

# Sagicor Real Estate X Fund Limited

## Report to our Stockholders | For the six months ended 30 June 2014



REAL ESTATE X FUND

### DIRECTORS' STATEMENT

#### Overview

The Sagicor Real Estate X Fund Limited (X Fund) commenced operations in November 2013 following the successful launch of its Initial Public Offer (IPO) to the public in October 2013, which raised approximately J\$1.5 billion. The company was listed on the Jamaica Stock Exchange on November 15, 2013.

The company has strategically invested in the Sigma Real Estate Portfolio, which holds a balanced mix of hotels, commercial, industrial and warehousing properties. The company earned revenue of J\$410 million for the half year ended June 30, 2014. With no expenses for the period, the X Fund generated net profit attributable to stockholders of J\$410 million for the period. This was a strong half year performance. Earnings per stock unit was \$0.27.

#### Operations

The company's activity during the period was the investment in the Sigma Real Estate Portfolio. This investment earned unrealized capital gains of J\$410 million to June 30, 2014, up from J\$242 million at March 31, 2014 and compared to J\$942 million for the period ended December 31, 2013. There are no expenses y-t-d 2014.

HIGHLIGHTS	Period to	Period to	Period to
	30 June	31 March	31 Dec
	2014	2014	2013
	Unaudited	Unaudited	Audited
Total Revenue - J\$ million	410.3	242.2	942.2
Net Profit attributable to stockholders - J\$ million	410.3	242.2	942.1
Earnings per stock unit - J\$	0.27	0.16	0.63
Total Assets - J\$ billion	8.828	8.660	8.418
Stockholders' Equity - J\$ billion	8.828	8.660	8.418
Book value per share - J\$	5.90	5.79	5.63
JSE X Fund share price - J\$	6.00	6.75	6.07

#### Balance Sheet

The company had total assets of J\$8.828 billion as at June 30, 2014, up from J\$8.660 billion as at March 31, 2014 and \$8.418 billion at December 31, 2013. This half year growth of 4.9% reflects appreciation of units in the Sigma Real Estate Portfolio.

Total Stockholders' Equity as at June 30, 2014 was J\$8.828 billion.

#### Market Dynamics

##### Tourism Sector

Data published by the Jamaica Tourist Board (JTB) reveals higher tourist arrivals for the 2014 winter

tourist season when compared with 2013. Total stopover tourist arrivals increased 1.6% to 887,253 for the period January-May, up from 872,989 a year earlier. This was supported by a 9.4% surge in the number of visitors from Canada (25% of the total market) and a 3.8% increase in the number of visitors from Europe (12% of the total of the market). Based on recent trends, it is expected that total stopover tourist arrivals will climb 1.6% to 2.04 million for the full year 2014.

Cruise ship passenger arrivals also increased by 4.4%, aided by 14 additional cruise ship calls for the period January-May 2014 when compared to the same period in 2013. The World Travel & Tourism Council (WTTC) estimates that the tourism sector accounts directly and indirectly for 26% of GDP and 23% of employment in Jamaica.

##### Commercial Sector

The commercial rental sector continues to see improvements in overall demand, with a rise in demand for rental space in the 1,000-2,000 sq.ft range for offices and warehouses. There has also been a gradual increase in demand for larger

space of 6,000 to 10,000 sq.ft, mainly to facilitate investment in the BPO/call centre business. There has been a general focus on implementation of energy reduction initiatives aimed at improving efficiencies and reducing overall accommodation cost to tenants while improving net rental yield.

#### Outlook

With the only investment for X Fund at this time being its units in the Sigma Real Estate Portfolio, the portfolio is driven by the performance of the properties located in Jamaica. The Jamaican economy has been and continues to transform as it lays the platform for future sustainable economic growth. X Fund is also committed to enabling such growth for both the country and stakeholders.

We thank our stakeholders for the confidence they have shown in us, as we commit to serve you with professionalism and excellent customer service.

On behalf of The Board of Directors:

RICHARD BYLES  
Chairman  
28 July 2014

ROHAN MILLER  
Director & CEO

#### Statement of Financial Position as at 30 June 2014 (Expressed in thousands of Jamaican dollars)

	June 2014 Unaudited	March 2014 Unaudited	December 2013 Audited
<b>ASSETS:</b>			
Investment in Sigma Real Estate Portfolio	8,828,440	8,660,403	8,418,156
Deferred tax assets	1	1	1
<b>TOTAL ASSETS</b>	<b>8,828,441</b>	<b>8,660,404</b>	<b>8,418,157</b>
<b>STOCKHOLDERS' EQUITY AND LIABILITIES:</b>			
<b>Equity attributable to stockholders of the company</b>			
Share capital	7,476,016	7,476,016	7,476,016
Retained earnings	1,352,425	1,184,388	942,141
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>8,828,441</b>	<b>8,660,404</b>	<b>8,418,157</b>

Richard Byles  
Chairman  
28 July 2014

Rohan Miller  
Director & CEO

#### Statement of Comprehensive Income for the six months ended 30 June 2014 (Expressed in thousands of Jamaican dollars)

	June 2014 Unaudited	March 2014 Unaudited	December 2013 Audited
<b>Revenue:</b>			
Net capital gains on investments	410,284	242,247	942,240
<b>Total revenue</b>	<b>410,284</b>	<b>242,247</b>	<b>942,240</b>
<b>Expenses:</b>			
Operating expenses	0	0	100
<b>Total expenses</b>	<b>0</b>	<b>0</b>	<b>100</b>
<b>Profit before Taxation</b>	<b>410,284</b>	<b>242,247</b>	<b>942,140</b>
Taxation	0	0	1
<b>NET PROFIT</b>	<b>410,284</b>	<b>242,247</b>	<b>942,141</b>
<b>Earnings per stock unit for profit attributable to stockholders of the parent company:</b>			
Basic and Fully diluted	\$0.27	\$0.16	\$0.63

#### EXPLANATORY NOTES

##### Identification

The Sagicor Real Estate X Fund Limited (X Fund) is incorporated as an international business company under the International Business Companies Act, 1999 (as amended) of Saint Lucia. The X Fund is 67.7% owned by the Sagicor Pooled Pension Investment Funds, which are administered by Sagicor Life Jamaica Limited.

##### Basis of preparation

These condensed financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) and the accounting policies as set out in note 2 of the December 31, 2013 audited financial statements.

The company began trading in November 2013. At June 2013 there were only start-up costs of \$100,000 less deferred tax of \$1,000.

#### Statement of Changes in Equity as at 30 June 2014 (Expressed in thousands of Jamaican dollars)

	Share Capital	Retained Earnings	Total Stockholders' Equity
Ordinary shares issued	7,475,916	-	7,475,916
Special redeemable preference shares issued	100	-	100
Net Profit	-	942,141	942,141
<b>Balance as at 31 December 2013</b>	<b>7,476,016</b>	<b>942,141</b>	<b>8,418,157</b>
Net Profit	-	410,284	410,284
<b>Balance as at 30 June 2014</b>	<b>7,476,016</b>	<b>1,352,425</b>	<b>8,828,441</b>

#### Statement of Cash Flows for the six months ended 30 June 2014 (Expressed in thousands of Jamaican dollars)

	June 2014 Unaudited	March 2014 Unaudited	December 2013 Audited
<b>Cash Flows from Operating Activities:</b>			
<b>Net Profit</b>	<b>410,284</b>	<b>242,247</b>	<b>942,141</b>
Adjustments for:			
<b>Items not affecting cash:</b>			
Taxation	-	-	(1)
Fair value gains on units in Sigma Real Estate Portfolio	(410,284)	(242,247)	(942,240)
<b>Net cash used in operating activities</b>	<b>-</b>	<b>-</b>	<b>(100)</b>
<b>Cash Flows from Investing Activity:</b>			
Purchase of investments	-	-	(7,475,916)
<b>Net cash used in investing activity</b>	<b>-</b>	<b>-</b>	<b>(7,475,916)</b>
<b>Cash Flows from Financing activities:</b>			
Ordinary shares issued	-	-	7,475,916
Special shares issued	-	-	100
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>-</b>	<b>7,476,016</b>
Cash and cash equivalents at beginning of year	-	-	-
<b>Cash and cash equivalents at end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>