

a property investment and development company



ANNUAL REPORT
2014



REAL ESTATE X FUND

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Financial Highlights

Total Revenue

\$962.8M

2013: \$942.2M

Total Assets

\$14.219B

2013: \$8.418B

Net Profit Attributable to Stockholders

\$921.5M

2013: \$942.1M

Stockholders' Equity

\$9.340B

2013: \$8.418B

Earnings Per Stock Unit

\$0.62

2013: \$0.63

Book Value Per Share

\$6.25

2013: \$5.63

About Us

Sagicor Real Estate X Fund Limited (X Fund), a St. Lucian International Business Company (IBC), is the largest publicly traded real estate investment company in Jamaica. We have been listed on the Jamaica Stock Exchange (JSE) since November 2013.

We are a leading private sector investor in the Jamaican commercial and tourism real estate market, through our investment in the Sigma Real Estate Portfolio (an investment portfolio of the Sagicor Sigma Global Funds, a registered Collective Investment Scheme). As a JSE listed company, our investors benefit from the liquidity associated with the stock exchange for an investment in real estate, a relatively illiquid asset class.

Our exposure to commercial properties is mainly in the form of industrial parks and office buildings, whereas in respect of tourism, it is in the form of hotels operated under the Jewel Resorts brand. While all of our current investment properties are domiciled in Jamaica, it is our intention to diversify beyond the island into the wider Caribbean and other regions.



Tourism



Commercial



Retail



Industrial

Richard Byles
CHAIRMAN



Rohan Miller
PRESIDENT & CEO



Statement of the Chairman and Chief Executive Officer

We are pleased to report on the activities of Sagicor Real Estate X Fund Limited for the year ended December 31, 2014.

This reporting year has been the first full year of operation of Sagicor Real Estate X Fund Limited (“X Fund”) which, as its main business activity, invests in real estate securities through the ownership of units in the Sigma Real Estate Portfolio. This provides exposure to prime commercial and tourism properties located across Jamaica. The properties owned by the Sigma Real Estate Portfolio are comprised of:

- **Three ‘Jewel Resorts’ branded hotels**
- **Four office/retail shopping buildings**
- **Four industrial/warehousing properties**
- **Two prime land holdings slated for development.**

The assets of Sagicor Real Estate X Fund Limited totalled \$14.219 billion, representing an increase of 69% over total assets at the end of December 2013 of \$8.418 billion. X Fund generated revenues of \$962.8 million for the year, and net

profit attributable to stockholders of \$921.5 million. This was achieved mainly through the investment in the Sigma Real Estate portfolio. The performance of the Sigma Real Estate portfolio is reflected in a change in its unit price, which results from a combination of changes in market value of properties held as well as net income generated from leasing/occupancy of these properties.

The groundbreaking for the construction of the Jewel Lagoon Water Park took place in June 2014. This will enhance the tourism product offering by Jewel, and increase the attractiveness and competitiveness of the Jewel properties as a resort of choice for both tourists as well as locals.

As we continue to seek investment opportunities that complement the company’s existing activities, X Fund sought and was successful in its bid to acquire the 489-room Hilton Rose Hall Resort and Spa located in Montego Bay, Jamaica in the latter part of 2014. This led to the formation in December 2014 of a wholly owned subsidiary, X Fund Properties Limited, whose main activity will be the ownership

The assets of Sagicor Real Estate X Fund Limited totalled \$14.219 billion, representing an increase of 69% over total assets at the end of December 2013 of \$8.418 billion

KEY METRICS		
	2014	2013
Close Price	7.11	6.07
# Issued shares	1,495,336,750	1,495,336,750
Market Value of outstanding shares	10,631,844,293	9,076,694,072
Market Cap ranking on JSE	9th	13th
52-week high	7.28	6.77
52-week low	5.85	5.07
12-month P/E	11.5	9.63
Actual EPS	0.62	0.63
ROE	10%	11%
Book value per share	6.25	5.63

The acquisition of the 489-room Hilton Rose Hall Resort and Spa located in Montego Bay was partly funded by the successful issuance of a two year USD\$42.3million investment note in December 2014. This note was well received by investors, and was oversubscribed by approximately 57%

and operation of Hilton Rose Hall Hotel. This is a key addition to X Fund's holdings, as it will enhance the foreign exchange revenue stream of the company.

The acquisition of this hotel was partly funded by the successful issuance of an eighteen-month, US\$42.3million investment note in December 2014. This note was well received by investors, and was oversubscribed by approximately 53%. This introduction of debt in the operations of the company is also expected to enhance earnings and returns to shareholders.

Tourism Sector

Tourism, one of Jamaica's top performing sectors, continues to positively impact the economy through its significant contribution to employment, directly through the hotel industry as well as indirectly through such areas as tour operations, attractions and agriculture. Tourism arrivals in Jamaica continue to increase each year and the long-term outlook remains positive. Tourism arrivals increased by 3.6% in 2014, with the two main source markets being the USA and Canada. The United Nations World Tourism Organisation forecasts growth of 3-4% in 2015. We therefore view investments in Tourism as an ideal opportunity for us to invest and actively participate in the development of our Caribbean Tourism.

Outlook

X Fund will continue to seek out real estate investment opportunities both directly as well as indirectly through the Sigma Real Estate portfolio.

The Sigma Real Estate portfolio remains committed to improving the profitability and competitiveness of its properties through the implementation of energy-efficiency initiatives. These initiatives benefit both the owner and tenants, through improved net rental yields and lower maintenance costs.

The addition of the Hilton Rose Hall hotel and the completion of the Jewel Lagoon Water Park are both expected to increase shareholder value through improved profitability.

We would like to acknowledge the hard work and dedication of our entire team who have contributed to the success of the company's operations. Above all, we are committed to improving the quality of X Fund's portfolio, thereby creating value for you, our shareholders. We take this opportunity to thank you for your support and continued investment in our company, and we are confident that there will be continued positive growth in the years to come.



Richard Byles
Chairman



Rohan Miller
President & CEO

Notice of Annual General Meeting

Notice is hereby given that the Second Annual General Meeting of the Company will be held at the offices of McNamara Corporate Services Inc., Rodney Bay, Gros Islet, Saint Lucia on Wednesday, May 27, 2015 at 11:00 a.m. for the following purposes:

1. **To receive the Audited Accounts and Reports of the Directors and Auditors for the year ended December 31, 2014.**

To consider and if thought fit, to pass the following Resolution:

Resolution No. 1

“THAT the Audited Accounts and the Reports of the Directors and Auditors for the year ended December 31, 2014 be and are hereby adopted.”

2. **To elect Directors:**

To consider and if thought fit, to pass the following Resolution:

Resolution No. 2

“THAT the election of directors be made en-bloc.”

Resolution No.3

To consider and if thought fit, to pass the following Resolution:

“THAT Directors Richard Byles and Dr. the Honourable R.D. Williams who retire by rotation and are eligible for re-election be and are hereby re-elected as Directors of the Company en bloc”.

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

Resolution No. 4

To consider and if thought fit, to pass the following Resolution:

THAT the amount of \$10,815,000 included in the Audited Accounts of the Company for the year ended December 31, 2014 as remuneration for their services as Directors be and is hereby approved.

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

To consider and if thought fit, to pass the following Resolution:

Resolution No. 5

“THAT PricewaterhouseCoopers, Chartered Accountants, having agreed to continue in office as Auditors, 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 28th day of April, 2015

BY THE ORDER OF THE BOARD



MCSI Inc.
Corporate Secretary

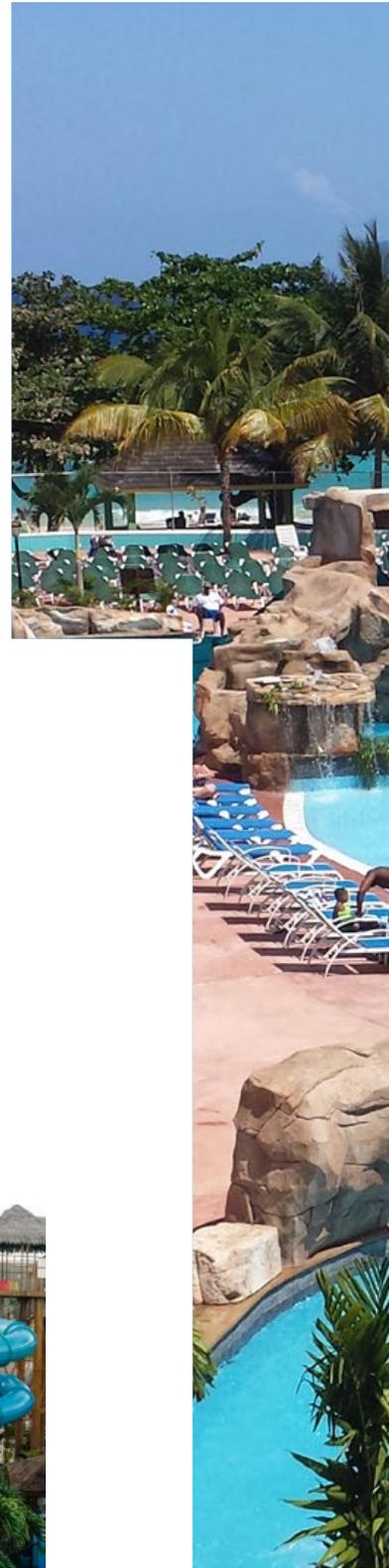
Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member. Proxy Forms must be lodged with the Company Secretary, MCSI Inc. at its registered offices at 20 Micoud Street, Castries, St. Lucia not less than 48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

A Form of Proxy is enclosed for your convenience

Jewel Lagoon Water Park

The Sagicor Real Estate X Fund Limited has significant exposure to tourism, and the construction of the Jewel Lagoon Water Park is expected to enhance the product offering and increase the competitiveness of the Jewel Resorts. The state-of-the-art Jewel Lagoon Water Park attraction is located at the Jewel Runaway Bay Beach & Golf Resort. The official groundbreaking took place on June 12, 2014, and the Water Park was completed at the end of Q1 2015.

The Jewel Resorts will now be able to offer a “splashing” good time at the all-inclusive Water Park, which sits directly on the beachfront, and is designed for guests of all ages. This attraction will deliver refreshing aquatic fun, excitement and relaxation, and includes a 314-ft long tube slide with platform tower; 235-foot-long super-speed body slide; 5,000 sq. ft. sea front sundeck; dining area with bar and grill; zero entry beach lagoon with geysers; two splashdown pools to catch sliders and a two-lane, 25-foot-long parent/child slide.





Enhancing Our Tourism Product

Directors' Report

The Directors are pleased to submit their Report and the Audited Financial Statements for the year ended December 31, 2014. The Financial Statements reflect the results of Sagicor Real Estate X Fund Limited (X Fund).

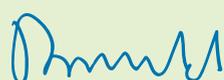
	2014 J\$000's	2013 J\$000's
Operating Results:		
Group Profit before tax	940,383	942,140
Taxation	(18,896)	1
Net Profit after tax	921,487	942,141
Attributable to Stockholders of the Company	921,487	942,141
Stockholders' Equity:		
Stockholders' equity brought forward	8,418,157	-
Share Capital, opening	7,476,016	-
Shares issued	--	7,476,016
Share Capital, ending	7,476,016	7,476,016
Retained earnings, opening	942,141	-
Net profit	921,487	942,141
Retained earnings, ending	1,863,628	942,141
Stockholders' equity carried forward	9,339,644	8,418,157

Directors

Article 102 provides that one-third of the directors shall retire from office at each Annual General Meeting. Directors Richard Byles and Dr. the Honourable R. D. Williams retire under this Article and, being eligible, offer themselves for re-election.

Auditors

The retiring Auditors, PricewaterhouseCoopers, having expressed their willingness to continue in office, will do so and a resolution authorising the Directors to fix the remuneration of the Auditors will be presented at the Annual General Meeting.



Chairman

March 26, 2015

Board of Directors



Richard Owen Byles B.Sc. (Econ), M.Sc.

Mr. Byles is Chairman of Sagicor Real Estate X Fund Limited, President and Chief Executive Officer of Sagicor Life Jamaica Limited and Director of Sagicor Group Jamaica Limited. He received his first degree in Economics at the University of the West Indies and a Master of Science in National Development and Planning from the University of Bradford, England. He has held managerial positions in several major corporations in Jamaica including First Life Jamaica Limited, where he was Chairman and Chief Executive Officer, and Pan-Jamaican Investment Limited where he was President and Chief Executive Officer.

Mr. Byles is currently Chairman of Sagicor Investments Jamaica Limited, Sagicor Life of the Cayman Islands Ltd., Desnoes & Geddes Limited (“Red Stripe”). He is Co-Chair of the Economic Policy Oversight Committee (EPOC), a private/public sector committee established to oversee the implementation of the IMF programme in Jamaica.

Dr. The Hon. R. Danvers (Danny) Williams O.J., C.D., Hon. LL.D, J.P., CLU

Mr. Williams is Chairman of Sagicor Life Jamaica Limited and Sagicor Group Jamaica Limited. He is one of the founders and the Past President and Chief Executive Officer of Life of Jamaica Limited (now Sagicor Life Jamaica Limited). He commenced his working career at the age of 18 years with North American Life Assurance Company and within seven (7) years rose to the position of Branch Manager and, over the next decade, guided the branch to the No. 1 branch office in the North American Life international branch network. He subsequently led a group of Jamaican investors in the establishment of Life of Jamaica Limited.



Mr. Williams’ public and civic services include appointments during the period 1977-1980 as Senator, Minister of State and, subsequently, Minister of Industry & Commerce. He has received numerous honours and awards including Doctor of Laws (Hon.) from the University of Technology, Doctor of Laws (Hon.) from the University of the West Indies, Observer Lifetime Achievement Award, Induction in the Private Sector Organisation of Jamaica (PSO) Hall of Fame, the Caribbean Luminary Award from the American Foundation for the University of the West Indies (AFUWI), the Gleaner Honour Award for Voluntary Service, induction into the Caribbean Association of Insurance and Financial Advisors (CARIFA) Hall of Fame, the YEA Entrepreneurial Spirit Award from the Young Entrepreneurs Association and One of the 50 Living Legacy Awards from the Caribbean Community for Retired Persons (CCRP).

He served as President of the Jamaica Association for the Deaf for 10 years and is past Chairman of the Jamaica Association for the Advancement of Literacy, and the National Development Foundation of Jamaica as well as past Vice President of the Jaycees of Jamaica and the West Indies Jaycees. Mr. Williams is currently Chairman of the Jamaica Anti-Doping Committee and Chairman of the Board of Jamaica College.

Michael Fraser J.P. CLU

Mr. Fraser is a Chartered Life Underwriter who has worked in the insurance industry in Jamaica for several years. He served as President and Chief Executive Officer of Island Life Insurance Company Limited and Deputy Chief Executive Officer and Chief Marketing Officer of Sagicor Life Jamaica Limited. He is currently the President & Chief Executive Officer of Sagicor Life of the Cayman Islands Limited and is a Director of Sagicor Insurance Brokers Limited. He also serves as a consultant with Sagicor Life Jamaica Limited.

He is a Past President of the Life Underwriters' Association of Jamaica and, in 1999, was voted "Insurance Man of the Year" by the Association. In 2005, he was inducted into the Caribbean Insurance Hall of Fame.



Rohan Miller B.Sc. (Agri.) (Hon), MBA

Mr. Miller is the Chief Executive Officer of Sagicor Real Estate X Fund Limited, Chief Executive Officer of Sagicor Investments Jamaica Limited and Executive Vice President and Chief Investment Officer of Sagicor Life Jamaica Limited and Sagicor Life of the Cayman Islands Ltd. He was awarded a B.Sc. (Hon.) degree with a major in Agricultural Economics by the University of the West Indies where he studied on scholarship from the Commonwealth Fund for Technical Co-operation. He received an MBA (Beta Gamma Sigma) in Finance from Rutgers University, Graduate School of Management where he was also the recipient of the Christine Dymrza Memorial Scholarship for academic excellence and the Edmund L. Houston Foundation Award for Outstanding Achievement.

He leads a team that manages a mix of investments of approximately J\$349 billion. He currently sits on the Investment Committee of Sagicor Life Jamaica Limited.

Dr. M. Patricia Downes-Grant B.A, M.A. (Econ), MBA, DBA

Dr. Downes-Grant was appointed President and Chief Executive Officer of Sagicor Life Inc. on January 1, 2006, having previously served as Group Chief Operating Officer of that Company. She holds an MBA in Finance, M.A. in Economics and a Doctorate in Business Administration (Finance), all awarded by the University of Bradford in the United Kingdom. She previously worked as a Senior Manager in the Management Consulting and Insolvency Division of Coopers & Lybrand. Prior to that, she worked in development banking. She is a former Chairman of the Barbados Stock Exchange and the Barbados Central Depository and a Director of several companies within the Sagicor Group and also the Barbadian private sector.



Stephen McNamara Barrister-at-law

Mr. McNamara is the senior partner of McNamara & Company, attorneys-at-law, in Saint Lucia. He was called to the Bar of England & Wales as a barrister of law of Lincolns Inn in 1972. That same year he was admitted as an attorney-at-law to the Bar of Saint Lucia. Mr. McNamara is a director of Sagicor Life Inc., Sagicor Financial Corporation and several other companies within the Sagicor Group. He is a director of Saint Lucia Electricity Services Limited and various companies in Saint Lucia. He is currently President of the Saint Lucia Tennis Association and a life member of the Barbados Cricket Association.



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

Mr. Pearson is a graduate of Cornwall College and a graduate of the University of West Indies from which he holds a BSc. (Management Studies). He is a Fellow of the Institute of Chartered Accountants and a Fellow of the Chartered Association of Certified Accountants. He retired as a partner of PricewaterhouseCoopers in 2013. Upon his retirement he was an assurance partner and partner in charge of the firm's Montego Bay office, a position he held for over 20 years, having served the firm for 39 years, 26 of those as a partner. In addition to his responsibilities as an assurance partner with clients in the hospitality, banking and government among other industries, he also worked as an advisory partner in charge of receiverships. Mr. Pearson has been a Justice of the Peace from 1987.

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

Mr. Walia is the Co-Managing Director of Guardsman Group, and also 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. 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 as well as 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 also holds a Bachelor of Commerce degree with Honours from Delhi University.



Corporate Data

DIRECTORS:

Richard O. Byles
Chairman

Rohan Miller
Chief Executive Officer

Dr. the Hon. R.D. Williams, O.J., C.D.

Michael Fraser

Dr. M. Patricia Downes-Grant

Stephen McNamara

Vinay Walia

Peter Pearson

EXECUTIVE:

Rohan D. Miller
Chief Executive Officer

Corporate Secretary:

McNamara Corporate Services Inc.
20 Micoud Street,
Castries, Saint Lucia

Auditors:

PWC
PricewaterhouseCoopers
Scotiabank Centre,
Duke Street,
Kingston

Bankers:

Sagicor Bank Jamaica Limited
60 Knutsford Boulevard
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

Invest in Jamaica's **TOP PERFORMERS**

... to achieve your
INVESTMENT GOALS

TOP 5 performing Investment Funds

Sagicor Sigma Funds*

1	Real Estate	20%
2	Global Equity	17%
3	Liberty	12%
4	Optima	11%
5	Real Growth	10%

Let's talk.

Speak with an Advisor about
your Pension goals today at
1-888-SAGICOR(724-4267)

sagicorjamaica.com |  



Sagicor
Investments

*Prices can fluctuate due to market conditions. Results are not guaranteed and may be less than amount invested. Twelve-month returns indicated are for Sagicor Investment Funds as at December 31, 2014. Past performance is no indication of future returns.

Jewel Runaway Bay

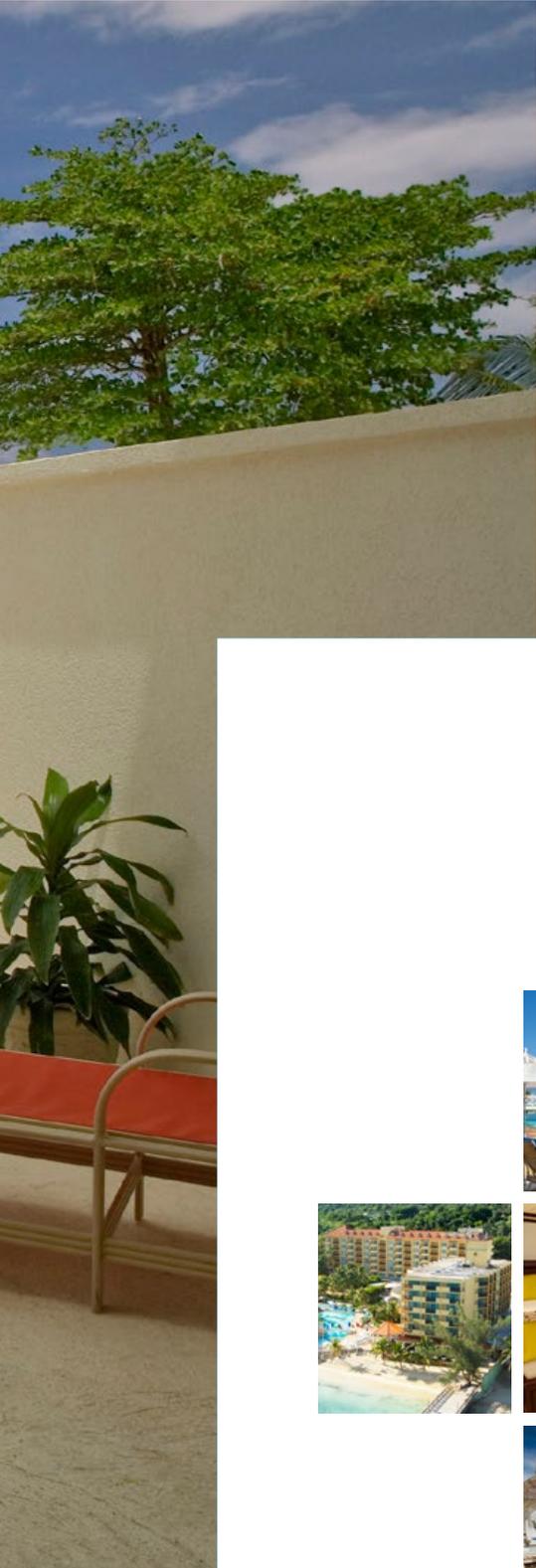


Tourism Properties

J\$ 11.7 B

Total Property Value

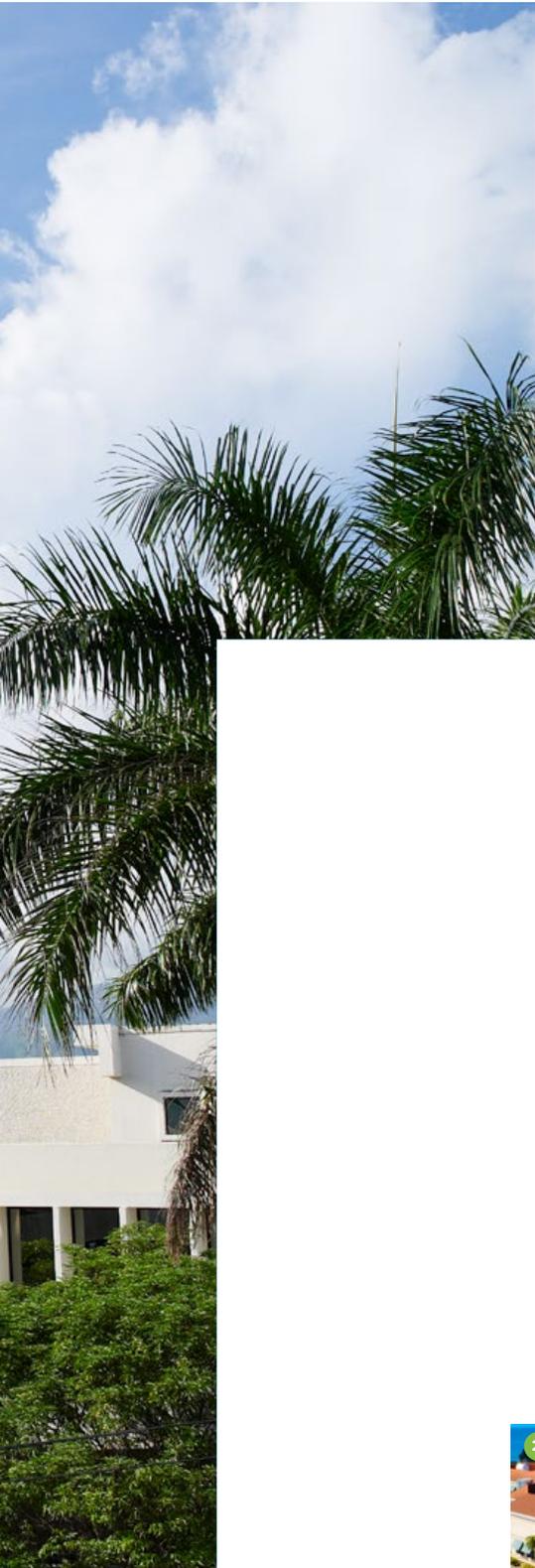
	Tourism Properties	No. of Rooms	ADR (US\$)	Occupancy
1	Jewel Dunn's River	250	238	85%
2	Jewel Runaway Bay	266	213	70%
3	Jewel Paradise Cove	225	208	70%
	Total	741	221	75%



R. Danny Williams Building



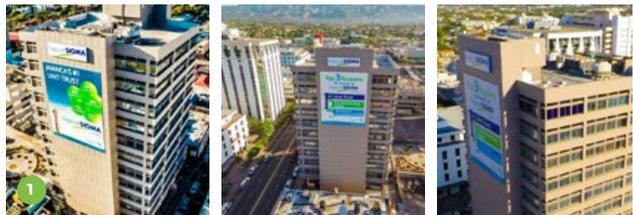
Office/Retail
Business Properties



J\$ 3.6 B

Total Property Value

Office/Retail Business Properties	Rental Space (sq ft.)	ARR (PSF)	Occupancy
R. Danny Williams Building	150,294	1,094	99%
1 Sagicor Sigma Building	68,880	1,053	76%
2 Sagicor Montego Bay Commercial Centre	28,731	983	97%
3 Spanish Town Shopping Centre Strata Lots	9,518	664	79%
Total	257,423	1,055	92%



78A Hagley Park Road



Industrial/Warehouse Properties



J\$ 2.4 B

Total Property Value

Industrial/Warehouse Properties	Rental Space (sq ft.)	ARR (PSF)	Occupancy
78A Hagley Park Road	23,413	466	81%
1 Sagicor Industrial Park - Marcus Garvey Drive	74,276	468	81%
2 Sagicor Industrial Park - Montego Bay, Freeport	194,741	507	93%
3 Sagicor Industrial Park - Norman Road	233,418	485	87%
Total	525,848	490	88%



SAGICOR MALL

CURATOE HILL

Type of Development	Commercial
Date Acquired by Sigma Real Estate Portfolio	May 2014
Total land size	21 acres Only 9.6 acres to be developed in 1st Phase
Planned # of Units	63 Shops
Proposed Development Start Date	August 2015

Type of Approval	Agency Received from	Date
Planning Approval	Town and Country Planning Authority (TCPA)	May 2013
Sewage	National Environment & Planning Agency (NEPA)	April 2013
Commercial Complex Construction	National Environment & Planning Agency (NEPA)	October 2013
Local Parish Council	Clarendon Parish Council	July 2014



COMPANY OVERVIEW

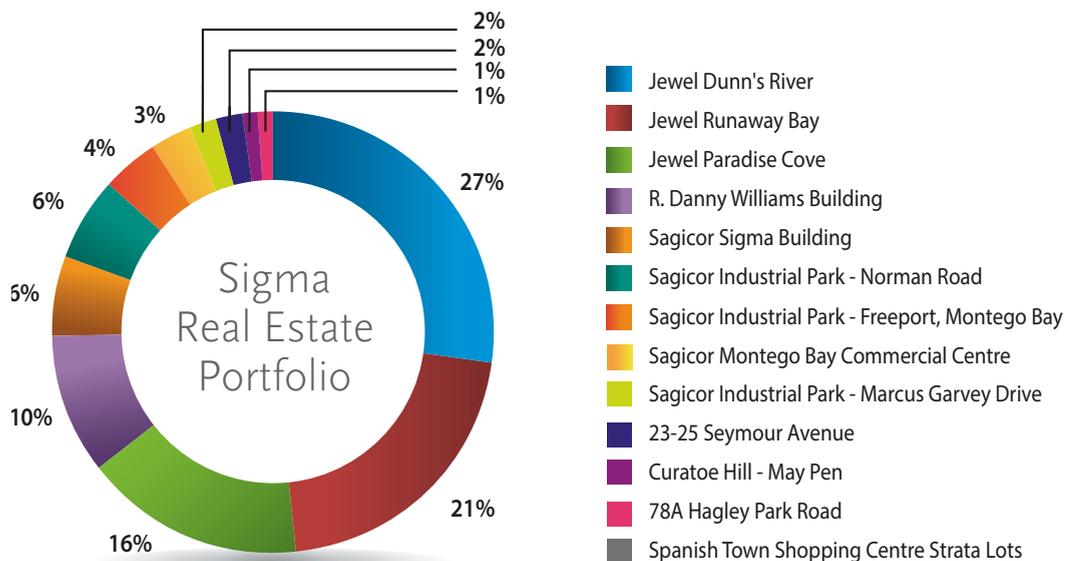
Sagicor Real Estate X Fund Limited (X Fund), a St. Lucian International Business Company (IBC), is the largest publicly traded real estate investment company in Jamaica. We are listed on the Jamaica Stock Exchange (JSE). We are a leading private sector investor in the Jamaican commercial and tourism real estate market, through our investment in the Sigma Real Estate Portfolio (an investment portfolio of the Sagicor Sigma Global Funds).

The Sigma Real Estate Portfolio has property investments in the tourism sector with ownership of three Jewel Resorts branded hotels; and the real estate sector by owning four office/retail shopping buildings, four industrial/warehousing properties and two prime land holdings slated for development.

In 2014, the Sigma Real Estate Portfolio generated revenue of \$7.081 billion and net income of \$2.487 billion. The

Portfolio earnings before interest, tax and amortisation (EBITA), excluding any unrealised revaluation property gains, was \$936 million. These earnings, combined with revaluation gains of \$1.906 billion, formed the basis for appreciation of the Sigma Real Estate Portfolio unit values and consequently gains of \$985 million recognised by X Fund to December 31, 2014. All property valuations are conducted by independent certified valuers and are done at least once per year.

In 2014, the Sigma Real Estate Portfolio generated revenue of \$7.081 billion and net income of \$2.487 billion



PORTFOLIO OVERVIEW

The Sigma Real Estate portfolio currently holds thirteen (13) properties which comprise of prime commercial and resort properties located across Jamaica, as well as two lots slated for development. In terms of market value, the number one property is Jewel Dunn’s River, whereas the lowest in value is the Spanish Town Shopping Centre strata lots. The invested real assets of the Sigma Real Estate portfolio can be broken down as follows: (1) Commercial (Non-Hotel) Properties; (2) Tourism (Hotel) Properties; (3) Land for Development.

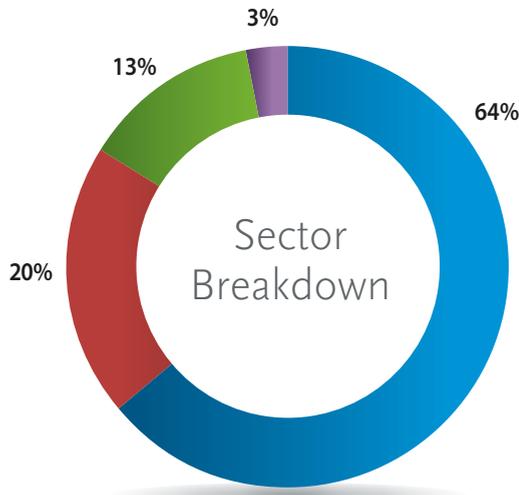


Tourism Properties

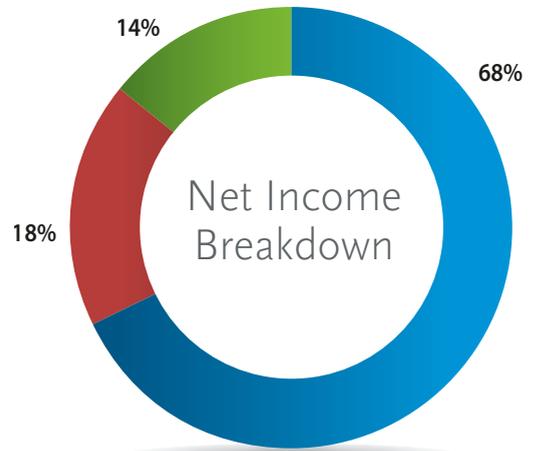
Jewel Dunn’s River
 Jewel Runaway Bay
 Jewel Paradise Cove

J\$11.7 B

Property value



■ Tourism
■ Office/Retail Business
■ Industrial/Warehouse
■ Other



■ Tourism
■ Office/Retail Business
■ Industrial/Warehouse



Office/Retail Business Properties

R. Danny Williams Building
 Sagico Sigma Building
 Sagico Montego Bay Commercial Centre
 Spanish Town Shopping Centre Strata Lots

J\$3.6 B

Property value



Industrial/Warehouse Properties

78A Hagley Park Road
 Sagico Industrial Park - Marcus Garvey Drive
 Sagico Industrial Park - Freeport, Montego Bay
 Sagico Industrial Park - Norman Road

J\$2.4 B

Property value



Other Properties for Development

23-25 Seymour Avenue
 Curatoo Hill - May Pen

J\$0.6 B

Property value

The net earnings generated by the hotel properties are denominated in US dollars and therefore provides a hedge against devaluation of the Jamaican dollar

The portfolio, on an asset value basis, is dominated by the 3 hotel properties at 64%. The portfolio's net earnings show a similar split between the tourism and commercial properties with hotels accounting for 68%. The net earnings generated by the hotel properties are denominated in US dollars and therefore provides a hedge against devaluation of the Jamaican dollar. The hotel properties contributed net profit of J\$757 million to the overall profitability of the portfolio.

The Jewel Dunn's River property closed its 4th full year of operations with Net Income of approximately US\$4.4 million. Jewel Dunn's River continues to earn a great reputation in the market and added to its numerous awards during 2014. Jewel Runaway Bay closed its 2nd full year of operations, also making a profit of approximately US\$1.8 million and, like Jewel Dunn's River, received numerous awards during 2014. The Jewel Paradise Cove in its first full year of operations attained approximately US\$0.5 million in Net Income.

Consolidated Hotel Properties		
	2014	2013
Occupied Room	202,949	149,950
Occupancy	75%	72%
Average Daily Rate (US\$)	221	207
Revenue Per Available Room (US\$)	166	149
Room Revenue (US\$)	44,872,849	31,063,208
Other Revenue (US\$)	5,878,138	4,298,710
Total Revenue (US\$)	50,750,987	35,361,918
Gross Operating Profit (US\$)	12,192,767	7,885,125
Gross Operating Profit (%)	24%	22%
EBITA (US\$)	7,218,647	4,277,047
EBITA (%)	14%	12%

The average occupancy across the commercial properties in the Sigma Real Estate Portfolio was 89%, up from 87% for 2013, with an average rate of J\$676 per square foot. The commercial (non-hotel) properties contributed approximately \$353 million towards the portfolio's overall net profit.

Consolidated Non-Hotel Properties		
	2014	2013
Property Value	J\$6,074,754,000	J\$5,633,508,680
Area (Sq.Ft)	783,271	783,271
Occupancy	89%	85%
Average Rental Rate	J\$676	J\$674
Avg Service Fee	J\$656	J\$585
Annualised Gross Income	J\$527,632,293	J\$496,698,591
Annualised Expenses	J\$174,339,216	J\$172,443,463
Net Income	J\$353,293,077	J\$324,255,128
Gross Yield	9%	9%
Net Yield	6%	6%

MARKET DYNAMICS

Global Economy

The global economy recorded growth of 3.4% in 2014 compared with 3.3% in 2013. This marginal acceleration mainly reflects stronger expansion in most advanced economies, particularly, in the USA, UK and Canada. This was also complemented by a rebound in the Euro Area following two consecutive years of recession.

The performances in the UK and the Euro Area were largely influenced by the actions of their respective Central Banks, which were aimed at offsetting deflation and encouraging growth through real investments. As US labour markets improved through economic expansion, there was also increased consumer expenditure and investment.

Gross Domestic Product (%)		
	2013	2014
Advanced Economies	1.3	1.8
of which:		
USA	2.2	2.4
UK	1.7	2.6
Euro Area	(0.5)	0.8
Canada	2.0	2.4
Japan	1.6	0.1

The pace of global growth, however, was tempered by reduced output in several Asian economies, including China and Japan. With China's transitioning to a sustainable domestic-led economy, economic performance slid to 7.4% in 2014 from 7.7% in 2013. This reflected reduced exports and foreign investment. The Japanese economy was supported by expansionary measures implemented by its Central Bank in an effort to stimulate growth.

Likewise the geopolitical tensions and increased sanctions imposed on Russia constrained economic growth to 0.3%, relative to 1.3% in 2013.

The global economy recorded growth of 3.4% in 2014 compared with 3.3% in 2013

Jamaican Economy

The Planning Institute of Jamaica (PIOJ) reported growth in the Jamaican economy of 0.4% in 2014, compared with 0.2% in 2013. This year-over-year improvement was largely driven by increases in tourism and remittance inflows, as global economic conditions, particularly in the US, Jamaica's main trading partner, continue to show signs of improvement. Overall growth for the year was tempered by a contraction in the latter half of the year, down 0.9%, due to islandwide drought conditions.

'Hotels & Restaurants' is estimated to have increased by 3.0 % compared to 1.2 % in 2013, with 'hotels' being the significant contributor to growth in this category. The buoyancy of the industry was spurred by increases of 3.6% and 9.2% in stop-over visitor arrivals and expenditure, respectively, relative to the previous year. The growth in visitor arrivals was due to additional flights from new source markets as well as expanded marketing. Despite the robust growth within the Hotel segment, the performance of the Restaurants segment remained flat due to persistently weak domestic demand.

The Planning Institute of Jamaica (PIOJ) reported growth in the Jamaican economy of 0.5% in 2014, compared with 0.2% in 2013

Construction & Installation is estimated to have expanded by 1.3% in 2014, relative to 1.9% in 2013. The growth in the sector reflected an increase in Building Construction activities due partly to an expansion in hotel construction and renovation. This was augmented by infrastructural work associated with business process outsourcing as well as the implementation of projects under the Major Infrastructural Development Programme.

Despite significant economic shocks over the past two years, inflation remains in single-digit, and has generally trended downward over the period.

The country's NIR stood at just over US\$2.0 billion at the end of 2014, which almost doubled Jamaica's position at the end of 2013 of US\$1.05 billion

Foreign Exchange: At the end of December 2014 the Bank of Jamaica (BOJ) weighted average selling rate (WASR) closed at J\$114.66 for US\$1.00. This represented a calendar year depreciation of 7.8%, compared with 14.4% for 2013.

The tempered pace during 2014 reflected the easing in demand for USD, particularly from portfolio investors. This was complemented by the BOJ's market intervention on several occasions to augment supply. The rate of depreciation has improved the competitive pricing of Jamaica's exports.

Net International Reserves (NIR): The country's NIR stood at just over US\$2.0 billion at the end of 2014, which almost doubled Jamaica's position at the end of 2013 of US\$1.05 billion. This was sufficient to cover approximately 18 weeks of imports, which is in excess of the international benchmark of 12 weeks. The strengthened reserved position largely resulted from the US\$800 million Government of Jamaica (GOJ) global bond issue in early July 2014. Additionally, a deliberate strategy was undertaken by the BOJ to improve the NIR, which included the offering of attractively priced instruments, as well as the purchase of USD assets from a few institutions.

Interest Rates: The BOJ maintained its policy stance with the main interest rate unchanged at 5.75% as inflation outcome continued to be within expectations. Notwithstanding, at the end December 2014, the 30-day, 90-day and 180-day Treasury Bill average yields were 6.3%

(up 13bps), 6.96% (up 58 bps) and 7.14% (up 111 bps) respectively, relative to December 2013.

Since the highs recorded in March 2014, market interest rates have been on the decline, as a result of a net injection of liquidity by the BOJ.

Stock Market Performance: The value of the Jamaica Stock Exchange (JSE) Main Index as at December 2014 was 76,353 points, which represented an overall decline in value of 5.3%. The decline in the index occurred despite solid performance from several listed companies. The general weakening in stock market activity was impacted by higher returns on selected money market instruments, in addition to the capital gains on foreign currency investments which provided more attractive options.

Notwithstanding the general decline, the market performance improved 5.7% during the fourth quarter of 2014. This occurred within the context of positive macroeconomic developments which included the achievement of the targets and structural benchmarks under Jamaica's Extended Fund Facility with the International Monetary Fund (IMF) and a revision of Jamaica's outlook from stable to positive by Standard & Poor's ratings agency.

Inflation: Despite significant economic shocks over the past two years, inflation remains in single-digit, and has generally trended downward over the period. Calendar year 2014 inflation was 6.4%, reflecting a slowing in the pace relative to 2013. With improved

The dual impact of continued global economic recovery, particularly in the USA and lower oil prices should positively impact economic growth in Jamaica.

efficiency in the agriculture sector and a reduction in oil prices inflation for GOJ FY2014/15 is projected to fall within the range of 7.0% to 9.0%.

Outlook

The dual impact of continued global economic recovery, particularly in the USA, and lower oil prices should positively impact economic growth in Jamaica. Improved tourism prospects and increased level of remittances support higher levels of foreign exchange flows and augment domestic demand.

The ongoing economic reform programmes of the GOJ, in keeping with Jamaica's IMF Extended Fund Facility aimed at improving the business climate and making Jamaican-produced goods more competitive, have been successful so far. This, coupled with stable inflation and improved confidence levels, should lead to an expansion on real economic activities. Within this context, growth for FY 2015/16 is projected to be 1.6%.

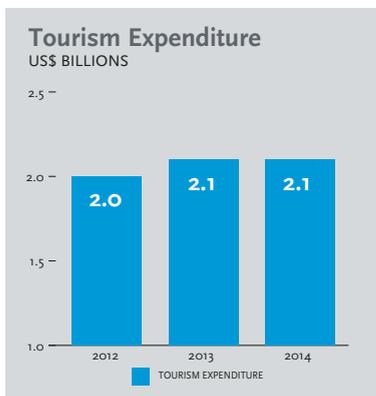
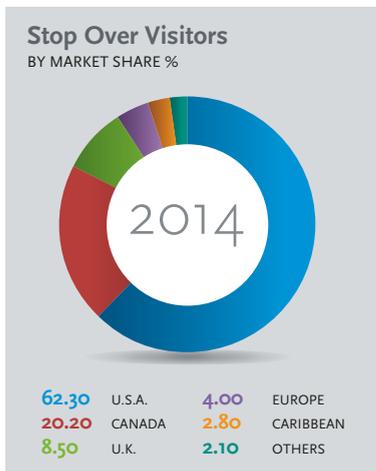
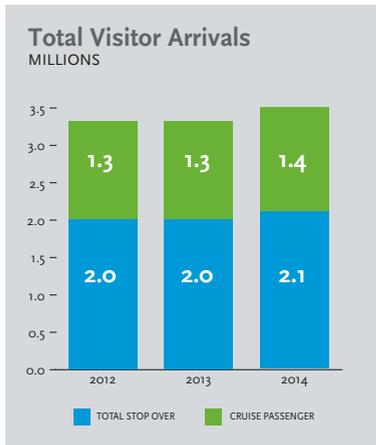
The dual impact of continued global economic recovery, particularly in the USA and lower oil prices should positively impact economic growth in Jamaica

Tourism Sector

Global Environment

According to the United Nations World Tourism Organization (UNWTO), international tourist arrivals totalled approximately 1.1 billion in 2014, a 4.7% increase over the previous year. The Americas was the best performing region in relative terms with a growth of 7.4%, welcoming an additional 13 million tourists. Growth was driven by North America (8.2%), where Mexico posted a double-digit increase and the Caribbean a 6.6% increase.

Annual International Tourist Arrival			
Region	2012	2013	2014
World	4.1%	4.7%	4.7%
Europe	3.7%	5.0%	3.9%
Asia & the Pacific	6.9%	6.8%	5.4%
Americas	4.4%	3.5%	7.4%
Africa	5.2%	4.8%	2.3%
Middle East	-5.6%	-3.4%	4.4%



Jamaican Environment

According to data published by the Jamaica Tourist Board (JTB), total visitor arrivals (cruise passengers and stopovers) for 2014 increased by 7% to approximately 3.5 million persons.

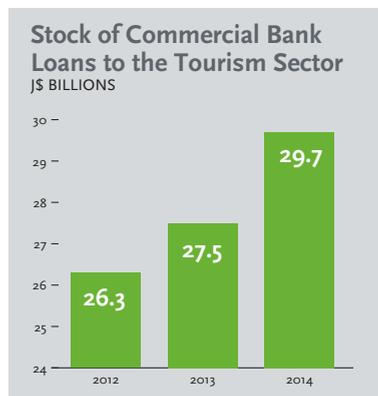
Total stopover arrivals grew by 3.6% to 2,080,181 persons, up from 2,008,181 a year earlier. This was supported by a 17.1% surge in the number of visitors from the UK (8.5% of the total market). The two major source markets (USA and Canada) grew by 2% (approximately 25K) and 5.2% (approximately 26K) respectively. These two markets combined account for approximately 82% of total stop-over arrivals.

Cruise passenger arrivals grew by 12.5% to 1.4M. This largely reflected increased activities at the Falmouth and Ocho Rios cruise piers, as the number of passengers expanded by 19.5% and 7.7% respectively.

Within this context, economic activities around the Hotels & Restaurants industry¹ grew by an estimated 3.0% for the Calendar Year 2014, mainly reflecting expansion in the Hotel subcategory. In addition to the increases in visitor arrivals, the performance was also influenced by increased tourist expenditure of 9.2% for the period. The sector continues to be the leading earner of foreign exchange for Jamaica.

The Jamaica Tourist Board (JTB), through its marketing activities, maintained and reinforced a positive image of Jamaica in the various targeted markets. At the end of 2014, the stock of Loans & Advances issued to the Hotels & Restaurants industry by commercial banks was \$29.7 billion compared with \$27.5 billion at the end of 2013. The expansion partly reflects the general trend of increased investment by private firms to benefit from the positive outlook and growth potential of this sector.

The average annual employment in the Hotels and Restaurants industry was 81K persons compared with 80K persons during 2013. This represented approximately 7.2% of total employment for the country.



¹ This industry captures most of tourism's direct contribution to real value added.

Sagicor Sigma Real Estate Portfolio earned unrealised capital gains of J\$985.0 million to December 31, 2014, up 4.5% from \$942 million at December 2013.

Commercial Sector

The Jamaican Commercial Real Estate market continues to show improvement, with higher demand for small to mid-range spaces averaging 500 - 2,000 sq. feet, and for larger spaces > 10,000 sq. feet. There has been increased activity in the major town centres of Kingston & St. Andrew, Montego Bay, Ocho Rios and Mandeville, and this is mainly influenced by the following factors:

- (1) A low interest rate environment allowing developers to source low cost funding.
- (2) Increased BPO activity which is tied to global recovery and government incentives offered to encourage growth in this sector.

- (3) An increased trend of diversification away from a heavy concentration in GOJ securities into real assets.

The implementation of energy efficiency initiatives continues to be a top priority in improving profitability and competitiveness of commercial properties, where benefits accrue for both property owner and tenants in the form of higher net rental yields and lower accommodation costs respectively.

FINANCIAL PERFORMANCE

Operations

Sagicor Sigma Real Estate Portfolio earned unrealised capital gains of J\$985.0 million to December 31, 2014, up 4.5% from \$942 million at December 2013. In December 2014, the company floated a US\$42.29 million (J\$4.79 billion) Investment Note. The introduction of debt is expected to enhance earnings and returns to shareholders. Resulting interest expense to December 31, 2014 was J\$22.4 million. Net profit attributable to shareholders was \$921.5 million.

In the latter part of 2014, the company was successful in a bid to acquire Rose Hall Beach Resort & Spa Hotel in Montego Bay. In December 2014, a wholly owned subsidiary, X Fund Properties Limited was formed whose main business activity will be the ownership and operation of the Hilton Rose Hall Resort & Spa Hotel in Montego Bay. The acquisition of the hotel was finalised in January 2015, for a purchase price of US\$85.5 million and will add another 489 rooms to the revenue stream.

In the latter part of 2014, the company was successful in a bid to acquire Rose Hall Resort & Spa Hotel in Montego Bay

The earnings from the newly acquired Hilton Rose Hall Beach Resort and Spa in Montego Bay are expected to contribute to the Group's future growth potential.

Net Income from the capital gains and interest income of \$962.8 million was up on the prior year by 2.2%

Highlights		
	31-Dec-2014	31-Dec-2013
Total Revenue – J\$ million	962.8	942.2
Net Profit attributable to stockholders – J\$ million	921.5	942.1
Earnings per stock unit – J\$	0.62	0.63
Total Assets – J\$ Billion	14.219	8.418
Stockholders' Equity - J\$ billion	9.340	8.418
Book Value per share – J\$	6.25	5.63
JSE Fund share price – J\$	7.11	6.07

The revenue generated from the assets owned in Sigma Real Estate Portfolio grew over 2013. Total revenue from capital gains and interest income of \$962.8 million was up 2.2% compared to the prior year. This reflected a \$14.9 million increase in capital gains and interest income of \$5.6 million over 2013. The improved performance of Sigma Real Estate is mainly attributed to higher returns from the hotels.

X Fund, through a wholly owned subsidiary, X Fund Properties Limited, made a significant investment in the acquisition of Hilton Rose Hall Resort and Spa in Montego Bay, Jamaica. The earnings from this newly acquired entity are expected to contribute to the Group's future growth potential. However, the initial cost of the purchase increased the operating expenses in Q4 2014, to \$22.3 million, up from \$0.1 million in 2013. The increase is associated with the interest cost on the capital raised of \$4.79 billion to partially finance the hotel purchase.

The Group structured corporate debt in December 2014 to raise the financing. This was issued in the form of an eighteen month fixed rate 5.5% Investment Note, with interest paid quarterly up to maturity in June 2016, after which the investor has the option to extend for a further eighteen months.

The 2014 results were also impacted by \$18.9 million of deferred income taxes. The taxation charge is computed on unrealised capital gains and comprises income tax at 1%.

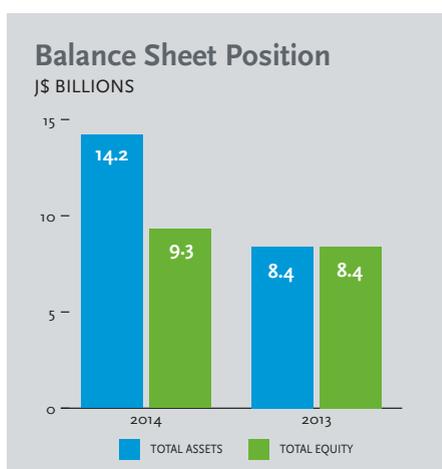
Within the context of a general improvement in the macro-economic environment, X Fund produced relatively stable financial performance for 2014. Net profit was \$921.5 million, relative to \$942.1 million in the previous year. This reflected the impact of interest expense and taxation in 2014. The earnings performance resulted in earnings per share (EPS) of \$0.62.

X Fund produced solid financial performance for 2014. Net profit was \$921.5 million, relative to \$942.1 million in the previous year

The company had total assets of \$14.219 billion as at December 31, 2014, up 69% from \$8.418 billion at the end of 2013.

Balance Sheet

The company had total assets of \$14.219 billion as at December 31, 2014, up 69% from \$8.418 billion at the end of 2013. This growth reflects primarily the reinvestment of borrowings and appreciation of units in the Sigma Real Estate portfolio. Total Stockholders' Equity as at December 31, 2014 was \$9.34 billion, up 10.9% from \$8.418 billion as at December 2013. This growth was driven mainly by net earnings.



RISK MANAGEMENT

In addition to other information set forth in this Annual Report, investors should be mindful of the risks described. These risks are not the only ones facing shareholders. Additional risks not presently known to the Directors or that the Directors may presently consider to be immaterial may also impair X Fund's operations.

X Fund's actual results could differ materially from those anticipated as a result of certain factors, including the following risks faced by X Fund.

Ordinary Stock Price Fluctuations

The trading price of X Fund's shares has fluctuated since its listing on JSE Main Exchange and may continue to do so in the future. Some of the reasons for fluctuations in the price of the shares include but are not limited to:

- announcements of developments related to X FUND's business;
- the issue of additional shares by X FUND from time to time;

- announcements concerning the properties in the Sigma Real Estate Portfolio;
- announcements concerning Sagicor Sigma Global Funds in general and Sigma Real Estate Portfolio in particular;
- general conditions in the economy, the real estate market, and the markets served by any of the major tenants
- substantial loss or damage to any of the Sigma Real Estate Portfolio properties by hurricane, fire and other natural disasters;
- changes in the law regarding several matters including but not limited to taxation, rights of landlords and tenants, planning and the environment.

In addition, prices on the stock market may be particularly subject to volatility. In many cases, the fluctuations may be unrelated to the operating performance of the affected companies. As a result, the price of the shares could fluctuate in the future without regard to operating performance.

Changes in Government Policies

The Government of Jamaica may from time to time affect macroeconomic conditions through fiscal and monetary policies, which may have an adverse impact on the real estate market, the stock market and the performance of X Fund.

Risk relating to Marketability of the shares

The X Fund's shares, listed on the Jamaica Stock Exchange, may not be readily saleable and shareholders who may want to "cash out" may not be able to do so or may only be able to do so at a discount.

Risks of hurricane, fire and other Acts of God

Material events affecting the properties in the Sigma Real Estate Portfolio could also impact on X Fund's performance and operating results. These properties are susceptible to loss or damage by fire, hurricane, earthquake, flood and other perils. Although Sigma Real Estate Portfolio intends to maintain insurance on the properties against such perils, there are numerous factors which could expose Sigma Real Estate Portfolio to loss as a result of a fire, hurricane or other such peril. For instance:

- (a) the insurers could delay settlement or deny liability in respect of a claim for a variety of reasons and even if Sigma Real Estate Portfolio were to ultimately prevail, such delay could prevent the repair or reinstatement of the Property with consequential loss of rental income and exposure to increased costs of repairs or reinstatement;
- (b) an insurer or reinsurer could become insolvent or otherwise be unable to respond to a loss under the policy of insurance;
- (c) loss of rent is not covered under the insurance policy;
- (d) after a loss, the sitting tenant may elect to relocate to other premises or to close operations in the leased premises and Sigma Real Estate Portfolio may be unable to promptly find a suitable replacement tenant.

Taxation Risks

The transaction model is tax sensitive. Changes in the tax treatment of international business companies in Saint Lucia or unit trusts in Jamaica or of companies listed on the Jamaica Stock Exchange could materially affect the profitability of X Fund. An increase in property taxes or the introduction of any new tax in respect of hotel properties, or on companies generally, or on rental properties could also reduce X Fund's profit margin through its investments in the Sigma Real Estate Portfolio.

Foreign Currency Risk

Although a few leases provide for rent to be paid in United States dollars, as a general rule rent is payable in Jamaican dollars under the leases relating to the Sigma Real Estate Portfolio properties. Certain costs such as insurance and refurbishing costs as respects imported materials such as carpets and elevators may be increased as a result of devaluation of the Jamaican dollar relative to the United States dollar and other foreign currencies. Accordingly, Sigma Real Estate Portfolio is exposed to the risk that the value of the future cash flows from rental income may fluctuate because of changes in foreign exchange rates. Sigma Real Estate Portfolio does not, at this point, hedge its foreign exchange risks and it has no current plans to do so.

Operational Risks

In the execution of its business functions, X Fund is exposed to operational risks arising from failures in systems and the processes through which it operates. Critical areas of operational risks include:

- (a) employee errors - such as failure to renew insurance or to insure for the proper value;
- (b) accounting errors, data entry errors; and
- (c) fraud (internal and external) or other criminal activity.

Under the Property Management Agreement between Sagicor Property Services Limited ("Sagicor Property") and Sagicor Jamaica (in its capacity as managing agent for Sigma Real Estate Portfolio), Sagicor Property is required to indemnify Sigma Real Estate Portfolio against loss or damage caused by the gross negligence, or willful default or fraud of Sagicor Property or any of its employees or agents in the performance of their duties or functions. Sagicor Property seeks to eliminate such risks by maintaining a comprehensive system of internal controls and administrative checks and balances to monitor transactions supported by a robust internal auditing capability. It also maintains an off-site data repository which will enable it to continue operations in the event of catastrophe affecting its operating location.

Lessees' Risks

Although Sagicor Property has taken care to select reputable tenants for the rental properties in the Sigma Real Estate Portfolio nevertheless changes in the business fortune of a tenant could affect its creditworthiness and business practices. Rental income to Sigma Real Estate Portfolio could therefore be affected by counter-party risk under the relevant leases - that is to say the risk that a tenant may be unable or unwilling to pay its rent on the due date. That risk has been ameliorated somewhat, but not substantially, by requiring tenants to place a security deposit with Sigma Real Estate Portfolio – typically one month's rent and in a few cases, two months'.

Thin market in Company's Shares

The Jamaican stock market is relatively small and the market in X Fund's shares is expected to be relatively thin compared to larger capital markets. That means that trade in small quantities of X Fund's shares can trigger wide swings (up or down) in the market price of the shares and make it easier for the stock price to be manipulated.

Sale of substantial block of Shares may cause market price to decline

X Fund's shares are freely tradable. Sagicor Life Jamaica Limited (Sagicor Jamaica) and Sagicor Pooled Investment Funds (PIF) are not restricted in the manner or timing of the disposal of any of their shares. It is possible that relatively large blocks of Shares may be acquired by pension funds and institutional investors. A sale of a substantial block of shares by any one or more shareholders may cause the market price of the Shares to materially decline.

The Special Share held by PIF will deter take-over bids

The fact that PIF holds the Special Share which gives it control over the election of Directors and other key corporate decisions will make it unlikely that any investor other than PIF or entities affiliated to PIF would bid for control of X Fund. Such bid if made would usually be expected to be at a premium above the prevailing trading price of the shares. Accordingly, the likelihood of stockholders receiving a take-over bid is reduced, perhaps significantly.

Fluctuation Property Value

Movement in the market value of the Sigma Real Estate portfolio properties will be reflected in the value of the shares, given X Fund's investment in the unit trust portfolio. Property value may fall for a variety of reasons, including but not limited to, change in government policy or taxation; fall in demand for rentable office and warehouse space (due to economic downturn or other factors triggering a reduction in demand for rentable office and warehouse space) and construction of new and more modern office and warehouse facilities.

Affecting Unit Trusts

The shares will derive their value from the units in the Sigma Real Estate Portfolio. Any change in the law or regulation which impacts (whether adversely or positively on unit trusts) will, most likely, "feed" through to the value of the shares.

Lack of Diversification

The Sigma Real Estate Portfolio is a non-diversified portfolio within the Sagicor Sigma Global Funds (Sagicor Sigma). The lack of diversification means that the Portfolio is particularly exposed to risks affecting the property market.

Withdrawal of concession on withholding on income accruing on units in Unit Trust

Gains (both income and capital) accruing upon units in a registered unit trust have, traditionally, been treated as tax free. However, in 1998 the Commissioner of Income Tax advised the then Superintendent of Insurance that a review of the Income Tax Act, as it related to the taxation of unit trusts, had confirmed that income earned on investments in a unit trust was not, in fact, tax-free. The Commissioner further noted that with effect from January 1, 1999 all unit trusts would be required to withhold and pay over the tax from income paid to unit holders at the time of encashment of units. The Commissioner also required the trustees (sic) to specify, presumably in any encashment receipt or similar document, the following information namely:

- (a) the value of the unit as at January 1, 1999 (or the time of purchase if acquired after that date);
- (b) income paid or credited on the relevant units;
- (c) tax withheld; and
- (d) capital gain or loss.

The ruling of the Commissioner seems to have caught the unit trust community by surprise as they appear to have been operating on the basis that all gains (whether income or capital) on units in a unit trust were tax-free. A lobby effort on the part of the four existing unit trusts then in existence (including Sagicor Sigma) then ensued and succeeded in “scotching” the Commissioner’s plan to tax income gains on units in a unit trust. However, the issue could re-surface. X Fund has not taken any tax advice on the merits of the Commissioner’s position. If the Commissioner is correct and the law is enforced, then it would have a material adverse effect on Sagicor Sigma and other unit trusts and by the same token on the value of the shares.

Not only would units likely fall in value but the administrative burden of disaggregating gains on units between income and capital would inevitably increase the cost of administering a unit trust with consequential increase in management fees. Indeed, computer systems supporting unit trust operations might have to be replaced or upgraded to effect the disaggregation which would be required under the law.

The eleven (11) Sigma Real Estate Portfolio properties with buildings are insured along with other major properties against commercial all risks perils. The insurance is subject to an aggregate catastrophe limit for hurricane damage at all locations of US\$85,000,000.00 and US\$135,000,000.00 for earthquake damage subject to a catastrophe deductible of US\$50,000.00 (for hurricane and earthquake) and US\$10,000.00 for non-catastrophe risks such as fire. Average, whereby a claim for loss is reduced proportionately if the property is under-insured, does not apply to the insurance unless the sum insured is less than 85% of the value at risk at the time of the loss. (See Section 10 for further details of the insurance programme.) Insurance for consequential loss or loss of rent following property damage only exists in relation to the Jewel Dunn’s River

and R. Danny Williams Building. Accordingly, loss or damage to any of the other properties by fire or other peril could adversely affect the revenues of the Sigma Real Estate Portfolio and in turn the financial performance of X Fund. In addition, one or more of the insurers and underwriters under the insurance programme may become insolvent and unable to meet its obligations in the event of a claim.

Related Party & Potential Conflict of Interest

X Fund is managed by Sagicor Jamaica. Sagicor Jamaica is also providing investment management services to the Sigma Real Estate Portfolio and, along with its subsidiary, PIF, will be substantial investors in X Fund. In spite of the multiple roles which Sagicor Jamaica will play, the interests of the various parties are generally aligned. Notwithstanding that the parties all share common interest in the success of X Fund it is possible that conflicts of interest would arise in the day-to-day operation of X Fund.

Sagicor Group Jamaica Limited, as the holding company for the Sagicor Jamaica group of companies (“the Group”), has a robust Corporate Governance and Ethics Committee comprised of non-executive directors. That Committee is charged with the duty of ensuring adherence to best practice standards of corporate governance and ethics within the Group. This Board Committee, among other things, reviews related party transactions and monitors conflict of interest situations to ensure that all such transactions are carried out on an arm’s length basis with the utmost integrity. In addition, X Fund has appointed two (2) independent directors, one of whom chairs its Audit Committee. This Committee, from X Fund’s standpoint, also monitors and reviews related party transactions and other potential conflict of interest scenarios to ensure strict compliance with best practice benchmarks.

Our main aim is to enhance value for shareholders by continuously improving the yields on our real estate investments

X Fund's goal in risk management is to ensure that it understands, measures, and monitors the various risks that arise and that it adheres strictly to the policies and procedures, which are established to address these potential risks.

The World Travel and Tourism Council has forecasted travel and tourism's total contribution to GDP for the Americas to average 3.5% per year for the next ten years. As the long-term outlook for tourism remains positive, we see this as an ideal opportunity to invest in the development of Caribbean tourism.

STRATEGIC OUTLOOK

We have identified and will be targeting the following growth potential areas:

Tourism

- Hotels
- Attractions

Commercial Real Estate

- Light Industrial/Warehousing
- Facilities for Business Process Outsourcing (BPO)

Tourism, one of Jamaica's top performing sectors, continues to positively impact its economy through its significant contribution to employment, both directly through the hotel industry as well as indirectly through such areas as tours and attractions and agriculture. Based on Jamaica Tourist Board data:

- Tourist arrivals grew by 7% to close the year at 3.5 million visitors.
 - Cruise ship arrivals totalled approximately 1.5 million.
 - Stopover arrivals were approximately 2 million.
- Tourism expenditure also increased by 6% to US\$2.2 billion.

Business Process Outsourcing (BPO) is another area which presents opportunities, where large overseas companies outsource certain processes relating to their businesses that are more cost effectively done by third parties. We have identified Jamaica as an ideal location for this type of development given its existing track record in BPO activities and the broad range of government incentives that exist locally to promote growth in this area. Further, Jamaica's geographic location and strong English language skills make near shore opportunities possible, and the country continues to be a targeted location for the establishment of BPO facilities by international companies.

Our main aim is to enhance value for shareholders by continuously improving the yields on our real estate linked investments and we see these two key areas as having the potential to deliver on this commitment.

Award-Winning Jamaican Hospitality



THE JEWEL
DUNN'S RIVER
Beach Resort and Spa



Triple AAA
AAA Approved Three Diamond Rating

Aimbridge Hospitality
President's Award 2013
Full Service Hotel of the Year 2012

Apple Vacations
Golden Apple Award 2013
Golden Apple Award 2012

Expedia
Best of VIP Access 2014
Best of VIP Access 2013
Expedia's Insiders' Select Award 2012
Expedia's Insiders' Select Award 2011
Top Independent Hotel Partner of the Year 2012

MLT Vacations
Quality Assurance Award 2011, 2012, 2013
Top hotels for outstanding quality, customer service, and product delivery 2012
Top hotels for outstanding quality, customer service, and product delivery 2011

TripAdvisor
Certificate of Excellence 2014
Travelers' Choice - All-Inclusive Resorts 2013
Certificate of Excellence 2013
Certificate of Excellence 2012
Certificate of Excellence 2011

Travelocity
Travelocity Excellence Award 2012
Travelocity Excellence Award 2011

Thomas Cook
Outstanding Customer Service Award 2011

Travel Mole
Shortlisted Best Accommodation Site 2012

JPS
Best Use of Energy Award 2013
(Large Hotels)

Tropical Sky
Tropical Sky Accommodation Excellence Awards 2012



JEWEL
RUNAWAY BAY
Beach & Golf Resort



Aimbridge Hospitality
Service Leadership
Excellence Award 2013

Apple Vacations
Golden Apple Award 2013

MLT Vacations
Quality Assurance Award 2013

HolidayCheck.com
HolidayCheck.com Quality Selection 2014

Monarc Canada
Best Resort in Runaway Bay 2012

Travel Agent Central
Travel Agent's Advisor List Best Hotels for Romance 2013
Travel Agent's Advisor List Best Hotels for Families 2013

TripAdvisor
Certificate of Excellence 2014
Certificate of Excellence 2013



JEWEL
PARADISE COVE
Beach Resort & Spa
Runaway Bay, Jamaica



TripAdvisor
2014 TripAdvisor's Traveler's Choice Award
Top 25 All-Inclusive Resorts in the Caribbean



Aimbridge
Hospitality

APPLE VACATIONS
America's Favorite Vacation Company

Expedia

tripadvisor

HolidayCheck.com

monarc.ca

MLT VACATIONS

TRAVEL AGENT CENTRAL

travelocity

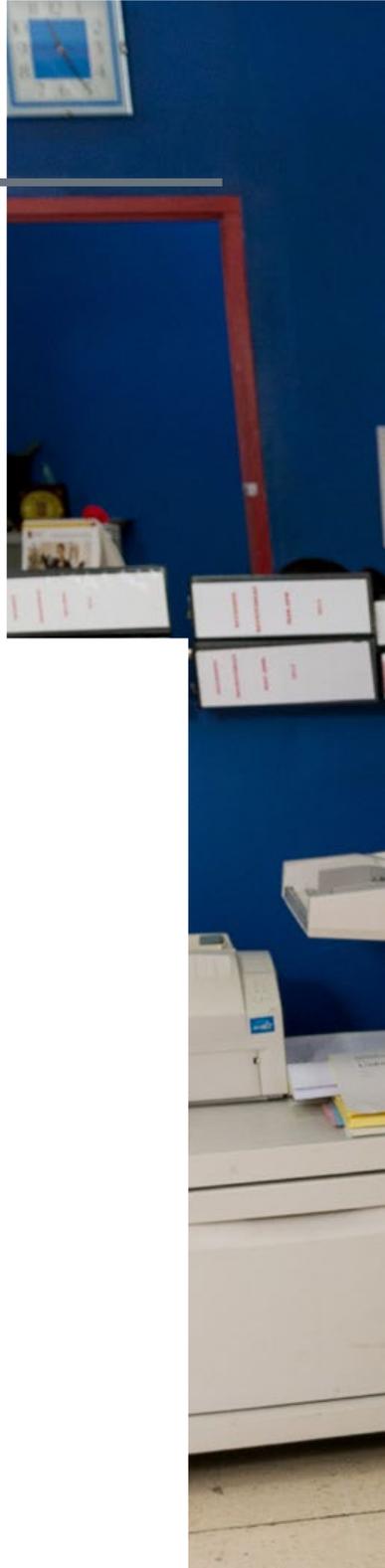
Thomas Cook

Tropical Sky
Luxury Holidays to Tropical Places

TravelMole

JPS

Commercial Property



Gary Lee-Sin

Owner - Docutech

“Overall, the safety of the building is a number one advantage” recognized Gary Lee-Sin, long time tenant of Sagicor’s R. Danny Williams building and sole proprietor of Docutech Limited. Mr. Lee-Sin’s company is a full service document centre, in operation for over 16 years, and performing services including designing, printing, laminating, copying and image transfers, among other things.

Docutech found the perfect office location at the R. Danny Williams building and has exhibited a long standing client relationship with Sagicor since 1999. He had much to say about his Landlords, citing “The building is secure. I have no utility problems and this is a big plus. When everyone else has no power, we always do. There is really great value attached to that”.

Mr. Lee-Sin highlighted that the building presented for his company a great opportunity from its strategic location in the heart of the financial district, to serve corporate clientele and walk-in customers. The close proximity to the target market has helped to grow his business.

The R. Danny Williams building is owned by the Sigma Real Estate Portfolio (a portfolio of the Sagicor Sigma Global Funds, a unit trust registered under the Securities (Collective Investment Scheme) Regulations 2013) in which Sagicor Real Estate X Fund Limited (X Fund) has invested over \$9 billion JMD. The Portfolio offers over 1.45 million square feet of commercial and residential properties island-wide.

X Fund started operations in November 2013 after going public with a share offer that raised approx. \$1.5 billion JMD.



Building Relationships

Corporate Governance

The Board of Directors of X Fund has established a tradition of best practices in corporate governance as a foundation for long-term success, while committing to internationally accepted standards and practices, including compliance with sound accounting practices.

Corporate Governance

The Articles of Association of Sagicor Real Estate X Fund Limited (X Fund) provides for a Board of Directors of not more than eight (8) persons. The current Board comprises eight (8) Directors. The Board of Directors is responsible for (i) the strategic direction of X Fund which involves setting its business objectives and the plans for achieving them; (ii) execution of the approved business objectives through adequate management and resources; (iii) monitoring the performance of the Sigma Real Estate Portfolio with a view to achieving the strategic objectives and ensuring compliance with all applicable legal and regulatory regimes; and (iv) due and proper accounting to all stakeholders of X Fund including in particular, the stockholders.

The Board of Directors of X Fund has established a tradition of best practices in corporate governance as a foundation for long-term success, while committing to internationally accepted standards and practices, including compliance with sound accounting practices. X Fund recognises the need to continuously upgrade its standards of corporate governance through a review process and therefore intends to adopt new standards as they evolve.

The Company commenced full operations after the Initial Public Offering (IPO) in 2013 and the Board of Directors met quarterly during the year 2014.

The Board adheres to the principles outlined in the Corporate Governance Policy which provides clear guidelines on the oversight and decision-making role of the Board. This policy is available on the Sagicor website at <https://sagicorjamaica.com/Forms/Investments/XFund - Corporate Governance Policy 2015.pdf>

Board Operations

During the year 2014, the Board held six (6) formal meetings; in addition, adhoc meetings were held to deal with other urgent matters. The critical agenda items which were covered at Board Meetings during 2014 included:

- The approval of the year-end Financials
- The review and approval of the Quarterly Financial Review and Reports to the Jamaica Stock Exchange
- Annual General Meeting preparation
- Approval of major investment activities and strategic business initiatives including purchase of hotel by the company or a subsidiary of the company
- The receipt and approval of decisions of the Board Committees

Board Committees and Attendance Records

During 2014, a total of ten (10) Board and Committee Meetings were held.

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. Representatives of the Investment Manager attend meetings as invitees and participate in the meetings through presentations of discussion documents and development of strategies.

Directors' Remuneration

The Board determines the level and structure of fees paid to non-executive directors; executive directors do not receive fees in respect of their office as directors of the Company or any of the companies within the Sagicor Group. The payment of directors' fees commenced quarter ended December 31, 2013 and is in line with other

listed companies in the financial sector. Fees are paid quarterly based on an annual retainer.

Board Evaluation

The Company completed its first full year of operations on December 31, 2014. In keeping with the Corporate Governance Policy, the Board will assess the outcome of the evaluations (self-evaluation and 360 degrees feedback) of the previous year in its first Board Meeting of 2015.

Audit & Finance Committee/ Investment Committee

The Board of X Fund established an Audit & Finance Committee and an Investment Committee to ensure that there is an ongoing

review of its corporate integrity and X Fund's ability to achieve its strategic and operational objectives.

Audit Committee - The Committee Members appointed as at November 8, 2013 are Mr. Peter Pearson (Chairman and independent director), Mr. Vinay Walia (Independent director) and Mr. Michael Fraser.

Investment Committee – Mr. Vinay Walia (Chairman and independent director), Dr. the Hon. R. Danvers Williams, Mr. Richard Byles and Mr. Rohan Miller were appointed members of this Committee effective January 24, 2014.

These Committees meet quarterly in the absence of any pressing matter or emergency.

The table below shows the composition of the Committee and directors' attendance at meetings as at December 31, 2014:

Directors' Attendance: Board and Committee Meetings

Directors	Board Total Meetings	Audit Committee Total Meetings	Investment Committee Total Meetings
(Number of Meetings Attended)	held: 6	held: 3	held: 1
Hon R. D. Williams	6	0	1
Richard Byles	4	0	1
Dr. Patricia Downes-Grant	3	0	0
Michael Fraser	5	3	0
Stephen McNamara	5	0	0
Rohan Miller	6	3	1
Peter Pearson	6	3	0
Vinay Walia	5	2	1

Directors Remuneration

Board/Committee J\$	Annual Retainer	Audit Committee	Investment Committee
Board Chairman	0.00		
Board Director (ALL)	1,470,000.00		
Committee Chair		945,000.00	945,000.00
Member of Committee		630,000.00	630,000.00



Rodricka Riley

Jewel Dunn's River Beach Resort
Employee of the Year

In 2014, Rodricka Riley, also known as "Snoop" was rewarded for his hard work by the Jewel Dunn's River Resort and Spa by being named Employee of the Year. Mr. Riley has been employed at the resort since September 2012 as a lifeguard in the Watersports Department. He was later promoted to Team Leader as he demonstrated excellent work ethics and maintained a high standard of performance. He is well known at the resort for his reliability, positive work attitude and the ability to get the job done while motivating his fellow team members. This along with the combination of his high ethical standards and vast experience has enabled him to be an excellent mentor to other employees. Not only is his rapport with his team good but he also displays the same attitude with his guests who look forward to and enjoy his interaction with them.

Since his employment, Mr. Riley has been nominated on several occasions and has copped under his belt the titles of Most Recognised Employee of the Month (2011), Front of the House Employee of the Month (2012), and Front of the House Employee of the Month (December 2014).

In his spare time Mr. Riley, a husband and a proud father of three (two girls and one boy) enjoys helping his children with work at home and teaching them the values of life.

Mr. Riley has managed to maintain the standards set by the Resort and continues to display passion for the job in his department.



FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014



Independent Auditors' Report

To the Shareholders of
Sagicor Real Estate X Fund Limited

Report on the Consolidated and Company Stand Alone Financial Statements

We have audited the accompanying consolidated financial statements of Sagicor Real Estate X Fund Limited and its subsidiary, which comprise the consolidated statement of financial position as of 31 December 2014 and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, and the accompanying financial statements of Sagicor Real Estate X Fund Limited standing alone, which comprise the statement of financial position as at 31 December 2014 and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Company Stand Alone Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and company 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 company stand alone financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and company stand alone financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and company stand alone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand alone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated and company stand alone financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated and company stand alone financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and company stand alone financial statements.

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

Opinion

In our opinion, the consolidated financial statements of Sagicor Real Estate X Fund Limited and its subsidiary, and the financial statements of Sagicor Real Estate X Fund Limited standing alone present fairly, in all material respects, the financial position of Sagicor Real Estate X Fund Limited and its subsidiary, and the financial position of Sagicor Real Estate X Fund Limited standing alone as of 31 December 2014, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Accountants
31 March 2015

Registered office: PricewaterhouseCoopers East Caribbean, 20 Micoud Street, Castries, St. Lucia, West Indies

Head office: PricewaterhouseCoopers East Caribbean, The Financial Services Centre, Bishop's Court Hill,

P.O. Box 111, St. Michael, BB14004, Barbados, West Indies

T: +(246) 626-6700, F: +(246) 436-1275 www.pwc.com/bb

A full listing of the partners of PricewaterhouseCoopers East Caribbean Firm is available upon request from the Head office. Please see www.pwc.com/structure for further details

Consolidated Statement of Comprehensive Income

For year ended 31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 \$'000	One month period 2013 \$'000
Revenue:			
Interest income	4	5,637	-
Net capital gains on financial assets and liabilities	4	957,141	942,240
		<u>962,778</u>	<u>942,240</u>
Expenses:			
Professional fees		-	100
Interest expense		<u>22,395</u>	<u>-</u>
Operating expenses	11	<u>22,395</u>	<u>100</u>
Profit before tax		940,383	942,140
Taxation	5	<u>(18,896)</u>	<u>1</u>
Net Profit, being Total Comprehensive Income for the period		<u>921,487</u>	<u>942,141</u>
Earnings per stock unit for profit attributable to the stockholders of the company during the period:			
Basic and fully diluted	6	<u>\$0.62</u>	<u>\$0.63</u>

The accompanying notes on pages 53 to 80 form an integral part of these financial statements.

Consolidated Statement of Financial Position

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 \$'000	2013 \$'000
Assets			
Securities purchased under agreement to resell		2,784,912	-
Investment in Sagicor Sigma Real Estate Portfolio	7	9,403,194	8,418,156
Financial investments	8	74,738	-
Accounts receivable	9	1,956,069	-
Deferred tax asset	10	-	1
Total Assets		<u>14,218,913</u>	<u>8,418,157</u>
Liabilities			
Loan payable	11	4,860,374	-
Taxation payable		48	-
Deferred income taxes	10	18,847	-
Total liabilities		<u>4,879,269</u>	<u>-</u>
Shareholders' Equity			
Share capital	13	7,476,016	7,476,016
Retained earnings		1,863,628	942,141
Total Equity		<u>9,339,644</u>	<u>8,418,157</u>
Total Liabilities and Equity		<u>14,218,913</u>	<u>8,418,157</u>

Approved for issue by the Board of Directors on 26 March 2015 and signed on its behalf by:



Richard Byles

Chairman



Rohan Miller

President and CEO

The accompanying notes on pages 53 to 80 form an integral part of these financial statements.

Consolidated Statement of Changes in Shareholders' Equity

Year ended 31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Retained Earnings	Total
	\$'000	\$'000	\$'000
Shares issued during the period	7,476,016	-	7,476,016
Net profit, being total comprehensive income for the period	-	942,141	942,141
Balance at 31 December 2013	7,476,016	942,141	8,418,157
Transactions with owners:-			
Net profit, being total comprehensive income for the period	-	921,487	921,487
Balance at 31 December 2014	7,476,016	1,863,628	9,339,644

The accompanying notes on pages 53 to 80 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

As at 31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	2014 \$'000	2013 \$'000
Cash Flows from Operating Activities		
Net profit	921,487	942,141
Items not affecting cash:		
Interest income	(5,637)	-
Interest expense	22,395	-
Income tax expense	18,896	(1)
Fair value gain on units held in Sagicor Sigma Funds	(985,038)	(942,240)
Fair value loss on other financial investments	340	-
Loss on revaluation of loan payable	33,559	-
	<u>6,002</u>	<u>(100)</u>
Interest income received	4,173	-
Net cash provided by / (used in) operating activities	<u>10,175</u>	<u>(100)</u>
Cash Flows from Investing Activities		
Deposit on hotel being acquired	(1,931,076)	-
Purchase of investments	(2,699,253)	(7,475,916)
Sale of investments	108,400	-
Net cash used in investing activities	<u>(4,521,929)</u>	<u>(7,475,916)</u>
Cash Flows from Financing Activities		
Borrowings	4,761,431	-
Ordinary shares issued	-	7,475,916
Special redeemable preference shares issued	-	100
Net provided by investing activities	<u>4,761,431</u>	<u>7,476,016</u>
Effect of exchange gains on foreign currency balances	(9,042)	-
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>240,635</u></u>	<u><u>-</u></u>
Comprised of:		
Securities purchased under agreement to resell	<u><u>240,635</u></u>	<u><u>-</u></u>

The accompanying notes on pages 53 to 80 form an integral part of these financial statements.

Company Statement of Comprehensive Income

For year ended 31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 \$'000	One month period 2013 \$'000
Revenue:			
Interest income	4	5,428	-
Net capital gains on financial assets and liabilities	4	957,141	942,240
		<u>962,569</u>	<u>942,240</u>
Expenses:			
Professional fees		-	100
Interest expense	11	22,395	-
Operating expenses		<u>22,395</u>	<u>100</u>
Profit before tax		940,174	942,140
Taxation	5	(18,844)	1
Net Profit, being Total Comprehensive Income for the period		<u>921,330</u>	<u>942,141</u>
Earnings per stock unit for profit attributable to the stockholders of the company during the period:			
Basic and fully diluted	6	<u>\$0.62</u>	<u>\$0.63</u>

The accompanying notes on pages 53 to 80 form an integral part of these financial statements.

Company Statement of Financial Position

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 \$'000	2013 \$'000
Non-Current Assets			
Securities purchased under agreement to resell		240,635	-
Investment in Sagicor Sigma Real Estate Portfolio	7	9,403,194	8,418,156
Financial investments	8	74,738	-
Investment in subsidiary		4,804,380	-
Deferred tax asset	10	-	1
Total Assets		<u>14,522,947</u>	<u>8,418,157</u>
Liabilities			
Loan payable	11	4,860,374	-
Taxation payable		48	-
Deferred income taxes	10	18,795	-
Accounts payable	12	304,243	-
Total Liabilities		<u>5,183,460</u>	<u>-</u>
Shareholders' Equity			
Share capital	13	7,476,016	7,476,016
Retained earnings		1,863,471	942,141
Total Equity		<u>9,339,487</u>	<u>8,418,157</u>
Total Liabilities and Equity		<u>14,522,947</u>	<u>8,418,157</u>

Approved for issue by the Board of Directors on 26 March 2015 and signed on its behalf by:



Richard Byles

Chairman



Rohan Miller

President and CEO

The accompanying notes on pages 53 to 80 form an integral part of these financial statements.

Company Statement of Changes in Shareholders' Equity

Year ended 31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Retained Earnings	Total
	\$'000	\$'000	\$'000
Shares issued during the period	7,476,016	-	7,476,016
Net profit, being total comprehensive income for the period	-	942,141	942,141
Balance at 31 December 2013	7,476,016	942,141	8,418,157
Net profit, being total comprehensive income for the period	-	921,330	921,330
Balance at 31 December 2014	7,476,016	1,863,471	9,339,487

The accompanying notes on pages 53 to 80 form an integral part of these financial statements.

Company Statement of Cash Flows

As at 31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	2014 \$'000	2013 \$'000
Cash Flows from Operating Activities		
Net profit for the period	921,330	942,141
Items not affecting cash:		
Interest income	(5,428)	-
Interest expense	22,395	-
Income tax expense	18,844	(1)
Fair value gain on units held in Sagicor Sigma Funds	(985,038)	(942,240)
Fair value loss on other financial investments	340	-
Loss on revaluation of loan payable	33,559	-
	<u>6,002</u>	<u>(100)</u>
Change in operating liabilities:		
Accounts payable	352,178	-
Interest income received	4,173	-
Net cash provided by / (used in) operating activities	<u>362,353</u>	<u>(100)</u>
Cash Flows from Investing Activities		
Investment in subsidiary	(4,804,380)	-
Purchase of investments	(2,699,253)	(7,475,916)
Sale of investments	2,626,105	-
Net cash used in investing activities	<u>(4,877,528)</u>	<u>(7,475,916)</u>
Cash Flows from Financing Activities		
Borrowings	4,761,431	-
Ordinary shares issued	-	7,475,916
Special redeemable preference shares issued	-	100
Net provided by investing activities	<u>4,761,431</u>	<u>7,476,016</u>
Effect of exchange gains on foreign currency balances	(5,621)	-
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>240,635</u>	<u>-</u>
Comprised of:		
Securities purchased under agreement to resell	<u>240,635</u>	<u>-</u>

The accompanying notes on pages 53 to 80 form an integral part of these financial statements.

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

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, 1999 (as amended) of Saint Lucia.

On February 28, 2013, the company changed its name to Sagicor Real Estate X Fund Limited ("X Fund").

The company is 67.71% owned by the Sagicor Pooled Pension Funds Limited, which is administered by Sagicor Life Jamaica Limited (SLJ).

The company's primary investment is units in the Sagicor Sigma Real Estate Fund. The fund manager for Sagicor Sigma Real Estate Fund is Sagicor Investments Jamaica Limited (SIJL), which is a wholly owned subsidiary of Sagicor Group Jamaica Limited, the immediate parent of both SLJ and SIJL.

The company's main business activity is to invest in real estate activities.

On December 1, 2014 X Fund Properties Limited was formed and is a wholly owned subsidiary of Sagicor Real Estate X Fund Limited. X Fund Properties Limited is incorporated and domiciled in Jamaica and has coterminous year with its parent company.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) under the historical cost convention as modified for financial assets and liabilities which are carried at fair value through the profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Standards, interpretations and amendments to existing standards effective during 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:

- **IAS 32 (Amendment), 'Financial Instruments: Presentation'**, (effective for annual periods beginning on or after 1 January 2014). The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The standard clarified that a qualifying right of set off must not be contingent on a future event and must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) the event of default and (iii) the event of insolvency or bankruptcy. This standard did not have a significant impact on the Group's financial statements.

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to existing standards effective during the current year (continued)

- **Amendments to IFRS 10, IFRS 12 and IAS 27 – ‘Investment Entities’**, (effective for annual periods beginning 1 January 2014). The amendment introduced a definition of an investment entity as an entity that (i) obtains funds from investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for capital appreciation or investment income and (iii) measures and evaluates its investments on a fair value basis. An investment entity is required to account for its subsidiaries at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity's investment activities. IFRS 12 was amended to introduce new disclosures, including any significant judgements made in determining whether an entity is an investment entity and information about financial or other support to an unconsolidated subsidiary, whether intended or already provided to the subsidiary. This standard did not have a significant impact on the Group's financial statements.
- **Amendment to IAS 36, ‘Impairment of assets’** (effective for annual periods beginning on or after 1 January 2014). This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The adoption of this standard did not result in a significant impact on these financial statements.
- **Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)**, (effective for annual periods beginning on or after 1 January 2014). The amendments to IAS 36 require disclosure of the recoverable amount of an individual asset (including goodwill) or a cash-generating unit and additional information about the fair value less costs of disposal for which an impairment loss has been recognised or reversed during the reporting period. The requirement to disclose the recoverable amount of each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite life intangible assets allocated to that unit is significant when compared to the total carrying amount of goodwill or indefinite life intangible assets has been removed. This standard did not have a significant impact on the Group's financial statements.

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not effective at the date of the statement of financial position, and which the Group has not early adopted. The Group has 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:

- ***IFRS 9, 'Financial Instruments'***, (effective for annual periods beginning on or after 1 January 2018). In July 2014, the IASB issued IFRS 9 which is the comprehensive standard to replace *IAS 39 'Financial Instruments: Recognition and Measurement'*, and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- **IFRS 9, 'Financial Instruments' (continued)**

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables. The classification and measurement of investments in debt securities is driven by the entity's business model for managing the financial assets and the contractual characteristics and will result in one of the following three classifications: amortised cost, fair value through OCI ('FVOCI') or fair value through profit or loss ('FVPL').

Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Group is still assessing the potential impact of adoption and whether it should consider early adoption but it is not possible at this stage to quantify the potential effect. The Group expects the following impacts following adoption of the standard.

The Group expects that, in many instances, the classification and measurement outcomes will be similar to IAS 39, although differences may arise, for example, since IFRS 9 does not apply embedded derivative accounting to financial assets. The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in population of financial assets measured at amortised cost or fair value compared with IAS 39. Regarding credit loss provisioning, the Group expects that, as a result of the recognition and measurement of impairment under IFRS 9 being more forward-looking than under IAS 39, the resulting impairment charge may tend to be more volatile.

It may also tend to result in an increase in the total level of impairment allowances, since all financial assets will be assessed for at least 12-month ECL and the population of financial assets to which lifetime ECL applies is likely to be larger than the population for which there is objective evidence of impairment in accordance with IAS 39.

The Group does not currently adopt hedge accounting but may consider doing so in future under the simplifications under the new standard.

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- **Amendment to IAS 27, 'Separate financial statements' on equity method**, (effective for annual periods beginning on or after 1 January 2016). These amendments allow entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group is assessing the impact of adopting these amendments.
- **IFRS 15, 'Revenue from contracts with customers'**, (effective for annual periods beginning on or after 1 January 2017). The IASB has published its new revenue standard, IFRS 15 'Revenue from Contracts with Customers'. The U.S. Financial Accounting Standards Board (FASB) has concurrently published its equivalent revenue standard which is the result of a convergence project between the two Boards. IFRS 15 applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. It specifies how and when an entity will recognise revenue. It also requires entities to provide more informative, relevant disclosures. The standard supersedes IAS 18, 'Revenue', IAS 11, 'Construction Contracts' and a number of revenue-related interpretations.
- **Annual Improvements 2012**, (effective for annual periods beginning on or after 1 July 2014). The IASB issued its Annual Improvements to IFRSs 2010 – 2012 Cycle, which amended seven standards. The following amendments may have an impact on the Group: IFRS 2, 'Share-based payment.' The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. IFRS 3, 'Business combinations.' The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation.' The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39. IFRS 8, 'Operating segments.' The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. IFRS 13, 'Fair value measurement.' The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. IAS 24, 'Related party disclosures' The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The Group is assessing the impact of adopting these amendments.

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31 December 2014

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2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Annual Improvements 2013, (effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to a number of standards, of which the following may be relevant to the Group's operations. The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The Group will apply the standard effective 1 October 2014 but does not expect any significant impact from its adoption.

Amendments to IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets' - Clarification of Acceptable Methods of Depreciation and Amortisation, (effective for the periods beginning on or after 1 January 2016). In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Group does not expect any impact from the adoption of the amendments on its financial statements as it does not use revenue-based depreciation or amortisation methods.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, (effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Group is currently assessing the impact of future adoption of the amendments on its financial statements.

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Annual Improvements 2014, (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report". The Group is currently assessing the impact of future adoption of the amendments on its financial statements.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Notes to the Financial Statements

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2. Summary of Significant Accounting Policies (Continued)

(a) Basis of Consolidation

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a majority voting interest. Subsidiaries are consolidated from the date on which control is transferred to the Group, and 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 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.

The excess of the cost of the acquisition, the minority 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.

Subsequent ownership changes in a subsidiary, without loss of control, are accounted for as transactions between owners in the statement of changes in equity.

Minority interest balances represent the equity in a subsidiary not attributable to Sagicor'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. For certain components of minority interests, other IFRS may override the fair value option.

Minority 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 initially at cost less impairment. They are subsequently measured at fair value.

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Foreign currency translation

- (i) **Functional and presentation currency**
Items included in the financial statements are measured using the currency of the primary economic environment in which the entities operate (the 'functional currency'). The financial statements are presented in Jamaican dollars, which is the Group's presentation currency.
- (ii) **Transactions and balances**
Foreign currency transactions or 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 using the closing rate as at the reporting date. Non-monetary items denominated in a foreign currency, which are carried at historical cost, are translated at historical rates. Exchange gains and losses arising from the translation of monetary assets and liabilities are recognised in the statement of comprehensive income.

(c) Taxation

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the period, 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 period end date.

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 tax assets are recognised to the extent that it is possible that future taxable profit will be available against which the temporary differences can be utilised in the foreseeable future.

(d) Financial assets

The Group classifies its financial assets in the category of fair value through profit or loss.

Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets in this category are acquired principally for selling in the short term.

Purchases and sales of financial assets are recognised at the trade date – the date on which the Group commits the purchase or sell the asset. Financial assets at fair value through profit or loss are initially recognised at fair value, and transaction cost is expensed in the income statement. Financial assets are derecognised when the right to received cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'net capital gains on investment securities' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income statement when the Group right to receive payment is established.

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(e) 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 and securities purchased under agreements to resell, items in the course of payment and other short term liabilities held with financial institutions.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, management has made no critical accounting estimates or judgements which they believe have a significant risk of causing a material misstatement in these financial statements.

4. Revenue

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Interest Income:				
Investment securities	274	-	274	-
Securities purchased under agreement to resell	4,612	-	4,403	-
Bank deposits	751	-	751	-
	<u>5,637</u>	<u>-</u>	<u>5,428</u>	<u>-</u>
Net capital gains on financial assets and liabilities:				
Net capital gains on units in Sagicor Sigma Real Estate Portfolio	985,038	942,240	985,038	942,240
Net capital losses on other investment securities	(340)	-	(340)	-
Net capital losses on loan payable	(33,559)	-	(33,559)	-
Net foreign exchange gains	6,002	-	6,002	-
	<u>957,141</u>	<u>942,240</u>	<u>957,141</u>	<u>942,240</u>

Notes to the Financial Statements

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5. Taxation

The taxation charge is computed on the profit for the period, adjusted for tax purposes, and comprises income tax at 1%:

	The Group		The Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Corporation tax	48	-	48	-
Deferred income tax (Note 10)	18,848	(1)	18,796	(1)
	<u>18,896</u>	<u>(1)</u>	<u>18,844</u>	<u>(1)</u>

Reconciliation of applicable tax charge to effective tax charge:

	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Profit before taxation	<u>940,383</u>	<u>942,140</u>	<u>940,174</u>	<u>942,140</u>
Tax calculated at 1%	9,402	9,421	9,402	9,421
Tax calculated at 25%	52	-	-	-
Adjusted for the effects of:				
Net effect of other charges and allowances	20	-	20	-
Capital gains not subject to taxes	-	(9,422)	-	(9,422)
Prior year under-provision	<u>9,422</u>	<u>-</u>	<u>9,422</u>	<u>-</u>
Taxation expense/(credit)	<u>18,896</u>	<u>(1)</u>	<u>18,844</u>	<u>(1)</u>

Tax losses available to the Company at 31 December 2014 for set-off against future taxable profits amount to approximately \$Nil (2013 - \$100,000) and may be carried forward for up to 6 years.

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

6. Earnings per Share

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

	2014	2013
	\$'000	\$'000
Net profit attributable to shareholders	<u>921,487</u>	<u>942,141</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,495,337</u>	<u>1,495,337</u>
Basic earnings per share	<u>\$0.62</u>	<u>\$0.63</u>

- (ii) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has no dilutive potential ordinary shares at 31 December 2014.

7. Investment in Sagicor Sigma Real Estate Funds

The units in the respective funds and values thereof are:

	The Group & The Company	
	Sagicor Sigma Real Estate Funds	Sagicor Sigma Real Estate Funds
	2014	2013
	Units	Units
UNITS		
Opening balance	6,858,638,766	-
Net movement - additions	-	6,858,638,766
Closing balance	<u>6,858,638,766</u>	<u>6,858,638,766</u>
	\$'000	\$'000
VALUE		
Opening balance	8,418,156	-
Net Movement – additions	-	7,475,916
Changes in market value of investments	985,038	942,240
Closing balance	<u>9,403,194</u>	<u>8,418,156</u>
Value Per Unit	<u>\$1.37</u>	<u>\$1.23</u>

Notes to the Financial Statements

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8. Financial Investments

	The Group and The Company	
	2014	2013
	\$000	\$000
Government of Jamaica securities	72,237	-
Interest receivable	2,501	-
	<u>74,738</u>	<u>-</u>

9. Accounts receivable

	The Group	
	2014	2013
	\$000	\$000
Deposit on hotel being acquired (Note 20)	1,956,069	-

10. Deferred Income Taxes

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

	The Group		The Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Deferred taxes assets	-	1	-	1
Deferred income taxes	(18,847)	-	(18,795)	-
	<u>(18,847)</u>	<u>1</u>	<u>(18,795)</u>	<u>1</u>

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

	The Group		The Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Balance at start of year	1	-	1	-
Charged to the statement of comprehensive income – net loss	(18,848)	1	(18,796)	1
Balance at end of year	<u>(18,847)</u>	<u>1</u>	<u>(18,795)</u>	<u>1</u>

Notes to the Financial Statements

31 December 2014

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10. Deferred Income Taxes (Continued)

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

	The Group		The Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Deferred tax assets-				
Tax losses unused	-	1	-	1
Interest payable	226	-	226	-
Unrealised revaluation loss on loan payable	336	-	336	-
Deferred tax liabilities-				
Interest receivable	(80)	-	(28)	-
Unrealised foreign currency gains	(60)	-	(60)	-
Unrealised revaluation gains on investments	(19,269)	-	(19,269)	-
Net deferred tax asset/(liability)	<u>(18,847)</u>	<u>1</u>	<u>(18,795)</u>	<u>1</u>

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

	The Group and The Company	
	2014	2013
	\$'000	\$'000
Deferred tax assets to be recovered after more than 12 months	336	-
Deferred tax liabilities to be recovered after more than 12 months	<u>(19,269)</u>	<u>-</u>

Notes to the Financial Statements

31 December 2014

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11. Loans payable

	The Group and The Company	
	2014 \$'000	2013 \$'000
Structured Products:		
Tranche A – US Indexed	1,182,795	-
Tranche B – USD	<u>3,677,579</u>	<u>-</u>
	<u>4,860,374</u>	<u>-</u>

Tranche A – US Indexed

The 5.5% US dollar indexed amortizing notes are structured securities whereby the principal is amortised quarterly with the final repayment by June 2016 with an option to extend a further 18 months. Loan is secured by a debenture over units in the Sagicor Real Estate Portfolio and any bonus units issued upon or in respect thereof.

Tranche B

The 5.5% US dollar amortizing notes are structured securities whereby the principal is amortised quarterly with the final repayment by June 2016 with an option to extend a further 18 months. Loan is secured by a debenture over units in the Sagicor Real Estate Portfolio and any bonus units issued upon or in respect thereof.

Interest expense during the year was \$22,395,000 (2013- \$nil).

12. Accounts Payable

	The Company	
	2014 \$000	2013 \$000
Due to X Fund Properties Limited	<u>304,243</u>	<u>-</u>

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

13. Share Capital

	2014	2013
	\$'000	\$'000
Authorised:		
5,000,000,000 ordinary shares	US\$5,000,000	US\$5,000,000
1 special rights redeemable preference share	US\$1	US\$1
	<u>US\$5,000,001</u>	<u>US\$5,000,001</u>
	2014	2013
	\$'000	\$'000
Issued and fully paid -		
1,495,336,750 ordinary shares of J\$1.00 par value	7,475,916	7,475,916
1 special rights redeemable preference share	100	100
	<u>7,476,016</u>	<u>7,476,016</u>

14. Segment Reporting

Management has determined that the Group has no operating segment as its investment is units in the Sagicor Sigma Real Estate Portfolio and a subsidiary which was not operational as at December 2014.

Notes to the Financial Statements

31 December 2014

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15. 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 fund manager, 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 provide management services.

(a) The statement of financial position includes the following balance with related parties:

	The Group		The Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Financial investments -				
Affiliated company- Sagicor Sigma Real Estate Portfolio	9,403,194	8,418,156	9,403,194	8,418,156
Affiliated company- Sagicor Investments Jamaica Limited	2,784,912	-	240,635	-
Accounts payable-				
Due to X Fund Properties Limited	-	-	(304,243)	-

(b) The income statements include the following transactions with related parties:

	The Group		The Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Affiliated company- Sagicor Sigma Real Estate Portfolio	985,038	942,240	985,038	942,240
Affiliated company- Sagicor Investments Jamaica Limited	4,612	-	4,403	-

Notes to the Financial Statements

31 December 2014

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16. 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 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) 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's exposure to currency risk is as follows:

	The Group		
	2014		
	Jamaican \$ \$'000	US\$ \$'000	Total \$'000
Financial assets			
Securities purchased under agreement to resell	198,357	2,586,555	2,784,912
Financial investments	-	74,738	74,738
Investment in Sagicor Real Estate Portfolio	9,403,194	-	9,403,194
Accounts receivable	-	1,956,069	1,956,069
Total assets	9,601,551	4,617,362	14,218,913
Financial liabilities			
Loan payable	-	4,860,374	4,860,374
Total liabilities	-	4,860,374	4,860,374
Net on statement of financial position	9,601,551	(243,012)	9,358,539

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

16. Financial Risk Management (Continued)

(a) Currency risk (continued)

	Company		
	2014		
	Jamaican \$	US\$	Total
	\$'000	\$'000	\$'000
Financial assets			
Securities purchased under agreement to resell	198,357	42,278	240,635
Financial investments	-	74,738	74,738
Investment in Sagicor Real Estate Portfolio	9,403,194	-	9,403,194
Investment in subsidiary	-	4,804,380	4,804,380
Total assets	9,601,551	4,921,396	14,522,947
Financial liabilities			
Loan payable	-	4,860,374	4,860,374
Accounts payable	-	304,243	304,243
Total liabilities	-	5,164,617	5,164,617
Net on statement of financial position	9,601,551	(243,221)	9,358,330

At 31 December 2013, none of the Group's or company's financial assets were subject to currency risk.

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16. Financial Risk Management (Continued)

(a) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the Group 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 a % change in foreign currency rates. The sensitivity analysis on pre-tax profit is based on foreign currency denominated monetary items at the year end. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis.

The Group				
	Change in Currency Rate	Effect on Pre-tax Profit	Change in Currency Rate	Effect on Pre-tax Profit
	2014 %	2014 \$'000	2013 %	2013 \$'000
Currency:				
USD				
Revaluation	1	2,430	1	-
Devaluation	10	(24,301)	15	-

The Company				
	Change in Currency Rate	Effect on Pre-tax Profit	Change in Currency Rate	Effect on Pre-tax Profit
	2014 %	2014 \$'000	2013 %	2013 \$'000
Currency:				
USD				
Revaluation	1	2,432	1	-
Devaluation	10	(24,322)	15	-

Notes to the Financial Statements

31 December 2014

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16. Financial Risk Management (Continued)

(b) 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. The Group's exposure to interest rate risk is as follows:

	The Group					Total \$000
	1 to 3 Months \$000	4 to 12 Months \$000	2 to 5 Years \$000	Over 5 Years \$000	Non- Interest Bearing \$000	
31 December 2014						
Assets						
Securities purchased under agreement to resell	240,405	2,544,068	-	-	439	2,784,912
Financial investments	-	-	-	72,237	2,501	74,738
Investment in Sagicor Real Estate Portfolio	-	-	-	-	9,403,194	9,403,194
Accounts receivable	-	-	-	-	1,956,069	1,956,069
Total assets	240,405	2,544,068	-	72,237	11,362,203	14,218,913
Liabilities						
Loan payable	-	-	4,837,775	-	22,599	4,860,374
Total liabilities	-	-	4,837,775	-	22,599	4,860,374
Total interest repricing gap	240,405	2,544,068	(4,837,775)	72,237	11,339,604	9,358,539
Cumulative repricing gap	240,405	2,784,473	(2,053,302)	(1,981,065)	9,358,539	-

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16. Financial Risk Management (Continued)

(b) Interest rate risk

	The Company					Total \$000
	1 to 3 Months \$000	4 to 12 Months \$000	2 to 5 Years \$000	Over 5 Years \$000	Non- Interest Bearing \$000	
31 December 2014						
Assets						
Securities purchased under agreement to resell	240,405	-	-	-	230	240,635
Financial investments	-	-	-	72,237	2,501	74,738
Investment in Sagicor Real Estate Portfolio	-	-	-	-	9,403,194	9,403,194
Investment in subsidiary	-	-	-	-	4,804,380	4,804,380
Total assets	240,405	-	-	72,237	14,210,305	14,522,947
Liabilities						
Loan payable	-	-	4,837,775	-	22,599	4,860,374
Accounts payable	-	-	-	-	304,243	304,243
Total liabilities	-	-	4,837,775	-	326,842	5,164,617
Total interest repricing gap	240,405	-	(4,837,775)	72,237	13,883,463	9,358,330
Cumulative repricing gap	240,405	240,405	(4,597,370)	(4,525,133)	9,358,330	-

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16. Financial Risk Management (Continued)

(b) Interest rate risk (continued)

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 company earns interest on its investments in debt and equity securities and pays interest on its borrowings (Note 11). Accordingly, the group does not have significant exposure to interest rate risk.

At 31 December 2013, none of the Group's or company's financial assets were subject to interest rate risk.

(c) Credit risk

The Group takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. The Group's investment manager, Sagicor Life Jamaica Limited, manages the Group's exposure to credit risk by reviewing the ongoing financial status of each counterparty. Credit exposures arise principally from the Group's investing activities.

Credit review process

Investments

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Maximum exposure to credit risk

The Group's maximum exposure to credit risk at the period-end was as follows:

	The Group		The Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Financial investment -Government of Jamaica securities	74,738	-	74,738	-
Investment in Sagicor Sigma Real Estate Portfolio	9,403,194	8,418,156	9,403,194	8,418,156
Due from financial institutions – securities purchased under agreement to resell	2,784,912	-	240,635	-
Accounts receivable	1,956,069	-	-	-
	<u>14,218,913</u>	<u>8,418,156</u>	<u>9,718,567</u>	<u>8,418,156</u>

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

16. Financial Risk Management (Continued)

(d) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The Group's liquidity management process includes monitoring future cash flows and liquidity on a daily basis.

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 3 Months	4 to 12 Months	2 to 5 Years	Over 5 Years	Total
	\$000	\$000	\$000	\$000	\$000
31 December 2014					
Loan payable	65,608	200,470	4,970,450	-	5,236,528
	The Company				
	1 to 3 Months	4 to 12 Months	2 to 5 Years	Over 5 Years	Total
	\$000	\$000	\$000	\$000	\$000
31 December 2014					
Loan payable	65,608	200,670	4,970,450	-	5,236,528
Accounts payable	304,243	-	-	-	304,243
	369,851	200,470	4,970,450	-	5,540,771

The Group had no financial liabilities at 31 December 2013.

17. 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 shareholders 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.

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

18. Fair Value of Financial Instruments

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 2014, 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 2014

(expressed in Jamaican dollars unless otherwise indicated)

18. Fair Values of Financial Instruments (Continued)

	The Group			
	2014			
	\$000			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Securities purchased under agreement to resell	-	2,784,912	-	2,784,912
Investments in Sagicor Sigma Real Estate Portfolio	-	-	9,403,194	9,403,194
Financial investment	-	74,738	-	74,738
	-	2,859,650	9,403,194	12,262,844
	2013			
	\$000			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in Sagicor Sigma Real Estate Portfolio	-	-	8,418,156	8,418,156

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

18. Fair Values of Financial Instruments (Continued)

	The Company			
	2014			
	\$000			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Securities purchased under agreement to resell	-	240,635	-	240,635
Investments in Sagicor Sigma Real Estate Portfolio	-	-	9,403,194	9,403,194
Financial investment	-	74,738	-	74,738
	-	315,373	9,403,194	9,718,567
2013				
\$000				
	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in Sagicor Sigma Real Estate Portfolio	-	-	8,418,156	8,418,156

Reconciliation of level 3 items –

	The Group and The Company	
	2014	2013
	\$000	
Balance at beginning of year	8,418,156	-
Total gains – income statement	985,038	942,240
Purchases	-	7,475,916
Balance at end of period	9,403,194	8,418,156

The gains or losses recorded in the income statement are included in Note 7.

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

19. Operating Expenses

Pursuant to an Arrangement dated April 25, 2013, all Initial Public Offering and administrative expenses accruing in respect of the operations of Sagicor Real Estate X Fund Limited (the Company) will be covered by Sagicor Sigma Real Estate Portfolio for a period of five years. Expenses covered by the Sagicor Sigma Real Estate Portfolio on behalf of Company were as follows:

	2014	2013
	\$'000	\$'000
IPO costs (including advertising)	-	35,061
Bond issue costs	91,423	-
Auditors' remuneration	2,267	2,251
Directors' fees	10,815	1,817
Professional fees and other costs	4,604	-
	<u>109,109</u>	<u>39,129</u>

20. Commitments

On 30 September 2014, Rose Hall Associates Limited Partnership (Owner), Rose Hall Operating Lessee L.L.C (Seller) and Sagicor Life Jamaica Limited as Managing Agent for The Sagicor Sigma Funds, a Unit Trust registered under the Securities (Collective Investment Schemes) Regulations 2013 (together with its permitted assignee and/or nominee) (collectively as the Buyer) entered into an agreement to sell and purchase real estate (including land, the hotel known as Hilton Rose Hall Resort and Spa, improvement and fixtures), owned equipment and personal property along with tenant leases, contracts & equipment leases, licenses, permits and intangibles. Under the terms of the sale and purchase, the nominee, X Fund Properties Limited was registered as the owner on transfer of the property. The purchase of the hotel by X Fund Properties Limited, a wholly owned subsidiary of Sagicor Real Estate X Fund, was finalized in January 2015 for a purchase price of US\$85,500,000.

Amounts deposited under the terms of the agreements is carried as a receivable as at 31 December 2014 (Note 9).

21. Subsequent Event

On February 13, 2015, X Fund Properties Limited, the wholly owned subsidiary of Sagicor Real Estate X Fund Properties Limited entered into a private placement to borrow US\$46,750,000 under a fixed rate mortgage note. The Note, which was issued in three tranches (tranches A –US Indexed, tranche B – USD and tranche C – JAD), assisted in financing the purchase of the Hilton Rose Hall Resort and Spa (the Hotel) (see Note 20). Tranches A and B have tenures of ten years with coupon at 6% per annum payable quarterly, and carry the option for early encashment by investors at certain anniversaries. Tranche C has a tenure of forty years with coupon of 8% per annum payable semi-annually for the first two years then increasing to 11.50% between years three to forty. Tranche C has no option to early encash. The Note is secured as follows:

1. A registered legal mortgage over the Hotel
2. A debenture collateral to the mortgage creating fixed and floating charge over the X Fund Properties Limited assets and undertakings
3. Debt Service Reserve Account containing three months of interest payment obligations.

Disclosure of Shareholdings

TOP TEN SHAREHOLDERS

AT 31 DECEMBER 2014

	SHAREHOLDERS	NO OF SHARES	PERCENTAGE
1	Sagicor Pooled Diversified Investment Fund	724,953,677	48.48%
2	Sagicor Pooled Mortgage & Real Estate Fund	286,992,887	19.19%
3	SLJ Trading A/C - Sagicor Real Estate Fund	183,869,136	12.30%
4	Sagicor JPS Employees Pension Plan	50,000,000	3.34%
5	Sagicor Pooled Equity Fund	29,800,000	1.99%
6	First Ja / National Housing Trust Pension Fund	30,000,000	2.01%
7	Heart Trust / NTA Pension Scheme	20,000,000	1.34%
7	GraceKennedy Ltd Pension Scheme	20,000,000	1.34%
9	SJIML A/C 3119	19,860,600	1.33%
10	JCSD Trustee Services Ltd - Sigma Optima	14,837,991	0.99%
	Total	1,380,314,291	92.31%
	Other	115,022,459	7.69%
	Total Issued Shares	1,495,336,750	100.00%

SHAREHOLDINGS OF DIRECTORS

AT 31 DECEMBER 2014

	SHAREHOLDERS	NO OF SHARES
1	Richard Byles -	1,010,000
	Connected party: Jacinth Byles - Nil	
	Connected party: Pavel Byles -	10,600
	Connected party: Kristina Byles & Pavel Byles -	20,000
2	R Danny Williams	Nil
3	Rohan Miller	200,000
4	Michael Fraser	Nil
5	Patricia Downes-Grant	Nil
6	Vinay Walia	Nil
7	Peter Pearson	Nil
8	Stephen McNamara	Nil

FORM OF PROXY

REAL ESTATE X FUND

I, of

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

..... of

or failing him ofas my proxy to vote for me on my behalf at the Annual General Meeting of the Corporation at the offices of McNamara Corporate Services Inc., Rodney Bay, Gros Islet, Saint Lucia on Wednesday, May 27, 2015 at 11:00 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, 2014 be and are hereby adopted.		
Resolution No.2 That the election of directors be made en-bloc.		
Resolution No. 3 That Directors Richard Byles and Dr. the Honourable R. D. Williams, who retire by rotation and are eligible for re-election be and are hereby re-elected as Directors of the Company en bloc.		
Resolution No. 4 THAT the amount of \$10,815,000 included in the Audited Accounts of the Company for the year ended December 31, 2014 as remuneration for their services as Directors be and is hereby approved.		
Resolution No. 5 THAT PricewaterhouseCoopers, Chartered Accountants, having agreed to continue in office as Auditors, 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.		

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 of2015

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 authorized.

(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.

A proxy need not be a member of the Company.

Let's talk.

Call us at 1-888-SAGICOR
(724-4267)

www.sagicorjamaica.com



REAL ESTATE X FUND