Sagicor

REAL ESTATE X FUND

ANNUAL REPORT 2022

ABOUT US

TOURISM PROPERTIES ►

OFFICE/RETAIL BUSINESS ►

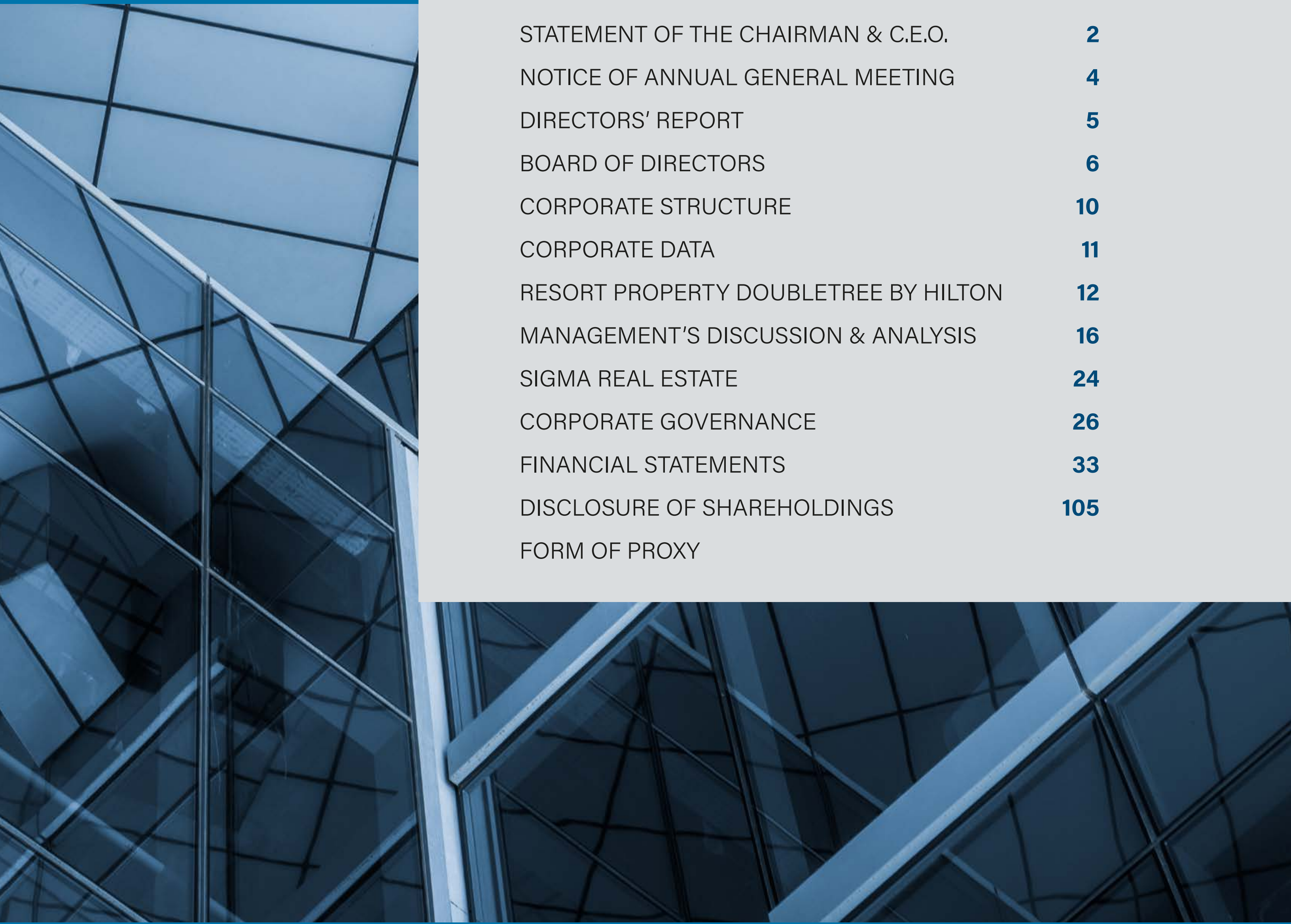
INDUSTRIAL PROPERTIES ►

DEVELOPMENT LAND ►

Sagicor Real Estate X Fund Limited ("X Fund" or "the Group"), a St. Lucian International Business Company and subsidiary of Sagicor Group Jamaica Limited (SJ), is the largest publicly traded real estate investment company in Jamaica on the Jamaica Stock Exchange ("JSE").

The Group maintains direct ownership of Double Tree Orlando by Hilton (DTO) at the Entrance to Universal Orlando in Florida, through its wholly owned subsidiary X Fund Properties LLC. X Fund also continues to maintain an investment in the Sigma Real Estate Portfolio, which provides exposure to commercial real estate located across Jamaica. Post Playa, the Group intends to reposition itself with investments in a broader range of real estate assets with good growth prospects in the medium term.

TABLE OF CONTENTS



STATEMENT OF THE CHAIRMAN & C.E.O.

Photo top
Vinay Walia
Chairman

Photo below
Brenda-Lee Martin
Chief Executive Officer

X Fund's assets totalled $28.65 billion, just below $31b held at the end of 2021, while stockholders' equity stood at $19.1b, an increase of 15% from $16.6 billion in 2021. Total revenues generated for the period was $7.1 billion, up 23% from $5.8 billion in 2021.

On behalf of the Board of Directors, we present the performance and activities of Sagicor Real Estate X Fund Limited (X Fund or the Group) for the year ended December 31, 2022.

We are pleased to report a strong performance for the financial year ended December 2022. X Fund's net profit attributable to stockholders was $466 million, which was 24% higher than prior period. This solid performance continues to be driven by our hotel operation in Orlando, from an increase in occupancy levels (93% in 2022 compared to 83% in 2021) and average daily rates (up 33% from prior year) which resulted from the gradual easing of travel restrictions along with pent-up demand for leisure and business travels.

X Fund's assets totalled $28.65 billion, which was just below $31b held at the end of 2021, while stockholders' equity stood at $19.1b, representing an increase of 15% from $16.6 billion in 2021. Total revenue generated for the period was $7.1 billion, up 23% from $5.8 billion in 2021.

During the year, we had some significant changes to the ownership and Board of Directors of the Group. Sagicor Group Jamaica took the decision to dispose of its shareholdings in X Fund, which triggered a deconsolidation from the Sagicor Group, and the resignation of two Directors. Mr. Christopher Zacca, Sagicor Group President & CEO and Mr Dodridge Miller, President & CEO of Sagicor Financial Company, both tendered their resignations effective September 30, 2022. Concurrently, Mr. Vinay Walia was appointed Chairman of the Group, and Mr. Carlton Barclay was also appointed as an independent Director. With these changes X Fund will bolster its governance structure, as it seeks to expand its activities and embark on its growth strategy.

Outlook

The World Bank forecasts that global growth is expected to slow to 2% for the year, which is up from the 1.7% previously anticipated. The revision arrives as the World Bank cites an improved outlook for China's recovery and advanced economies including the United States, which are doing better than anticipated. However, the World Bank warned that the banking turmoil and higher oil prices could impact growth projections in the latter part of the year. The International Monetary Fund (IMF) slightly revised its growth projections, down by 0.1% from its previous release in January 2023. This was done on the basis that the recent banking turmoil has increased uncertainties. The IMF expects global growth to fall from 3.4% in 2022 to 2.8% in 2023 before increasing to 3.0% in 2024.

Additionally, the IMF expects global consumer inflation to decelerate from 8.7% last year to 7% in 2023, on the back of lower commodity prices, while underscoring that core inflation may prove to be stickier. Notwithstanding, the IMF noted that the world economy still faces serious risks.

Whilst the possibility of a recession still looms large for the global economy, travel and leisure are expected to climb. The U.S. Travel Foundation forecasted an increase in travel spending in 2023 compared to 2022 and 2019, as travellers have remained resilient in their travel plans in spite of rising costs. 2022 demonstrated this positive recovery in the industry, adding stability to the market, especially during the peak holiday seasons. The US Travel Association maintains its forecast for 2023, with continued strengthening of domestic travel, however a slight slowdown is expected for business travel pending a mild recession, with improvements in 2024. Additionally, COVID-19 restrictions imposed by the United States in January 2023 for China, Hong Kong and Macau were lifted sooner than expected, in March 2023.

We continue to carefully monitor the current economic environment as we assess real estate investment opportunities not focused solely on Tourism, but also in other viable commercial real estate ventures. We will keep you, our shareholders, informed of any key real estate acquisitions of existing properties for income generation or lands for development.

We remain committed to the health and wellness of our team, clients and stakeholders as we navigate the global economic climate and threats posed by system risks such as the global pandemic.

We take this opportunity to thank all of our stakeholders for your continued confidence in us and investment in our company, as we remain committed to improving the quality of Sagicor Real Estate X Fund's portfolio and generating continued positive growth for the future.

Vinay Walia
Chairman

Brenda-Lee Martin
Chief Executive Officer

TOTAL REVENUE

$7.1 B

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

$466 M

2023 Global Economic Growth Forecast

0.2%

The IMF has revised its forecast for global economic growth to higher than its previous projection in October.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING of the Company will be held at McNamara Corporate Services Inc., Bella Rosa Road, Gros Islet, Saint Lucia on Friday, May 26, 2023 at 10:30 a.m. and accommodated virtually to consider and, if thought fit, pass the following Resolutions:

1. **To receive the Audited Accounts and Reports of the Directors and Auditors for the year ended December 31, 2022.**

   Resolution No. 1

   "THAT the Audited Accounts and the Reports of the Directors and Auditors for the year ended December 31, 2022 be and are hereby adopted."

2. **To elect Directors:**

   Resolution No. 2

   "That the election of directors be made en bloc."

   Resolution No.3

   a. Article 102 of the Company's Articles of Association provides that one-third of the directors or if their number is not three or a multiple of three then the number nearest to one-third shall retire from office at each Annual General Meeting. The directors retiring under this Article are Directors Vinay Walia and Colin Steele who, being eligible, offer themselves for re-election.

   "THAT Messrs. Vinay Walia and Colin Steele who retire by rotation and being eligible, offer themselves for re-election; be and are hereby re-elected as Directors of the Company en bloc."

   b. Article 108 of the Company's Articles of Association provides that the Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Accordingly, Director Carlton Barclay who was appointed by the Board of Directors since the last Annual General Meeting to fill a casual vacancy, retires and being eligible, offers himself for re-election.

   "THAT Mr. Carlton Barclay who retires having been appointed to fill a casual vacancy since the last Annual General Meeting and being eligible, offers himself for re-election; be and is hereby elected as a Director of the Company."

3. **To fix the remuneration of the Directors**

   Resolution No. 4

   "THAT the amount of $13,853,000.00 included in the Audited Accounts of the Company for the year ended December 31, 2022 as remuneration for their services as Directors be and is hereby approved."

4. **To appoint the Auditors and authorise the Directors to fix the remuneration of the Auditors.**

   Resolution No. 5

   "THAT, PricewaterhouseCoopers Eastern Caribbean, Chartered Accountants, having agreed to continue in office as Auditors for the Company to hold office, be and are hereby appointed Auditors for the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

Dated the 31st day of March 2023

BY THE ORDER OF THE BOARD

MCSI Inc.
Corporate Secretary

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member. Proxy Forms must be lodged with the Company Secretary, MCSI Inc. at its registered offices at 20 Micoud Street, Castries, St. Lucia not less than 48 hours before the time of the meeting.

A Form of Proxy is enclosed for your convenience.

DIRECTORS' REPORT

The Directors are pleased to submit their Report and the Audited Financial Statements for the year ended December 31, 2022. The Financial Statements reflect the results of Sagicor Real Estate X Fund Limited (X Fund).

	2022 J$000's	2021 J$000's
Operating Results:		
Group Profit/(loss) before tax	731,016	757,511
Taxation	(265,107)	(36,646)
Net Proftit/ (loss) after tax	465,909	720,865
Attributable to Stockholders of the Company	465,909	376,501
Attributable to Non-Controlling Interest	-	344,364
Stockholders' Equity:		
Stockholders' equity brought forward	16,589,624	15,169,181
Share Capital, opening	12,642,512	12,642,512
Shares issued	-	-
Share Capital, ending	12,642,512	12,642,512
Retained earnings, opening	(660,667)	(1,131,882)
Net Profit/(loss)	465,909	376,501
Transfer between reserves	-	94,714
Retained earnings, ending	(194,758)	(660,667)
Currency translation, opening	2,067,643	2,949,762
Currency reserve	(174,725)	(882,119)
Currency translation, ending	1,892,918	2,067,643
Fair value reserves, opening	2,540,136	708,789
Unrealised gain/(loss) on revaluation of owner-occupied properties	2,223,417	1,605,919
Transfer between reserves	-	(94,714)
Changes in reserves of associated company	-	320,142
Fair value reserves, closing	4,763,553	2,540,136
Stockholder's equity carried forward	19,104,225	16,589,624
Non-Controlling Interest	-	5,767,623

DIRECTORS

Article 102 provides that one-third of the directors shall retire from office at each Annual General Meeting. Directors Vinay Walia and Colin Steele retire under this Article and, being eligible, offer themselves for re-election.

Article 108 provides that the directors may from time to time appoint any person to fill a casual vacancy or as an addition to the Board. Director Carlton Barclay who was appointed by the Directors of the Board since the last Annual General Meeting as an addition to the Board, retires and, being eligible offers himself for re-election as a Director of the Company.

AUDITORS

The auditing firm, PricewaterhouseCoopers Eastern Caribbean, Chartered Accountants, having agreed to continue in office as Auditors for the Company, will do so and a resolution authorizing the Directors to fix the remuneration of the Auditors will be presented at the Annual General Meeting.

Chairman
March 31, 2023

BOARD OF DIRECTORS

Vinay Walia Bachelor of Commerce, A.C.C.A.

Mr. Walia is the Managing Director of Guardsman Group and serves on the Board of Directors. He joined Guardsman Group as Financial Controller in 1998, before being promoted to Financial Director in 2000 and Co-Managing Director in 2012 and appointed Managing Director in 2016. His responsibilities include providing financial leadership to the Group and its subsidiaries, driving and supporting key strategic growth and profitability initiatives, as well as ensuring full compliance with government and industry regulations, and corporate policies. Prior to joining Guardsman Group, Mr. Walia had a reputable career in accounting and auditing, first with A.F. Ferguson & Co. (a representative of KPMG Peat Marwick in India), and later with KPMG Peat Marwick in Jamaica. He is a Chartered Certified Accountant (ACCA) and holds a Bachelor of Commerce degree with Honours from Delhi University.

Stephen McNamara Barrister-at-law

Stephen McNamara was called to the Bar at Lincoln's Inn, and in St Lucia in 1972. He is the senior partner of McNamara & Company, Attorneys-at-Law of St. Lucia. The barrister/solicitor specialises in the representation of foreign investors in St Lucia in the Tourism, Manufacturing and Banking sectors. He served as Chairman of the St Lucia Tourist Board for nine years. He was appointed Non-Executive Chairman of Sagicor Financial Corporation, the Group's holding company, on January 1, 2010, having formally served as Vice Chairman since June 2007, and is the Chairman of the Group's main operating subsidiary Sagicor Life Inc. and also of Sagicor USA and a number of other subsidiaries within the Group.

Mr. McNamara's St Lucia-based service includes the Board of St Lucia Electricity Services Ltd, where he was elected as the Chairman in December 2015, and served until his retirement at the end of 2017. He is also the President of the St Lucia Tennis Association.

Mr. McNamara was made a Commander of the Order of the British Empire (CBE) in the 2015 Queen's Birthday Honours for public service and services to the legal profession. In 2015 he was awarded an honorary doctorate from the University of the West Indies for his outstanding achievements and contribution to the region in the areas of business, sports, and general philanthropy for more than forty years.

Peter W. Pearson B.Sc., FCCA, FCA, J.P.

Mr. Pearson is a graduate of the University of the West Indies from which he holds a B.Sc. (Management Studies). He is a Fellow of the Institute of Chartered Accountants and a Fellow of the Chartered Association of Certified Accountants. A former partner of PricewaterhouseCoopers, Jamaica, he oversaw the firm's Montego Bay office. He has significant experience in public accounting in tourism and hospitality, banking, government, among other industries. Mr. Pearson is a director and audit committee member of several companies, including four that are listed on the Jamaica Stock Exchange. He has been a Justice of the Peace since 1988.

Bruce R.V. James OD, BSc., MBA

Mr. James has over 15 years of executive experience in banking and has held many senior positions at Citibank N.A. Jamaica branch including Vice-President in charge of Corporate Banking and Relationship Management. His expertise includes risk management and analysis, marketing of credit products, relationship management and leadership. He is also an experienced governance professional having served as a director, for more than a decade, on boards in various industries including banking, investments, real estate, charities and sports. He is the President and co-founder of the MVP Track and Field Club. He is a professional track and field analyst across various media, including television, online streaming, and radio. He is also an international motivational speaker and a participant in TEDx Jamaica. Mr. James is a national honours and awards recipient with the Order of Distinction in the rank of Officer awarded in October 2019. Academically, Mr. James earned his BSc. in Management and Master of Business Administration from Florida State University, where he was selected as the most outstanding MBA student of his graduating class. Mr. James was also awarded the Corporate Director Certificate from Harvard Business School Executive Education in 2022.

Colin Steele BBA, MBA, CPA

Mr. Steele is an entrepreneur in the retail business and a housing developer who began his career as a Certified Public Accountant. He is experienced in lending, capital markets and investment banking. Colin has served as a director of several Government companies including the Port Authority of Jamaica and the University Hospital of the West Indies. He is currently a director of Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited. Mr. Steele has also served as Chairman of the Economic Policy Committee of the Private Sector Organization of Jamaica.

Carlton Barclay ACCA, FCCA, MBA

Mr. Barclay has over 25 years of experience in the field of banking and finance, and has served at the most senior levels in the industry including as Managing Director of Republic Bank (Cayman) Limited, General Manager of the National Building Society of Cayman, Deputy Manager for Jamaica National Building Society, and CEO of Community and Workers Coop Credit Union. He is a fellow of the Association of Chartered Certified Accountants (ACCA) and a Fellow of the Institute of Chartered Accountants of Jamaica (ICAJ). He holds an MBA from the Kellogg School of Management, Northwestern University. He is the former Chairman of the Caribbean Association of Banks Incorporated (CAB) and has served on the Strategic Planning and Advocacy Sub-Committees of CAB and the Current Affairs Committee of the Institute of Chartered Accountants of Jamaica (ICAJ). He is a former President of Kingston and St. Andrew Football Association (KSAFA) and a former Treasurer of the Jamaica Football Federation (JFF). Mr. Barclay has served on the boards of several entities including the National Road Maintenance Fund of Jamaica and is a member of the Rotary Club of St. Andrew North.

CHIEF EXECUTIVE OFFICER

Brenda-Lee Martin B.Sc., M.B.A. (Finance)

Brenda-Lee Martin was appointed Chief Executive Officer of Sagicor Real Estate X Fund Limited in 2018. She worked with Sagicor Group Jamaica from December 1992 to September 2022 where she served in numerous capacities.

She has a wealth of experience in Investment Management and was appointed Vice President – Asset Management from 2015 to September 2022.

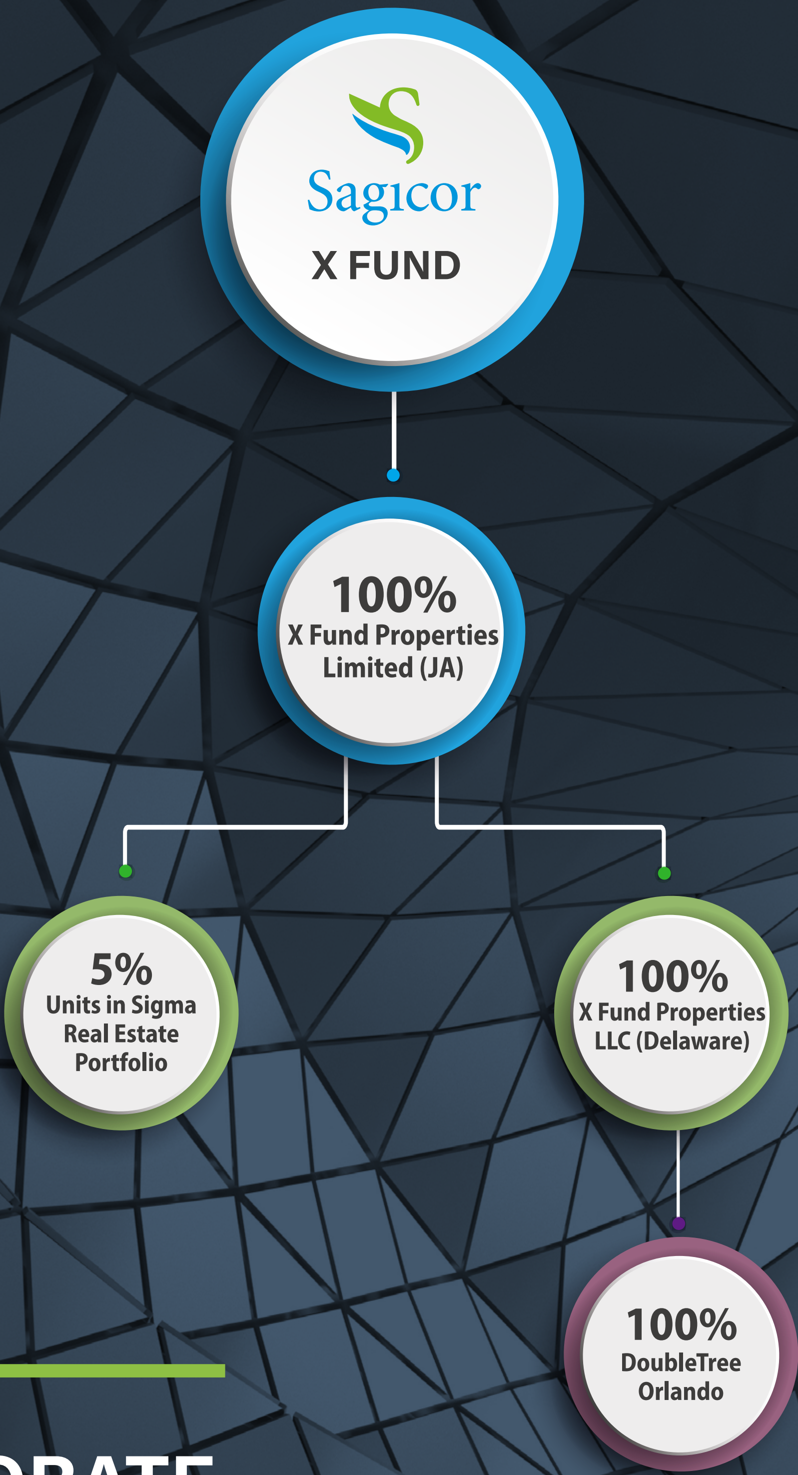
In her position as Vice President, she had oversight of Sagicor's pension, mortgage and Sigma Global Funds portfolios, as well as Sagicor Property Services Limited (SPS), the largest property managers of private real estate in Jamaica (on behalf of Sagicor and third-party property owners). SPS manages in excess of 6M sq. feet of real estate.

Brenda-Lee holds a Bachelor of Science degree from the University of the West Indies, Mona in Economics & Management as well as a Master of Business Administration degree specializing in Finance from the University of Wales and Manchester Business School. She also holds an FLMI LOMA designation.

TRIBUTE TO
Michael Fraser

A true team player with a presence filled with support, positivity and unfailing cheerfulness, Mr. Michael Fraser brought a lifetime of experience to the Sagicor Real Estate X Fund family. More significantly, his strong business ethic, and his unique way of engaging with others to make them feel included, assured, and confident played a significant role in the company's success.

Being a director since the inception of Sagicor Real Estate X Fund in September 2014, Mr. Fraser's contribution allowed our clients and the wider public to participate in the ownership and performance of a diversified portfolio of commercial real estate - through a listed entity on the Jamaica Stock Exchange. While his brilliant character and indomitable spirit will be missed, his legacy will surely live on.



CORPORATE STRUCTURE

CORPORATE DATA

DIRECTORS:

Vinay Walia
Chairman

Stephen McNamara

Peter Pearson

Colin Steele

Bruce James

Carlton Barclay

EXECUTIVE:

Brenda-Lee Martin
Chief Executive Officer

Corporate Secretary:

MCSI Inc.
20 Micoud Street,
Castries, Saint Lucia

Auditors:

PricewaterhouseCoopers Eastern Caribbean
Unit 111 Johnsons Centre
No. 2 Bella Rosa Road
P.O. Box BW 304
Gros Islet, Saint Lucia

Bankers:

Sagicor Bank Jamaica Limited
17 Dominica Drive
Kingston 5

Attorneys:

Patterson Mair Hamilton
Attorney-at-Law
Temple Court
85 Hope Road
Kingston 6

Registered Office:
20 Micoud Street
Castries
St. Lucia

Territories of Operation

St. Lucia

Sagicor Real Estate X Fund Limited
20 Micoud Street
Castries
St. Lucia

Jamaica

X Fund Properties Limited
(wholly owned subsidiary)
28 – 48 Barbados Avenue
Kingston 5
Jamaica

USA

X Fund Properties LLC
(wholly owned subsidiary of X Fund Properties Limited)
5780 Major Boulevard
Orlando, Florida 32819
USA

RESORT PROPERTY
DOUBLETREE BY HILTON

International Market

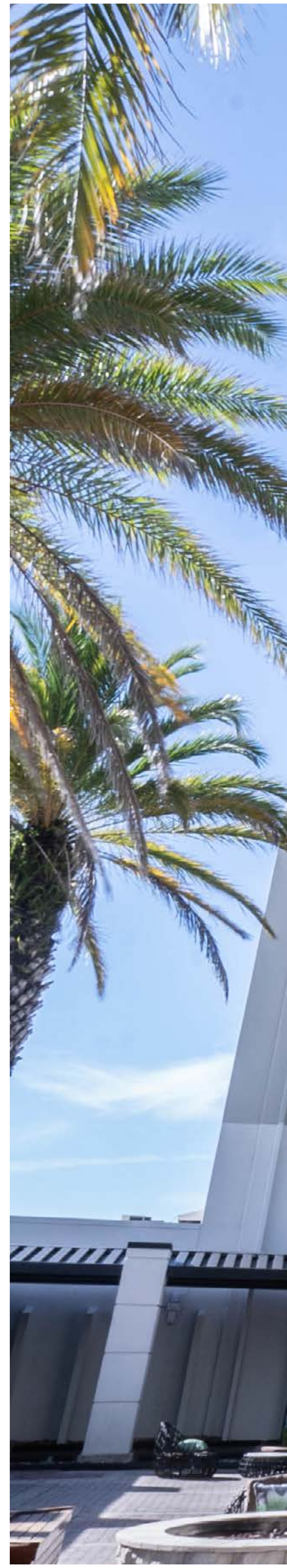
X Fund's DoubleTree by Hilton at the Entrance to Universal Orlando continues to outperform the market. The property enjoys a close relationship with Universal Studios Orlando, benefits from improved revenues following renovation in 2017/18 and is professionally managed by Aimbridge Hospitality. This combination has the hotel at 92.8 percent Occupancy while, the overall Orlando market is at 69.2 percent.

In 2022, the hotel was still able to outperform competing hotels, notwithstanding several hurdles that hit the state of Florida due to certain legislations running an Occupancy of 92.8% versus their 69.2%. This growth was accomplished through competitive pricing, brand promotions and third-party site promotions such as on Expedia and Booking.com.

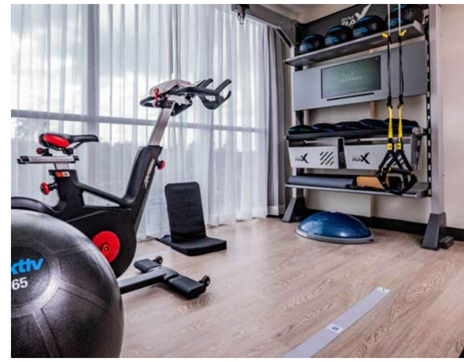
The strategic focus for 2023 is to continue to increase revenue growth and outperform the competitor's projections primarily through Average Daily Rate (ADR) while showing a slight increase in Occupancy. The main objective for Group Sales and Catering is to increase group mix by securing new and profitable business. The Sales team is working closely with Aimbridge and Hilton national Sales Office to achieve this objective. These efforts will enable the hotel to forecast Occupancy of more than 54,000 group rooms in 2023. The State of Florida has continued to thrive with transient travel and have seen higher demand in group business. The hotel has seen great success with soliciting weddings and other social events. The transition in the mix of business for more groups will produce approximately Two Million United States Dollars (US$2,000,000.00) in additional sales from prior year.

Continued focus remains in increasing ADR during peak group demand periods throughout 2023. For low demand group periods, Occupancy will be driven through third-party partners utilizing their revenue-generating tools that include travel advertisements and participation in discounted transient stay promotions. Maintaining a strong alliance with Universal Orlando Resorts, utilizing the Brand to increase awareness and business are key initiatives for the success of the hotel.

DoubleTree by Hilton™
AT THE ENTRANCE TO UNIVERSAL ORLANDO









The Doubletree by Hilton at the Entrance to Universal Orlando continues to be one of the top leisure properties based on proximity to major points of interest in the Orlando area. Group Sales and Catering is selling in all market segments to maximize share in the Orlando market. The property is also driving customer service awareness to increase its position with TripAdvisor ratings and Guest Satisfaction scores.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the year 2022, economies continued to grapple with challenges from the post COVID-19 pandemic era such as elevated inflation levels and supply chain bottlenecks. There were also new challenges in the form of rising interest rates, a consequence of the aggressive monetary policy stance taken by many Central Banks to curb inflation, along with geopolitical tensions. With mounting concerns regarding the upward movement in interest rates and the uncertainty of the Russia-Ukraine conflict, the International Monetary Fund (IMF) projects global growth to fall from 3.4% in 2022 to 2.8% in 2023. The World Bank also forecasts a slowdown in 2023 to 1.7%. Nonetheless, both have forecasted improvements for 2024.

GLOBAL ECONOMY

During 2022, the global markets experienced high volatility in the face of increasing inflation levels. This was exacerbated by Russia's invasion of Ukraine in February 2022. The main drivers of inflation were increased commodity prices for energy and food, pent up demand and the ongoing supply chain bottlenecks. As a result, many Central Banks adopted an aggressive monetary policy stance aimed at slowing the pace of inflation by increasing interest rates, in an effort to discourage spending. The United States 12-month inflation peaked at 9.1%, representing the largest increase in over three decades.

In response to inflation, the US Federal Reserve Committee increased rates on 7 occasions throughout 2022 by a total of 425 basis points (bps). The Federal Funds Rate ranged from 4.25% to 4.50% at the end year. The rate increase is suspected to have influenced the pace of inflation with the 12-month inflation rate trending downwards, ending the year at 6.5%, though still well ahead of the 2% target. In the Eurozone, the 12-month inflation peaked at 10.6% in October 2022, contrasting the 4.1% recorded a year earlier. The largest contributor to inflation in the Eurozone was energy prices, a consequence of the Eurozone's heavy reliance on Russia's oil. Crude oil prices increased by approximately 6.7% during the year.

Stock market activity was also negatively impacted throughout the course of the year due to the uncertainty of where interest rates would land and the potential impact interest rate increases would have on economic growth, giving rise to fears of a global recession.

On the upside, the IMF forecasts a decline in global inflation from 8.8% in 2022 to 7.0% in 2023 and further to 4.9% in 2024. The IMF also projects that global growth will slow to 2.8% in 2023 with improvements to 3.0% in 2024. Likewise, the World Bank has also projected a similar trend with growth expectations for 2023 at 1.7% with improvements in 2024 to 2.7%. The expectations remain hinged on any escalation of the Russia-Ukraine conflict, further tightening of global financing cost, severe health outcomes in China and further geopolitical fragmentations.

JAMAICA

In 2022, recovery in the Jamaican economy faced headwinds from a challenging global economic environment. However, the relaxation of restrictive COVID-19 measures, including the removal of nightly curfews and person limits, augured well for some sectors. According to the Statistical Institute of Jamaica, the Jamaican economy grew by 3.8% for the fourth quarter in 2022, when compared to 6.7% for the same period in 2021. Growth for the period was led by the Services and Goods Producing sectors. "Hotels & Restaurants" registered the largest increase of 21.6%, partly representing improved tourism activity in the post pandemic era as there was a 36.5% increase in foreign nationals during the period. There was also an improvement in the unemployment rate, which fell to 6.6% in July 2022 when compared

Total Revenue

7.12 billion

(5.79 billion in 2021)

Total Assets

28.65 billion

(31.32 billion in 2021)

Stockholders' Equity

19.10 billion

(16.59 billion in 2021)

Market Capitalisation

19.45 billion

(19.07 billion in 2021)

to 8.5% in July 2021. There was also a notable increase in the size of the labour force year over year. Preliminary estimates from the Planning Institute of Jamaica forecast that the Jamaican economy should grow by 5.0% for 2022.

Despite the positive GDP growth, Jamaica saw its 12-month inflation rate peak at 11.8% in April, well above the Bank of Jamaica's (BOJ) 4%-6% target, resulting in an aggressive monetary policy stance taken by the BOJ's Monetary Policy Committee (MPC). The increased inflationary pressures was primarily due to the passthrough of international commodity prices. During the year, the MPC raised interest rates by 450 bps before tapering at 7.0% to end the year, while inflation ended the year at 9.4%. The Treasury Bill (T-Bill) rates increased during the year with the average yields on 90-day and 180-day GOJ T-Bills for December 2022 being 8.0% and 8.2, respectively.

At the end of December 2022, the BOJ's weighted average selling rate closed at J$152.05 for the US dollar relative to J$155.09 at the start of the year. The appreciation over the year was 1.96%, relative to a depreciation of 8.72% in 2021.

The BOJ maintained a very active role in the foreign exchange market through its Foreign Exchange Intervention Trading Tool (B-FXITT). While foreign earnings rebounded due to strong recovery in the tourism sector, demand for the US dollar surged as the manufacturing sector grew. There was also elevated demand from retail users for FOREX. Under the

According to Planning Institute of Jamaica, the local economy is estimated to have grown by 5.0% for 2022 relative to 3.9% growth in 2021.

B-FXITT program, a total of US$1.4B was supplied to the market with a total of US$2.2B eligible bids. The goal was to ensure stability in the FOREX market to achieve price stability.

The NIR stood at US$3.98B at the end of December 2022, a slight decline from the US$4.00B recorded in December 2021. Changes in the NIR resulted from a decline in foreign assets from US$4.83B to US$4.52B as well 25.5% decline in currency and deposits. However, the fall-out was tempered by an increase in securities from US$340.5M in December 2021 to US$1.5B in December 2022. The reserves as at December 2022 were sufficient to cover approximately 37.5 weeks of imports of goods and 25.2 weeks of imports of goods and services.

The local equities market proved volatile in light of the interest rate increases during 2022. The performance of the Jamaica Stock Exchange's (JSE) Main Market peaked in April however, registered a steady decline thereafter to end the year down 10.16% at 355,897 points. The JSE Junior Market registered a stronger performance, increasing by 16.28% for the year ended 2022. Trade volumes on the Main Market remained low in the absence of institutional investors while retail investors flocked to the Junior Market which also included at least eight IPO opportunities. The market capitalization for the Junior Market increased by 23.1% to $194,289.82M for the year.

Inflation Rate for 12 Months ended December 2022

9.4%

Net International Reserves

US$ 3.98B

JSE Main Index

-10.16%

JSE Junior Market Index

+16.28%

KEY ECONOMIC STATISTICS:

- According to the Planning Institute of Jamaica the local economy is estimated to have grown by 5.0% for 2022 relative to 3.9% growth in 2021.
- The average savings rate (domestic currency) declined to 0.56% in November 2022, similar to that of CY 2021.
- The 6-month Treasury Bill rate increased by 384 bps to 8.2%. The rate at December 2021 was 4.3%.
- The average lending rate declined to 11.34% at the end of December 2022 from 11.47% at the end of December 2021.
- Inflation ended the 12-month period to December 2022 at 9.4%, up from 7.3% in 2021.
- The Jamaica Stock Exchange Main Index declined by 10.16% to close at 355,897 points. The market increased by 0.14% in 2021.
- The Jamaican dollar appreciated by 1.96% against the US$ during 2022, versus a depreciation of 8.72% in 2021. The weighted average daily selling price was $152.05 as at December 31, 2022.
- The unemployment rate at July 2022 was 6.6%, relative to 8.5% in July 2021.
- Debt/GDP increased to 110% as at March 2021 from 94% in March 2020. It is projected to recover to 96% by March 2022.
- The NIR was US$3.98B at the end of December 2022 relative to US$4.00B at the end of December 2021.

TOURISM SECTOR REVIEW

1. Global Environment

According to the United Nations World Tourism Organization (UNWTO), global tourism saw stronger than expected results for 2022. All regions globally recorded notable increases in international tourism arrivals with a sizeable 102% increase in 2022 albeit lower than pre-pandemic levels. This result was due to a combination of large pent-up demand and the relaxation of travel restrictions. More than 900 million tourists travelled internationally in 2022 – double the number recorded in 2021 though still 63% of pre-pandemic levels. Despite international tourism recovering 63% of pre-pandemic levels, it remains 37% below 2019.

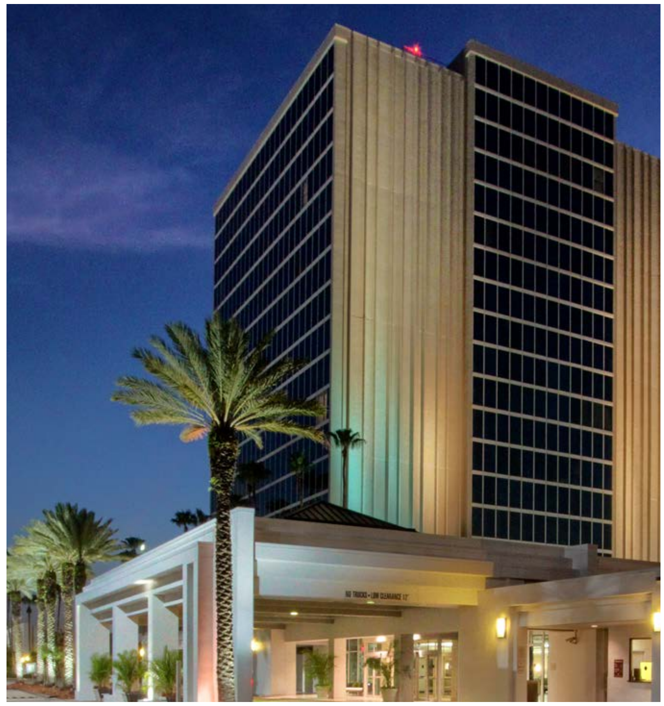
Europe, the world's largest destination region, recorded 585 million arrivals in 2022 to reach nearly 80% of pre-pandemic levels (-21% versus 2019). The Middle East enjoyed the strongest relative increase across regions in 2022 with arrivals climbing to 83% of pre-pandemic numbers (-17% versus 2019). Africa and the Americas both recovered about 65% of its pre-pandemic visitors, while Asia and the Pacific reached only 23%, due to stronger pandemic-related restrictions.

It is estimated that in 2022, the sector grew at a faster rate of 36.1% and it is expected to return to the 2019 levels by the end of 2023. Between 2022 and 2032, the sector's contribution to GDP is forecasted to grow at an annual average rate of 3.9% - outpacing the 2% forecasted average annual growth for the regional economy. Travel & Tourism is also anticipated to create around 16 million new jobs in the region by 2032.

2. Orlando Environment

According to the World Travel & Tourism Council (WTTC), Orlando ranked first in the U.S. and second overall globally as the top travel and tourism city destination in 2022. It had an economic contribution of over $31 billion, representing 20% of the city's total GDP. This represents a recovery above 2019 levels by $2.7 billion. Orlando was the only major city destination to maintain its industry edge with international visitors, surpassing 2019 spending by almost 20% in 2022.

Florida welcomed 2 million overseas travellers in Q4 2022, an increase of 35.5% from Q4 2021. Canadian visitation to Florida during Q4 2022 accounted for 1 million visitors, an increase of 278% from Q4 2021. Air travellers accounted for 38% of Florida visitors, compared to 41 % in 2019. Florida's tourism industry has rebounded strongly from the pandemic due to less stringent containment measures relative to the global tourism market. Hotel room nights sold at Florida hotels increased by approximately 13% in 2022 compared to 2021. Occupancy rose by 9.4% to 71%, as demand growth significantly exceeded the expansion of supply.



Global International Tourist Arrivals

+102%

Jamaica's Tourism Earnings

US$3.7+B

Total Stopovers to Jamaica

+36.2%

3. Jamaican Environment

For 2022, it is projected that Jamaica welcomed over 3 million stopover arrivals and received total earnings from tourism of over US$3.7 billion. It is anticipated that Jamaica will return to 2019 pre-Covid arrivals levels in 2023 as it remains on track to record 5 million visitors to the destination by 2025. This has been supported by the strong marketing push to promote Brand Jamaica and to keep it at the forefront of the minds of the traditional and emerging source markets since the reopening of the sector in June 2020.

Stopover Arrivals

For the month of November 2022, stopover arrivals were 207,168 representing an increase of 36.2% or 55,071 more arrivals over the 152,097 recorded in November 2021. For the period January to November 2022 tourist arrivals increased to 2,206,928 stopovers (77.8%), 965,862 more stopovers compared to the 1,241,066 in 2021.

Stopover arrivals from the United States market recorded an increase of 23.3% in November 2022, with a total of 144,242 arrivals compared to the 116,952 arrivals who visited in November 2021. All US regions recorded increases in arrivals for the January to November 2022 period. Additionally, for the January to November 2022 period, the US market region has grown by 49.7% with 1,659,333 arrivals.

Between 2022 and 2032, the sector's contribution to GDP is forecasted to grow at an annual average rate of 3.9% - outpacing the 2% forecasted average annual growth for the global economy. Travel & Tourism is also anticipated to create around 16 million new jobs in the region by 2032. Based on UNWTO's scenarios for 2023, international tourist arrivals could reach 80% to 95% of pre-pandemic levels in 2023, however, economic, health and geopolitical risks abound that may challenge growth prospects.

The Northeast up by 41.7%, the South up by 63.8%, the Midwest by 52.2% and the West region up by 43.6%, compared to the same period in 2021. For the January to November 2022 period, stopover arrivals from Latin America totalled 20,431 which was 14,584 more visitors compared to the 5,847 during the same period in 2021. Arrivals from all the regions in Europe increased to 250,049 stopovers from 64,600 in 2021. The Canadian market reported a total of 227,048 visitors, a 23.6% increase over 2021.

The average length of stay of Foreign National arrivals in November 2022 was 8 nights, an 11% reduction from the 8.9 nights in November 2021. The average length of stay in hotels also decreased to 6.1 nights relative to 6.3 nights in November 2021. Total cruise passengers was 119,339 in November 2022 alone adding to the total 704,661 cruise passengers to visit Jamaica for the January to November period.

TOURISM OUTLOOK

Between 2022 and 2032, the sector's contribution to GDP is forecasted to grow at an annual average rate of 3.9% - outpacing the 2% forecasted average annual growth for the global economy. Travel & Tourism is also anticipated to create around 16 million new jobs in the region by 2032.

Based on UNWTO's scenarios for 2023, international tourist arrivals could reach 80% to 95% of pre-pandemic levels in 2023, however, economic, health and geopolitical risks abound that may challenge growth prospects. Global tourism trends indicate that tourists are expected to increasingly seek value for money by reducing spending, booking shorter trips, and travelling closer to home in response to the challenging economic environment.

The tourism sector in Asia and the Pacific and worldwide is expected to recover following the recent lifting of COVID-19 related travel restrictions in China, the world's largest outbound market in 2019. However, this will be underpinned by the availability and cost of air travel, visa regulations and COVID-19 related restrictions in the destinations. Furthermore, continued uncertainty caused by the Russian aggression against Ukraine and other mounting geopolitical tensions, as well as health challenges related to COVID-19 also represent downside risks and could weigh on tourism's recovery in the months ahead.

Nonetheless demand from the United States remains strong, backed by a strong US dollar. This will augur well for destinations in the region and beyond. Europe will continue to enjoy strong travel flows from the US, partly due to a weaker euro versus the US dollar.

COMMERCIAL SECTOR REVIEW

The Planning Institute of Jamaica (PIOJ) estimates that the Real Estate, Renting & Business Activities Industry grew by 2% for January to December 2022 when compared to the same period in 2021. Preliminary estimates report a decline of 2.2% in the Construction industry for the same period. For the quarter ended December 2022, real value added for Construction decreased by 4.7%. The decline was driven by a fall off in 'Building Construction' component – a 8.4% decrease in Housing Starts by the NHT and a 24.3% fall off in the number of NHT Mortgage Disbursements. This decline was offset by growth in the 'Other Construction' component due to increased capital expenditure on civil engineering – NROCC (+J$2.1B) and JPS (+J$1B).

ECONOMIC OUTLOOK

According to IMF, global growth is estimated to fall to 2.8% in 2023, then rise to 3.0% in 2024. Global inflation is expected to decline to 7.0% in 2023 and decline further to 4.9% in 2024, both being above pre-pandemic levels of approximately 3.5%. In advanced economies, growth is projected to fall to 1.3% in 2023 before rising to 1.4% in 2024. For emerging markets and developing economies, growth is projected to rise moderately. The global outlook is skewed to the downside because of lower growth and higher inflation. The factors driving these projections on the downside are geopolitical tensions between Russia and the Ukraine and the synchronous hike in interest rates resulting in tighter financial conditions. Locally, real GDP is projected to grow by between 3% and 5% in the first quarter of 2023. Resultantly, the FY2022/23 GDP is expected to grow within a range of 4% to 5.5%.

Construction Industry Growth

-2.2 %

Real Estate, Rental & Business Activities

+2.0 %

SIGMA REAL ESTATE

Sagicor Real Estate X Fund Limited currently holds a 5% stake in the Sigma Real Estate Portfolio, an exclusive real estate fund offered by Jamaica's largest Unit Trust – the Sagicor Sigma Global Funds. This Portfolio provides exposure to real estate and real estate related assets across property types. These properties span commercial, warehousing, tourism and land with the ultimate objective of providing investors with real gains through property valuation improvements along with strong, competitive and stable rental income. The performance of the Sigma Real Estate Portfolio over the last 12 months was 6.4%.

As at December 31, 2022, the Sigma Real Estate Fund's net asset value was $24.3B.

The Sigma Real Estate portfolio consist of 14 investment properties which represent 92.6% of the total portfolio's value, a breakout of the property type is detailed below. Of the 14 properties, 2 new properties were acquired during the year.

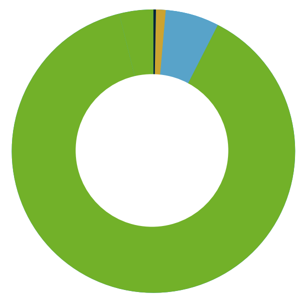
The income yield for 2022 was 6% and the occupancy level at the commercial properties averaged 87% for the year. Additionally, property values have shown signs of recovery since the COVID-19 fallout in 2020, with improvements averaging 12% over the 2 year period ending 2022.

The commercial and warehousing properties are managed and maintained by Sagicor Property Services Limited, the largest property management company in Jamaica. Properties are also assessed during the year for necessary renovation exercises with the intent of maintaining marketable and attractive real estate offerings to existing and prospective tenants, while generating real returns for investors.

Net Asset Value

$24.3B

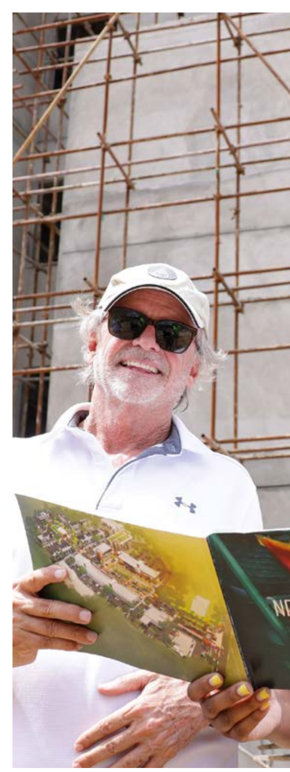
Asset Allocation for Sigma Real Estate Fund
PERCENTAGE (%)



92.6% INVESTMENT PROPERTIES
6.5% EQUITY
1.2% FIXED INCOME
-0.3% NET (OTHER ASSETS)

Investment Property Breakout by Property Type
PERCENTAGE (%)

42% COMMERCIAL
21.4% WAREHOUSING
19% LAND
17.6% TOURISM



Sigma Real Estate continues to seeks growth opportunities to enhance returns to investors. For 2023, the portfolio will seek to acquire additional commercial properties within the rapidly developing Jamaican environment, in feasible locations that are poised for increased population density and commercial activity. These include:

1. The acquisition of commercial units at New Brunswick, a mixed use residential and commercial centre located on Brunswick Avenue, St. Catherine:
2. The acquisition of luxury villas at BESSA, located in Oracabessa, St. Mary.
3. The commencement of development planning for a commercial village in Portmore, St. Catherine, based on land acquired in 2022.

Sagicor Real Estate X Fund Limited will enjoy the benefits from the indirect management of the diverse array of investment properties facilitating ease in asset liquidation, effective risk management and strong performance.

Top Left: Bessa offers its residents the luxury of a private beach, a swimming pool, and a calming view of the river to the east of the property.

Top Right: Elegantly positioned on eight acres of seaside and river-front property, Bessa has 86 units including 50 river condos, 24 ocean suites, and 12 pool villas.

Bottom Left: Sagicor Property Services realtor Jhanine Jackson (right) on-site with developer John Bailey during the construction phase of New Brunswick Village in Spanish Town, St Catherine in summer 2022.

CORPORATE GOVERNANCE

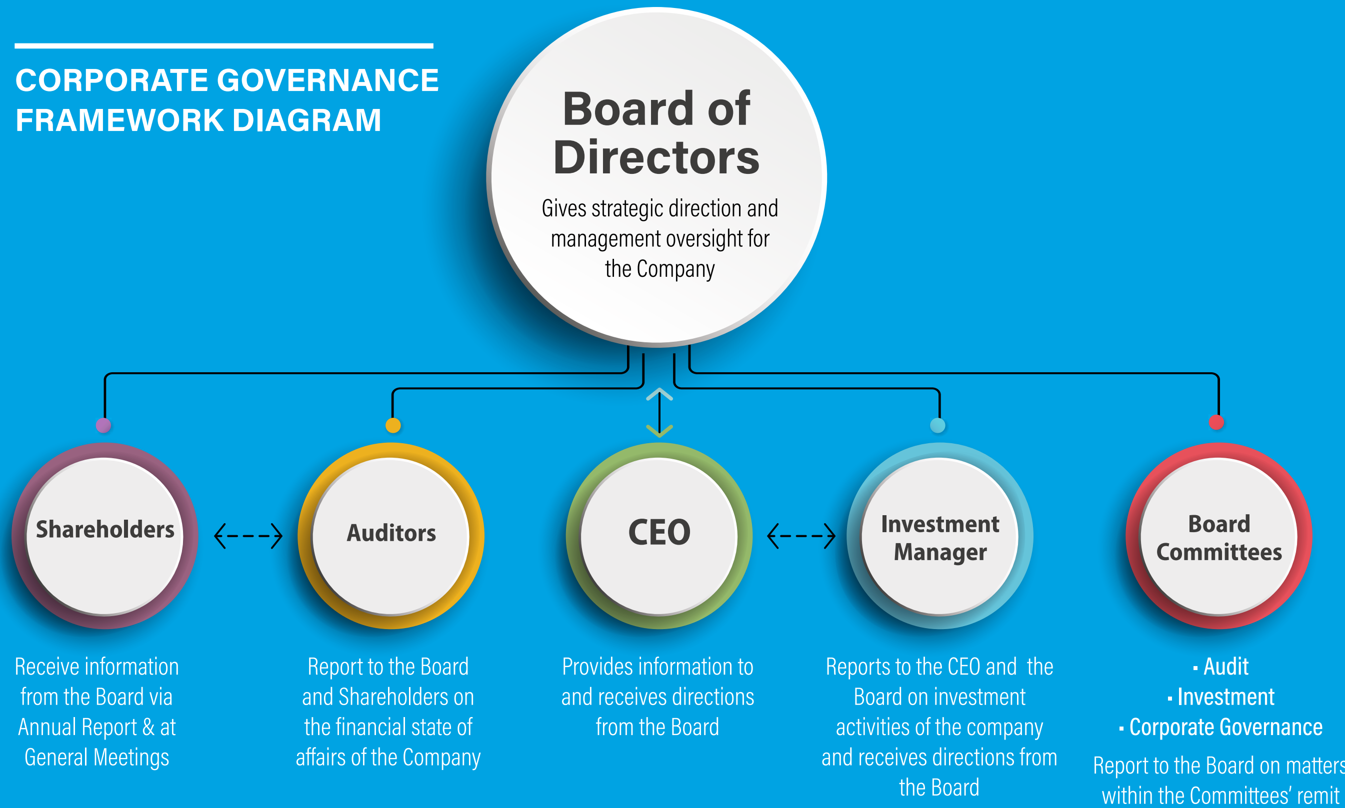
Sagicor Real Estate X Fund Limited and its subsidiaries (the X Fund Group) remain committed to maintaining a high standard of corporate governance by adhering to the principles and guidelines laid out in the Company's Corporate Governance Policy. The Policy is influenced by applicable laws and regulations, internally accepted corporate governance best practices and recent trends in governance.

Corporate Governance Framework

Our corporate governance framework ensures effective engagement with our stakeholders and helps us evolve with changing times. It also ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the X Fund Group.

Scan to view Corporate Governance Policy

CORPORATE GOVERNANCE FRAMEWORK DIAGRAM



Shareholder Rights and Responsibilities

The Board is committed to maintaining high standards of corporate disclosure and transparency and ensures that all shareholders are provided with adequate and timely information on the X Fund Group's performance. Shareholders also can participate effectively through a question and answer session at the Company's Annual General Meeting and are given clear guidelines before voting at General Meetings.

Information regularly provided to shareholders includes interim reports, the Minutes of the Annual General Meetings, Annual Reports and press releases on significant events occurring during the year. All reports, press releases and other information can be found on the Sagicor website at www.sagicor.com/en-JM.

Board of Directors

The Board of Directors as at 31 December 2022 comprised six (6) Non-Executive Directors, all of whom the Board considers to be independent and has been chaired by Mr. Vinay Walia since July 31, 2022. The selection of the Board members was made with the intention to create synergy among experienced persons with differing strengths. The directors each have extensive real estate experience as well as hold other directorships and it is the Board's belief that their collective experience can contribute to the effective strategic oversight of X Fund.

In 2022, the Board undertook:

- guiding the strategic direction of X Fund (and its subsidiaries) which involves setting business objectives and the plans for achieving them
- executing the approved business objectives through adequate management, leadership and resources
- monitoring the performance of its hotel property and the Sigma Real Estate Portfolio with a view to achieving the strategic objectives and ensuring compliance with all applicable legal and regulatory regimes
- ensuring due and proper accounting to all stakeholders of X Fund including the stockholders.
- deconsolidation from the Sagicor Group and engagement of a new Investment Manager

The Chief Executive Officer, Ms. Brenda Martin, is responsible for the management of the key objectives of X Fund and executing the strategic development initiatives as directed by the Board.

The Chairman, Vinay Walia is responsible for the effective leadership, operation and governance of the Board and its Committees. He ensures that all directors contribute effectively to the development and implementation of the Company's strategy whilst ensuring that the nature and extent of the significant risks that the Company is willing to embrace in the implementation of its strategy are determined and challenged.

Director Independence

In accordance with the Corporate Governance Policy, the Board has maintained a structure which includes at least two (2) independent directors to ensure the objectivity and transparency of the Board. Independence is based on criteria agreed by the Board and outlined in the Company's Corporate Governance Policy and in accordance with local laws and regulations.

Directors are required to submit to an annual self-assessment of their compliance with these criteria and any conflict of interest requirements.

As at December 31, 2022, all the directors met the independence criteria.

DIRECTOR NOMINATION AND APPOINTMENT

The Amended and Restated Articles of X Fund sets out the basis on which directors are appointed. A director may hold office until he/she ceases to be a director. Annually, at least one third of the directors retire at the Company's Annual General Meeting and said directors are eligible for re-election. The directors retiring this year are Messrs. Vinay Walia and Colin Steele and being eligible, offer themselves for re-election and are being recommended to the shareholders for re-appointment. Director Carlton Barclay is also being elected as a director of the Company.

Candidates are assessed against six (6) criteria:

- Board Core Competency Requirements
- Director Core Competency Requirements
- Knowledge and Expertise
- Representational Factors
- Time Commitments
- Director Independence

The Corporate Governance Committee, among other things, considers the prevailing needs of the Company in terms of its strategic imperatives, external business drivers and the existing talents around the Board table. The Committee must also be mindful of the importance of maintaining an essential mix and balance of talents on the Board to deal with the Company's present and impending challenges.

Once potential candidates are identified, the Corporate Governance Committee conducts the relevant interviews, does due diligence checks, and ensures any potential candidate meets or exceeds the requirements. If the Committee deems the independence qualifications and biographical information to be in order, and if the other tests have been met, i.e. the Board's competencies will be enhanced by the addition of this individual to the Board, the candidate meets Board competency requirements for directors, his/her representation is consistent with Company requirements and he/she commits to the time requirements of the role, the Committee will make a recommendation to the full Board for the admission of the candidate as director.

Director Orientation and Training

All new directors inducted to the Board are introduced through a formal orientation process. Current directors and the Secretariat provide an overview of the X Fund Group's operations and introduce the organization, organizational structure, services and subsidiaries, constitution, Board procedures, matters reserved for the Board and major risks and risk management strategy of the X Fund Group.

The Board's existing directors receive periodic training relating to the core business of the Company and its subsidiaries, including the drivers of the business lines. Directors are also kept abreast of trends in the business and regulatory environment and informed of trends in financial reporting. Directors are required to participate in annual mandatory AML/CFT (Anti Money Laundering & Counter Finance Terrorist Activity) training.

Directors' Expertise

The Board and Committees are structured to ensure there is an appropriate mix of both knowledge, skill, and experience relevant to the business of X Fund. Its members have experience in positions with a high degree of responsibility and possess the necessary competencies and knowledge in wide and diverse areas relevant to the business. These include areas of general management, corporate finance, mergers and acquisitions, strategic management, corporate governance, corporate law, asset management and property management. This breadth of knowledge and expertise provide for diversity of opinions and invaluable support to the Board's decision-making process, which underpins the need for independent and critical thinking in their ability to represent the interests of shareholders.

The table below illustrates the skillset of the directors:

SKILLS & EXPERTISE	BOARD MEMBERS							
	Vinay Walia	Peter Pearson	Colin Steele	Bruce James	Carlton Barclay	Dr. Dodridge Miller*	Christopher Zacca*	Stephen McNamara
GENERAL MANAGEMENT	■	■		■	■	■	■	■
INTERNATIONAL BUSINESS	■	■				■	■	■
FINANCE	■	■	■		■	■	■	
STRATEGIC MANAGEMENT	■	■		■	■	■	■	
CORPORATE LAW						■		■
BANKING		■	■	■	■	■		
CORPORATE FINANCE (Mergers & Acquisitions)	■	■			■	■	■	
ASSET MGT	■					■		
PROPERTY	■		■		■			■

*Resigned effective September 30, 2022

Board Operations

The Board is scheduled to meet quarterly. In addition, ad hoc meetings are held to deal with urgent matters. The critical agenda items which were covered at Board Meetings in 2022 include:

- The approval of the year-end audited Financial Statements
- The review and approval of the quarterly unaudited financial statements and reports to the stockholders;
- Discussion on major Investments/ operations and strategic business initiatives including hotel portfolio
- Engagement of new Investment Manager and changes in management arrangements
- Ratification/approval of decisions of the Board Committees

Board Committees and Attendance Records

During the year, the Board and its committees held thirteen (13) meetings. All meetings were held virtually for the year. In addition to the Board Meetings held during the year, the Board regularly provided consultation to the Company/ Management virtually.

The Board has delegated certain of its functions to various Board Committees to focus on complex and specialized issues facing X Fund and its subsidiaries. These Committees make recommendations and report regularly to the Board who retains ultimate responsibility for all decisions taken. The Board Committees meet periodically (typically quarterly) to examine issues that fall within their respective mandate and report on their activities to the Board.

The Committee Members are appointed by the Board of Directors and hold office until otherwise determined by the Board of Directors or until they cease to be directors. The Committees comprise a majority of non-executive directors. The CEO and representatives of the Investment Manager attend meetings as invitees and participate in the meetings through presentations of discussion documents and development of strategies.

The Board of X Fund has three (3) Committees – Audit, Investment and Corporate Governance – to ensure that there is an ongoing review of its corporate integrity and X Fund's ability to achieve its strategic and operational objectives.

Attendance at meetings of the Board and its committees as at December 31, 2022 is summarized below:

Directors	Board	Audit Committee	Investment Committee	Corporate Governance Committee
Number of meetings total - 13	5	4	3	1
Christopher Zacca*	4		2	1
Stephen McNamara	3			
Peter Pearson	5	4		1
Dr. Dodridge Miller*	3			
Vinay Walia	5	4	3	1
Bruce James	4		2	
Carlton Barclay	2	1		
Colin Steele	5		1	

*resigned effective September 30, 2022

Directors' Remuneration

The Board determines the level and structure of fees paid to non-executive directors; executive directors (if any) do not receive fees in respect of their office as directors of the Company. The level of fees is in line with other listed companies. Fees are paid quarterly based on an annual retainer. A total of $13,853,000.00 was paid as directors' fees in 2022.

Board/Committee J$	Annual Retainer	Audit Committee	Investment Committee	Corporate Governance Committee
Board Chairman*	2,546,775.00			
Board Director (ALL)	1,620,675.00			
Committee Chair		1,041,862.50	1,041,862.50	694,545.00
Member of Committee		694,575.00	694,575.00	463,050.00

* Where the Board Chairman or Committee Chair is an Executive Director, an annual retainer will not be paid in accordance with the Company's Corporate Governance policy.

Board Sub Committees

Currently, the Board of X Fund has three (3) Committees – Audit, Investment and Corporate Governance – to ensure that there is an ongoing review of its corporate integrity and X Fund's ability to achieve its strategic and operational objectives. Two (2) of these committees (Audit and Investment Committees) meet quarterly in the absence of any pressing matter or emergency. The Corporate Governance Committee is scheduled to meet at least twice annually.

Audit Committee

The Audit Committee is chaired by Mr. Peter Pearson with support from Mr. Vinay Walia and Mr. Carlton Barclay who was appointed in July 2022. The Committee has responsibility for safeguarding the shareholders' investment and the Company's value. It has overall responsibility for ensuring the Company maintains an ongoing system of internal control and risk management, to provide it with reasonable assurance regarding effective and efficient operation, internal financial control and compliance with laws and regulations.

Investment Committee

The Investment Committee meets at least quarterly and as at December 31, 2022, was comprised of Mr. Vinay Walia (Chairman), Mr. Bruce James and Mr. Colin Steele.

Corporate Governance Committee

The Corporate Governance Committee is currently chaired by Mr. Peter Pearson and is supported by Mr. Mr. Vinay Walia and Mr. Stephen McNamara.

The key responsibilities of each committee are outlined as follows:

COMMITTEE	MEMBERS	KEY RESPONSIBILITIES
Audit Committee	Peter Pearson Vinay Walia Carlton Barclay	▪ monitor the adequacy and effectiveness of the Company's systems of risk management and control, the Business Risk Assurance function and external auditors ▪ review the Company's annual and quarterly unaudited financial statements and related policies and assumptions and any accompanying reports or related policies and statements ▪ monitor and review the effectiveness of the Company's internal audit function and fraud management ▪ monitor and review the external auditor's independence, objectivity, and effectiveness
Corporate Governance Committee	Peter Pearson Vinay Walia Stephen McNamara	▪ establish and ensure adherence to procedures designed to identify potential conflicts of interest, prevent conflicts of interest, and resolve them, if they occur ▪ review the annual Board Evaluation and initiate and assess the outcome of the evaluations of the previous year or as the election and re-election procedures determine and at such other times as any member of the Board may request
Investment Committee	Vinay Walia Bruce James Colin Steele	▪ ensure that the company adheres to prudent standards in making investment and lending decisions and in managing its investments ▪ approve the annual strategy for the Company

Board Evaluation

A key function of the Board as a fiduciary of the shareholders is to ensure consistent monitoring and review of its effectiveness as a Board, the effectiveness of its committees, and each director. The Board works along with the Corporate Governance Committee to establish the evaluation criteria for the performance of each director as well as the overall Board. The criteria are used to evaluate its performance annually and that of its individual directors.

The evaluation of the Chief Executive Officer and the Company Secretary is also covered under this review process. Action plans and issues are monitored over the period under review and may include adjustments to the strategic planning process to allow for more time to deliberate on the strategies presented and the continued focus on the board's agenda to cover certain critical non-standard items.

Corporate Values

Corporate Governance is the task of a company's board to provide entrepreneurial leadership, guidance, and oversight to the company for maximizing shareholder wealth within the bounds of law and community standards of ethical behaviour. The direction and momentum assumed by the Governance process must be driven by a value system that permeates the enterprise to ensure business priority alignment between board and management.

Code of Conduct

The standards contained in the Sagicor Code of Business Conduct and Ethics, have been adopted by the company. These standards emphasize the deterrence of wrongdoing that could lead to fraud and misconduct, and address the following essential areas:

- Conflicts of interest
- Corporate opportunities
- Confidentiality
- Fair dealing
- Protection and use of company assets
- Compliance with laws
- Rules and regulations, including insider trading laws, and
- Encouraging and reporting of any illegal or unethical behaviour

Conflict of Interest

Under the Code, the directors annual declarations of any personal interest he or she may have (whether directly or indirectly) which may have an impact on any matters being considered by the Board.

2022 FINANCIAL STATEMENTS

Independent auditors' report

To the Shareholders of Sagicor Real Estate X Fund Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements present fairly, in all material respects, the consolidated financial position of Sagicor Real Estate X Fund Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2022, and their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Sagicor Real Estate X Fund Limited's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in stockholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2022;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in stockholders' equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers East Caribbean, Unit 111 Johnsons Centre, No. 2 Bella Rosa Road, P.O. Box BW 304, Gros Islet, St. Lucia, West Indies
T: (758) 722 6700, www.pwc.com/bb

Our audit approach

Audit scope
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Group scoping was tailored based on the significance of each entity within the Group. All entities were considered individually financially significant with full scope audits being performed.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters, as it pertains to the stand-alone financial statements, in our report.

Key audit matter	How our audit addressed the key audit matter
Valuation of owner-managed hotel property (Group) *Refer to notes 2 (l), 3 (b) and 16 to the financial statements for disclosures of related accounting policies, judgements and estimates.*	
Owner-managed hotel property represents \$16.8 billion or 58.5% of total assets for the Group as at the end of the reporting period. The determination of the fair value of the hotel property requires significant judgement and is inherently subjective due to, among other factors, the individual nature of the property, the location of the property and the expected future revenues from room as well as food and beverage sales.	Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others: • Evaluated the competence and objectivity of management's experts in order to determine whether they were appropriately qualified and whether there was any affiliation to the Group. • Obtained an understanding of the valuation methods used by management along with

Management, with the assistance of independent valuation experts, used the income capitalisation approach, which consists of a discounted cash flow forecast to value the owner-managed hotel property. The income capitalisation approach considers the following key assumptions: • capitalisation rate; • discount rate; and • estimation of revenue from room and food and beverage sales. We focused on this area because changes in key assumptions may have a significant impact on the carrying value of owner-managed hotel property.	significant developments within the industry. This included evaluating the appropriateness of the valuation methodology used and its suitability for determining market value in accordance with the financial reporting framework. • Compared management's discount and capitalisation rates to those of comparable companies taking into account entity and industry risk factors as well as historical financial information. Evaluated the estimation of future room and food and beverage revenue with the assistance of our valuation expert. Based on the procedures performed, management's assumptions and judgements relating to the valuation of owner-managed hotel property were not unreasonable.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditors' report thereon), which is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation and fair presentation of the consolidated and stand-alone financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Auditors' responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement leader on the audit resulting in this independent auditors' report is Charissa Andrews.

PricewaterhouseCoopers

Castries, St Lucia
1 March 2023

Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

Revenues:	Note	2022 $'000	2021 $'000
Net investment income	8	280,390	147,554
Net capital (losses)/gains on financial assets and liabilities	8	(238,263)	1,193,844
Hotel revenue	8	7,071,966	4,432,018
Other income		4,561	19,871
Total revenue		7,118,654	5,793,287
Expenses:			
Direct expenses	9(a)	(2,485,385)	(1,588,142)
Administrative and other operating expenses	9(b)	(3,580,378)	(2,685,395)
Net impairment credits on financial assets	9(b)	-	299
Operating expenses		(6,065,763)	(4,273,238)
Finance costs	11	(321,875)	(529,449)
Operating profit		731,016	990,600
Loss on sale of interest in associate	15(a)	-	(233,089)
Profit before taxation		731,016	757,511
Taxation	12	(265,107)	(36,646)
Net profit		465,909	720,865
Other comprehensive income -			
Items that may be subsequently reclassified to profit or loss -			
Re-translation of foreign operation		(174,725)	658,987
Re-translation of foreign operation recycled to the Income Statement on sale of interest in associated company	15(a)	-	(2,534,160)
		(174,725)	(1,875,173)
Share of other interest rate swap of associated company recycled to the Income Statement on sale of interest in associated company	15(a)	-	526,436
Items that will not be subsequently reclassified to profit or loss -			
Revaluation of land and buildings		2,223,417	1,605,919
Other comprehensive income for the period, net of taxes		2,048,692	257,182
Total comprehensive income for the period		2,514,601	978,047
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic and fully diluted	13	$0.21	$0.17

The accompanying notes on pages 48 to 104 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income (Continued)

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Net profit attributable to:			
Stockholders of the Company		465,909	376,501
Non-controlling interests	32	-	344,364
		465,909	720,865
Total comprehensive income attributable to:			
Stockholders of the Company		2,514,601	1,420,443
Non-controlling interests	32	-	(442,396)
		2,514,601	978,047

The accompanying notes on pages 48 to 104 form an integral part of these financial statements.

Consolidated Statement of Financial Position

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Non-Current Assets			
Property, plant and equipment	16	16,773,390	14,964,537
Investment in Sagicor Sigma Global Funds - Sigma Real Estate Portfolio	17	1,295,131	868,146
Financial investments	18	3,203,377	268,060
Goodwill		-	923
		21,271,898	16,101,666
Current Assets			
Inventories	19	45,607	30,690
Receivables	20	841,809	1,303,678
Financial investments	18	-	8,845,860
Securities purchased under agreement to resell	21	2,971,544	2,888,764
Cash resources	22	3,523,560	2,144,347
		7,382,520	15,213,339
Current Liabilities			
Payables	23(a)	529,330	435,441
Contract liabilities	23(b)	145,388	140,540
Borrowings	25	66,467	202,190
Taxation payable		29,207	-
		770,392	778,171
Net Current Assets		6,612,128	14,435,168
		27,884,026	**30,536,834**
Stockholders' Equity			
Share capital	27	12,642,512	12,642,512
Currency translation reserve	29	1,892,918	2,067,643
Fair value and other reserves	29	4,763,553	2,540,136
Accumulated deficit	30	(194,758)	(660,667)
		19,104,225	16,589,624
Non-controlling interests	32	-	5,767,623
Total Equity		19,104,225	22,357,247
Non-Current Liabilities			
Borrowings	25	6,809,066	6,982,418
Deferred income taxes	26	1,970,735	1,197,169
Total Liabilities		8,779,801	8,179,587
Total Equity and Liabilities		**27,884,026**	**30,536,834**

Approved for issue by the Board of Directors on 27 February 2023 and signed on its behalf by:

Vinay Walia **Chairman** **Bruce James** **Director**

The accompanying notes on pages 48 to 104 form an integral part of these financial statements.

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Currency Translation Reserve	Fair Value and Other Reserves	Accumulated Deficit	Non-controlling Interests	Total
	Note 27	Note 29	Note 29			
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2021	12,642,512	2,949,762	708,789	(1,131,882)	6,210,019	21,379,200
Net profit for the year	-	-	-	376,501	344,364	720,865
Unrealised gain on revaluation of property, plant and equipment	-	-	1,605,919	-	-	1,605,919
Re-translation of foreign operations	-	(882,119)	-	-	(993,054)	(1,875,173)
Change in reserves of associated company	-	-	320,142	-	206,294	526,436
Total comprehensive income	-	(882,119)	1,926,061	376,501	(442,396)	978,047
Transfer between reserves	-	-	(94,714)	94,714	-	-
Balance at 31 December 2021	12,642,512	2,067,643	2,540,136	(660,667)	5,767,623	22,357,247
Net profit for the year	-	-	-	465,909	-	465,909
Unrealised gain on revaluation of property, plant and equipment	-	-	2,223,417	-	-	2,223,417
Re-translation of foreign operations	-	(174,725)	-	-	-	(174,725)
Total comprehensive income	-	(174,725)	2,223,417	465,909	-	2,514,601
Wind up of Jamziv	-	-	-	-	(5,767,623)	(5,767,623)
Balance at 31 December 2022	12,642,512	1,892,918	4,763,553	(194,758)	-	19,104,225

The accompanying notes on pages 48 to 104 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Cash Flows from Operating Activities			
Net cash provided by operating activities	33	2,380,772	964,468
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	16	(138,672)	(36,628)
Purchase of investments		(3,579,650)	(5,739,232)
Proceeds from sale of interest in associate	15 (a)	-	13,604,064
Proceeds from sale of investments		61,515	-
Net cash outflow on wind up Jamziv	14 (i)	(15)	-
Restricted cash		(167,097)	(344,781)
Interest received		322,955	54,415
Net cash (used in)/provided by investing activities		(3,500,964)	7,537,838
Cash Flows from Financing Activities			
Loan repayment, net		(151,979)	(2,986,424)
Interest paid		(345,800)	(468,436)
Net cash used in financing activities		(497,779)	(3,454,860)
(Decrease)/increase in cash and cash equivalents		(1,617,971)	5,047,446
Effect of exchange gains on cash and cash equivalents		(83,883)	1,168,149
Cash and cash equivalents at beginning of year		7,076,534	860,939
Cash and Cash Equivalents at year end	22	5,374,680	7,076,534

The accompanying notes on pages 48 to 104 form an integral part of these financial statements.

Company Statement of Comprehensive Income

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Revenues			
Net investment income	8	7,647	7,495
Net capital losses on financial assets and liabilities	8	(11,901)	(91,306)
Other income		-	2,112
		(4,254)	(81,699)
Administrative and other operating expenses	9	(120,885)	(51,065)
Finance costs	11	-	(48,450)
Operating loss		(125,139)	(181,214)
Loss on wind up of Jamziv	14 (i)	(6,859,755)	-
Taxation	12	-	-
Net loss, being total comprehensive loss for the year		(6,984,894)	(181,214)

The accompanying notes on pages 48 to 104 form an integral part of these financial statements.

Company Statement of Financial Position

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Non-Current Assets			
Investment in subsidiaries	14	9,518,204	24,008,822
Deferred income taxes	26	744	744
		9,518,948	24,009,566
Current Assets			
Receivables	20	6,207	2,362
Securities purchased under agreement to resell	21	580,893	697,787
Cash resources	22	5,784	6,020
		592,884	706,169
Current Liabilities			
Payables	23	36,905	25,051
Borrowings	25	-	7,630,863
		36,905	7,655,914
Net Current Assets/(Liabilities)		555,979	(6,949,745)
		10,074,927	17,059,821
Stockholders' Equity			
Share capital	27	12,642,512	12,642,512
(Accumulated Deficit)/Retained Earnings	30	(2,567,585)	4,417,309
Total Equity		10,074,927	17,059,821
Total Equity and Liability		10,074,927	17,059,821

Approved for issue by the Board of Directors on 27 February 2023 and signed on its behalf by:

Vinay Walia **Chairman** **Bruce James** **Director**

The accompanying notes on pages 48 to 104 form an integral part of these financial statements.

Company Statement of Changes in Stockholders' Equity

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital $'000	Retained Earnings/ (Accumulated Deficit $'000	Total $'000
Balance at 1 January 2021	12,642,512	4,598,523	17,241,035
Net loss, being total comprehensive loss for the year	-	(181,214)	(181,214)
Balance at 31 December 2021	12,642,512	4,417,309	17,059,821
Net loss, being total comprehensive loss for the year	-	(6,984,894)	(6,984,894)
Balance at 31 December 2022	12,642,512	(2,567,585)	10,074,927

The accompanying notes on pages 48 to 104 form an integral part of these financial statements.

Company Statement of Cash Flows

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Cash Flows from Operating Activities			
Net loss for the year		(6,984,894)	(181,214)
Items not affecting cash:			
Interest income	8	(7,647)	(7,495)
Finance costs	11	-	48,450
Loss on wind up of Jamziv	14 (i)	6,859,755	-
Effect of exchange losses on foreign currency balances		7,372	26,148
		(125,414)	(114,111)
Change in operating assets and liabilities:			
Receivables		(3,845)	(180)
Payables		19,720	(3,088)
Related parties		(7,866)	(3,778,014)
Net cash used in operating activities		(117,405)	(3,895,393)
Cash Flows from Investing Activities			
Interest received		7,657	7,437
Net cash provided by investing activities		7,657	7,437
Cash Flows from Financing Activities			
Interest paid		-	(318,491)
Borrowings		-	4,931,747
Net cash provided by financing activities		-	4,613,256
(Decrease)/ increase in cash and cash equivalents		(109,748)	725,300
Effect of exchange gains on cash and cash equivalents		(7,372)	(26,411)
Cash and cash equivalents at beginning of year		703,749	4,860
Cash and Cash Equivalents at year end	22	586,629	703,749

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

(a) Sagicor Real Estate X Fund Limited (The Company"), was incorporated on May 31, 2011 with the name Sagicor X Funds SPC Ltd, as an international business company under the International Business Companies Act, Cap. 12.14 of the Revised Laws of Saint Lucia. On February 28, 2013, the Company changed its name to Sagicor Real Estate X Fund Limited ("X Fund").

The Company is 65.12% owned by the Sagicor Pooled Investments Funds Limited, which is administered by Sagicor Life Jamaica Limited (SLJL). Effective, October 1, 2018 the Company became a subsidiary of Sagicor Group Jamaica Limited (SGJL) as SGJL owned 29.2% and had significant representation on the Board of Directors. During the year, SGJL sold its 29.2% interest in X Fund thus resulting in the company no longer being a subsidiary of SGJL.

The Company's main business activity is to invest in hotel and commercial real estate activities.

On 27 February 2023, the Board of Directors approved the consolidated financial statements and authorised them for issue. The Board of Directors has the power to amend the financial statements after issue.

(b) On December 1, 2014 X Fund Properties Limited was formed and is a wholly owned subsidiary of X Fund. X Fund Properties Limited is incorporated and domiciled in Jamaica and has coterminous year with its parent Company.

(c) On July 31, 2015, X Fund Properties Limited established a wholly owned subsidiary, X Fund Properties LLC. X Fund Properties LLC is incorporated and domiciled in Delaware, USA and has coterminous year with its parent company. Its main business activity is the operation of the DoubleTree Hotel in Orlando, Florida (the DoubleTree).

(d) On April 25, 2018, Jamziv Mobay Jamaica Portfolio Limited ("Jamziv") was incorporated in Jamaica as a holding company. On July 1, 2018, X Fund acquired 51.86% of Jamziv, in addition to the 8.95% that X Fund Properties Limited purchased on June 2, 2018. Together the X Fund Group owns 60.81% of Jamziv, which in turn had 14.87% of Playa Hotels & Resorts N.V. ("Playa") at December 2020. Jamziv sold its interest in Playa in January 2021.

On June 13, 2022, the Group completed wind up of Jamziv Mobay Jamaica Portfolio Limited ("Jamziv"). Note 14 (i).

(e) The Company's subsidiaries, joint operations and associate, which together with the Company are referred to as "the Group", are as follows:

Subsidiaries	Incorporation in	Principal Activities	Holdings held by Company %
X Fund Properties Limited	Jamaica	Hospitality and real estate investment	100
X Fund Properties LLC	USA	Hospitality	100

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

(f) Management agreements

(i) Ambridge Hospitality LLC

The Group entered into a property management agreement with Ambridge Hospitality LLC to manage the hotel property DoubleTree Orlando. The property management agreement has an initial term of five years and may be extended or shortened in accordance with the property management agreement. The management agreement may be terminated prior to the expiration of the initial term upon the sale of the hotel to a bona fide third-party purchaser, an event of default as defined in the property management agreement, or if a predetermined performance standard is not satisfied. Ambridge Hospitality LLC is entitled to receive a base management fee equal to 2.18% of total operating revenues, as defined. For the year ended 31 December 2022 the Group recognised property management fees of $152,149,000 (2021 - $95,687,000). The Group reimburses Ambridge for expenses incurred relating to hotel operations. For the year ended 31 December 2022, the Group incurred reimbursable expenses of $296,332,000 (2021 - $265,055,000).

(ii) Playa Management U.S.A LLC

The Group entered into a property management agreement on May 31, 2018 with Playa Management U.S.A LLC to manage the joint operation of Jewel Grande Montego Bay Resort and Spa. The property management agreement has an initial term of ten years and may be extended or shortened in accordance with the property management agreement. The management agreement may be terminated prior to the expiration of the initial term upon the sale of the hotels to a bona fide third party purchaser, an event of default as defined in the property management agreement, or if a predetermined performance standard is not satisfied.

Simultaneously, with the Management Agreement, an International Sales & Marketing Services Agreement was signed between the Group and Playa Resorts Management, LLC. This Agreement provides that for each Accounting Period, the Marketing Services Provider shall receive, by a distribution made by the Operator out of the Operating Account at the end of each Accounting Period in respect of its management services, a services marketing fee in an amount equal to three percent (3%) of Gross Revenues in respect of any applicable period.

The initial operating term is 10 years unless earlier terminated with a termination fee on the occurrence of an event of default. The Initial Term shall automatically be extended for two (2) successive five (5) year periods. These agreements were terminated with the sale of its interest in Jewel Grande last year.

(iii) Sagicor Property Services Limited

Effective September 2022, the Group entered into a management services agreement with Sagicor Property Services Limited to provide investment advice, property management, and consultancy, services. Sagicor Property Services Limited is entitled to receive annual fee of 0.75% of net average assets to 31 December 2022,1.25% to December 2023 and 1.5% thereafter. Sagicor Property Services is also to receive an incentive based on the Group's performance as defined. The agreement is in full force until terminated by either party, providing the required notice period or if the predetermined conditions are not met. For the year ended 31 December 2022 the Group recorded management service cost of $43,141,000 (2021 - $ Nil).

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of certain fixed and financial assets, investment properties and financial liabilities.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Standards, interpretations and amendments to published standards effective in the current year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new interpretations and amendments, and has adopted the following, which are relevant to its operations.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'. There was no impact to the Group on adoption of these amendments.

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2023 and were not effective at the statement of financial position date. The Group having assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities, (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Amendment to IAS 12, deferred tax related to assets and liabilities arising from a single transaction, (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group has control over an entity when the Group is exposed to the variable returns from its ownership interest in the entity and when the Group can effect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group, and subsidiaries are de-consolidated from the date on which control ceases.

All material intra-group balances, transactions and gains are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group uses the acquisition method of accounting when control over entities and insurance businesses is obtained by the Group. The cost of an acquisition is measured as the fair value of the identifiable assets given, the equity instruments issued and the liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any minority interest. Acquisition-related costs are expensed as incurred.

The excess of the cost of the acquisition, the non-controlling interest recognised and the fair value of any previously held equity interest in the acquiree, over the fair value of the net identifiable assets acquired is recorded as goodwill. If there is no excess and there is a shortfall, the Group reassesses the net identifiable assets acquired. If after reassessment, a shortfall remains, the acquisition is deemed to be a bargain purchase and the shortfall is recognised in income as a gain on acquisition. Any non-controlling interest balances represent the equity in a subsidiary not attributable to X Fund's interests.

On an acquisition by acquisition basis, the Group recognises at the date of acquisition the components of any minority interest in the acquiree either at fair value or at the proportionate share of the acquiree's net identifiable assets. The latter option is only available if the minority interest component is entitled to a proportionate share of net identifiable assets of the acquiree in the event of liquidation.

Non-controlling interest balances are subsequently re-measured by the minority's proportionate share of changes in equity after the date of acquisition. Investments in subsidiaries are stated in the Company's financial statements at cost less impairment.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(ii) Change in ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity, gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Associates

The investments in associated companies, which are not majority-owned or controlled but where significant influence exists, are included in these consolidated financial statements under the equity method of accounting. Investments in associated companies are originally recorded at cost and include intangible assets identified on acquisition.

The Group recognises in income its share of associate companies' post acquisition income and its share of the amortisation and impairment of intangible assets which were identified on acquisition. Unrealised gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. The Group recognises in other comprehensive income, its share of the associated company post acquisition other comprehensive income.

(iv) Discontinued operations

When the Group disposes of interest in an entity or a significant portion of the Company, the disclosure will reflect a single amount in the statement of comprehensive income comprising the total of:

(i) the post-tax profit or loss of discontinued operations; and
(ii) the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal Group(s) constituting the discontinued operation.

The statement of comprehensive income shows a section identified as relating to discontinued operations; that is, separately from continuing operations.

(v) Joint operations

The Group recognises its investment in joint operations by accounting for its relevant share of the assets, liabilities, revenues and expenses of joint operations and its share of any jointly incurred assets, liabilities, revenues and expenses.

(c) Segment reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Jamaican dollars, which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. These rates represent the weighted average rates at which the Company trades in foreign currency.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments.

All foreign exchange gains and losses recognised in the statement of comprehensive income are presented net in the statement of comprehensive income within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

(iii) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised as a separate component of stockholders' equity in the currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and borrowings are taken to stockholders' equity. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(e) Revenue recognition

Revenues from service contracts with customers consist primarily of hotel revenue from guests reservations, management fees and rental income. These service contracts generally impose single performance obligations, each consisting of a series of similar related services to the guests. The Group's performance obligations within these service arrangements are generally satisfied over time as the guests receive and consume contracted benefits.

Revenue from service contracts with customers is recognised when (or as) the Group satisfies the performance obligation of the contract. For obligations satisfied over time, revenue is recognised daily over the reservation period. For performance obligations satisfied at a point in time, revenue is recognised at that point in time.

(i) Interest income

Interest income on financial assets at amortised costs and fair value through profit or loss is recognised in the income statement for all interest bearing instruments on an accrual basis using the effective interest method.

(ii) Gain or loss on sale of investment

Gain or loss on the disposal or maturity of investment, is determined by comparing sale proceeds with the carrying amount of the investment. This amount is recognised in the income statement.

(iii) Unrealised gains

Unrealised gains or losses on appreciation or depreciation of value in Sigma Real Estate Portfolio and investment securities are recognised in income statement.

(f) Taxation

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges. Current and deferred tax is charged or credited to profit in the statement of comprehensive income, except where they relate to items charged or credited to other comprehensive income or equity, in which case, they are also dealt with in other comprehensive income or equity.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted at year end.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(g) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash on hand and deposits held at Group less bank overdrafts and restricted cash.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(h) Securities purchased under agreement to resell

The purchase of securities under resale agreements are treated as collateralised financing transactions and are recorded at the amount at which the securities were acquired. The related interest income was recorded on the accrual basis.

(i) Financial assets

(i) Classification of financial assets

IFRS 9 introduces a principles-based approach to the classification of financial assets. Debt instruments, including hybrid contracts, are measured at fair value through profit or loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”) or amortised cost based on the nature of the cash flows of these assets and the Group’s business model. Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification to profit or loss.

Financial assets are measured on initial recognition at fair value and are classified as and subsequently measured either at amortised cost or at FVTPL. Financial assets and liabilities are recognised when the Group becomes a party to the contractual provision of the instrument. Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

<u>Financial assets measured at amortised cost</u>

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gains or loss arising on de-recognition is recognised directly in profit or loss and presented in net capital gains and financial assets and liabilities.

<u>Financial assets measured at fair value through profit and loss</u>

Financial assets that do not meet the criteria for amortised cost are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net with net capital gains and financial assets and liabilities in the period it arises. Interest income and interest earned on assets measured at fair value through profit and loss Interest income is earned based on the effective interest rate based on the carrying amount before allowances. Interest earned on assets measured at fair value through profit and loss is recognised based on the effective interest rate. For assets that are credit-impaired when purchased or originated, the carrying amount after allowances for ECL is the basis for applying the effective interest rate.

<u>Business model assessment</u>

Business models are determined at the level which best reflects how the Group manages portfolios of assets to achieve business objectives. Judgement is used in determining business models, which is supported by relevant, objective evidence including:

- The nature of liabilities, if any, grouping a portfolio of assets.
- The nature of the market of the assets in the country of origination of a portfolio of assets.
- How the Group intends to generate profits from holding a portfolio of assets.
- The historical and future expectations of asset sales within a portfolio.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(i) Financial assets (continued)

Solely repayments of principle and interest (“SPPI”)
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments’ cash flows represent solely payments of principle and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets is classified and measured at FVTPL.

(i) Impairment of financial assets measured at amortised cost

IFRS 9 introduces an impairment model that requires the recognition of expected credit losses (“ECL”) on financial assets measured at amortised cost which were previously provided for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) (’12-month ECL’).

In the event of a significant increase in credit risk (SICR) an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (‘lifetime ECL’). Financial assets where 12-month ECL is recognised are considered to be ‘stage 1’; financial assets which are considered to have experienced a significant increase in credit risk are in ‘stage 2’; and financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit-impaired are in ‘stage 3’. Purchased or originated credit-impaired financial assets (“POCI”) are treated differently as set out below.

To determine whether the life-time credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information that is available including information from the past and forward-looking information. Factors such as whether payments of principal and interest are in default, an adverse change in credit rating of the borrower and adverse changes in the borrower’s industry and economic environment are considered in determining whether there has been a significant increase in the credit risk of the borrower.

(ii) Purchased or originated credit-impaired assets

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. This population includes the recognition of a new financial instrument following a renegotiation where concessions have been granted for economic or contractual reasons relating to the borrower’s financial difficulty that otherwise would not have been considered. The amount of change-in-lifetime ECL is recognised in profit or loss until the POCI is derecognised, even if the lifetime ECL is less than the amount of ECL included in the estimated cash flows on initial recognition.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(i) Financial assets (continued)

(iii) Definition of default

The Group determines that a financial instrument is credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for 90 days or more;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the financial asset is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

(iv) Write-off

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

(v) The general approach to recognising and measuring ECL

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Measurement

Expected credit losses are calculated by multiplying three main components, being the probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD"), discounted at the original effective interest rate. Management has calculated these inputs based on the historical experience of the portfolios adjusted for the current point in time.

A simplified approach to calculating the ECL is applied to contract and other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the life-time ECL on initial recognition (i.e. Stage 3). For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a Group are homogeneous.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(i) Financial assets (continued)

(v) The general approach to recognising and measuring ECL (continued)

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience, but given that IFRS 9 requirements have only just been applied, there has been little time available to make these comparisons. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in regulatory modelling and for the incorporation of 'downside scenarios' which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, in particular to changes in economic and credit conditions across a large number of geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances as a whole are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and the results should not be further extrapolated.

The main difference between Stage 1 and Stage 2 expected credit losses is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD. Stage 3 estimates will continue to leverage existing processes for estimating losses on impaired loans, however, these processes will be updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios. An expected credit loss estimate will be produced for each individual exposure, including amounts which are subject to a more simplified model for estimating expected credit losses.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.
The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

For defaulted financial assets, based on management's assessment of the borrower, a specific provision of expected life-time losses which incorporates collateral recoveries, is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

Forward looking information
The estimation and application of forward-looking information will require significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(i) Financial assets (continued)

(v) *The general approach to recognising and measuring ECL (continued)*

Each macroeconomic scenario used in the expected credit loss calculation will have forecasts of the relevant macroeconomic variables – including, but not limited to, unemployment rates and gross domestic product, for a three year period, subsequently reverting to long-run averages. Our estimation of expected credit losses in Stage 1 and Stage 2 will be a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. Our base case scenario will be based on macroeconomic forecasts where available. Upside and downside scenarios will be set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions.

Forward looking information
Scenario design, including the identification of additional downside scenarios will occur on at least an annual basis and more frequently if conditions warrant. Scenarios will be probability-weighted according to our best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights will be updated on a quarterly basis.

(j) Inventories
Inventories are stated at the lower of average cost and net realisable value. Cost is determined using the average cost method. In the case of the Group, cost represents invoiced cost plus direct inventory-related expenses. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(k) Trade receivables
Trade receivables are amounts due from customers for services performed in the ordinary course of business. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 4(a).

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(l) Property, plant and equipment

Property, plant and equipment, including owner-managed properties, are recorded at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into existing use. Subsequent to their initial recognition, property, plant and equipment are carried at revalued amounts. Revaluations are performed by independent qualified valuers annually.

Increases in the carrying values arising from the revaluations are credited to fair value reserve. Decreases in the carrying values arising from revaluations are first offset against increases from earlier revaluations in respect of the same assets and are thereafter charged to the statement of comprehensive income. All other decreases in carrying values are charged to the statement of comprehensive income. Any subsequent increases are credited to the statement of comprehensive income up to the respective amounts previously charged.

Revaluation surplus realised through the depreciation or disposal of revalued assets are retained in the fair value reserve and will not be available for offsetting against future revaluation losses. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Depreciation is calculated mainly on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives which are estimated as follows:

Buildings	25 - 40 years
Furniture, fixtures and equipment	7-10 years
Computer equipment	3-5 years
Motor vehicles	5 years

Land is not depreciated. No depreciation is provided for construction in progress until they are completed and ready for use.

Property, plant and equipment are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amounts by which the carrying amount of a cash generating unit exceeds the higher of its fair value less costs to sell and its value in use, which is the estimated net present value of future cash flows to be derived from the cash generating unit.

Repairs and maintenance expenses are charged in arriving at profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(m) Impairment of non-financial assets

Property, plant and equipment and other assets, excluding goodwill, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(n) Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life of five years. Intangible assets with indefinite useful lives are assessed for impairment annually, or more frequently if events changed in circumstances indicate a potential impairment.

(o) Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Contract liabilities are recognised when guests prepay for reservation.

(p) Leases

As lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned assets. Rental income is recognised on a straight-line basis over the lease term.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(q) Financial liabilities

(i) Classification of financial liabilities

Financial liabilities are measured at initial recognition at fair value and are classified as and subsequently measured either at amortised cost, or at fair value through income (FVTPL). Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

(ii) Loans and debt obligations

Bank overdrafts are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the statement of comprehensive income as finance cost.

(r) Share capital

Common shares which are non-redeemable, and for which the declaration of dividends is discretionary are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds. Shares are classified as equity when there is no obligation to transfer cash or other assets.

(s) Dividends

Dividends on ordinary shares are recognised in stockholders' equity in the period in which they are approved by the Group's Board of Directors.

(t) Fair value and other reserves

Carried in the fair value reserve and other reserves are the increase/decrease in the carrying value arising from the revaluations of property plant and equipment; and the Group's share of change in reserve of associated company.

The other reserve includes movements on interest rate swap and retirement benefit obligation. The associated company, Playa Hotels & Resorts N.V. had elected to adopt hedge accounting and designate its existing interest rate swaps as cash flow hedges. Changes in the fair value of our interest rate swaps that qualifies as effective cash flow hedges is recorded through other comprehensive loss ("OCI"). Unrealized gains and losses in accumulated other comprehensive loss are reclassified to interest expense as interest payments are made (Note 31).

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policy management has made no significant judgements regarding the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The Group makes estimates and assumptions that affect the reported assets and liabilities within the next financial year. The resulting accounting estimates will, by definition, seldom equal the related actual results. Areas of key sources of estimation uncertainty include the following:

Income taxes

The Group is subject to income taxes. Significant judgement is required in determining the provision for income taxes. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Valuation of owner managed hotel property

Freehold land and building are carried in the statement of financial position at fair value. The changes in fair value for owner managed hotels are recognised in fair value reserve through other comprehensive income. The Group uses independent qualified property appraisers to value its land and buildings annually. Those fair values were derived using the income capitalization approach. This approach takes in consideration various assumptions and factors that require estimation and judgement. Assumptions are made about key factors in particular capitalisation rate, discount rate and revenue from room revenue and beverage sales. A change in any of these assumptions and factors could have a significant impact on the carrying value of the owner managed hotel property.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk that its customers or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is a very important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Group's receivables from customers and investment activities. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

Credit review process

The Sagicor Group's investment manager, Sagicor Life Jamaica Limited, manages the Group's exposure to credit risk relating to investment by reviewing the ongoing financial status of each counterparty and makes recommendation to the investment committment. The Company's Finance Department has responsibility for conducting credit reviews for customers through regular analysis of the ability of financial institutions and other counterparties to meet repayment obligations.

(i) *Investments*

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

<u>Receivables</u>

The Group exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Finance Department assesses the credit worthiness of customers prior to the Group offering them a credit facility. Customer credit risk are monitored according to their credit characteristics such as whether it is an individual or Company, geographic location, industry, aging profile, and previous financial difficulties.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

The Group and Company's maximum exposure to credit risk at the year-end were as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$000	**$000**	**$000**	**$000**
Trade receivables	288,073	314,542	-	-
Due from related parties	6,308	392,913	-	-
Financial investments	3,203,377	9,113,920	-	-
Securities purchased under agreement to resell	2,971,544	2,888,764	580,893	697,787
Cash and cash equivalent (excluding cash on hand)	3,516,211	2,136,857	5,784	6,020
	9,985,513	14,846,996	586,677	703,807

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets

The Group has financial assets that are subject to the expected credit loss model:

i. Trade receivables for the provision of services, and
ii. Other receivables

While cash at bank is also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

i. Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, the Group first considers whether any individual customer accounts require specific provisions. Loss rates are then assigned to these accounts based on an internal risk rating system considering various qualitative and quantitative factors. All other non-specific trade receivables are then grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2022 and 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomics factors affecting the ability of the customers to settle the receivables. The Group has identified the inflation and foreign exchange rate of the country in which it sells services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows for trade receivables:

The Group

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	0.00%	0.00%	0.00%	16.26%	0.39%
Gross carrying amount $’000	231,429	46,276	4,627	6,856	289,188
Loss allowance provision $’000	-	-	-	1,115	1,115

The Group

31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	0.00%	0.00%	0.00%	38.46%	1.71%
Gross carrying amount $’000	222,941	59,350	23,496	14,227	320,014
Loss allowance provision $’000	-	-	-	5,472	5,472

The creation and release of provision for impaired receivables have been included in administration expenses in statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The Group addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances. The Group's average credit period on the sale of service is 30 days. The Group has provided fully for all trade receivables that are over 90 days past due based on historical experience which dictates that amounts past due beyond 90 days are generally not recoverable.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Analysis of trade receivables

The following table summarises the Group's credit exposure for trade receivables at their carrying amounts, as categorised by customer sector:

	The Group	
	2022 $'000	**2021 $'000**
Travel agents	133,608	164,237
Other	155,580	155,777
	289,188	320,014
Less: Impairment loss	(1,115)	(5,472)
	288,073	314,542

The closing loss allowance provision for trade receivables as at 31 December 2022 and 2021 reconciles to the opening loss allowance for that provision as follows:

	The Group	
	2022 $'000	**2021 $'000**
Opening loss allowance at 1 January	5,472	14
Impairment losses:		
(Decrease)/increase in loss allowance	(4,357)	5,757
Unused amounts reversed	-	(299)
At 31 December 2022	1,115	5,472

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets (continued)

Net impairment losses/reversals on financial assets recognised in profit or loss

During the year, the following losses were recognised in the income statement in relation to impaired financial assets:

	The Group	
	2022	**2021**
	$'000	**$'000**
Movement in loss allowance for trade receivables	(4,357)	5,757
Reversal of previous impairment losses	-	(299)
	(4,357)	5,458

i. Financial investments

The Group is also exposed to credit risk in relation to debt instruments that are measured at the fair value through profit or loss and amortised cost. The maximum exposure at the reporting period is the carrying amount of these investments $4,498,508,000 (2021- $9,982,066,000).

(b) Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of grouping through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's liquidity management process includes monitoring future cash flows and liquidity on a daily basis.

Liquidity risk management process

The Group's liquidity management process, as carried out and monitored by the Finance Department, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure financing required.

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Optimising cash returns on investment;

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities

The maturity profile of the Group and the Company's financial liabilities at year end based on contractual undiscounted payments was as follows:

	The Group			
	1 to 12 Months	**1 to 5 Years**	**Over 5 Years**	**Total**
31 December 2022	**$000**	**$000**	**$000**	**$000**
Payables	442,703	-	-	442,703
Borrowings	489,652	7,209,505	-	7,699,157
	932,355	7,209,505	-	8,141,860

	The Company			
	1 to 12 Months	**1 to 5 Years**	**Over 5 Years**	**Total**
31 December 2022	**$000**	**$000**	**$000**	**$000**
Payables	36,905	-	-	36,905
	36,905	-	-	36,905

	The Group			
	1 to 12 Months	**1 to 5 Years**	**Over 5 Years**	**Total**
31 December 2021	**$000**	**$000**	**$000**	**$000**
Payables	346,588	-	-	346,588
Borrowings	499,939	7,850,030	-	8,349,969
	846,527	7,850,030	-	8,696,557

	The Company			
	1 to 12 Months	**1 to 5 Years**	**Over 5 Years**	**Total**
31 December 2021	**$000**	**$000**	**$000**	**$000**
Payables	25,051	-	-	25,051
Borrowings	7,630,863	-	-	7,630,863
	7,655,914	-	-	7,655,914

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising mainly from the US dollar currency exposure. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Group further manages this risk by maximising foreign currency earnings and holding foreign currency balances. Payments of foreign liabilities are also made timely.

Concentration of currency risk

The table below summaries the Group and Company exposure to foreign currency exchange rate risk at 31 December.

	The Group		
	2022		
	J$ J$'000	**US$ J$'000**	**Total J$'000**
Financial Assets			
Financial investments excluding units in Sigma Global Funds	421,567	5,753,354	6,174,921
Investment in Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	1,295,131	-	1,295,131
Cash resources	5,909	3,510,302	3,516,211
Receivables	6,308	288,073	294,381
Total financial assets	1,728,915	9,551,729	11,280,644
Financial Liabilities			
Payables	82,196	360,507	442,703
Borrowings	-	6,803,010	6,803,010
Total financial liabilities	82,196	7,163,517	7,245,713
Net financial position	1,646,719	2,388,212	4,034,931

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Company		
	2022		
	J$** **J$'000	**US$** **J$'000**	**Total** **J$'000**
Financial Assets			
Financial assets at fair value through profit and loss and securities purchased under agreement to resell	651	580,242	580,893
Cash resources	-	5,784	5,784
Total financial assets	651	586,026	586,677
Financial Liabilities			
Payables	36,905	-	36,905
Total financial liabilities	36,905	-	36,905
Net financial position	(36,254)	586,026	549,772

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Group		
	2021		
	J$ J$'000	**US$ J$'000**	**Total J$'000**
Financial Assets			
Financial assets at fair value through profit and loss and securities purchased under agreement to resell	6,061,657	5,941,027	12,002,684
Investment in Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	868,146	-	868,146
Cash resources	1,869	2,134,988	2,136,857
Receivables	392,913	314,542	707,455
Total financial assets	7,324,585	8,390,557	15,715,142
Financial Liabilities			
Payables	37,590	308,998	346,588
Borrowings	-	7,087,298	7,087,298
Total financial liabilities	37,590	7,396,296	7,433,886
Net financial position	7,286,995	994,261	8,281,256

	The Company		
	2021		
Financial Assets	**J$ J$'000**	**US$ J$'000**	**Total J$'000**
Financial assets at fair value through profit and loss and securities purchased under agreement to resell	556	697,231	697,787
Total assets	-	6,020	6,020
Total financial assets	556	703,251	703,807
Financial Liabilities			
Payables	25,051	-	25,051
Borrowings	7,630,863	-	7,630,863
Total financial liabilities	7,655,914	-	7,655,914
Net financial position	(7,655,358)	703,251	(6,952,107)

Foreign currency sensitivity

The following table indicates the currencies to which the Group and Company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for changes in foreign currency rates. The sensitivity of the profit was as a result of foreign exchange gains/losses on translation of US dollar denominated receivables, trade payables, borrowings, Group balances, investment securities and cash and cash equivalent balances.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Group			
Currency:	**Change in Currency Rate 2022**	**Effect on Pre-tax Profit 2022**	**Change in Currency Rate 2021**	**Effect on Pre-tax Profit 2021**
USD	**%**	**$'000**	**%**	**$'000**
Revaluation	1	(57,676)	2	(118,942)
Devaluation	4	230,695	8	475,767

	The Company			
Currency:	**Change in Currency Rate 2022**	**Effect on Pre-tax Profit 2022**	**Change in Currency Rate 2021**	**Effect on Pre-tax Profit 2021**
USD	**%**	**$'000**	**%**	**$'000**
Revaluation	1	(5,860)	2	(14,065)
Devaluation	4	23,440	8	56,260

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk. The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest bearing financial liabilities.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group and Company's exposure to interest rate risk are as follows:

	The Group				
31 December 2022	**1 to 12 Months $000**	**2 to 5 Years $000**	**Over 5 Years $000**	**Non-Interest Bearing $000**	**Total $000**
Assets					
Financial investments excluding units in Sigma Global Funds	2,970,811	27,547	3,121,936	54,627	6,174,921
Investment in Sagicor Sigma Global Funds –Sigma Real Estate Portfolio	-	-	-	1,295,131	1,295,131
Receivables	-	-	-	294,381	294,381
Cash resources	3,516,211	-	-	-	3,516,211
Non-financial assets:					
Cash resources	-	-	-	7,349	7,349
Other assets	-	-	-	547,428	547,428
Property, plant and equipment	-	-	-	16,773,390	16,773,390
Inventories	-	-	-	45,607	45,607
Total assets	6,487,022	27,547	3,121,936	19,017,913	28,654,418
Liabilities					
Payables	-	-	-	442,703	442,703
Borrowings	26,809	6,750,999	-	25,202	6,803,010
Non-financial liabilities:					
Borrowings	-	-	-	72,523	72,523
Contract liabilities	-	-	-	145,388	145,388
Other Liabilities	-	-	-	86,627	86,627
Taxation payable	-	-	-	29,207	29,207
Deferred income taxes	-	-	-	1,970,735	1,970,735
	26,809	6,750,999	-	2,772,385	9,550,193
Total interest repricing gap	6,460,213	(6,723,452)	3,121,936	16,245,528	19,104,225
Cumulative repricing gap	6,460,213	(263,239)	2,858,697	19,104,225	

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company				
	1 to 12 Months	2 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
31 December 2022	**$000**	**$000**	**$000**	**$000**	**$000**
Assets					
Financial investments excluding units in Sigma Global Funds	580,845	-	-	48	580,893
Cash resources	5,784	-	-	-	5,784
Non-financial assets:					
Other assets	-	-	-	6,207	6,207
Deferred income taxes	-	-	-	744	744
Investment in subsidiaries	-	-	-	9,518,204	9,518,204
Total assets	586,629	-	-	9,525,203	10,111,832
Liabilities					
Payables	-	-	-	36,905	36,905
Total liabilities	-	-	-	36,905	36,905
Total interest repricing gap	586,629	-	-	9,488,298	10,074,927
Cumulative repricing gap	586,629	586,629	586,629	10,074,927	

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group				
	1 to 12 Months	2 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
31 December 2021	**\$000**	**\$000**	**\$000**	**\$000**	**\$000**
Assets					
Financial investments excluding units in Sigma Global Funds	5,965,539	30,339	141,091	5,865,715	12,002,684
Investment in Sagicor Sigma Global Funds –Sigma Real Estate Portfolio	-	-	-	868,146	868,146
Receivables	-	-	-	707,455	707,455
Cash resources	2,136,857	-	-	-	2,136,857
Non-financial assets:					
Cash resources	-	-	-	7,490	7,490
Other assets	-	-	-	596,223	596,223
Investment in associate					
Property, plant and equipment	-	-	-	14,964,537	14,964,537
Goodwill	-	-	-	923	923
Inventories	-	-	-	30,690	30,690
Total assets	8,102,396	30,339	141,091	23,041,179	31,315,005
Liabilities					
Payables	-	-	-	346,588	346,588
Borrowings	152,598	6,908,500	-	26,200	7,087,298
Non-financial liabilities:					
Borrowings	-	-	-	97,310	97,310
Contract liabilities	-	-	-	140,540	140,540
Other Liabilities	-	-	-	88,853	88,853
Deferred income taxes	-	-	-	1,197,169	1,197,169
	152,598	6,908,500	-	1,896,660	8,957,758
Total interest repricing gap	7,949,798	(6,878,161)	141,091	21,144,519	22,357,247
Cumulative repricing gap	7,949,798	1,071,637	1,212,728	22,357,247	

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company				
31 December 2021	**1 to 12 Months $000**	**2 to 5 Years $000**	**Over 5 Years $000**	**Non-Interest Bearing $000**	**Total $000**
Assets					
Financial investments excluding units in Sigma Global Funds	697,729	-	-	58	697,787
Cash resources	6,020	-	-	-	6,020
Non-financial assets:					
Other assets	-	-	-	2,362	2,362
Deferred income taxes	-	-	-	744	744
Investment in subsidiaries	-	-	-	24,008,822	24,008,822
Total assets	703,749	-	-	24,011,986	24,715,735
Liabilities					
Payables	-	-	-	25,051	25,051
Borrowings	-	-	-	7,630,863	7,630,863
Total liabilities	-	-	-	7,655,914	7,655,914
Total interest repricing gap	703,749	-	-	16,356,072	17,059,821
Cumulative repricing gap	703,749	703,749	703,749	17,059,821	

Interest rate sensitivity

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk. The Group earns interest on its investments in debt securities and pays interest on its borrowings (Notes 18,21,22 & 25). Accordingly, the Group does not have significant exposure to interest rate risk.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

5. Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital and ensure that the Group is not in breach of its loan covenants.

6. Fair Value of Financial Instruments

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the statement of financial position dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) Investments in unit trusts are based on prices quoted by the Fund managers.

(ii) The fair values of financial investments are measured by reference to quoted market prices or dealer quotes when available.

(iii) The fair value of current assets and liabilities approximate their carrying value due to the short term nature of these instruments.

The following table provides an analysis of financial instruments that are measured in the statement of financial position at fair value at 31 December 2022, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

6. Fair Value of Financial Instruments (Continued)

	The Group			
	2022			
	Level 1	Level 2	Level 3	Total
Financial Assets	$'000	$'000	$'000	$'000
Investments in Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	-	-	1,295,131	1,295,131
Financial assets at fair value through profit or loss (Note 18)	-	3,203,377	-	3,203,377
	-	3,203,377	1,295,131	4,498,508
Non-Financial Assets				
Property Plant and Equipment	-	-	16,773,390	16,773,390
	-	3,203,377	18,068,521	21,271,898

	The Group			
	2021			
	Level 1	Level 2	Level 3	Total
Financial Assets	$'000	$'000	$'000	$'000
Investments in Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	-	-	868,146	868,146
Financial assets at fair value through profit or loss (Note 18)	-	268,060	-	268,060
	-	268,060	868,146	1,136,206
Non- Financial Assets				
Property Plant and Equipment	-	-	14,964,537	14,964,537
	-	268,060	15,832,683	16,100,743

There were no transfers between levels during the year.

The following table summarizes the quantitative information about the significant unobservable inputs used to measure the Group's Level 3 financial instruments:

Description	**Fair value at**		**Unobservable inputs**	**Range of unobservable inputs**		**Relationship of unobservable inputs to fair value**
	2022 $'000	**2021 $'000**		**2022**	**2021**	
The Group:						
Investment in Sigma Real Estate Portfolio	1,295,131	868,146	Computed unit prices	10%	10%	If the estimated fair values were higher/lower by 10% the value would increase by $129,513 (2021 -$84,403)
Property, plant and equipment	16,773,390	14,964,537	Income capitalisation	5%	5%	Increase in comparable sale process will have a direct correlation to fair value.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

7. Segmental Financial Information

The Group is managed on a matrix basis, reflecting both line of business and geography. Accordingly, segment information is presented in two formats. The Group is organised into two primary business segments:

(a) Hotel operations – direct ownership and operation of hotels.

(b) Indirect hotel operations and commercial – indirect investment in real estate via the Sagicor Sigma Global Funds and Jamziv. The wind up of Jamziv was completed in 2022.

(c) Other – comprises of other investment assets and other liabilities.

There was no transaction between the operating segments during 2022 or 2021.

	The Group				
	2022				
	Hotel Operations	Indirect Hotel and Commercial Operations	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000
External revenues	7,071,966	-	280,390	-	7,352,356
Net capital gains on financial assets and liabilities	-	76,985	(310,687)	-	(233,702)
Total revenue	7,071,966	76,985	(30,297)	-	7,118,654
Operating expenses	(5,049,187)	-	(141,398)	-	(5,190,585)
Depreciation	(875,178)	-	-	-	(875,178)
Finance costs	(356,486)	-	34,611	-	(321,875)
Profit/(Loss) before taxation	791,115	76,985	(137,084)	-	731,016
Taxation	(224,132)	(19,246)	(21,729)	-	(265,107)
Net profit/(loss)	566,983	57,739	(158,813)	-	465,909
Segment assets	20,819,762	1,295,131	6,541,277	(1,752)	28,654,418
Segment liabilities	9,289,453	-	262,492	(1,752)	9,550,193

The Group's geographic information:

	Caribbean	United States of America	Total
	2022		
	$'000	$'000	$'000
Revenue	46,688	7,071,966	7,118,654
Total assets	7,834,656	20,819,762	28,654,418

Geographically, the segments are Caribbean and United States of America.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

7. Segmental Financial Information (Continued)

Geographically, the segment for discontinued operation is Jamaica.

	The Group				
	2021				
	Hotel Operations	Indirect Hotel and Commercial Operations	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000
External revenues	4,432,018	-	147,554	-	4,579,572
Net capital gains on financial assets and liabilities	-	84,403	1,129,312	-	1,213,715
Total revenue	4,432,018	84,403	1,276,866	-	5,793,287
Operating expenses	(3,367,409)	-	(94,811)	-	(3,462,220)
Depreciation	(811,018)	-	-	-	(811,018)
Finance costs	(355,450)	-	(173,999)	-	(529,449)
Operating (loss)/profit	(101,859)	84,403	1,008,056	-	990,600
Loss on sale of interest in associate	-	(233,089)	-	-	(233,089)
(Loss)/profit before taxation	(101,859)	(148,686)	1,008,056	-	757,511
Taxation	17,154	(21,101)	(32,699)	-	(36,646)
Net (loss)/profit	(84,705)	(169,787)	975,357	-	720,865
Segment assets	17,578,525	869,069	21,820,746	(8,953,335)	31,315,005
Segment liabilities	8,663,889	-	9,247,204	(8,953,335)	8,957,758

The Group's geographic information:

	Caribbean	United States of America	Total
	2021		
	$'000	$'000	$'000
Revenue	1,361,269	4,432,018	5,793,287
Total assets	13,736,480	17,578,525	31,315,005

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

8. Revenue

	The Group		The Company	
	2022	2021	2022	2021
Net Investment Income	$'000	$'000	$'000	$'000
Interest Income on securities at amortised cost:				
Securities purchased under Agreement to resell	52,846	38,778	7,643	5,458
Bank deposits	43	41	4	5
	52,889	38,819	7,647	5,463
Interest Income on securities at fair value through profit or loss:				
Debt securities	227,501	108,735	-	2,032
	280,390	147,554	7,647	
Net capital gains on financial assets and liabilities:				
Unrealized capital gains on units in Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	76,985	84,403	-	-
Net capital losses on other investment securities	(205,445)	(12,604)	-	-
Net foreign exchange gains/(losses)	(109,803)	1,122,045	(11,901)	(91,306)
	(238,263)	1,193,844	(11,901)	(91,306)
Hotel Revenue:				
Service contract revenue				
Rooms	4,842,345	3,194,370	-	-
Food and beverage	1,616,560	735,869	-	-
Rental income	40,127	28,494	-	-
Other departments	457,592	416,482	-	-
Other	115,342	56,803	-	-
	7,071,966	4,432,018	-	-

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

9. Expenses by Nature

Total direct, administration and other operating expenses recognised were:

	The Group	
	2022 $'000	2021 $'000
(a) Direct Expenses -		
Rooms	397,597	276,501
Food and beverage	615,543	245,490
Other operated departments	112,165	147,518
Staff costs (Included in Note 10)	1,360,080	918,633
	2,485,385	1,588,142

(b) Administration and other operating expenses-

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Advertising and promotion	419,094	230,603	-	-
Audit fees	68,358	46,601	8,086	7,335
Bank charges	2,175	2,370	36	48
Commission expense (travel agents and others)	176,841	156,809	-	-
Credit card commissions	130,820	79,892	-	-
Depreciation	875,178	811,018	-	-
Directors' fees	13,853	14,818	13,853	14,818
Guest transportation	8,241	-	-	-
Insurance	153,885	124,945	9,140	4,038
License and permits	4,347	-	-	-
Management fees to operator of hotel properties	152,149	95,687	-	-
Other taxes	197,295	213,877	-	-
Professional and legal fees	93,256	50,148	85,864	18,644
Rent	5,938	5,739	-	-
Repairs and maintenance	168,027	119,233	-	-
Security	926	780	-	-
Staff costs (Included in Note 10)	536,552	296,101	-	-
Trade name fees	258,426	167,502	-	-
Utilities	243,302	192,572	-	-
Other	71,715	76,700	3,906	6,182
	3,580,378	2,685,395	120,885	51,065
Net impairment credits on financial assets (Note 4(a))	-	(299)	-	-
Total operating expenses	6,065,763	4,273,238	120,885	51,065

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

10. Staff Costs – Direct and Indirect

	The Group	
	2022 $'000	**2021 $'000**
Salaries	1,556,454	968,044
Payroll taxes – employer's portion	82,475	55,710
Pension	10,054	8,046
Allowances and benefits	195,372	143,493
Other	52,277	39,441
	1,896,632	1,214,734

The average number of persons employed by Group and the Company was as follows:

	The Group	
	2022	**2021**
Full time	147	120
Part time	52	45
	199	165

11. Finance Costs

	The Group		The Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Interest expense -				
Amortisation of upfront fees on loan	11,195	23,240	-	123
Mortgage and other notes	310,680	423,031	-	22,495
Foreign exchange losses	-	83,178	-	25,832
	321,875	529,449	-	48,450

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

12. Taxation

The taxation charge is computed on the profit or loss for the period, adjusted for tax purposes, and comprises income tax at predominantly 1%, 25% and 21% for 2022 and 2021:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current year tax expense	58,885	10,376	-	-
Deferred income tax (Note 26)	206,222	26,270	-	-
	265,107	36,646	-	-

Reconciliation of applicable tax charge to effective tax charge:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Profit/(loss) before taxation	731,016	757,511	(125,139)	(181,214)
Tax calculated at 1%	(1,251)	(1,812)	(1,251)	(1,812)
Tax calculated at 25%	16,454	(7,650)	-	-
Tax calculated at 21%	166,134	(23,115)	-	-
Adjusted for the effects of:				
Income not subject to tax	(20,645)	(43,215)	-	-
Expenses not deductible for taxation purposes	107,850	113,073	1,208	995
Net effect of other charges and Allowances	(3,435)	(635)	43	817
Taxation expense	265,107	36,646	-	-

Tax losses available to the Company at 31 December 2022 for set-off against future taxable profits amount to approximately $504,027,000 (2021 - $403,409,000) and may be carried forward for up to 6 years. Additionally, one of the Group's subsidiaries, X Fund Properties LLC, has tax losses available for set-off against future profits of approximately $115,887,000 (2021 - $367,291,000) which will not expire.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

13. Earnings per Share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary stockholders by the weighted average number of ordinary shares in issue during the period.

	2022 $'000	2021 $'000
Total basic and diluted earnings per share attributable to the ordinary equity holders of the Company	$0.21	$0.17
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	465,909	376,501
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	2,243,005	2,243,005

14. Investment in Subsidiaries

	The Company	
	2022 $'000	2021 $'000
Shares in:		
X Fund Properties Limited	9,518,204	9,518,204
Jamziv (i)	-	14,490,618
	9,518,204	24,008,822

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

14. Investment in Subsidiaries (Continued)

(i) The wind up of Jamziv was completed in June 2022.

Jamviz Mobay Jamaica Portfolio Limited ("Jamziv") was wound up as at 13 June 2022. The details of the entity's net assets at liquidation date were as follows:

	2022
	$'000
Assets	
Financial Investment	14,715,931
Cash resources	15
Net assets	14,715,946

The financial investment at liquidation was held with:

	2022
	$'000
X Fund	7,630,863
X Fund Properties Limited	1,317,445
Non-controlling interest	5,767,623
	14,715,931

On liquidation the Group cancelled the promisory notes with all related parties resulting in no loss on liquidation.

The Company's loss on liquidation was calculated as follows:

	2022
	$'000
Cancellation of promissory note	7,630,863
Less: Write-off of the Company's investment in subsidiary	(14,490,618)
Loss on liquidation	(6,859,755)

Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

15. Investment in Associated Company

On June 2, 2018, Sagicor Real Estate X Fund Limited, X Fund Properties Limited and Sagicor Sigma Global Funds, referred to thereafter as the “Sagicor Entities” entered a definitive agreement for a business combination with Playa. In exchange, Sagicor Entities received 20 million shares of Playa common stock and US$100 million in cash.

Effective 15 January 2021, the Group disposed of its 14.87% (20,000,000 Ordinary Shares) equity interest in Playa Hotels and Resorts N.V. (Playa) for a net cash consideration of US$96,000,000 (approximately J$13,604,000,000).

(a) The investment in associated company is represented as follows:

	The Group	
	2022 $’000	2021 $’000
Carrying value 1 January	-	15,844,877
Disposal of interest in associate (i)	-	(15,844,877)
Investment, end of year	-	-

(i) During 2021 Jamziv disposed of all its interest in Playa. The following table shows the breakout of the amounts recorded in the income statement.

	2022 $’000	2021 $’000
Proceeds from sale of shares	-	13,604,064
Carrying value of the investment in associate deemed to be disposed of	-	(15,844,877)
Loss on sale of investment in associate	-	(2,240,813)
Items recorded in other comprehensive income recycled upon sale of investment in associate:		
Interest rate swap	-	(526,436)
Foreign currency translation adjustments	-	2,534,160
Total loss on disposal of investment in associate recorded in income statement	-	(233,089)

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

16. Property, Plant and Equipment

	The Group				
	Land & Buildings	**Computer Equipment**	**Furniture, Fixtures & equipment**	**Capital Work in Progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cost or Valuation					
At 1 January 2021	12,389,190	62,344	3,426,581	29,613	15,907,728
Additions	23,355	-	9,629	3,644	36,628
Disposals	(12,170)	-	(4,849)	(403)	(17,422)
Revaluation gain	2,032,808	-	-	-	2,032,808
Translation adjustment	845,777	-	283,053	2,559	1,131,389
At 31 December 2021	15,278,960	62,344	3,714,414	35,413	19,091,131
Additions	23,829	-	30,046	84,797	138,672
Revaluation gain	2,817,459	-	-	-	2,817,459
Translation adjustment	(398,525)	-	(71,800)	(1,926)	(472,251)
At 31 December 2022	17,721,723	62,344	3,672,660	118,284	21,575,011
Accumulated Depreciation-					
At 1 January 2021	1,559,319	62,344	1,724,107	1,099	3,346,869
Charges for the year	319,716	-	491,302	-	811,018
Translation adjustment	(181,347)	-	150,054	-	(31,293)
At 31 December 2021	1,697,688	62,344	2,365,463	1,099	4,126,594
Charges for the year	373,641	-	501,537	-	875,178
Translation adjustment	(146,835)	-	(53,316)	-	(200,151)
At 31 December 2022	1,924,494	62,344	2,813,684	1,099	4,801,621
Net Book Value -					
31 December 2022	15,797,229	-	858,976	117,185	16,773,390
31 December 2021	13,581,272	-	1,348,951	34,314	14,964,537

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

16. Property, Plant and Equipment (Continued)

In accordance with the Group's policy, owner-managed hotels were independently revalued during the year by professional real estate valuators. The excess of the revaluation over the carrying value of these property, plant and equipment during the year, amounted to $2,817,459,000 (2021 – $2,032,808,000) and has been credited to fair value reserves. If the revalued assets of the Group were stated on a historical cost basis, the amounts would be as follows:

	The Group	
	2022	**2021**
	$'000	**$'000**
Cost	15,040,371	15,156,842
Accumulated depreciation	(4,537,028)	(3,844,503)
Net book value	10,503,343	11,312,339
Carrying value of revalued assets	16,773,390	14,964,537

17. Investment in Sagicor Sigma Global Funds – Sigma Real Estate Portfolio

The units in the fund and values thereof are:

	The Group	
	Sigma Real Estate Portfolio	**Sigma Real Estate Portfolio**
	2022	**2021**
UNITS	**Units**	**Units**
Opening balance	401,919,798	401,919,798
Subscriptions	162,790,698	-
Closing balance	564,710,496	401,919,798

	The Group	
	Sigma Real Estate Portfolio	
	2022	**2021**
VALUE	**$'000**	**$'000**
Opening balance	868,146	783,743
Subscriptions	350,000	-
Changes in market value of investments	76,985	84,403
Closing balance	1,295,131	868,146
Value Per Unit	2.29	2.16

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

18. Financial Investments

	The Group	
	2022 $'000	2021 $'000
Financial assets at FVTPL -		
Government of Jamaica Bonds	322,736	171,430
Corporate bonds	2,826,747	-
Interest receivable	53,894	96,630
	3,203,377	268,060
Financial assets - Amoristed Cost		
Promissory Note	-	5,767,460
Short Term Deposit	-	3,078,400
	-	8,845,860
	3,203,377	9,113,920

Included in the above is pledged debt securities comprising Government of Jamaica 2024 bond with nominal value of $25,000,000 (2021 - $25,000,000) pledged with Jamaica Public Service as free of payment for Jewel Grande Montego Bay resorts and Spa.

19. Inventories

	The Group	
	2022 $'000	2021 $'000
Beverage	9,861	27,882
Food	35,746	2,808
	45,607	30,690

20. Receivables

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade receivables	289,188	320,014	-	-
Less: Loss allowance	(1,115)	(5,472)	-	-
	288,073	314,542	-	-
Deposits	32,014	32,631	-	-
Prepayments	144,103	102,612	6,207	2,362
Due from related parties (Note 24 (c))	6,308	392,913	-	-
Withholding and other taxes	250,465	348,240	-	-
Income tax recoverable	81,700	91,086	-	-
Other receivables	39,146	21,654	-	-
	841,809	1,303,678	6,207	2,362

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

21. Securities Purchased under Agreements to Resell

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Securities purchased under agreements to resell	2,970,811	2,887,139	580,845	697,729
Interest receivable	733	1,625	48	58
	2,971,544	2,888,764	580,893	697,787

The effective weighted average interest rates on securities purchased under agreements to resell are as follows:

	The Group		The Company	
	2022 %	2021 %	2022 %	2021 %
Jamaican dollar	7.8	4.2	7.5	4.2
United States dollar	3.0	1.5	3.0	1.5

22. Cash and Cash Equivalents

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash in hand	7,349	7,490	-	-
Cash at bank	3,516,211	2,136,857	5,784	6,020
Cash resources	3,523,560	2,144,347	5,784	6,020
Securities purchased under agreements to resell (with contractual maturity of 90 days)	2,939,537	2,795,413	580,845	697,729
Short term deposit	-	3,078,400	-	-
Restricted cash	(1,088,417)	(941,626)	-	-
Cash and cash equivalents	5,374,680	7,076,534	586,629	703,749

Restricted cash represents cash held by a subsidiary for renovation of the Doubletree Universal Hotel under the Franchise Agreement with Hilton Worldwide for the said property.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

22. Cash and Cash Equivalents (Continued)

Net Debt Reconciliation

The table below shows a reconciliation of liabilities to cash flows arising from financing activities. The amounts represent loans, excluding bank overdraft.

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At the beginning of the year	7,184,608	9,546,283	7,630,863	2,969,419
Interest payable	(26,200)	(35,904)	-	(295,995)
	7,158,408	9,510,379	7,630,863	2,673,424
Drawdown, net of repayments	(151,979)	(2,986,424)	(7,630,863)	4,831,823
Interest payable	25,203	26,200	-	-
Amortisation of upfront fees	11,195	23,241	-	122
Amortisation of loan balance	(34,611)	(34,984)	-	-
Foreign currency translation	(132,683)	646,196	-	125,494
At the end of the year	6,875,533	7,184,608	-	7,630,863

23. Payables and Contract Liabilities

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
(a) Payables				
Trade	102,373	75,693	-	-
Accruals	328,182	234,202	32,291	12,571
Related parties (Note 24)	7,221	7,616	4,614	12,480
Withholding and other taxes	86,627	88,853	-	-
Other	4,927	29,077	-	-
	529,330	435,441	36,905	25,051
(b) Contract liabilities	145,388	140,540	-	-
	674,718	575,981	36,905	25,051

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

24. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

Related companies include ultimate parent company, parent company, fellow subsidiaries and associated company. Related parties include directors, key management and companies for which the Company and its parent company are provided with management services.

(a) Related party transactions

The following transactions were carried out with related parties:

(i) Revenue and interest income -

	The Group		The Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Interest income -				
Affiliated company- Sagicor Investment Jamaica Limited	52,846	38,778	7,643	5,458
Affiliated company- Sagicor Bank Jamaica Limited	43	41	4	5
	52,889	38,819	7,647	5,463
Unrealized capital gains on units in Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	76,985	84,403	-	-
	76,985	84,403	-	-

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

24. Related Party Transactions and Balances (Continued)

(a) Related party transactions (continued)

The following transactions were carried out with related parties:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
(ii) Administration expenses, Management fees and interest expense				
Administration and other operating expenses -				
Insurance expense -				
Sagicor Re Insurance Ltd.	3,526	2,725	2,290	1,776
	3,526	2,725	2,290	1,776
Interest expense -				
Sagicor Re Insurance Limited	-	11,516	-	-
Sagicor Sigma Global Funds	-	1,284	-	-
Sagicor Pooled Pension Funds	-	52,780	-	-
X Fund Properties Limited	-	-	-	16,814
	-	65,580	-	16,814
Management Fees -				
Sagicor Property Services Limited	43,141	-	43,141	-
Professional Fees -				
Sagicor Group Jamaica Limited	35,033	-	35,033	-
	81,700	68,305	80,464	18,590

(b) Key management compensation

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Salaries	141,731	106,493	-	-
Payroll taxes – employer's portion	8,680	7,148	-	-
Other	25,256	13,145	-	-
	175,667	126,786	-	-
Directors' emoluments –				
Fees	13,853	14,818	13,853	14,818

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

24. Related Party Transactions and Balances (Continued)

(c) Year-end balances arising from operations

Year-end balances arising from transactions in the normal course of business are as follows

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
(i) Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	1,295,131	868,146	-	-
(ii) Cash and cash equivalents - Sagicor Bank Jamaica Limited	19,924	28,877	5,784	6,020
(iii) Securities purchased under agreement to resell - Affiliated company - Sagicor Investment Jamaica Limited	2,971,544	2,888,764	580,693	697,787
(v) Promissory Notes Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	-	5,767,460	-	-
(vi) Receivable from related parties -				
Sagicor Group Jamaica Limited	6,308	6,308	-	-
Jewel Grande Montego Bay Resort and Spa	-	237,542	-	-
Proprietor Strata Plan#2446	-	149,063	-	-
	6,308	392,913	-	-
(vii) Payable to related parties -				
Sagicor Life Jamaica Limited	7,221	3,912	2,862	3,912
Sagicor Sigma Global Funds - Sigma Real Estate Portfolio	-	3,704	-	3,704
X Fund Properties Limited	-	-	1,752	4,864
	7,221	7,616	4,614	12,480
(viii) Borrowings from related parties				
Jamziv	-	-	-	7,630,863
	-	-	-	7,630,863

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

25. Borrowings

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Wells Fargo/Goldman Sachs Loan (i)	6,773,602	7,046,080	-	-
Hilton Franchise Holding LLC (ii)	101,931	138,528	-	-
Promissory Notes -				
Jamziv (iii)	-	-	-	7,630,863
	6,875,533	7,184,608	-	7,630,863
Less current portion of borrowings	(66,467)	(202,190)	-	(7,630,863)
Total long-term borrowings	6,809,066	6,982,418	-	-

i) Wells Fargo/Goldman Sachs (Subsidiary)
The mortgage note attracts interest at 4.9% per annum and matures October 2025. The mortgage note is secured by the investment in hotel property. The mortgage note accrues interest from the date of the loan with interest due monthly, in arrears, and requires principal and interest payments through maturity upon which the outstanding principal is due and payable. The Group may prepay the mortgage note prior to the maturity date only in conjunction with the sale of a property or as a result of casualty or condemnation.

The mortgage note contains a debt service coverage ratio test and, upon failing to meet the debt service coverage ratio, substantially all the cash flows from the hotel must be directed to accounts controlled by the lender. The Group was compliant at year end.

ii) This Note is interest free with annual forgiveness of debt over ten years, if certain conditions are met. The loan commenced in November 2015.

iii) This represents unsecured borrowings at 0% interest rate per annum. The loan was liquidated in 2022.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

26. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate for years 2022 and 2021 of 1% for Sagicor Real Estate X Fund Limited, 25% for X Fund Properties Limited and 21% for X Fund Properties LLC.

	The Group		The Company	
	2022	2021	2022	2021
	$000	$000	$000	$000
Deferred income taxes	(1,970,735)	(1,197,169)	744	744

The movement on the deferred income tax account is as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$000	$000	$000	$000
Balance at start of year	(1,197,169)	(667,289)	744	744
Charged to the statement of comprehensive income – (Note 12)	(206,222)	(26,270)	-	-
Revaluation of properties	(594,042)	(426,890)	-	-
Effect of exchange rate translation	26,698	(76,720)	-	-
Balance at end of year	(1,970,735)	(1,197,169)	744	744

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

26. Deferred Income Taxes (Continued)

Deferred income tax assets and liabilities are attributable to the following items:

	The Group		The Company	
	2022	2021	2022	2021
	$000	$000	$000	$000
Deferred tax assets -				
Tax losses unused	116,853	368,256	966	966
Unrealised foreign currency losses/(gains)	9,860	13,258	(112)	(112)
Accrued vacation	14,655	14,499	-	-
Provisions	283	1,378	-	-
Deferred tax liabilities -				
Property plant and equipment	(2,024,946)	(1,518,679)	-	-
Interest receivable	(13,642)	(21,329)	-	-
Unrealised revaluation gains on investments	(73,798)	(54,552)	(110)	(110)
Net deferred tax (liabilities)/assets	(1,970,735)	(1,197,169)	744	744

The amounts shown in the statement of financial position included the following:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Deferred tax assets to be recovered after more than 12 months	116,853	368,256	744	744
Deferred tax liabilities to be recovered after more than 12 months	(2,087,588)	(1,565,425)	-	-

27. Share Capital

	2022 '000	2021 '000
Authorised:		
5,000,000,000 ordinary shares	5,000,000	5,000,000
1 special rights redeemable preference share	1	1
	5,000,001	5,000,001

	2022 $'000	2021 $'000
Issued and fully paid -		
2,243,005,125 (2021 - 2,243,005,125 ordinary shares of J$1.00 par value)	12,642,412	12,642,412
1 special rights redeemable preference share	100	100
	12,642,512	12,642,512

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

28. Dividend

No dividend payments during the year.

29. (a) Fair Value and Other Reserves

These comprise:

	The Group	
	2022	**2021**
	$'000	**$'000**
Balance as at start of the year	2,540,136	708,789
Fair value gains on property plant and equipment	2,223,417	1,605,919
Share of other comprehensive income of associated companies	-	320,142
Transferred to retained earnings	-	(94,714)
Balance at end of the year	4,763,553	2,540,136

Fair value gains for the Group are shown net of deferred taxes with respect to revaluation adjustments to property, plant and equipment.

(b) Currency Translation Reserve

	The Group	
	2022	**2021**
	$'000	**$'000**
Balance as at start of the year	2,067,643	2,949,762
Re-translation of foreign operations	(174,725)	(882,119)
Balance at end of the year	1,892,918	2,067,643

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and borrowings are taken to stockholders' equity.

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

30. Net Profit/(Loss) and Retained Earnings

	2022 $'000	2021 $'000
(i) Net (loss)/profit dealt with in the financial statements of:		
The Company	(6,984,894)	(181,214)
Wind up of Jamziv	6,859,755	-
The subsidiaries	591,048	902,079
	465,909	720,865
(ii) (Accumulated deficit)/Retained earnings reflected in the financial statements of:		
The Company	(2,567,586)	4,417,309
The subsidiaries	2,372,828	(5,077,976)
	(194,758)	(660,667)

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

31. Financial Instruments

	The Group		The Company	
	2022	2021	2022	2021
(a) Financial assets				
Financial assets at fair value through profit and Loss	3,203,377	268,060	-	-
Financial assets at amortised cost -				
Promissory Note	-	5,767,460	-	-
Short term deposit	-	3,078,400	-	-
Receivables	288,073	314,542	-	-
Related parties	6,308	392,913	-	-
Securities purchased under agreements to resell	2,971,544	2,888,764	580,893	697,787
Cash resources	3,516,211	2,136,857	5,784	6,020
	6,782,136	14,578,936	586,677	703,807
	9,985,513	14,846,996	586,677	703,807
(b) Financial liabilities				
Financial liabilities at amortised cost -				
Payables	435,482	338,972	32,291	12,571
Borrowings	6,803,010	7,087,298	-	7,630,863
Related parties	7,221	7,616	4,614	12,480
	7,245,713	7,433,886	36,905	7,655,914

The Group's and Company's financial instruments resulted in the following income, expenses and gains and losses recognised in the statement of comprehensive income:

	The Group		The Company	
	2022	2021	2022	2021
Fair value through profit or loss:				
Interest income	227,501	108,735	-	2,032
Net capital gains on units in Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	76,985	84,403	-	-
Net capital losses on other investment securities	(205,445)	(12,604)	-	-
Net foreign exchange (loss)/gain	(109,803)	1,122,045	(11,901)	(91,306)
	(10,762)	1,302,579	(11,901)	(89,274)
Amortised cost:				
Interest income	52,889	38,819	7,647	5,463
Net impairment losses on financial assets	-	299	-	-
Finance costs	(321,875)	(529,449)	-	(48,450)
	(268,986)	(490,331)	7,647	(42,987)

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

32. Non-Controlling Interests

Summarised financial information on subsidiaries with material non-controlling interests
The Group has 60.81% controlling interest of Jamziv. The non-controlling interests represent the share of net assets and net profit not attributed to the Group.

Effective June 2022, the Group completed the wind up of Jamziv.

Set out below is the summarised financial information for the subsidiary that has non-controlling interests that are material to the Group.

Summarised income statement for the period 2022 and 2021

	Jamziv Mobay Jamaica Portfolio Limited	
	2022	**2021**
	$'000	**$'000**
Total comprehensive income for the period	-	878,778
Other comprehensive income/(loss) -		
Share relating to entity other than the Group	-	39.19%
Non-controlling interests share of:		
Net profit for the period	-	344,364
Other comprehensive loss	-	(786,760)
	-	(442,396)

Summarised balance sheet as at year end:

	The Group	
	2022	**2021**
	$'000	**$'000**
Current		
Assets	-	14
Total current net assets	-	14
Non-current		
Assets	-	14,717,053
Total non-current net assets	-	14,717,053
Net assets	-	14,717,067
	-	39.19%
Non-controlling interests	-	5,767,623

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

33. Consolidated Cash Flows from Operating Activities

Cash Flows from Operating Activities	**Note**	**2022 $'000**	**2021 $'000**
Net profit		465,909	720,865
Adjustments for:			
Depreciation	16	875,178	811,018
Interest income	8	(280,390)	(147,554)
Fair value gains on units held in Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	8	(76,985)	(84,403)
Fair value losses on other financial investments	8	205,445	12,604
Effect of exchange losses/(gains) on foreign currency balances		86,706	(1,089,295)
Taxation expense	12	265,107	36,646
Amortisation of franchise fees		2,413	2,291
Finance costs	11	321,875	529,449
Loss on disposal of property, plant and equipment		-	17,422
Loss on sale of interest in associate	15(a)	-	233,089
		1,865,258	1,042,132
Changes in operating activities:			
Inventories		(15,732)	(970)
Receivables		435,887	(236,134)
Payables		115,207	159,440
Cash provided by operating activities		535,362	964,468
Income tax paid		(19,848)	-
Net cash provided by operating activities		2,380,772	964,468

34. Commitments and Contingencies

The Group entered into a Franchise Agreement with Hilton on September 10, 2015. This agreement will expire September 30, 2025. Under this agreement the Group is obligated to pay royalty fees to Hilton of between 4% and 5% of gross room revenue, and fees for marketing, reservations, and other related activities of 4% of gross room revenue. Franchise costs incurred under this agreement were $788,602,000 (2021 – $405,023,000).

The Group is also required to make capital improvements to satisfy the franchisor's brand standards. In addition, under certain loan covenants the Group is obligated to fund a restricted account for the ongoing replacement of furniture, fixtures and equipment at the hotel. During the year the amount reserved totalled $183,680,000 (2021- $248,028,000).

DISCLOSURE OF SHAREHOLDINGS

As at 31 December 2022

TOP TEN SHAREHOLDERS			
	SHAREHOLDERS	NO OF SHARES	PERCENTAGE
1	Sagicor Pooled Equity Fund	641,905,121	28.62%
2	Sagicor Pooled Mortgage & Real Estate Fund	635,556,368	28.34%
3	Sagicor Pooled Diversified Investment Fund	183,254,021	8.17%
4	JCSD Trustee Services Ltd - Sigma Real Estate	181,499,136	8.09%
5	JCSD Trustee Services Ltd - Sigma Equity	159,193,906	7.10%
6	JCSD Trustee Services Ltd - Sigma Diversified Investor	100,711,256	4.49%
7	Sagicor JPS Employees Pension Plan	70,000,000	3.12%
8	JCSD Trustee Services Ltd - Sigma Global Venture	46,052,287	2.05%
9	First Ja/Nat'l Hsg Trust Pension Fund	30,000,000	1.34%
10	Heart Trust / NTA Pension Scheme	28,000,000	1.25%
	Total	**2,076,172,095**	92.56%
	Other	166,833,030	7.44%
	Total Issued Shares	**2,243,005,125**	100.00%

SHAREHOLDINGS OF DIRECTORS		
	LIST OF DIRECTORS	SHAREHOLDINGS IN X FUND
1	Vinay Walia (Chairman)	Nil
2	Stephen McNamara	Nil
3	Bruce James	Nil
4	Colin Steele	Nil
5	Carlton Barclay	Nil
6	Peter Pearson	15,000
	- connected - Yvonne Pearson	

SHAREHOLDINGS OF EXECUTIVE MANAGEMENT		
	SHAREHOLDER	SHAREHOLDINGS IN X FUND
1	Brenda-Lee Martin	29,981
	- connected-Deborah Martin	

NOTES

Sagicor

REAL ESTATE X FUND

FORM OF PROXY

I, ... of ....

being a member of Sagicor Real Estate X Fund Limited hereby appoint

.... of ....

or failing him .... of ....
as my proxy to vote for me on my behalf at the Annual General Meeting of the Corporation at McNamara Corporate Services Inc., Bella Rosa Road, Rodney Bay, Gros Islet, Saint Lucia and being convened virtually on Friday, May 26, 2023 at 10:30 a.m. and at any adjournment thereof. The Proxy will vote on the undermentioned resolutions as indicated:

	For	Against
Resolution No. 1 "THAT the Audited Accounts and the Reports of the Directors and Auditors for the year ended December 31, 2022 be and are hereby adopted."		
Resolution No. 2 "THAT the election of directors be made en bloc."		
Resolution No. 3 a. Article 102 of the Company's Articles of Association provides that one-third of the directors or if their number is not three or a multiple of three then the number nearest to one-third shall retire from office at each Annual General Meeting. The directors retiring under this Article are Directors Vinay Walia and Colin Steele who, being eligible, offer themselves for re-election. "THAT Messrs. Vinay Walia and Colin Steele who retire by rotation and being eligible, offer themselves for re-election: be and are hereby re-elected as Directors of the Company en bloc." b. Article 108 of the Company's Articles of Association provides that the Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Accordingly, Director Carlton Barclay who was appointed by the Board of Directors since the last Annual General Meeting to fill a casual vacancy, retires and being eligible, offers himself for re-election. "THAT Mr. Carlton Barclay who retires having been appointed to fill a casual vacancy since the last Annual General Meeting, and being eligible, offers himself for re-election; be and is hereby elected as a Director of the Company".		
Resolution No. 4 "THAT the amount of $13,853,000.00 included in the Audited Accounts of the Company for the year ended December 31, 2022 as remuneration for their services as Directors be and is hereby approved."		
Resolution No. 5 "THAT, PricewaterhouseCoopers Eastern Caribbean, Chartered Accountants, having agreed to continue in office as auditors for the Company to hold office, be and are hereby appointed Auditors for the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."		

>> Continued on Overleaf

Sagicor

REAL ESTATE X FUND

NOTE: If this form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.

As witness my hand this .... day of 2023

Signature: ....

....

NOTE: (1) If the appointer is a Corporation, this form must be under the Common Seal or under the hand of an officer or attorney duly authorised.

(2) To be valid, this proxy must be lodged with the Secretary of the Corporation, 20 Micoud Street, Castries, St. Lucia not less than 48 hours before the time appointed for holding the meeting.

A proxy need not be a member of the Company.

Sagicor

REAL ESTATE X FUND

REGISTERED OFFICE:
20 Micoud Street
Castries
St. Lucia

Territories of Operation

Jamaica
X Fund Properties Limited
(wholly owned subsidiary)
28-48 Barbados Avenue
Kingston 5
Jamaica

United States
X Fund Properties LLC
(wholly owned subsidiary of X Fund Properties Limited)
5780 Major Boulevard
Orlando, Florida 32819
USA