

Sagicor Real Estate X Fund Limited

Report to our Stockholders | Our Q3 2014 Performance



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\$681 million for the nine months ended September 30, 2014. With no expenses for the period, the X Fund generated net profit attributable to stockholders of J\$681 million for the period. This was a strong year-to-date (y-t-d) performance. Earnings per stock unit was \$0.46.

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\$681 million to September 30, 2014, up from J\$410 million at June 30, 2014 and compared to J\$942 million for the period ended December 31, 2013. There are no expenses y-t-d 2014.

The company adheres to required taxation regime in the jurisdiction within which it operates. There is no taxation expense for the period under review as the revenue earned was unrealized capital gains.

HIGHLIGHTS				
	Period to September 2014 Unaudited	Period to June 2014 Unaudited	Period to March 2014 Unaudited	Period to 31 Dec 2013 Audited
Total Revenue - J\$ million	681.2	410.3	242.2	942.2
Net Profit attributable to stockholders - J\$ million	681.2	410.3	242.2	942.1
Earnings per stock unit - J\$	0.46	0.27	0.16	0.63
Total Assets - J\$ billion	9.099	8.828	8.660	8.418
Stockholders' Equity J\$ billion	9.099	8.828	8.660	8.418
Book value per share - J\$	6.09	5.90	5.79	5.63
JSE X Fund share price - J\$	6.51	6.00	6.75	6.07

Balance Sheet

The company had total assets of \$9.099 billion as at September 30, 2014, up from J\$8.828 billion as at June 30, 2014 and \$8.418 billion at December 31, 2013. This nine month's growth of 8.1% reflects appreciation of units in the Sigma Real Estate Portfolio.

Total Stockholders' Equity as at September 30, 2014 was J\$9.099 billion.

Market Dynamics

Tourism Sector

According to data published by the Jamaica Tourist Board (JTB) reveals higher tourist arrivals for the first nine months of 2014 when compared with 2013 in the Jamaican tourism market. Total stopover tourist arrivals

increased 2.5% to 1,573,585 for the period January-September, up from 1,534,887 a year earlier. This was supported by a 8.9% surge in the number of visitors from the UK and Europe (9% of the total market) and a 6.0% increase in the number of visitors from Canada (20% 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. Tourism from the U.K. and Scandinavia has been growing recently due to economic recovery in those countries and added flight connections. Jamaica is also receiving additional flights this year from the U.S. and Panama.

Cruise ship passenger arrivals also increased by 10.0%, aided by 31 additional cruise ship calls for the period January-September 2014 when compared to the same period in 2013. According to a Standard & Poor's report, total tourism earnings in Jamaica could rise 4% or more from 2013, reaching about \$3.4 billion in 2014.

Commercial Sector

The demand for Business Processing Outsourcing (BPO) facilities continues to

drive the improvement in the Jamaican commercial rental sector for rental space above 10,000 square feet, while small independent entrepreneurs and professionals are demanding space in the range 1,000 to 2,000 square feet. Energy efficiency is a key initiative in enhancing profitability and competitiveness and benefits are accruing for both property owner and tenants in the form of higher net rental yields and lower accommodation cost respectively.

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

ROHAN MILLER
Director & CEO

5 November 2014

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

	Sept 2014 Unaudited	June 2014 Unaudited	March 2014 Unaudited	December 2013 Audited
ASSETS:				
Investment in Sigma Real Estate Portfolio	9,099,356	8,828,440	8,660,403	8,418,156
Deferred tax assets	1	1	1	1
TOTAL ASSETS	9,099,357	8,828,441	8,660,404	8,418,157
STOCKHOLDERS' EQUITY AND LIABILITIES:				
Equity attributable to stockholders of the company				
Share capital	7,476,016	7,476,016	7,476,016	7,476,016
Retained earnings	1,623,341	1,352,425	1,184,388	942,141
TOTAL STOCKHOLDERS' EQUITY	9,099,357	8,828,441	8,660,404	8,418,157

Richard Byles
Chairman
5 November 2014

Rohan Miller
Director & CEO

Statement of Comprehensive Income for the nine months ended 30 September 2014 (Expressed in thousands of Jamaican dollars)

	Quarter ended September 2014 Unaudited	Nine months ended September 2014 Unaudited	Six months ended June 2014 Unaudited	Year Ended December 2013 Audited
Revenue:				
Net capital gains on investments	270,916	681,200	410,284	942,240
Total revenue	270,916	681,200	410,284	942,240
Expenses:				
Operating expenses	0	0	0	100
Total expenses	0	0	0	100
Profit before Taxation	270,916	681,200	410,284	942,140
Taxation	0	0	0	1
NET PROFIT	270,916	681,200	410,284	942,141
Earnings per stock unit for profit attributable to stockholders of the parent company:				
Basic and Fully diluted	\$0.18	\$0.46	\$0.27	\$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 September 2013 there were only start-up costs of \$100,000 less deferred tax of \$1,000.

Statement of Changes in Equity as at 30 September 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
Balance as at 31 December 2013	7,476,016	942,141	8,418,157	
Net Profit	-	-	681,200	681,200
Balance as at 30 September 2014	7,476,016	1,623,341	9,099,357	

Statement of Cash Flows for the nine months ended 30 September 2014 (Expressed in thousands of Jamaican dollars)

	September 2014 Unaudited	June 2014 Unaudited	December 2013 Audited
Cash Flows from Operating Activities:			
Net Profit	681,200	410,284	942,141
Adjustments for:			
Items not affecting cash:			
Taxation	-	-	(1)
Fair value gains on units in Sigma Real Estate Portfolio	(681,200)	(410,284)	(942,240)
Net cash used in operating activities	-	-	(100)
Cash Flows from Investing Activity:			
Purchase of investments	-	-	(7,475,916)
Net cash used in investing activity	-	-	(7,475,916)
Cash Flows from Financing activities:			
Ordinary shares issued	-	-	7,475,916
Special shares issued	-	-	100
Net cash provided by financing activities	-	-	7,476,016
Cash and cash equivalents at beginning of year	-	-	-
Cash and cash equivalents at end of year	-	-	-