

## SAGICOR REAL ESTATE X FUND LIMITED

“the Company”

Minutes of Annual General Meeting of the Company dated 12<sup>th</sup> day of June 2018,  
held at the Executive Board Room, Coconut Bay Beach Resort & Spa, Vieux Fort, St. Lucia

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Satellite location – The R. Danny Williams Auditorium, Kingston, Jamaica

### **1. QUORUM / CALL TO ORDER**

The Chairman welcomed shareholders to the 5<sup>th</sup> Annual General Meeting of Sagicor Real Estate X Fund Limited.

The Secretary confirmed that a quorum was established in accordance with Article 56 of the Amended & Restated Articles of Association. The meeting was called to order at 11.02 am.

The Chairman sought permission from members to have the Notice convening the meeting taken as read. There being no objections the Notice was taken as read.

*Moved: Mr. Staple*

*Seconded: Mrs. Donnette Scarlett*

The Chairman welcomed members joining this meeting from the satellite location at the R. Danny Williams Auditorium in Jamaica. Thereafter, the Chairman introduced all the directors/officers present.

#### **Board members and officers present: -**

Mr. Richard Byles (dir), Chairman

Mr. Vinay Walia (dir)

Dr. the Hon. R. Danny Williams (dir) – by conference call

Mr. Peter Pearson (dir) – by conference call

Mr. Rhory McNamara of MCSI Inc. - Company Secretary

The Chairman advised that apologies were received from Stephen McNamara and Christopher Zacca (who were having difficulty conferencing into the meeting), Michael Fraser, Dr. Patricia Downes-Grant and Dr. Dodridge Miller.

The Chairman extended special welcome to Ms. Brenda-Lee Martin and advised members present of the recent appointment of Ms. Martin as CEO of the Company.

He thanked the members of the Board for their services rendered to the Company and in particular the members of the Audit Committee, the Investment Committee and the Corporate Governance Committee who spent long hours dealing with the business of the Company, in particular Mr. Peter Pearson and Mr. Vinay Walia – Chairmen of the Audit and Investment Committees respectively.

#### **The Chairman put to the meeting the following matters: -**

- 1. To receive the Audited Accounts and Reports of the Directors and Auditors for the year ended December 31, 2017**

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, 2017 be and are hereby adopted”.

The Resolution was proposed by Mrs. Grant Taffe and seconded by Mr. Orrette Staples.

The Resolution was unanimously approved by the members and the motion declared carried.

The Chairman thanked Mr. Paul Williams of PricewaterhouseCoopers for the work carried out on the Auditors Report and advised all members that under St. Lucia law it was not necessary for the Report to be read.

This was followed by a presentation by the CEO, Ms. Brenda-Lee Martin, on the Company's performance over the year 2017. This presentation will form part of the minutes of this meeting.

The Chairman thanked the CEO for her excellent presentation and opened the floor for questions on the Reports of the Directors and Auditors and the Audited Accounts and the following queries were raised:

**a) Mr. Orrette Staple offered congratulations to the Chairman, Board, Management and hotel employees for the commendable level of achievement in 2017. He further thanked the former CEO, Mr. Rohan Miller for his contribution to the success of the Company and wished him all the best in his new job.**

**b) Mr. Staple pointed out various areas of achievement in the Report and requested clarification on the Goldman Sachs loan.**

The Chairman thanked Mr. Staple and advised that the acquisition of the Doubletree Resort in Orlando, Florida was funded by a loan from Goldman Sachs.

**c) Mr. Staple requested clarification of the structure of the loan noted on Page 58 -Net Current Liabilities of J\$2.482bn.**

Mrs. Jacqueline Somers-King clarified that the J\$2.4bn is a loan for the Company which X Fund Properties repaid as an intercompany loan and which was settled in 2018.

**d) Mr. Staple referred to Page 96 and queried what accounted for the reduction in insurance from J\$132.09m in 2016 to J\$122.15m in 2017, J\$10.3m or 8% reduction.**

Jacqueline Somers-King explained that this was due to a reduction in property valuations.

**e) Mr. Orrette Staple referred to Page 96 “Other” administration and operating expenses which increased from J\$15.14m in 2016 to J\$261.06m in 2017 and requested what led to this significant increase.**

Jacqueline Somers-King explained that a substantial portion of these expenses is the loss the Company incurred due to Jewel Grande Resort, the Company had to share a major portion of this loss. The Chairman advised that it is expected that Jewel Grande's performance will improve considerably in 2018.

**f) Mr. Orrette Staple pointed out the exchange of 20 million PLAYA shares as well as US\$100m received for specific Company hotels and asked how the Jamaican shareholders would benefit from this transaction in the future.**

The Chairman pointed out as per the CEO's presentation, that the Company has now invested in a 7000+ hotel conglomerate which stretches from the Caribbean into Mexico. The Company is now the second largest shareholder of PLAYA which is listed on the NASDAQ giving the Company greater liquidity. The Company is now part of the PLAYA group whose intention is to expand and maintain its status as the largest all-inclusive hotel group in the world which is an exciting possibility and this prospect is greater than just being a shareholder invested in Jamaican properties. Further, the DoubleTree Orlando hotel is still fully owned by the Company which is

749 rooms and is performing exceptionally well - this will provide sufficient cash to pay the dividends even as the Company rides upward on the NASDAQ stock market with its PLAYA shares.

Mr. Staple sought clarity on who will receive the returns from the trading of the 20 million shares on the US Stock market and whether shareholders could receive benefits of being paid dividends in US Dollars. The Chairman advised that any benefit arising from the Company's PLAYA shares would belong to the Company. The Chairman confirmed also that all hotels in the Company's portfolio earn US Dollars, but as a company operating in Jamaica it is subject to Jamaica law and therefore must pay tax on dividends paid to Jamaican residents. The Chairman informed Mr. Staple however that this is a matter which could be discussed at the Board level i.e. to whether a dividend can be paid in US Dollars as opposed to Jamaica dollars.

**g) Mr. Staple requested an explanation on what led to the investment of J\$2.043bn in the Jewel Grande, formerly Palmyra Resort & Spa.**

The Chairman reminded Mr. Staple that the Company acquired the Palmyra Resort in a derelict condition and had to invest substantially in its renovation order to bring the resort to its current spectacular state/standard. He suggested Mr. Staple visit the property. The Chairman pointed out that in business there is always risk - the Company purchased the Palmyra at an attractive price. Management is now in place and while there can be no guarantees on its success, Management would certainly make every effort to bring the Jewel Grande Resort to positive figures. Mr. Staple expressed hope that Management's professional performance will allow the hotel to prosper and shareholders to continue to receive benefits in the future.

**h) Mr. Staple asked the Auditors for clarity as to their reference on Page 48 & 49 "Key audit matters" which dealt with matters regarding significant estimation, judgement and uncertainty and asked whether real results are illustrated.**

Mr. Paul Williams (PWC) advised that with regards to the two key audit matters - firstly, the valuation of properties, PWC engages experts to look at valuations to ensure they are comfortable with all the assumptions and there is fair value for the properties.

Secondly, with regards to the valuation of the units in Sigma Real Estate Fund of J\$55.2bn, PWC employed independent experts to look at the valuations given the significant sums involved who concluded that the assumptions made by Management were reasonable.

**i) Mr. Staple asked why there is so much estimation, judgement and uncertainty in the Auditors calculations which the shareholders have to accept and while he respected the professionalism involved, at the same time he expressed the need to be cautious as to the end result so noted in the Auditors Report.**

Mr. Paul Williams advised that it is the nature of the job. The independent valuator based on his knowledge of the market typically prepares a projection and assumptions to the best of his or her professional judgement. The Chairman advised the shareholders that property valuations refer to market track records and although it is an estimate, it is rooted in the performance of the property in prior years - it is an estimate looking into the future with a strong foundation on what the past has been.

**j) Mr. Staple requested clarity as to what led to the increase in Audit fees from J\$34m to J\$43m, noted on page 96**

Mr. Paul Williams advised that this referred to the portion of the audit fees for the Jewel Grande (Palmyra). Going forward PLAYA will be responsible for the audit of all the Jamaica hotels and the Company will only have the DoubleTree audit fee to address.

- k) **Mr. Staple asked in reference to Management Remuneration (page 105) whether the figure related to remuneration of one or more executive.**

Jacqueline Somers-King advised that the figure referenced was in relation to one executive.

**Mr. Orrette Staple thanked the Chairman for the responses provided and wished continued success for the future ventures of the Company which he hoped would give US dollar returns to the benefit of the shareholders. The Chairman thanked Mr. Staple for his questions.**

Following the exchange of questions and answers, the meeting continued, and the Chairman put forward the following Resolutions for adoption:

**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.”

The Resolution was passed on the motion of Mrs. Janice Grant Taffe, seconded by Mr. Orrette Staples.

The Chairman at this point passed the Chairmanship to Dr. the Hon. R. Danny Williams given that this resolution sought to re-elect Mr. Richard Byles as Director.

Dr. Williams duly appointed as Chairman, read to members the following resolution:

In accordance with Article 102 of the Company’s Amended and Restated Articles of Association, one third of the Directors or if their number is not three or a multiple of three then the number nearest to one third shall retire from office at each Annual General Meeting. The following are the Directors who shall retire or be appointed as the case may be:

1. Director Richard Byles and Vinay Walia retire by rotation and are eligible for re-election.
2. Directors Dodridge Miller and Christopher Zacca appointed by the Directors of the Board as additions to the Board by virtue of Article 19 retire and are now eligible for re-election.

The Resolution was proposed that the election of the Directors be made en bloc by Mr. Orrette Staple and seconded by Mr. Peter Pearson.

The Resolution was unanimously approved by the members and the motion declared carried.

**Resolution No. 3**

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

‘THAT Directors Richard Byles and Vinay Walia, who retire by rotation and being eligible offer themselves for re-election, be and are hereby re-elected as Directors of the Company en bloc.

The Resolution was proposed by Mr. Staple and seconded by Mr. Pearson.

The Resolution was unanimously approved by the members and the motion declared carried.

Mr. Richard Byles thanked the Dr. Williams and continued in his capacity as Chairman of the Company and put to the meeting the following Resolutions for adoption:

**Resolution No. 4**

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

“THAT by virtue of Article 98, Directors Dr. Dodridge Miller and Mr. Christopher Zacca, who were appointed by the Directors of the Board since the last Annual General Meeting as additions to the Board, and who retire and being eligible offer themselves for re-election, be and are hereby re-elected as Directors of the company en block.”

The Resolution was proposed by Mrs. Grace Royal Bassaragh, seconded by Mr. Orrette Staple.

The Resolution was unanimously approved by the members and the motion declared carried.

### **3. To Fix the Remuneration of the Directors**

#### **Resolution No. 5**

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

“THAT the amount of JS\$13,160,000 included in the Audited Accounts of the Company for the year ended December 31, 2017 as remuneration for their services as Directors be and is hereby approved.”

The Resolution was proposed by Mrs. Donnette Scarlett and seconded by Grace Royal Bassaragh.

The Resolution was unanimously approved by the members and the motion declared carried.

### **4. To appoint the Auditors and authorise the directors to fix the remuneration of the Auditors:**

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

#### **Resolution No. 6**

“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.”

The Resolution was proposed by Mr. Orrette Staple and seconded by Mrs. Grant Taffe.

The Resolution was unanimously approved by the members and the motion declared carried.

### **5. To ratify interim dividend and declare them as final**

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

#### **Resolution No. 7**

“THAT the interim dividend of fourteen (14) cents paid on September 5, 2017 be and is hereby ratified and declared as final for the year ended December 31, 2107.”

The Resolution was proposed by Ms. Rochelle Johnson and seconded by Ms. Marie Henry.

The Resolution was unanimously approved by the members and the motion declared carried.

Mr. Orrette Staple requested if the Board at its next meeting could consider a change in the dividend policy allowing for a pay out of dividends of [seventy (70)] cents per quarter. The Chairman advised the Board will give this request consideration.

Mr. Orrette Staple suggested that the Notice of the Meeting contain the name of the Company. The Chairman advised this request will be given consideration.

2. **TERMINATION**

The Chairman thanked members for their attendance, informed Shareholders that the Company has a bright future and looked forward to seeing them all at the next Annual General Meeting.

There being no further business, the Chairman called for the termination of the meeting at 12.14 pm.

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MCSI Inc.

Secretary