale contract.
4. PHI prepared the order paper to be signed by the President for the transfer of property to the buyer.
5. Buyer pays the balance of the bid price before the sale is published in the gazette

Some of the properties were transferred to NICIL at the professional valuation price. All of the sales to NICIL were approved by Cabinet and the Order paper signed by either the President or the Minister of Finance.

Accounting Convention:

In 2003, the company changed its accounting policy in respect to the treatment of assets transferred from Guyana Stores Limited under Vesting Order No. 36 of 1999. Prior to 2003, PHI accounted for these properties transferred in accordance with IAS 16 Property, Plant and Equipment. The accounting policy was changed to reflect the requirements of IAS 40 Investment Properties.

Management response:

In 1999, the properties were transferred from GSL to PHI at book value, with one property being partially revalued, such that the assets of PHI were equivalent to G\$100M to match the share capital of GSL. GSL subsequently declared a dividend in specie, by paying the shares as a dividend to each GSL shareholder, in accordance with their shareholding in GSL. The result thereafter was that GSL and PHI were separated, and each shareholder of GSL owned an exact number of shares in PHI.

This change was correctly made by management, as these properties were held for sale and/or rental and not for use in regular trade.

Receipt of proceeds of sale:

Proceeds of sales were deposited into the Privatization account at the Bank of Guyana, NICIL account at Republic bank, and PHI accounts at Republic bank. All of the proceeds of sale were deposited into these accounts.

Expenses:

Investigation revealed that all of the expenses incurred by PHI were legitimate business expense. The major expenses were capital gains tax to GRA, Property tax, Insurance premium, professional valuation, rates & taxes, and transfer fees. Details of expenses are reflected in Appendix 1.

Dividends:

Over the period, PHI paid dividends totaling \$528,000,000. Of this amount, NICIL received 73.188%, while the minority shareholders received 26.812%. Actual amounts paid were as follows:

Date	Dividends Paid	NICIL/Government Of Guyana	Minority Shareholders
12/28/2000	40,000,000	29,332,954	10,667,046
5/2/2001	80,000,000	58,550,778	21,449,222
2001	30,000,000	21,956,542	8,043,458
6/1/2005	100,000,000	73,188,473	26,811,527
4/29/2008	228,000,000	166,869,718	61,130,282
11/6/2009	50,000,000	36,594,236	13,405,764
Total	528,000,000	386,492,701	141,507,299

Corporate governance:

The investigation revealed that PHI management made professional business decisions. **However, the management of the finance of the company was unsatisfactory.** The company lost net interest income of more than \$10,000,000 over the period December 2003 through November 2010.

Management response:

It is submitted that the state of finance management is a management style/discretion and judgment. Recognition and acknowledgement must be given to the fact that no law or accounting standard was breached in the period identified.

Auditor's comment:

While it is acknowledged that no accounting standard was breached in placing a company's fund into a non-interest bearing account, it is imperative to understand that one cardinal principal function of management is to maximize the return of the shareholders. The fact that tens of millions of dollars were kept in a non-interest bearing account for a number of years does not lend support to that principle.

Bank Balances:

As at May 18th, 2015 the balances were as follows:

Checking Account # 653-765-8	\$ 0
BCM Account # 487-238-8	\$140,923,225.63

The following escrow accounts were opened and closed:

Date opened	Account #	Bank	Details	Amount deposited	Date Closed	Transferred to	Type of AC
03/14/97	486-189-4	NBIC	10% deposit- 13 Bel Air Gardens	3,111,000	12/10/99	Guyana Stores Ltd.	Interest bearing
5/22/97	486-190-2	NBIC	10% deposit – 12 Bel Air Gardens	3,610,200	6/29/98	Refund to Dr. Hari	Interest bearing
01/12/01	401-086-4	Demerara Bank	10% deposit – 12 Bel Air Gardens	2,200,000	01/31/01	Acc. # 650-146-4	Non-interest
11/20/00	401-071-6	Demerara Bank	10% deposit – 1 Bel Air Gardens.	3,150,000	12/27/00	Refunded to Glen Lall	Non-interest
11/24/00	401-070-8	Demerara Bank	10% deposit – 3 Bel Air Gardens.	3,401,000	2/16/01	PU A/c # 3179 and A/c # 650-146-4 (details page 11)	Non-Interest

Court matters:

PHI entered into leasing contracts with some of the properties under their control. The lease gave the option of the lessee the right to purchase the property at the market value after a fixed term. The lessee failed to execute the purchase option. The pending matters are before the courts. The company's attorney is Cameron & Shepherd.

Summary of sale:

	Property	Sale price	Interest	Gross	Expenses	Net Gain	Transfer to Acct.
1	Lot 13 BAG	31,110,000	602,206	31,712,206	829,462	30,872,744	653-765-8
2	Lot 16 BAG	37,653,980	-----	37,653,980	6,800,207	30,853,000	653-765-8
3	Lot 3 BAG	34,010,000	-----	34,010,000	867,815	33,015,659 126,526	3179 650-146-4
4	Lot 12 BAG	22,000,000	271,677	22,271,677	288,020	21,711,980 271,677	650-146-4 GSL
5	Lot 43 BAG	27,331,000	-----	27,331,000	394,346	26,936,654	3179
6	1 Public Road	55,000,000	-----	55,000,000	1,375,000	53,625,000	653-765-8
7	Lot 1 BAG	30,000,000					3179
8	43-44 Water Street	105,000,000	-----	105,000,000	4,685,623	100,314,377	653-765-8
9	Tract A Young Street	13,225,000	-----	13,225,000	-----	13,225,000	653-765-8
10	49-52 Water Street	215,000,000	-----	139,750,000	4,857,877	134,892,123	487-748-6
11	Kara Kara Linden	96,000,000	-----	96,000,000	-----	96,000,000	487-748-6
12	Lot 18 Lamaha St.	35,000,000	-----	35,000,000	-----	35,000,000	487-748-6
13	Lot 304/305 East Street	39,200,000	-----	39,200,000	-----	39,200,000	487-748-6
14	Lot 16-18 Lombard St.	42,820,000	-----	42,820,000	-----	42,820,000	487-748-6
15	Lot 3 Golden Grove	9,600,000	-----	9,600,000	-----	9,600,000	487-748-6
16	Lot A8 Water Street	66,500,000	-----	66,500,000	2,843,962	63,656,038	487-238-8
	Total	859,449,980	873,883	755,073,863	22,942,312	732,120,778	

Minority Shareholding:

There are more than 1,500 minority shareholders with an ownership of 26.182% of the shares of Guyana Stores Limited. On the formation of PHI, the shareholders continue to hold the same percentage of shares in the new entity. Some of the largest minority shareholders are National Insurance Scheme with 10 million shares, Hand-in-Hand Trust Corporation with 1.3 million shares and Secure International Finance with 1 million shares. Attached in appendix 20 is the list of the minority shareholders.

Issues and Recommendations:

1. The cash management of the entity was poorly managed. Escrow accounts were not interest bearing in three (3) of the five (5) cases found. Large balances were kept in the checking account from December 2003 to December 2010. This resulted in lost interest of approximately \$13,600,000 and lost withholding taxes to the Government of approximately \$2,700,000.

It is recommended that the entity be more prudent in its cash management. As of December 2010, this recommendation was implemented.

Management response:

This issue and recommendation is similar to Corporate Governance in 1 above. While it is recorded that the recommendation made by you was already implemented in December 2010 and it is acknowledged that better cash management could have been achieved if the objective was to keep funds. NICIL's management, which performed the administrative functions of PHI (at no cost to PHI), has indicated the following:

1. *The ability to transfer funds required Board consideration which it did not control during most of this period;*
2. *The general objectives were to pay excess funds out as interim dividends as quickly as possible. There was little need to keep much cash for expenses which were relatively nominal and paid in the normal course of business. Placing funds on deposit implied that the company would need the funds or could better invest the funds than the shareholder, neither of which is true. The following reasons are posited for the 10% deposits held on escrow in 3 of 5 cases of bank accounts.*
 1. *Funds placed on deposit in a BCM, would forfeit or lose the interest, if broken before maturity. During the sale of a property, escrow accounts (in which the 10% deposit were made) are intended to be a temporary facility lasting not more than a couple of months based on the Agreements of Sale. The real value of interest earned would not have been significant if assessed/reported according to when accounts are opened and closed.*
 2. *Interest revenue gained from 10% deposits held on escrow would result in double gains for the vendor at the expense of the purchaser who would not have had ownership transferred to them at yet.*

Auditor's comment:

The large cash balance in the non-interest bearing account was evidenced from December 2003 to September 2010. BCM accounts are not fixed deposit accounts, and while the interest is generally earned on the minimum balance of the

account for each quarter; management did not maximize the benefit of its cash deposits.

The interest earned on the two (2) escrow accounts were retained by Guyana Stores Limited and was not set off against the buyer's bid price. The two escrow accounts were kept for longer period than normal. Subsequently, all other escrow accounts were closed within a very short period of time, indicating that the sale was completed within a reasonable time.

2. In order to save cost for PHI, a decision was taken by the board of PHI to execute current valuation of properties before public tenders were advertised. This has not happened in numerous cases. PHI relied on the bid price as the source of current valuation.

It is recommended that the current valuation of each property be obtained before any tender is advertised.

Management response:

The recommendation is a standard practice of PHI's management despite the suggestion or implication that this is not the case. The audit report does not record if any sales occurred without a valuation prior to tender. It is submitted that PHI conducted valuations in 1995 and later in 1999. Thereafter it was the general practice to conduct valuations prior to sale, save and except, a couple of instances when the valuations were conducted after the process but prior to the completion of a sale.

Based on the high cost of valuations, which were generally tied to the value, regular valuations were not cost effective. Further, the various boards recognized that valuations were not market valuations in the strict sense, as valuers did not have much information on appropriate comparables. The Privatisation Board felt that the compelling factor was what a willing buyer and willing seller would buy and sell at based on a competitive process. Given that this was carried out for the most part, the fairness of the price was best determined this way. The Privatisation Board also felt that previous valuations were often quite different among different valuers, and in some cases the discrepancies in quantum were quite large. Further, the methods used by the valuers were likely an adjusted replacement value rather than a strict market value. As such, Board members used the market bids, previous valuations, and their judgement in determining whether to recommend a sale.

3. PHI did not consider re-tendering of properties when the highest bidder withdrew. In some cases there were prior bids for the same property at a higher price.

Management response:

The decision to select the second highest bidder did not and does not rest with PHI but with Cabinet on advice of the Privatisation Board.

It is recommended that PHI exercise more caution in offering the property to the 2nd highest bidder. Consideration should be given to re-tender the property when the highest bidder withdraws.

Management response:

No bidder has a binding commitment or bid bond, until a contract is executed. As such, h the Bel Air Gardens, bidders were bidding on many of these properties, but not with the intention to buy all of those being bid on but rather with the intention of being awarded one property. Weighing the cost of advertisement and tender and the bureaucracy and time consideration of a tender process, if the bid price of the highest remaining bidder (which is in effect the highest willing buyer) is higher than the valuation, then in cases with the BAG properties, the board and cabinet would approve the sale). The key consideration was time and cost of a retender versus securing a price in a transparent manner. This approach was also allowed under the privatisation policy.

4. There was one instance where the difference in price between the highest bidder and the 2nd highest bidder was \$146 million. The highest bidder withdrew, and the property was offered to the 2nd highest bidder.

It is strongly recommended that whenever a similar situation recurs, Management should re-advertise the property stating a minimum acceptable offer price.

Management response:

While the recommendation is noted recognition must be given to the following considerations namely:

- *The bids received are not a true indication of market value especially when the highest bidder withdraws from the process;*
- *There are instances where the second highest bidder is still significantly higher than the conducted valuation;*

- *There is no guarantee that on re-advertising the value of either the highest or second highest bid will be achieved.*

Such a strict application does not take into consideration the tradeoffs. In fact, bidders are less likely to participate in a second round of tendering. In some cases, prices were negotiated upwards. The concept of the tender is to ensure transparency and the last effective standing tenderer is still transparent after the other bidders have withdrawn. Reasons for withdrawal could be a belief that there was overbidding or a belief that the value of the property is less or that the bid was simply speculative.

5. There was an instance where the property was offered to the 3rd highest bidder when the two (2) highest bidders withdrew their bids. The difference between the highest bid and sale price was \$61 million. The tendered bid price was reduced in the final sale price.

It is recommended that this practice cease immediately. If this recurs, the property should be re-tendered to the public.

Management response:

In this particular instance while the disparity between the highest bidders was notable consideration must be given to the fact that the third highest bid was \$54M more than the current market valuation which resulted in a substantial payout to the shareholders. The comparison between this known profits compared to the risk of no guarantee that another tender process would have yield similar or better results is a management issue. Much depends on the facts of the matter; the members of the Privatisation Board were a mix of private and public persons. As long as the valuation is less, then this is sufficient reason to proceed with the transaction. Transparency is still preserved. From experience, the market price is the highest price a willing buyer will pay. Until the offer is the subject of a contract and the bidder is obligated to complete the transaction (via a deposit or a bid bond or blacklisting), a bid alone is not sufficient to confirm that this is the market price. In rare cases, a bid bond was used, to ensure that only serious bidders were in the market. This however, adds to the cost of tendering and some persons may not submit a bid.

6. Proceeds of final sales were deposited in accounts of PHI, NICIL, and PU.

It is recommended that all proceeds from sale of properties be deposited only into PHI accounts.

Management response:

This is the current PHI practice. So while this is desirable, it is not necessarily wrong as various reasons can be advanced as to why PU would hold funds, pending conclusion of a transaction. In earlier years the account monies were deposited was often determined by the availability of a Board of Directors and/or signatories to accounts and since PHI is managed using NICIL resources if a PHI signatory was not available it may have been expedient to deposit into NICIL/PU accounts. However, all funds are audited and accounted for. In some cases, PU is the agent and is authorized to hold the funds.

Report:

Property Holding Incorporation (PHI) was registered as a company under the Companies Act 1991 on 5th October, 1999 by Guyana Stores Limited (GSL) as a wholly owned subsidiary (Appendix 1). After PHI formation, twenty one (21) properties with a nominal value of One hundred million dollars (G\$100 million) were vested to it by GSL. These 21 properties were not used in GSL core business activities. The properties vested were gazette in The Official Gazette on 13th October, 1999 Legal Supplement – B. Order No. 36 of 1999, made under The Public Corporation Act 1988 give effect to the transfer of the said properties. See Appendix 2.

These properties are:

1. Lots numbered 43 (forty-three) and 44 (forty-four) in that part of Georgetown called Robbstown in the County of Demerara, Guyana as laid down and defined on a plan or chart of Robbstown, made by Sworn Land Surveyor, William Heyley, dated the 1st day of June, 1864, and deposited in the office of the Registrar on 27th day of August, 1864, with all the buildings and erections thereon, as described in transport No. 1537/1951.
2. Firstly,
Lots numbered 18 (eighteen) Lombard Street, Werk-en-Rust, in the City of Georgetown, in the County of Demerara, the said lot being laid down and defined on a plan by H.O. Durham, Sworn Land Surveyor, dated 28th July 1925, and deposited in the Deeds Registry on 28th August 1925, with the building and erections thereon, as described in Transport No. 425/1981.

Secondly,
Lot numbered South Half of 19 (nineteen) Werk-en-Rust, in the City of Georgetown, in the County of Demerara, the said South Half of lot 19 being laid down and defined on a plan by H.O. Durham, Sworn Land Surveyor, dated 28th July 1925, and deposited in the Deeds Registry on 28th August 1925, with the buildings and erections thereon, as described in Transport No. 425/1981.
3. East half of lot numbered 27 (twenty-seven) in South Cummingsburg District, in the city of Georgetown, County of Demerara, Guyana, with the building and erections thereon as described in Transport No. 554/1992.
4. Lot numbered 304 (three hundred and four) and south half of lot numbered 305 (three hundred and five) situate in Cummingsburg District, in the City of Georgetown, in the County of Demerara, Guyana, with all the buildings and erections thereon as described in Transport No. 286/1956.
5. Tract 'Z' being a portion of the East half of Mud lots numbered A 13 and 14 South Cummingsburg District, in the City of Georgetown, County of Demerara, Guyana the said lots

now shown and defined on a plan by D.C.S. Moses, Sworn Land Surveyor, dated 20th day of November, 1943 and deposited in the Deeds Registry, Georgetown, on the 27th day of November, 1951. The said Tract 'Z' is defined on a plan by J.E. Rutherford, dated 1999-10-09 and recorded as DLS Plan No. 29382, with all the buildings and erections thereon.

6. Lots numbered 205 (two hundred and five), 206 (two hundred and six), 207 (two hundred and seven) situate in North Cummingsburg District, in the City of Georgetown, in the County of Demerara, Guyana, with the buildings and erections thereon, as described in Transport No. 1529/1951.
7. South half of lot numbered A8 (A-eight), Water Street, South Cummingsburg, in the City of Georgetown in the County of Demerara, Guyana, as shown on a plan by W. Heyley, Town Superintendent of Georgetown, deposited in the Deeds Registry at Georgetown on 15th day of June 1868 and as redefined on a plan by D.C.S. Moses, Sworn Land Surveyor, dated 20th December, 1941 and deposited in the Deeds Registry aforesaid on 21st day of January, 1942, with the buildings and erections thereon, as described in Transport No. 314/1990.
8. Lot numbered 18 (eighteen) situate in the Queenstown District, in the City of Georgetown, in the County of Demerara, Guyana, with the building and erections thereon, as described in Transport No. 2905/1970.
9. East half of lot numbered 109 (one hundred and nine) situate in the Kingston District, in the City of Georgetown, in the County of Demerara, Guyana with all the buildings and erections thereon, as described in Transport No. 1536/1951.
10. Zone E.B.D. Block XXX Parcels 1864 and 1865 comprising 3605.49 and 3682.95 sq. ft. part of Plantation Ruimveldt, Georgetown, Demerara, described in Certificate of Title No. 85/556.
11. Lots 248 (two hundred and forty-eight) 250 (two hundred and fifty) and 252 (two hundred and fifty-two) being portions of Section 'K' part of parcel 'A' part of Lot No 43 or Retrieve in the Town of Linden, situate on both banks of the Demerara River, in the Republic of Guyana, with the building and erections thereon as more fully described in Transport No. 1300/1980.
12. East half of the south two-thirds of west three-fourths of lot numbered 3 (three) Section A, Golden Grove, in the Grove-Haslington Local Government District, situate on the east sea coast of the County of Demerara, Guyana, the said lot being shown on a diagram by A.J. Alcorn, Sworn Land Surveyor, dated 28th November, 1873, and deposited in the Deeds Registry at Georgetown on 23rd December, 1874, with the buildings and erections thereon as described in Transport No. 524/1985.

13. All that piece or parcel of land situate in the Town of New Amsterdam, shown and delineated as Mud Lot numbered 9 (nine), on a plan by L.S. Hohenkerk, Government Surveyor, dated the 21st day of May, 1902, and deposited in the Office of the Registrar at New Amsterdam on 11th day of June, 1903, with all the buildings, wharf railing, hardwood railing and further appurtenances thereon and thereto belonging as described in Transport No. 1222/1995.
14. All that piece or parcel of land part of Mud lot 8 (eight), Smythtown, New Amsterdam, Berbice, Guyana, and the said lot 8 (eight) being defined on a plan by L.S. Hohenkerk, Government Surveyor, dated 21st day of May, 1902, and deposited in the Deeds Registry at new Amsterdam on 11th day of June, 1903, and also now shown on a plan by D.C.S. Moses, Sworn Land Surveyor and recorded in the department of Lands and Mines on 6th day of February, 1954, the said piece or parcel of land having an area of 0.8 of an acre and being shown and described as "a" and bordered in pink on a plan of mud lots 7 (seven), 8 (eight) and 9 (nine), Smythtown, New Amsterdam, Berbice, by R.A. Wilkins, Sworn Land Surveyor, dated the 24th day of June, 1957, and deposited in the Deeds Registry on 17th day of August, 1957, as described in Transport No. 747/1957.
15. All that piece or parcel of land known as lot "N" containing an area of .3179 of an acre part of the front lands of Plantation Lima situate west of the public road on the west sea coast of the County of Essequibo, Guyana, formerly known as Plantation Hope, the said piece of land being shown as lot "N" on a plan by H.R. Ramsagar, Sworn Land Surveyor, dated 30th June, 1964 and deposited in the Deeds Registry at Georgetown on 29th day of January, 1965, with the buildings thereon, as described in Transport No. 746/1965.
16. Area "B" being a part of the front lands of Plantation Lima formerly known as Plantation Hope, *cum annexis* situate on the west coast of the County of Essequibo, Guyana, the said Area "B" containing an area of .1131 of an acre and being shown shaded in pink on a plan by Harnandan Singh, Sworn land Surveyor, dated 9th November, 1968 and deposited in the Deeds Registry at Georgetown on 22nd day of June, 1969 no building thereon as described in Transport No. 3277/1969.
17. A piece of land known as "Bel Air Gardens" having an area of 24.1 acres and being part of the front lands of the former Plantation Blygezight, *cum annexis* situate in the City of Georgetown in the County of Demerara, Republic of Guyana, the said piece of land being defined on a plan by J. Phang, Sworn land Surveyor dated 17th day of September, 1952 deposited in the Deeds Registry, Georgetown on the 12th day of February, 1953 with all the buildings and erections thereon but SAVE AND EXCEPT the following lots and buildings and erections thereon sold and transported to other parties, namely lots 2, 4, 5 to 11 (inclusive) the said lots being defined on a plan by the same Surveyor dated 10th day of June, 1959 deposited in the Deeds Registry on the 20th day of August, 1959 but with all easements, rights of way, rights of drainage and all other rights,

stipulations, reservations, conditions and covenants attached to the said piece of land hereby transported.

18. Area E being a portion of Block "G" and Area "F" being a portion of all that piece or parcel of land being that part of the front lands of Plantation La Penitence, *cum annexis*, situate on the East Bank of the Demerara River, in the County of Demerara, Guyana, the said piece or parcel of land being laid down and defined on a plan by Oscar Man-Son-Hing, P.A.S.I. Sworn Land Surveyor, dated 29th February, 1931 the said Area "E" and Area "F" are shown on a plan by O. D. Singh, Sworn Land Surveyor, dated 20th day of May, 1997, with the building and erections thereon.
19. "Sub-lots lettered B" being parts of lots numbered 49, 50, 51, and 52 Water Street, situate in Robbstown District, in the City of Georgetown, County of Demerara, Guyana, the said sub-lots containing areas of 0.406, 0.394, 0.383, and 0.372 of an acre respectively, and being defined on a plan by I. S. Mohamed, Sworn Land Surveyor, dated the 20th day of May 1967, and deposited in the Deeds Registry of Guyana on the 1st day of September, 1967 with the buildings and erections thereon.

Opening Financial Statement:

The Balance Sheet in Appendix 3 reflects the opening Income Statement and Balance Sheet of PHI.

The following properties were sold at as June 30th, 2015:

Sold in 1999

1. Lot 13 Bel Air Gardens (part of item 17 of Order 36 of 1999)

Bids were received from the following:

Name of Bidder	Amount
Dhanraj Singh	\$31,110,000
National Hardware	\$29,600,000
Parmananda Ramkumar	\$29,001,000
Rajvic Enterprises	\$22,000,000
Sase Shewnarain	\$21,000,000

The highest bidder was Dhanraj Singh of 11 Zeeburg North, West Coast Demerara.

Bid price \$31,110,000

No valuation was done by Guyana Stores Limited prior to this sale. It was reported that a valuation was done by Romesh Budhram International in 1995. There was no valuation report available to substantiate this claim

Cabinet approved sale as indicated by letter of March 14, 1997 to the successful bidder.

10% deposit of \$3,110,000 received by the Privatization Unit (PU) in 1997 and deposited into an escrow account at the National Bank of Industry and Commerce Limited (NBIC).

On December 6th, 1999 Guyana Stores Limited (GSL) received Demerara Bank Limited (DBL) cheque # 010774 in the amount of \$2,990,000 and Citizens Bank (Guyana) Limited (CBL) cheque # 016385 for \$25,000,000.

The escrow account at NBIC earned interest in the amount of \$602,206.

All cash for this sale was retained by the PU, as Property Holding Limited did not come into existence until May 5th, 1999.

Management response:

All properties of GSL had at least one valuation and in most cases more than one. The information was held by GSL or PU. However, given that the transaction dates back over 15 years, PU cannot be held to have acted improperly. It is likely that with substantially more time and resources, the relevant details could be found. It should also be noted that all transactions were reviewed/audited by the Auditor General.

Receipt of proceeds

Date received	Date deposited	Amount	Method of pmt
05/22/1997	05/27/1997	\$ 3,111,000	Cheque
12/06/1999	12/08/1999	2,999,000	Cheque
12/06/1999	12/07/1999	25,000,000	Cheque
12/10/1999	Interest earned	602,206	Bank credit
	Total	\$31,712,206	

Disbursement of sales proceeds:

On December 29th, 1999 Guyana Stores remitted cheque # 038031994 in the amount of \$30,872,744 to Property Holding Inc. This amount represents net gains before taxes on the sale of this property.

The cheque was deposited into PHI Checking account # 653-765-8 on December 30th, 1999.

Appendix 4 refers.

2. Lot 16 Bel Air Gardens (part of item 17 of Order 36 of 1999)

This property was sold to Ian and Mary McDonald at the valuation price of \$36,153,980. This valuation was executed by Romesh Budhram (Int) Ltd in 1995. Included in the sale is an adjacent piece of land measuring 1,166 ft² valued at \$1,500,000. This piece of land was computed mathematically using the valuation price for the land housing the building. GSL board approved the sale in a letter to the PU on April 13th 1999. Total sum for sale \$37,653,980. See appendix 5.

Receipt of proceeds:

Date Received	Date deposited	Amount	Method of pmt
06/01/1999	06/06/1999	\$ 3,765,398	cheque
09/14/1999	09/15/1999	4,500,000	cheque
09/28/1999	09/30/1999	7,000,000	cheque
10/21/1999	10/23/1999	3,561,592	cheque
12/30/1999	12/30/1999	746,692	cheque
12/30/1999	12/30/1999	18,080,298	cheque
	Total	37,653,980	

Disbursement of proceeds:

On December 29th, 1999 Guyana Stores remitted cheque # 038031993 in the amount of \$30,853,773 to Property Holding Inc. This amount represents net gains before taxes on the sale of this property.

The cheque was deposited into PHI Checking account # 653-765-8 on December 30th, 1999.

Informational Note:

The combined total of these remittances from Guyana Stores amounted to \$61,726,517 (net proceeds from Lots 13 & 16 Bel Air Gardens) and was deposited in current account # 653-765-8 in the name of PHI

Sold in 2000

3. Lot 3 Bel Air Gardens (part of item 17 of Order 36 of 1999)

By letter dated July 9th 1997 from PU, two valuations of property were executed by Romesh Budhram International and D. Patterson in the amount of \$46,216,446 and \$61,600,000 respectively. Budhram measurement of property was 29,256 ft² and Patterson measurement was 24,147.5 ft². See appendix 6.

This property was first advertised for bidding in 1997. There is no record to support the list of persons who submitted bid on this property. However, by letter dated March 14th, 1997 Mr. Boyer bid of \$40,125,000 was accepted as the highest bidder. There is no document to establish why this sale did not materialize.

Subsequently, this property was re-tendered. The tenders were opened on Friday, October 20th, 2000 at 14.00 hours.

Bids were received from:

Name of Bidder	Bid Amount (\$)
RNK Investments Ltd	34,010,000
Dennis Rambaran	32,000,000
Glenn Lall	30,000,000
Tony Yassin	28,500,000
National Hardware (Guyana) Ltd	26,000,000
Dwarka Persaud	25,655,000
B.K. International Inc	25,000,000
Mr. & Mrs. Imran Inshan	15,100,000
Leon Rutherford	14,000,000
M. Phagoo	12,500,000
Naipaul Ramadar	12,100,000
Peter Parsatoon	12,000,000
Pritipaul Singh	10,000,000

PHI and PU board approved sale to RNK Investments Ltd--the highest bidder. This decision was ratified by Cabinet.

Informational Note:

The difference between the valuation price and the bid price varied by \$12,206,446 and \$27,590,000. The bid document did not establish a minimum price for this property, nor was any consideration given for re-tendering.

Receipt of proceeds:

Date Received	Date Deposited	Amount (\$)	Payment
11/20/2000	11/24/2000	3,401,000	Bank Draft
12/28/2000	12/29/2000	30,609,000	Bank Draft
	Total	34,010,000	

All of the closing cost for this property in the amount of \$867,165 was borne by PHI. This practice changed for the other properties, where the closing cost was shared equally between the buyer and PHI.

Disbursement of sales proceeds:

Registrar of Deeds	850,250
Rates & taxes	16,915
Transfer to Account # 3179	30,609,000
Transfer to Account # 3179	2,406,659
Transfer to Account # 650-146-4	126,526
Bank Charges	650
Total	34,010,000

The price received from this sale was \$6,115,000 less than the earlier bid from National Hardware.

Management response:

In keeping with PHI's mandate to dispose of properties for dividend payouts, re-tendering was not considered viable given to the fact that the highest bid price received was consistent with other bids received for other plots in the area (e.g. Lots 13, 16, 43 Bel Air Gardens).

4. Lot 12 Bel Air Gardens (part of item 17 of Order 36 of 1999)

On May 22, 1997, GSL entered into an agreement of sale with Dr. Hari Narayan Singh of 11 Bel Air Gardens to purchase the property for \$36,102,000. On May 22, 1997 a deposit of \$3,610,200 was received from the buyer.

The sale was rescinded by the purchaser. The interest earned on this account amounted to \$271,677. The interest earned was paid to GSL while the principal deposit of \$3,610,200 was refunded to the purchaser on June 29th, 1998.

The property was subsequently advertised for sale in a public tender. Tenders were opened on Friday October 20th, 2000

The valuation used for this sale was done on October 28th 1999 by D.A. Patterson in the amount of \$30,960,000.

Tenders were received from:

Name of bidder	Amount of Bid (\$)
Glenn Lall	24,500,000
Paul Rambarran (R & R International)	22,000,000
Tony Yassin	21,500,000
Leon Rutherford	16,000,000
Mr. & Mrs. Imran Inshan	12,100,000
Philip Baldeo	12,000,000
B.K. International Inc	10,000,000
Buyrite Trading	8,100,000
Doodnauth Sharma	3,000,000

Revocation of bid:

The highest bidder # 7 Glenn Lall revoked his bid.

The Boards of PHI and PU approved the sale initially to Glenn Lall. On his withdrawal, the PHI and PU board approved the sale to Paul Rambarran. Cabinet approved the sale to the next highest bidder R & R International in the bid amount of \$22,000,000

Receipt of funds:

Date received	Date deposited	Cash received (\$)	Method of pmt.
11/01/2000	11/01/2000	2,200,000	Cheque
01/11/2001	01/11/2001	19,800,000	Cheque
	Total	22,000,000	

These deposits were made in a non-bearing interest account # 401-086-4 at Demerara Bank.

Disbursement of sales proceeds:

Registrar fees	275,000
Rates & taxes	12,020
Bank Charges	1,000
Transferred to Account # 650-146-4	21,711,980
Total	22,000,000

The difference between the sale price and the valuation price was \$8,960,000. The difference between the final sale price and the initial submission from Dr. Hari Narayan Singh was \$14,102,000. There is no evidence that the Board discussed any re-tendering for this property.

Appendix 7 refers.

Management response:

Similar to the points raised in reference to Lot 3 Bel Air Gardens above, the decision to sell to the second highest bidder was reasonable given that there is guarantee that another tender would have yielded better results for the lot in question.

5. Lot 43 Bel Air Gardens (part of item 17 of Order 36 of 1999)

Public tender opened on Friday October 20th, 2000 at 14.00 hours. Tenders were received from:

Name of Bidder	Bid Amount (\$)
Mohabir Singh	35,490,000
Edward Armogan (US\$151,000)	27,331,000
B.K. International Inc	25,000,000
Claire & Anthony Pires	18,000,000
Peter Parsatoon	18,000,000

Valuation of the property was executed by D.A. Patterson on October 28th, 1999 in the amount of \$28,000,000

Revocation of bid:

Mohabir Singh withdrew his bid on November 30th, 2000.

PHI and PU boards approved the sale to the 2nd highest bidder. Cabinet also approved the sale for the bid price of \$27,331,000.

Receipt of proceeds:

Date received	Date deposited	Cash received (\$)	Method of pmt.
12/20/2000	12/20/2000	2,733,100	Cheque
12/29/2000	12/29/2000	24,597,900	Cheque
	Total	27,331,000	

Disbursement of proceeds:

Registrar fees	341,637
Rates & taxes	51,209

Transfer to Account # 3179	23,996,221
Transfer to Account # 3179	601,679
Transfer to Account # 3179	2,338,754
Bank Charges	1,500
Total	27,331,000

Appendix 8 refers.

6. 1 Public Road, La Penitence (Item 18 of Order 36 of 1999)

Date deposited	Amount
NICIL payment	53,625,000
Registrar fees	1,375,000
Total	55,000,000

The building was occupied by the Guyana Pharmaceutical Corporation (GPC) prior to the sale. Ownership of land and building was unclear. It was the considered opinion by GPC that the property was owned by the Corporation. The building was the property of PHI (as per Vesting Order 39 of 1999).

PHI and PU boards approved the sale to GPC at a valuation price of \$55,000,000. The sale was also approved by Cabinet on June 27th, 2000. No evidence of valuation is available.

This building was sold to the Guyana Pharmaceutical Corporation (GPC) in August 2000 for \$55,000,000.

Appendix 9 refers.

Sold in 2001

7. Lot 1 Bel Air Gardens (part of item 17 of Order 36 of 1999)

Public tenders were received from:

Name of bidder	Amount bid (\$)
Glenn Lall	31,500,000
Timur Mohamed	30,000,000
Mohabir Singh	28,690,000
Tony Yassin	28,500,000
Partick Pereira	26,000,000
Charles McAllister	20,200,000
B.K. International Inc	20,000,000
R. M. Hamilton	20,000,000
Edward A. Luckhoo	18,550,000
Kowsilia Persaud	18,500,000
Chet & Deborah Singh	16,300,000
Claire & Anthony Pires	15,600,000
Christopher & Patricia Callender	15,200,000
Mr. & Mrs. Imran Inshan	15,100,000

Philip Baldeo	15,000,000
Samharrat Lall	12,000,000
Leon Rutherford	10,000,000
Edward Armogan (US\$50,000)	9,050,000
Peter Parsatoon	9,000,000
Doodnauth Sharma	4,000,000

Valuation of property was executed by D.A. Patterson on October 28th, 1999 in the amount of \$45,760,000

Revocation of bid:

The highest bidder, Glenn Lall, withdrew his bid on December 7th, 2000. On December 27th, 2000 the 10% deposit on the property was refunded to the bidder. No interest was earned on this account.

PHI and PU boards approved the sale to the 2nd highest bidder after the highest bidder withdrew his bid. Cabinet also approved the sale to Timur Mohamed, for the bid price of \$30,000,000.

Receipt of proceeds:

Date received	Date deposited	Cash received (\$)	Method of pmt.
06/09/2001	06/09/2001	3,000,000	Cheque
07/12/2001	07/12/2001	27,000,000	Cheque
	Total	30,000,000	

On June 9th, 2001 payment was deposited into an account at the Bank of Guyana in Privatization Account # 3179.

The difference between the final selling price and the valuation price is \$15,760,000. There is no evidence that the Boards of PHI or PU considered re-tendering for this property.

Appendix 10 refers.

Management response:

No consideration was given to retendering based on similar points raised in Lot 3 Bel Air Gardens above, namely the sale price was in line with other bids received for other plots in the area

Sold in 2002

None

Sold in 2003

8. Lots 43-44 Water Street – Zinc Bond (Item 1 of Order 36 of 1999)

There was a public tender for this property which was closed on Friday March 28th, 2003 at 14.00 hours.

Tenders were received from:

Name	Bid amount (\$)
Hoon Sookraj	166,000,000
Savitrie Seodat	151,000,000
Janack D. Surujnauth & Malcolm Panday	135,000,000
Bonny Singh	99,000,000
Royal Auto Sales	90,500,000
Panorama Investments	80,500,000
Reeaz Trading Enterprises Ltd	70,500,000
Patrick Pereira	19,000,000

Valuation of property was executed by Rodrigues Architects Limited on July 9th, 2003 in the amount of \$80,505,000

Revocation of bids:

On March 28th, 2003, after the bids were opened, the highest bidder Hoon Sookraj withdrew his bid stating that his bid was on the incorrect property. He did not state which property he was bidding on. The zinc bond is very prominent on Water Street.

On April 27th, 2003, the 2nd highest bidder Savitrie Seodat withdrew her bid without giving any reason.

Bid offer:

With the revocation of bids from the 1st and 2nd highest bidder, the property was offered to the 3rd highest bidder, Malcolm Panday, for the bid price of \$135,000,000.

Malcolm Panday wrote the PU on August 26th, 2003 requesting a reduction of the bid price. He stated that the land size was 11,413 ft² and not 14,659 ft² as per schedule 1 of the agreement of sale and purchase.

Note: Schedule 1 of the agreement of sale and purchase has no measurement of the said property.

It was reported that the reference made by Panday on the measurement of the property may have originated through correspondences with PHI.

Rodrigues Architects Ltd reported by e-mail on Monday July 14th, 2003 based on an e-mail request from Winston Brassington on Sunday July 13th, 2003. He reported that the measurement of 11,413 ft² is based

on the internal measurement of the building which measured 101' x 113'. He stated that the market value given excludes any external land occupied by others (street vendors) and accordingly no adjustment of his valuation should be necessary.

On September 2nd, 2003, the PU wrote to His Excellency, President Bharrat Jagdeo and informed him of the incorrect information of measurement on the tender document. The PU recommends that the offer price be \$105,000,000. The amended sale price was approved by the PHI and the PU boards.

On September 16th, 2003 Cabinet approved the amended price of \$105,000,000.

Receipt of proceeds:

Date received	Date deposited	Amount (\$)	Method of pmt.
09/20/2003	09/22/2003	10,500,000	cheque
01/13/2004	01/14/2004	94,500,000	cheque
	Total	105,000,000	

The payments were deposited into NICIL account # 457-748-6.

Disbursement of sales proceeds:

Registrar fees	1,312,500
Rates and Taxes	2,323,123
Management fees – NICIL	1,050,000
Transfer to PHI Acc. # 653-765-8	100,314,377
Total	105,000,000

There was an excess of the difference between the final selling price and the valuation price of \$24,495,000.

Appendix 11 refers.

9. Tract A Young Street (Former GSL Sports Ground) - (Item 9 of Order 36 of 1999)

On May 7th, 2001 this facility was valued for \$457,225,000 by Rodrigues Architects Ltd. The valuation was broken down as follows:

Land valuation -	\$444,000,000
Building -	13,225,000

The British High Commission (BHC) showed interest in the property for the purpose of building a new High Commission. The boards of PHI and PU approved the sale to the BHC. Cabinet approved the sale. The record revealed that there was a series of correspondence between PHI and the BHC. Appendix 12 reflects the sequence of transaction. PHI was informed through press report that BHC was seeking other alternative properties.

Land was owned by the Government of Guyana. However, building was owned by PHI.

On December 15th, 2003 NICIL paid PHI \$13,225,000 for the buildings of the Sports club based on the valuation executed by Rodrigues Architects Ltd. This amount was deposited on December 15th, 2003 in PHI current account # 653-765-8.

Sold in 2004

10. Sub-lot A of Lots 49-52 Water Street (Access Road) – (Item 19 of Order 36 of 1999)

Valuation of property:

Date	Architect	Value (\$)
July 21 st , 1999	Rodrigues Architects Ltd	392,650,000
July 9 th , 2001	H B Curtis	457,028,906
July 12 th , 2001	D A Patterson	260,000,000
July, 2001	C R Marshall Associates	264,000,000
May 31 st , 2004	Rodrigues Architects Ltd	264,000,000
June 12 th , 2004	D A Patterson	215,000,000

The differences in valuation could not be explained. These valuations were done by professional valuation entities.

Tenders were opened on Friday March 26th, 2004. Tenders were received from:

Name	Bid Amount (\$)
Laparkan Holding Ltd	361,000,000
J P Santos & Co. Ltd	215,000,000
Regal Investment Inc	201,000,000
Reeaz Trading Ent. Ltd	175,500,000
Janack D. Surujnauth & Malcolm Panday	102,500,000

Revocation of bid:

On April 5th, 2004 Laparkan revoked their bid.

Acceptance of bid:

The boards of PHI and NICIL approved the sale to the 2nd highest bidder after Laparkan withdrawal of their bid. On July 22nd, 2004 Cabinet approved the sale to J P Santos & Co Ltd for the amount of \$215,000,000. The proceeds were split between PHI and Guyana National Shipping Corporation (GNSC) in a ratio of 65:35 based the Rodrigues Architects Ltd recommendation. The building was owned by PHI and the land owned by GNSC.

Receipt of proceeds:

Date received	Date deposited	Amount (\$)	Method of pmt.
8/11/2004	08/11/2004	21,500,000	cheque
1/13/2005	01/14/2005	193,500,000	cheque
	Total	215,000,000	

All of the deposits were made in NICIL account # 487-748-6. Of this amount \$139,750,000 was due to PHI and \$75,250,000 was due to Guyana National Shipping Co. On January 6th, 2006 payment of \$61,880,061 was made to PHI (this amount represents payment to minority shareholders).

On the withdrawal of the bid from the highest bidder, there was no attempt by the boards of PHI or NICIL to re-tender for the property.

The difference in price between the highest bidder and the final sale price was \$146,000,000.

Informational Notes:

On July 25th, 2003 Justice Roy ordered that the government compensate Toolsie Persaud Limited (TPL) the sum of \$260,000,000 for the acquisition TPL property at Sublot B of 49-52 Water Street. This was an adjacent property to the sold above. This was the valuation done by Patterson in the amount of \$260,000,000.

The disparity in price between the highest bidder and the award given to TPL seems to indicate that this property was sold below its market value.

Appendix 13 refers.

Management response:

Consideration must be given to the following points:

- ***The purchase price of Sub-lot A of Lots 49-52 Water Street was determined at tender.***
- ***The highest bidder withdrew and one can only speculate that if the highest bidder felt that its bid was a true representation of the land value then they should have completed the sale.***

• *Additionally, a Court award to TPL for adjoining land cannot be a basis for comparison since we do not know what factors the Court would have taken into consideration when it made the award/judgement.*

Notwithstanding these points, J.P. Santos' affiliate company, John Fernandes Ltd. was already in occupation (via rental) of the wharf adjoining the property for which GNSC was receiving a rent for. The synergies associated with selling this property to an established business and good corporate citizen like JP Santos translated into consolidated services rendered and employment.

Sold in 2005

None

Sold in 2006

None

Sold in 2007

11. Kara Kara, Linden (Item 11 of Order 36 of 1999)

A valuation was done by Rodrigues Architects Ltd on September 9th, 2004 in the amount of \$172,987,000.

This property was not sold because the Government made a decision to use the building for ICT development in Linden. A call center was established in the building.

Accordingly in 2007, the PHI and NICIL boards approved the sale to NICIL in the amount of \$96,000,000. Cabinet approved the sale.

The building is in good condition and is currently in use as a Call Center with a capacity of 200 seats. The Call Center is paying a monthly rent of \$118,000 to NICIL.

Appendix 14 refers.

Sold in 2008

12. Lot 18 Lamaha Street, Georgetown (Item 8 of Order 36 of 1999)

In January 2008, Cabinet mandated NICIL to renovate the property. The cost of the renovation was \$24 million and was paid by NICIL.

Based on Cabinet document dated May 15th, 2008 the Government Valuation Officer valued the property at \$35,000,000 prior to improvements.

Based on the computation of the renovation cost and the valuation, the property should have been valued at \$59,000,000.

However, with the cost of renovation incurred by NICIL, Cabinet approved the sale to NICIL on October 3rd, 2008 after board approval from PHI and NICIL at the pre renovation valuation of \$35,000,000 executed by Compton P. Outar on February 27th, 2008.

The building is in good condition and is used by the Government rent free. All expenses are paid by the government in lieu of rent.

Appendix 15 refers.

13. Lot 304/305 East Street (Item 4 of Order 36 of 1999)

This building housed the Doctors' quarter of the Ministry of Health (MOH). There is a Memorandum of Understanding between NICIL and the MOH on the use of this building for the Doctors' use. Appendix 16 refers.

NICIL derives no financial benefit in the arrangement with the MOH.

The property does not generate any income from this property.

On April 27th, 2008 Cabinet approved the transfer of this property to NICIL. This was effective by Order No. 48/2008.

The property was valued at \$39,200,000 by D.A. Patterson, Chief Valuation Officer on January 7th, 2003 and \$49,320,000 by Rodrigues Architects Ltd. on October 14th, 2003. No explanation on the disparity in valuation has been given.

The building is in good state of habitation.

Sold in 2009

14. Lot 16-18 Lombard Street (Item 2 of Order 36 of 1999)

Public tender for this property was opened on Friday May 3rd, 2001. No tenders were received.

A second public tender for this property was opened on Friday March 28th, 2003 at 14.00 hours. No tenders were received.

Valuation of property was executed by Rodrigues Architects Ltd on May 25th, 2004 in the amount of \$42,820,000.

Cabinet approved the transfer of this property to NICIL, and was effective by Order No. 35 of 2009.

The building is currently used by the High Courts of Guyana for storage. The rental income from this building is \$500,000 per month and is payable to NICIL. All operating expenses are paid by NICIL.

The building is in good state of habitation.

Appendix 17 refers.

Sold in 2010

None

Sold in 2011

None

Sold in 2012

None

Sold in 2013

None

Sold in 2014

15. Lot 3 Golden Grove (Item 12 of Order 36 of 1999)

Tenders were invited for this property. The tenders were opened on Friday, March 28th, 2003 at 14.00 hours.

Tenders were received from:

Name	Bid Amount (\$)
Kent Garment Factory	3,000,000
King Solomon Enterprises	3,100,000
Bonny Singh	2,000,000

Property was sold to NICIL in 2014 for \$9,600,000 at the valuation price executed by D.A. Patterson on October 28th, 1999.

On April 4th, 2003 the Community made representation to Government for use of the building. This was favourably considered and the sale was put on hold.

On January 9th, 2007 the Concerned Residence Action Group of Golden Grove/Nabaclis (TCRAG) entered into an arrangement with Government to lease the property. The group built a concrete structure on the property at their own expense for the Community Use.

There is no rental income or expenses incurred in the upkeep of this property.

Appendix 18 refers.

Sold in 2015

16. Lot A8 Water Street (Item 7 of Order 36 of 1999)

Dennis Dias, owner of Creations Craft was offered the 1st option to purchase this property by a Cabinet decision because he was the current tenant.

Valuation of \$28,776,600 was computed by Ramesh Budhram (Int) Ltd. In 1995.

Creation Craft responded on August 27th, 1997 with a counter offer of \$20,000,000. Claims made by Creation Craft were:

1. Building was condemned by GSL
2. Description of valuation as 3 storey was incorrect. The building was always classified as 2 storey.

On August 27th, 2001 PHI wrote Creations Craft instructing them to remit all rental payment to PHI and not to GSL.

On February 27th, 2003 PU wrote Rodrigues Architects Ltd seeking a new valuation report on said property.

On March 4th, 2003, Rodrigues Architects Ltd valued the property at \$16,100,000.

On July 19th, 2004 PHI sent a letter to Creations Craft informing the company that the Board approved an increase of their rent from \$25,000 per month to \$100,000 per month.

On July 29th, 2004 PHI requested valuation of property done by Dennis Patterson, Ministry of Finance.

On October 5th, 2007, Creations Craft paid rent of \$950,000 based on the original rent of \$25,000 per month.

In September 2013, Choo-Chee-Nam & Associates valued the property for \$66,500,000. The cost for the valuation was \$66,000.

On December 30th 2014, Cabinet approved the sale to Creations Craft for the amount of \$66,500,000, and NICIL/PU authorized to negotiate price no lower than \$60,000,000 plus VAT.

On January 23rd, 2015, PHI received a cheque from Creations Craft in the amount of \$6,650,000 representing 10% deposit of selling price of \$66,500,000.

On April 17th, 2015, the balance of \$59,850,000 was received by PHI, in addition to \$9,576,000 for VAT. These amounts are in current deposits in the account of PHI.

Receipt of proceeds:

Date received	Date deposited	Amount	Method
01/23/2015	01/23/2015	\$ 6,650,000	Cheque
01/23/2015	01/23/2015	1,064,000	Cheque
04/17/2015	04/17/2015	59,850,000	Cheque
04/17/2015	04/17/2015	9,576,000	Cheque
	Total	\$77,140,000	

At the date of the audit, the property was not transferred to the buyer.

Appendix 19 refers.

Properties still in the books of PHI

1. Lot A13 -14 South Cummingsburg, Georgetown (Item 5 of Order 36 of 1999)

Bid for this property was advertised in the national newspaper and was opened on Friday March 28th, 2003 at 14.00 hours.

Tenders received were:

Name	Bid Amount (\$)
Thermo Plastics Ltd	170,000,000
Bonny Singh	201,000,000
Kent Garment Factory	145,000,000

Sale discontinued due to court matters.

No sale was executed on this property.

- 2. Lot 8 Smythtown, New Amsterdam (Item 14 of Order 36 of 1999)**
- 3. Lot 9 New Amsterdam (Item 13 of Order 36 of 1999)**
- 4. Lot "N" Plantation Lima, Essequibo (Item 15 of Order 36 of 1999)**
- 5. Lot "B" Plantation Lima, Essequibo (Item 16 of Order 36 of 1999)**
- 6. Lots 205-207 North Cummingsburg (Item 6 of Order 36 of 1999)**
- 7. Lot 27 South Cummingsburg (Item 3 of Order 36 of 1999)**
- 8. 1864/1865 Festival City, Rumiveldt, Georgetown (Item 10 of Order 36 of 1999)**

Property Sold but No Title passed:

1. Lot A8 Water Street, Georgetown was sold to the occupant Creations Craft in 2015. Property was valued for \$66,500,000. All proceeds of sale has been received by PHI and deposited into the BCM account Republic Bank (Guyana) Ltd.

Court matters

1. PHI v Guyana Stores Ltd. [509-W/2004]

Several properties vested to PHI were occupied as part of the Privatization Agreement between NICIL, Royal Investments Inc. and Guyana Stores Ltd. These properties were rent free to Royal Investment inc. for a fixed timeline with the option to purchase and/or rent the properties after the stated period. Royal Investment Inc. trading under Guyana Stores Limited failed and/or refused the option to purchase the said properties. The company also refused to pay any commercial rent for the said properties.

PHI has commenced legal proceedings to recover possession of all properties as well as damages.

The properties under this agreement are:

- 1. Lot 27 South Cummingsburg, Georgetown**
- 2. Lots A13 and A14 South Cummingsburg, Georgetown**
- 3. Lot "N" Plantation Lima, Essequibo**
- 4. Lot "B" Plantation Lima, Essequibo**
- 5. Lot 9 New Amsterdam, Berbice**
- 6. Lot 8 Smythtown, New Amsterdam, Berbice**

