Sagicor

REAL ESTATE X FUND

2021 ANNUAL REPORT



ABOUT SAGICOR
REAL ESTATE X FUND

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

During 2021, X Fund made changes to its portfolio of assets, which were consistent with its strategy to reduce risk to investors.

Given the continued adverse impact of the COVID-19 pandemic on the Tourism and Travel Industries worldwide in 2021, X Fund disposed of its holdings in its Associate, Playa Hotels and Resorts N.V. (Playa). The Group has maintained direct ownership of Double Tree Orlando by Hilton (DTO) at the Entrance to Universal Orlando in Florida, through our wholly-owned subsidiary X Fund Properties LLC. The Group intends to utilize proceeds from the sale of Playa to reposition itself with investments in a broader range of real estate assets with good growth prospects in the medium term. Also, we continue to maintain an investment in the Sigma Real Estate Portfolio, which provides exposure to commercial real estate in Jamaica.

- **TOURISM PROPERTIES**
- **OFFICE/RETAIL BUSINESS**
- **INDUSTRIAL PROPERTIES**
- **DEVELOPMENT LAND**



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STATEMENT OF THE **CHAIRMAN & C.E.O.**

On behalf of the Board of Directors, we present the performance and activities of Sagicor Real Estate X Fund Limited for the year ended December 31, 2021.

Sagicor Real Estate X Fund's assets totaled $31.3 billion, while stockholders' equity stood at $16.6b, an increase of 9.4% from $15.2 billion in 2020. Total revenues generated for the period were $5.8 billion, up 123% from $2.6 billion in 2020.

X Fund's performance in 2021 improved significantly over 2020, as the Group recorded net profits attributable to stockholders of $0.38 billion. The ongoing COVID-19 pandemic continued to hamper overall performance given the Group's substantial exposure to the tourism industry. During 2021, despite a measured re-opening of borders and an uptick in air travel, the Tourism Sector and Global Travel remained among the hardest hit industries, as we continued to witness subdued levels of productivity globally that remained in many instances significantly below pre-COVID levels.

Consequently, as we opted for resilience given the effects of the pandemic on our business, X Fund took a strategic decision to further divest its investments in Tourism in Q1, through the sale of Playa shares indirectly held in Jamziv Mobay Jamaica Portfolio Limited. The cash proceeds from this transaction allowed us to retire all local debt of the Group and improved our liquidity position in order to take advantage of suitable real estate investments on behalf of the Group.

The Group's share price on December 31, 2021, was $8.50, a 3% increase over the prior year's share price of $8.25.

Outlook

The International Monetary Fund (IMF) has projected global economic growth in 2022 of 4.4%, which is largely predicated on improved access to vaccinations and a gradual return to business and consumer normality over time. However, geopolitical tensions between Russia and the Ukraine, and the associated sanctions imposed on Russia has adversely impacted the costs of key resources and global trade. These tensions place the global economic growth projected by the IMF at risk.





Photo above
Christopher Zacca
Chairman

Photo below
Brenda-Lee Martin
Chief Executive Officer

With high demand for domestic and international tourism, the outlook for the X Fund Group remains positive. The performance of DoubleTree in Orlando improved significantly in 2021, and the rate of growth is expected to improve, particularly for the more profitable group business segment, in 2022.

The strong inflow of liquidity from the sale of the Playa shares will be redeployed into real estate investment opportunities not focused solely on Tourism, but in other viable commercial ventures, as well. We have begun to assess these opportunities and will keep you, our shareholders, informed as we finalise these key ventures.

We remain committed to the health and wellness of our team, clients and stakeholders as we continue to navigate the pandemic as we seek to minimise risks and ensure business continuity.

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



Christopher Zacca
Chairman



Brenda-Lee Martin
Chief Executive Officer

2022 Global Economic Growth Forecast

4.4%

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

THE STRONG INFLOW OF LIQUIDITY FROM THE SALE OF THE PLAYA SHARES WILL BE REDEPLOYED INTO REAL ESTATE INVESTMENT OPPORTUNITIES NOT FOCUSED SOLELY ON TOURISM.

With high demand for domestic and international tourism, the outlook for the X Fund Group remains positive. The performance of DoubleTree in Orlando improved significantly in 2021, and the rate of growth is expected to improve.

TOTAL REVENUE
$5.79 BILLION

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS
$0.38 BILLION

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING of the Company will be held at McNamara Corporate Services Inc., Bella Rosa Road, Gros Islet, Saint Lucia on Thursday, May 26, 2022 at 10:00 a.m. and accommodated virtually to consider and, if thought fit, pass the following Resolutions:

1. **To receive the Audited Accounts and Reports of the Directors and Auditors for the year ended December 31, 2021.**

   Resolution No. 1

   "THAT the Audited Accounts and the Reports of the Directors and Auditors for the year ended December 31, 2021 be and are hereby adopted."

2. **To elect Directors:**

   Resolution No. 2

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

   Resolution No. 3

   "THAT Messrs. Stephen McNamara and Peter Pearson 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."

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

   Resolution No. 4

   "THAT the amount of $14,818,000.00 be included in the Audited Accounts of the Company for the year ended December 31, 2021 as remuneration for their services as Directors be and is hereby approved."

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

   Resolution No. 5

   "THAT the retiring Auditors, Grant Thornton having agreed not to be reappointed, the firm of Auditors PricewaterhouseCoopers East Caribbean 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 23rd day of March 2022

BY THE ORDER OF THE BOARD



MCSI Inc.
Corporate Secretary

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

A Form of Proxy is enclosed for your convenience.

DIRECTORS' **REPORT**

The Directors are pleased to submit their Report and the Audited Financial Statements for the year ended December 31, 2021. The Financial Statements reflect the results of Sagicor Real Estate X Fund Limited (X Fund).

	2021 J$000'	2020 J$000's
Operating Results:		
Group Profit/(loss) before tax	757,511	(15,590,121)
Taxation	(36,646)	201,719
Net Profit/ (loss)after tax	720,865	(15,388,402)
Attributable to Stockholders of the Company	376,501	(9,987,059)
Attributable to Non-Controlling Interest	344,364	(5,401,343)
Stockholders' Equity:		
Stockholders' equity brought forward	15,169,181	25,540,966
Share Capital, opening	12,642,512	12,642,512
Shares issued	-	-
Share Capital, ending	12,642,512	12,642,512
Retained earnings, opening	(1,131,882)	8,845,934
Net Profit/(loss)	376,501	(9,987,059)
Transfer between reserves	94,714	9,243
Retained earnings, ending	(660,667)	(1,131,882)
Currency translation, opening	2,949,762	989,864
Currency reserve	(882,119)	1,959,898
Currency translation, ending	2,067,643	2,949,762
Fair value reserves, opening	708,789	3,062,656
Unrealised gain/(loss) on revaluation of owner-occupied properties	1,605,919	(2,272,148)
Transfer between reserves	(94,714)	(9,243)
Changes in reserves of associated company	320,142	(72,476)
Fair value reserves, closing	2,540,136	708,789
Stockholder's equity carried forward	16,589,624	15,169,181
Non-Controlling Interest	5,767,623	6,210,019

DIRECTORS

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

AUDITORS

The auditing firm, Grant Thornton, has retired and the firm of auditors, PricewaterhouseCoopers East Caribbean has agreed to hold office until the conclusion of the next Annual General Meeting. A resolution authorizing the Directors to appoint and fix the remuneration of the Auditors will be presented at the Annual General Meeting.



Chairman
March 30, 2022

BOARD OF **DIRECTORS**



Christopher Zacca B.Sc., M.B.A., CD, JP

Mr. Christopher Zacca is the President & CEO of Sagicor Group Jamaica Limited and a Director of several Sagicor entities. He is an astute businessman with a wealth of business and management experience in both the public and private sectors, spanning over three decades. He is highly respected in the private sector where he has held senior management positions at Desnoes and Geddes, ATL Group, Air Jamaica Ltd. and served as President of the Private Sector Organisation of Jamaica.

His track record in public sector service is equally impressive, having served as special advisor to the Prime Minister from 2009 to 2011. He is a former Chairman of the Development Bank of Jamaica and the National Health Fund. Mr. Zacca is presently the Chairman of the Private Sector Vaccine Initiative in Jamaica which was established in March 2021 as a mechanism to support the government's COVID-19 vaccination efforts.

Mr. Zacca holds an M.B.A. from the University of Florida and a B.Sc. in Engineering from the Massachusetts Institute of Technology.



Dr. Dodridge Miller FCCA M.B.A., LLM, Hon. LLD

Dr. Dodridge Miller was appointed Group President and Chief Executive Officer of Sagicor Financial Corporation Limited in July 2002 and is a Director of Sagicor Group Jamaica Limited. A citizen of Barbados, Dr. Miller is a Fellow of the Association of Chartered Certified Accountants (ACCA) and obtained his M.B.A. from the University of Wales and Manchester Business School. He holds an LLM in Corporate and Commercial Law from the University of the West Indies and, in October 2008, he was conferred with an Honorary Doctor of Laws degree by the University of the West Indies. He has more than 30 years' experience in the banking, insurance and financial services industries.



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 a Director 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. He is also Vice Chairman of The Jamaica Cancer Society and Chairman of The Jamaica Medical Foundation.

(Post year end: Deceased - January 2022)

Stephen McNamara Barrister-at-law



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

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

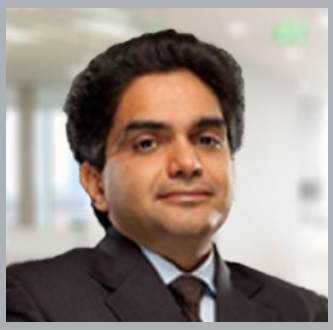
Mr. McNamara was made a Commander of the Order of the British Empire (CBE) in the 2015 Queen's Birthday Honours for public service and services to the legal profession. In 2015 he was awarded an honorary doctorate from the University of the West Indies for his outstanding achievements and contribution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

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



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

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



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



Bruce R.V. James B.Sc., M.B.A.

Mr. James has over 15 years of experience in banking and has held many senior positions at Citibank N.A. Jamaica Branch including Vice President in charge of Corporate Banking and Relationship Management. His expertise includes Risk Management and Analysis, marketing of Credit products, Relationship Management and Leadership. He is the President and co-founder of the MVP Track and Field Club. He is a professional track and field analyst across various media, including television and radio. He is also an international motivational speaker and a participant in TEDx Jamaica. Mr. James is a National Honours and Awards Recipient with the Order of Distinction in the rank of Officer awarded in October 2019. He successfully completed two (2) Harvard Business School Executive Education courses in 2021.



Colin Steele B.B.A., M.B.A., C.P.A.

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

CHIEF EXECUTIVE OFFICER

Brenda-Lee Martin B.Sc., M.B.A.
(Finance)
Brenda-Lee Martin was appointed Chief Executive Officer of Sagicor Real Estate X Fund Limited in 2018. She joined Sagicor Group Jamaica in December 1992 where she has served in numerous capacities.

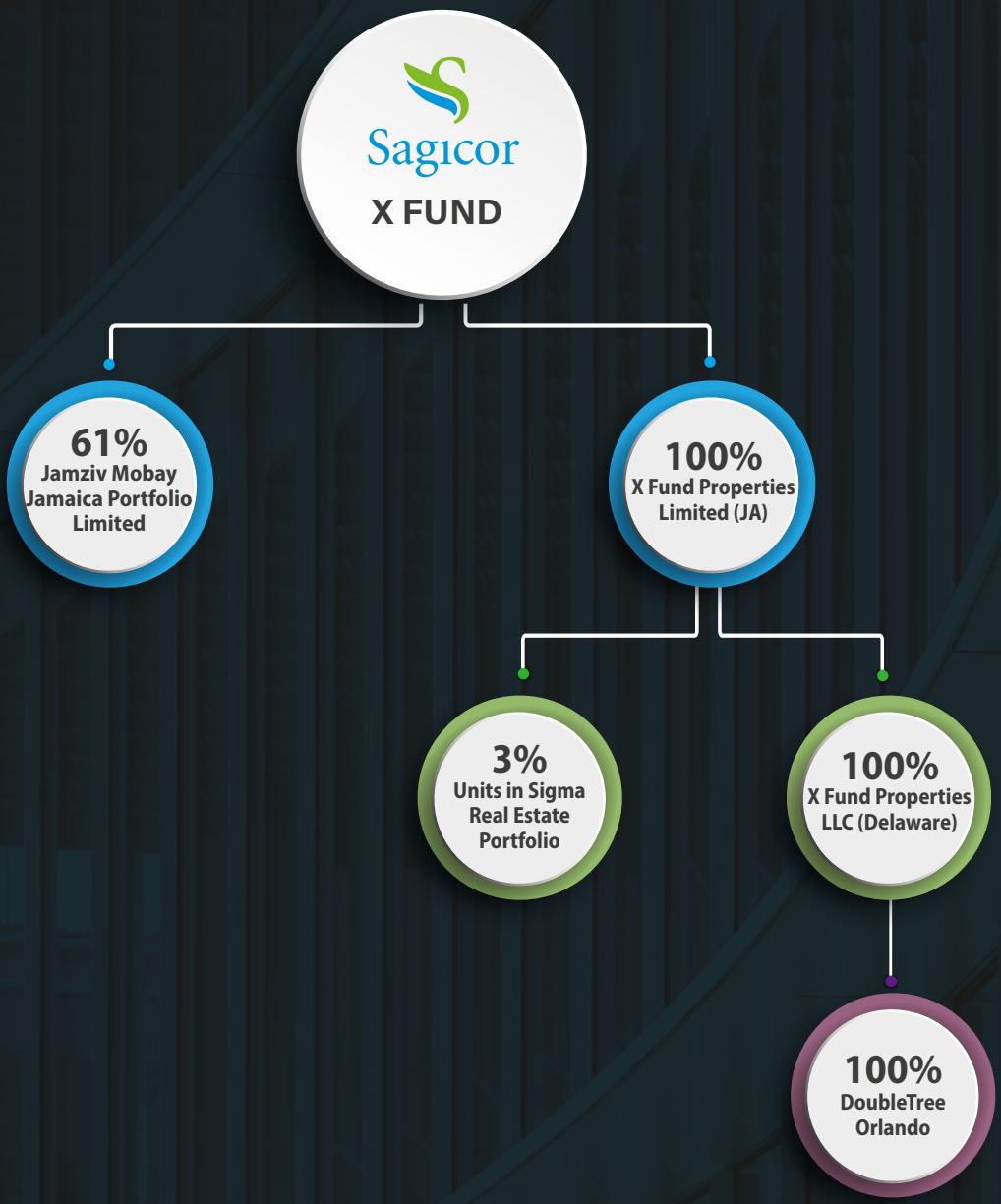
Brenda-Lee has a wealth of experience in Investment Management, and was appointed Vice President – Asset Management in 2015.

In addition to Sagicor's pension and mortgage portfolios, she has oversight of Sagicor Property Services Limited (SPS), the largest property managers of private real estate in Jamaica (on behalf of Sagicor and third party property owners). SPS currently manages in excess of 6M sq. feet of real estate.

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



CORPORATE STRUCTURE



DOUBLETREE by Hilton™
AT THE ENTRANCE TO UNIVERSAL ORLANDO

RESORT PROPERTY
DOUBLETREE BY HILTON

International Market

X Fund's Doubletree by Hilton at the Entrance to Universal Orlando continues to outperform the market. The property enjoys a close relationship with Universal Studio Orlando, benefits from the renovation of the entire property in 2017/18 and is professionally managed by Aimbridge Hospitality. This combination has the hotel at 88 percent while, the overall Orlando market is at 67 percent Occupancy.

In 2021, the hotel was still able to outperform competing hotels, notwithstanding the Covid-19 pandemic, running an Occupancy of 83.2% versus their 55.7%. This growth was accomplished through competitive pricing, brand promotions and third-party site promotions such as on Expedia and Booking.com.

The strategic focus for 2022 is to increase revenue growth and to continue exceeding the competitor's projections primarily through Average Daily Rate (ADR) while showing a slight increase in Occupancy. The main objective for Group Sales and Catering is to secure new and profitable business. The Sales team is working closely with Aimbridge and Hilton national Sales Office to achieve this objective. These efforts will enable the hotel to forecast Occupancy of more than 40,000 group rooms in 2022. With travel restrictions lifted, the hotel is now actively soliciting weddings and other social events. This positive change in travel is expected to produce approximately One Million Dollars ($1,000,000.00) in additional sales.

As more governments ease travel restrictions coming out of the Covid-19 pandemic, a positive shift is expected in the demand for group business. The focus will be on increasing ADR during peak periods throughout 2022. For low demand group periods, Occupancy will be driven through third-party partners utilizing their revenue generating tools that include travel advertisements and participation in discounted transient stay promotions. The key initiative for 2022 is to continue a strong alliance with Universal Orlando Resorts, utilizing the Brand to increase awareness and business.



742
Guest
Rooms

19
Guest
Suites





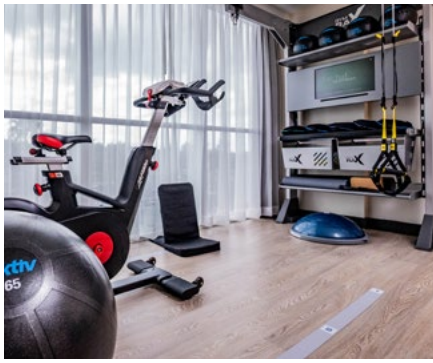


The Doubletree by Hilton at the Entrance to Universal Orlando continues to be one of the top leisure properties based on proximity to major points of interest in the Orlando area. Group Sales and Catering is selling in all market segments to maximize share in the Orlando market. The property is also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









MANAGEMENT'S DISCUSSION & ANALYSIS

The global economy for 2021 was dominated by rising levels of inflation as a result of supply chain constraints. According to the World Bank, global growth is expected to slow to 4.1% in 2022 and 3.2% in 2023. This deceleration in growth from the estimated 5.5% recorded for 2021 reflects continued expectation of pandemic-related 'flare-ups, diminished fiscal support, and lingering supply bottlenecks.'

GLOBAL ECONOMY

The global economy recovered strongly in 2021 as vaccination rates increased and containment measures eased. The International Monetary Fund estimated that global GDP grew 5.9% in 2021, an improvement over 2020 when the global economy contracted by 3.4%. The rebound in GDP, however, slowed towards the latter part of 2021 due to the emergence of the highly contagious Omicron variant, resulting in many countries returning to lock-down measures to slow the spread. This deceleration in growth from the estimated 5.5% recorded for 2021 reflects continued pandemic-related 'flare-ups, diminished fiscal support, and lingering supply bottlenecks.'

The global economy for 2021 was dominated by rising levels of inflation as a result of supply chain constraints. As countries relaxed containment measures, demand surged. However, supply lagged due to shipping logistics challenges and labour shortages.



Inflation in major economies such as the US surged to historic levels, recording 7.0% in December 2021. The US economy grappled with pandemic-induced economic shocks including supply-chain constraints and labour shortages, which affected aggregate output. The shift toward goods consumption, particularly in advanced economies, overloaded global supply chain networks during the pandemic. This problem was compounded by pandemic-related impediments to transportation and staffing, as well as by the inherently fragile nature of just-in-time logistics and lean inventories. Inflationary pressure in the US was also induced by high levels of liquidity from the Government and the Federal Reserve. The Eurozone headline inflation rate surged to 5.0% in December 2021, the highest on record. This uptick was attributed mainly to a rise in energy costs. The persistence of inflationary pressures in 2021 forced central banks to shift from accommodative monetary policy towards tightening aimed at temper rising inflation.



According to the World Bank, global growth is expected to slow to 4.1% in 2022 and 3.2% in 2023. This deceleration in growth from the estimated 5.5% recorded for 2021 reflects continued expectation of pandemic-related 'flare-ups, diminished fiscal support, and lingering supply bottlenecks.'

JAMAICA

The Jamaican economy is estimated to have grown by 2.7% in 2022. The increase in real GDP for the year was below the International Monetary Fund's projection of 4.7%. The economy continues to rebound from the pandemic-induced downturn in 2020. The closure of the country's sea and air ports in 2020 contributed to a 10.1% contraction of the economy, ending seven consecutive years of economic growth. According to preliminary estimates from the Planning Institute of Jamaica, the economy grew by 6.0% in the fourth quarter of 2021. The out-turn was driven by increased economic activities in the Services Industry, which grew by 7.8% for the quarter. The Hotels and Restaurant industry was one of the main drivers of growth and continues to rebound, growing by 76.2% in the fourth quarter. The recovery in the sector is as a result of the relaxation of global travel restrictions which saw an increase in stopover visitor arrivals. Stopover visitor arrivals for 2020 decreased by 66.7%, with 1,535,165 stopovers compared to 4,234,150 for the same period in 2019. Labour market conditions continued to improve, with the unemployment rate for October 2021 declining to 7.1%. This was slightly lower than the 7.2% pre-COVID out-turn recorded in October 2019. Generally, there was an increase in business confidence as containment measures eased. However, there is still uncertainty from the threat of new variants.

The inflation target range of 4% to 6% was breached five times in 2022.

Total Revenue

▲ 5.79 billion

(2.58 billion in 2020)

Total Assets

▼ 31.32 billion

(32.00 billion in 2020)

Stockholders' Equity

▲ 16.59 billion

(15.17 billion in 2020)

Market Capitalisation

▲ 19.07 billion

(18.50 billion in 2020)

Consumer Price Index

8.5% *(Oct 2021)*

J$ Depreciation

8.72%



The consumer price index peaked in October 2021 where the consumer price index rose to 8.5%. Elevated prices in 2021 were impacted by stronger pass-through of international commodity and shipping prices, higher inflation rates in main trading partners as well as adverse weather impacting agricultural food prices.

Toward the end of 2021, the Bank of Jamaica (BOJ) shifted its monetary policy stance to temper inflation rate. The BOJ increased its policy rate by 200 basis points from 0.5% to 2.5% for 2021. The increase comes after over two years of the benchmark policy rate at 0.5%. The Bank signalled the possibility of hiking the rate even further to firmly anchor inflation expectations. Market rates declined throughout 2021, with the average yields on 90-day and 180-day GOJ Treasury Bills (T-Bills) for December 2021 being 4.09% and 3.65% respectively.

At the end of December 2021, the BOJ's weighted average selling rate closed at J$155.09 for the US dollar relative to J$142.65 at the start of the year. The depreciation over the year was 8.72%, relative to a depreciation of 7.60% in 2020.

During December 2021, the weighted average selling rate traded at a high of J$156.54. In 2021, the BOJ was active in the FOREX market, with an aim to temper the depreciation of currency. Foreign currency earnings remained low from the disruption of the tourism sector. This was further compounded by the global supply-chain constraints which increased the demand for foreign currency by major retailers to purchase inventory supplies to mitigate supply chain risks. The shortfall, however, was tempered by an increase in remittances for 2021.

For December 2021, net remittance transfers amounted to US$315.4M relative to US$214.3M in the corresponding period in 2020. The BOJ continues its policies to ensure liquidity assurance to the market via the foreign currency swap arrangement and the BOJ's Foreign Exchange Intervention Trading Tool (B-FXITT).

The NIR stood at US$4.0B at the end of December 2021, an increase of 2.66% (US$103.70M) compared to US$3.89B recorded at the end of the month prior. Changes in the NIR resulted from an increase in foreign assets from US$4.75B to US$4.83B in December 2021. Compared with December 2020, the NIR increased by US$873.6B from US$3,126.1B? The reserves as at December 2021 was sufficient to cover approximately 54.3 weeks of imports of goods and 33.5 weeks of imports of goods and services.

The equities market showed signs of rebound towards the latter part of 2021. The Junior Market outperformed the Main Market due to the absence of institutional investors, resulting in lower volumes being traded when compared to prior years. The value of the JSE Main Index as at end December 2021 was 396,155 points, a year over year increase of 0.14%. The Junior Market Index grew by 29.69% with Market Capitalisation increasing by 1.80% to J$154.7M. As the economy recovers and containment measures shift from pandemic to endemic, the output gap should continue to decrease, which should impact positively on earnings.

Net Remittance Transfers

US$ 315.4M

Net International Reserve

US$ 4.0B

JSE Main Index

+0.14%

JSE Junior Market Index

+29.69%

KEY ECONOMIC STATISTICS:

- Decline in Real Gross Domestic Product (GDP) was estimated at 4.4% for the 12-month period December 2021 compared to a decline of 9.9% in 2020.
- The average savings rate (domestic currency) declined to 1.09% in December 2020 relative to 1.19% at the end of December 2019.
- The 6-month Treasury Bill rate increased by 347 bps to 4.33%. The rate at December 2020 was 0.86%.
- The average lending rate declined to 11.80% at the end of December 2020 from 12.47% at the end of December 2019.
- Inflation ended the 12-month period to December 2021 at 7.3%, up from 5.2% in 2020.
- The Jamaica Stock Exchange Main Index increased by 0.4% to close at 396,155 points. The market declined by 22.42% in 2020.
- The Jamaican dollar depreciated by 8.72% against the US$ during 2021, versus 7.60% in 2020. The weighted average daily selling price was $155.09 as at December 31, 2021.
- The unemployment rate at October 2021 was 7.2%, relative to 10.8% in October 2020.
- Debt/GDP increased slightly to 96% as at March 2021 from 94% in March 2020.
- The NIR increased to US$4.0B at the end of December 2021 relative to US$3.1B at end December 2020.









TOURISM SECTOR REVIEW

1. Global Environment

According to the United Nations World Tourism Organization (UNWTO), global tourism experienced a 4% upturn in 2021 compared to 2020, however, international tourism arrival is 72% below 2019. The economic contribution of tourism is estimated at US$1.9T in 2021, an increase of US$300M estimated for 2021. Despite this increase in revenue, the sector still falls below its pre-pandemic value of US$3.5M. The 4% out-turn was driven by the relaxation of travel restrictions fuelled by rising vaccination rates.

The second half of 2021 saw moderation in international tourism due to a surge in different strains of the virus. International arrivals declined by 62% in both Q2 and Q3 when compared to pre-pandemic levels. The pace of recovery remains uneven across countries and regions. This stems from differences in the degrees of mobility restrictions, vaccination rates and traveller confidence. According to UNWTO, of all world regions, Europe and the Americas had the strongest result in 2021 compared to 2020. Europe registered a 19% increase, whereas the Americas registered a 17 per cent increase. Still, both remain 63 per cent below the pre-pandemic levels. The Caribbean region, according to UNWTO, recorded the best performance (63% above 2020 though 37% below 2019). Southern Mediterranean Europe, Central America, North American and Central Eastern Europe enjoyed significant rebound of 57%, 54%, 17% and 18%, respectively. However, all sub-regions are still below 2019 performance.

2. Orlando Environment

Florida's tourism industry has rebounded strongly from the COVID-19 pandemic due to less stringent containment measures relative to the global tourism market.

For 2021, it is estimated that 118 million domestic visitors travelled to Florida. Of this amount, 1.5 million were overseas travellers, an increase of the highest number in the state's history. A total of 30.9 million visitors travelled to Florida during the fourth quarter of 2021, surpassing overall visitation in 2019. Of this amount, 1.5 million were overseas visitors, an increase of 198% from 2020 and 43% from 2021. Latin America was the driving force of overseas visitation with Colombia being the number one international market with a record 710,000 visitors. Hotel revenue also reached record level in 2021 at $17.3B, a 2% increase over 2019.

3. Jamaican Environment

The Jamaican tourism industry continues to rebound from the pandemic-induced global economic shutdown. Main markets such as the United States, Canada and Europe continued to ease travel restrictions against the backdrop of higher rates of vaccination and low positivity rates. In 2021, total visitor arrivals in the island increased by 15.5% from 1.3M to 1.5M. Despite this increase, the outturn for 2021 was still below 2019 outturn of 4.2M total visitors.

Stopover Arrivals

Stopover arrivals increased by 147.7% for December 2021 when compared to 2020. Total stopover arrivals increased by 66.3% from 880,404 to 1,464,399. The USA accounted for 87.3%, Canada and UK recorded 4.6% and 5.1%, respectively.



Global Tourism

+4%

Total Visitor Arrivals to Jamaica

1.5M

Total Stopovers to Jamaica

1.46M



Stopover arrivals from the United States market recorded an increase of 127.2% or 170,192 in December 2021.

All the US regions recorded increases in arrivals – the Northeast increased by 101.7%, the South was up by 126.3%, the Mid-West also recorded an increase of 44.5% and the West region increased by 145.0%. In December 2021, the Canadian market recorded an increase in arrivals of 179.5%, with 23,848 stopovers compared to 8,532 in December 2020. For January to December 2021, arrivals from the European market region and Latin America increased by 413.7% and 174.1%, respectively.

The emergence of new variants will add another layer of uncertainty to recovery in the tourism sector. However, due to higher global vaccination rates, travel restrictions and cancellation should be less severe than experienced in 2020 and 2021. The World Travel and Tourism Council (WTCC) earlier this year noted that the sector's contribution to the global economy could reach US$8.6T in 2022, 6.4% lower than pre-pandemic levels when travel and tourism generated almost US$9.2T.

The average length of stay of foreign national arrivals decreased in 2021 relative to 2020. In December 2021 this was recorded at 10.5 nights, compared to 14.5 nights recorded in December 2020. The average length of stay in hotels also declined to 6.7 nights in 2021 relative to 7.4 nights in December 2020.

The cruise ship industry resumed operations in August 2021 after being closed since March 2020. With operations spanning just five months in 2021, total cruise passengers declined by 84.2% or 70, 7666 cruise passengers compared to 449, 271 passengers in 2020 when operations spanned 3 months, January to March. In 2019, total cruise ship passengers totalled 1,553,230.

January 2022
Tourist Arrivals

+130%

Employment in Accomodation and Food Service *(Oct 2021)*

109,300 persons

Economic Impact

The emergence of new variants will add another layer of uncertainty to recovery in the sector. However, due to higher global vaccination rates, travel restrictions and cancellation should be less severe than experienced in 2020 and 2021. The ease of travel restrictions of major tourism markets in the US and Europe is expected to bolster external demand for local tourism services. We anticipate increases in cruise passengers and stayover arrivals for 2022 which could surpass pre-pandemic levels stemming from pent-up global demand. Companies operating within the food and recreation segments of the industry should benefit from the anticipated increase in demand.

TOURISM OUTLOOK 2022

Tourism trends for 2022 will be driven by differing levels of border control and variations in vaccine passport. Despite the threats of new variants to global travel, the UNWTO reported that global international tourist arrivals increased by more than 130% in January 2022 compared to January 2021. This strong rebound was tempered by the emergence of the Omicron variant and the re-introduction of travel restrictions in several destinations.

The out-turn for January 2022, though strong, remained 67% below pre-pandemic levels. The UNWTO reported that all regions enjoyed a significant rebound in January 2022, though from low levels recorded at the start of 2021. Europe (+199%) and the Americas (+97%) continued to post the strongest results, with international arrivals still around half pre-pandemic levels (-53% and -52%, respectively). The Middle East (+89%) and Africa (+51%) also saw growth in January 2022 over 2021, but these regions saw a drop of 63% and 69% respectively compared to 2019.

The outlook for 2022 remains strong. According to Destination Analysts, more than 80% of Americans are planning a vacation in the next six months. The World Travel and Tourism Council (WTCC) earlier this year noted that the sector's contribution to the global economy could reach US$8.6T in 2022, 6.4% lower than pre-pandemic levels when travel and tourism generated almost US$9.2T. The recovery, however, is threatened by the emergence of new variants as well as labour shortages in the leisure and hospitality sector.

INDUSTRY EMPLOYMENT

The 'Accommodation and Food Service Activities' industry employed 109,300 persons in October 2021 relative to the 107,000 persons employed in 2020. According to the Jamaica Tourist Board, 80,000 direct, indirect and induced jobs have been restored.







COMMERCIAL SECTOR REVIEW

The Real Estate, Renting & Business Activities Industry is estimated to have grown by 1.0% in the fourth quarter of 2021 relative to a contraction of 1.3% in the similar period for 2020. According to preliminary estimates from the PIOJ, the construction industry grew by 6.4%, reflecting an increase in Other Construction and Building Construction. The performance of building construction for the quarter was driven by a 36.2% increase in the values of mortgages by the National Housing Trust as well as a 2.7% increase in Total Housing Start.

The commercial and light industrial real estate experienced increased demand, especially for investment grade properties in major urban centres. There was also a notable increase in developments outside of the perimeters of urban centres as investors sought to develop outside of the conjected business district. Continued growth in the BPO sector was one of the main factors driving the demand for commercial properties. Growth in demand for logistics and data centres, warehousing and self-storage was driven by the rise in e-commerce. The sector also saw heightened demand for multi-purpose properties (office & warehouse combo). For 2022, the expectation is that the sector will continue to grow as the economy rebounds, the demand for properties to support the economy will also rise. Additionally, property value will continue to appreciate.

2022 ECONOMIC OUTLOOK

According to the Global Economic Prospects, global growth is expected to slow to 4.1% in 2022 and 3.2% in 2023. Advanced economies including the US and China are expected to slow down in 2022. Global economic recovery will depend heavily on new variants which could worsen growth projections. Supply chains are expected to remain tight which could increase inflationary pressures. This, in turn, may force central bank to tighten monetary policies much faster. Higher interest rates and reduced liquidity could slow growth further, especially for emerging and developing markets.

Construction Industry Growth

+6.4%

Real Estate, Rental & Business Activities

+1.0%

CORPORATE **GOVERNANCE**

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

Corporate Governance Framework

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

Scan to view Corporate Governance Policy

CORPORATE GOVERNANCE FRAMEWORK DIAGRAM



Shareholder Rights and Responsibilities

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

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

Board of Directors

The Board of Directors as at 31 December 2021 comprised eight (8) Non-Executive Directors, four (4) of whom the Board considers to be independent and is chaired by Mr. Christopher Zacca. The selection of the Board members was made with the intention to create synergy among experienced persons with differing strengths. The directors each have extensive real estate experience as well as hold other directorships and it is the Board's belief that their collective experience can contribute to the effective strategic oversight of X Fund.

In 2021 the Board undertook:

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

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

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

Director Independence

In accordance with the Corporate Governance Policy, the Board has maintained a structure which includes four (4) independent directors to add to the objectivity and transparency of the Board. Independence is based on criteria agreed by the Board and outlined in the Company's Corporate Governance Policy and in accordance with local laws and regulations.

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

In 2021, the Directors who met the independent criteria were:

- Peter Pearson
- Vinay Walia
- Colin Steele
- Bruce James

DIRECTOR NOMINATION AND APPOINTMENT

The Amended and Restated Articles of X Fund sets out the basis on which directors are appointed. A director may hold office until he/she ceases to be a director. Annually, at least one third of the directors retire at the Company's Annual General Meeting and said directors are eligible for re-election. The directors retiring this year are Stephen McNamara and Peter Pearson and, being eligible, offer themselves for re-election and are being recommended to the shareholders for re-appointment.

Candidates are assessed against six (6) criteria:

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

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

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

Director Orientation and Training

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

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

Directors' Expertise

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

The table below illustrates the skillset of the directors:

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

Board Operations

The Board is scheduled to meet quarterly. In addition, ad hoc meetings are held to deal with urgent matters. The critical agenda items which were covered at Board Meetings in 2021 include:

- The approval of the year-end audited Financial Statements
- The review and approval of the quarterly unaudited financial statements and reports to the stockholders;
- Discussion on major investments/ operations and strategic business initiatives including hotel portfolio
- Ratification/approval of decisions of the Board Committees

Board Committees and Attendance Records

During the year, the Board and its committees held fourteen (14) meetings. With the continuation of the COVID-19 pandemic in 2021, meetings were held virtually in observance of social distancing protocols. In addition to the Board Meetings held during the year, the Board regularly provided consultation to the Company virtually.

The Board has delegated certain of its authorities to various Board Committees to focus on complex and specialized issues facing X Fund and its subsidiaries. These Committees make recommendations and report regularly to the Board who retains ultimate responsibility for all decisions taken.

The Board Committees meet periodically (typically quarterly) to examine issues that fall within their respective mandate and report on their activities to the Board.

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

Attendance at meetings of the Board and its committees as at December 31, 2021 is summarized below:

Directors	Board	Audit Committee	Investment Committee	Corporate Governance Committee
Number of meetings total - 14	5	4	4	1
Christopher Zacca	5		4	1
Stephen McNamara	4			
Peter Pearson	5	4		1
Dr. Dodridge Miller	4			
Michael Fraser	5	3		
Vinay Walia	5	4	4	1
Bruce James	5		2	
Colin Steele	5			

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 level of fees is in line with other listed companies in the financial sector. Fees are paid quarterly based on an annual retainer. A total of $14,818,000.00 was paid as directors' fees in 2021.

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

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

Board Sub Committees

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

Audit Committee

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

Investment Committee

The Investment Committee meets at least quarterly and comprises Mr. Christopher Zacca and two independent directors – Mr. Vinay Walia (Chairman) and Mr. Bruce James.

Corporate Governance Committee

The Corporate Governance Committee is chaired by the Board Chairman, Mr. Christopher Zacca who is supported by Mr. Peter Pearson and Mr. Vinay Walia, both non-executive, independent directors.

The Key responsibilities of each committee are outlined as follows:

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

Board Evaluation

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

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

Corporate Values

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

Code of Conduct

The standards contained in the Sagicor Code of Business Conduct and Ethics, to which the X Fund Group abides, emphasize the deterrence of wrongdoing that could lead to fraud and misconduct, and address the following essential areas:

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

Conflict of Interest

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

CORPORATE **DATA**

DIRECTORS:

Christopher Zacca
Chairman
Dr. Dodridge Miller
Michael Fraser *
Stephen McNamara
Vinay Walia
Peter Pearson
Colin Steele
Bruce James

***(deceased – January 2022)**

EXECUTIVE:

Brenda-Lee Martin
Chief Executive Officer

Corporate Secretary:

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

Auditors:

Grant Thornton
Point Seraphine
PO Box 195
Castries
St. Lucia

Bankers:

Sagicor Bank Jamaica Limited
17 Dominica Drive
Kingston 5

Attorneys:

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

Registered Office:

20 Micoud Street
Castries
St. Lucia

Territories of Operation

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

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

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

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February 28, 2022

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Independent Auditor's Report

To the Stockholders of Sagicor Real Estate X Fund Limited

Opinion

We have audited the consolidated financial statements of Sagicor Real Estate X Fund Limited (the Company) and its subsidiaries (together the Group), which comprise the consolidated and stand-alone statement of financial position as at December 31, 2021, and the consolidated and stand-alone statements of comprehensive income, changes in stockholder's equity and statement of cash flows for the year then ended, and notes to the consolidated and stand-alone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and stand-alone financial statements present fairly, in all material respects, the consolidated financial position of the Group and stand-alone financial position of the Company as at December 31, 2021, and of its consolidated and stand-alone financial performance and its consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Stand-alone Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of Management and those charged with Governance for the Consolidated and Stand-alone Financial Statements

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

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

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

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Independent Auditor's Report *…continued*

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

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

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and stand-alone financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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Independent Auditor's Report *…continued*

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

The engagement partner on the audit resulting in this independent auditor's report is Rosilyn Novela.

Grant Thornton

Chartered Accountants

Consolidated Statement of Comprehensive Income

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

Revenues:	Note	2021 $'000	2020 $'000
Net investment income	8	**147,554**	18,525
Net capital gains/(losses) on financial assets and liabilities	8	**1,193,844**	(93,202)
Hotel revenue	8	**4,432,018**	2,427,344
Other income		**19,871**	533
Total revenue		**5,793,287**	2,353,200
Expenses:			
Direct expenses	9(a)	**(1,588,142)**	(1,065,459)
Administrative and other operating expenses	9(b)	**(2,685,395)**	(1,937,361)
Net impairment credits on financial assets	9(b)	**299**	3,328
Operating expenses		**(4,273,238)**	(2,999,492)
Finance costs	11	**(529,449)**	(683,186)
Operating profit/(loss)		**990,600**	(1,329,478)
Share of loss from associate	15(a)	**-**	(5,467,297)
Impairment of investment in associate	15(a)	**-**	(7,925,022)
Loss on sale/dilution of interest in associate	15(a)	**(233,089)**	(391,296)
Profit/(loss) before taxation		**757,511**	(15,113,093)
Taxation	12	**(36,646)**	201,719
Net profit/(loss) from continuing operations		**720,865**	(14,911,374)
Discontinued operations			
Loss from discontinued operations, net of taxes (attributable to equity holders of the Company)	33(b)	**-**	(477,028)
Net profit/(loss)		**720,865**	(15,388,402)
Other comprehensive income -			
Items that may be subsequently reclassified to profit or loss -			
Re-translation of foreign operation		**658,987**	2,844,201
Re-translation of foreign operation recycled to the Income Statement on sale/dilution of interest in associated company	15(a)	**(2,534,160)**	(74,042)
		(1,875,173)	2,770,159
Share of other interest rate swap of associated company		**-**	(140,618)
Share of other interest rate swap of associated company recycled to the Income Statement on sale/dilution of interest in associated company	15(a)	**526,436**	24,237
Items that will not be subsequently reclassified to profit or loss -			
Revaluation of land and buildings		**1,605,919**	(2,368,749)
Share of retirement benefit obligation of associated company		**-**	(2,797)
Other comprehensive income for the period, net of taxes		**257,182**	282,232
Total comprehensive income/(loss) for the period		**978,047**	(15,106,170)
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic and fully diluted	13	**$0.17**	($4.45)

The accompanying notes on pages 42 to 102 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Net profit/(loss) attributable to:			
Stockholders of the Company		376,501	(9,987,059)
Non-controlling interests	32	344,364	(5,401,343)
		720,865	(15,388,402)
Total comprehensive income/(loss) attributable to:			
Stockholders of the Company		1,420,443	(10,371,785)
Non-controlling interests	32	(442,396)	(4,734,385)
		978,047	(15,106,170)
Total comprehensive income/(loss)income for the period attributable to stockholders of the Company arises from:			
Continuing operations		1,420,443	(9,894,757)
Discontinued operations	33(b)	-	(477,028)
		1,420,443	(10,371,785)

The accompanying notes on pages 42 to 102 form an integral part of these financial statements.

Consolidated Statement of Financial Position

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Non-Current Assets			
Investment in associate	15	-	15,844,877
Property, plant and equipment	16	14,964,537	12,560,859
Investment in Sagicor Sigma Global Funds - Sigma Real Estate Portfolio	17	868,146	783,743
Financial investments	18	268,060	189,036
Goodwill		923	923
		16,101,666	29,379,438
Current Assets			
Inventories	19	30,690	27,337
Receivables	20	1,303,678	1,075,151
Financial investments	18	8,845,860	-
Securities purchased under agreement to resell	21	2,888,764	134,975
Cash resources	22	2,144,347	1,386,587
		15,213,339	2,624,050
Current Liabilities			
Payables	23(a)	435,441	351,262
Contract liabilities	23(b)	140,540	59,454
Borrowings	25	202,190	2,076,972
		778,171	2,487,688
Net Current Liabilities		14,435,168	136,362
		30,536,834	**29,515,800**
Stockholders' Equity			
Share capital	27	12,642,512	12,642,512
Currency translation reserve		2,067,643	2,949,762
Fair value and other reserves	29	2,540,136	708,789
Retained earnings	30	(660,667)	(1,131,882)
		16,589,624	15,169,181
Non-controlling interests	32	5,767,623	6,210,019
Total Equity		22,357,247	21,379,200
Non-Current Liabilities			
Borrowings	25	6,982,418	7,469,311
Deferred income taxes	26	1,197,169	667,289
Total Liabilities		8,179,587	8,136,600
Total Equity and Liabilities		**30,536,834**	**29,515,800**

Approved for issue by the Board of Directors on 28 February 2022 and signed on its behalf by:

Christopher Zacca **Chairman** **Bruce James** **Director**

The accompanying notes on pages 42 to 102 form an integral part of these financial statements.

Consolidated Statement of Changes in Stockholders' Equity

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Currency Translation Reserve	Fair Value and Other Reserves	Retained Earnings	Non-controlling Interests	Total
				Note 29			
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020		12,642,512	989,864	3,062,656	8,845,934	10,944,404	36,485,370
Net loss for the year		-	-	-	(9,987,059)	(5,401,343)	(15,388,402)
Re-translation of foreign operations		-	1,959,898	-	-	810,261	2,770,159
Unrealised loss on revaluation of property, plant and equipment		-	-	(2,272,148)	-	(96,601)	(2,368,749)
Change in reserves of associated company		-	-	(72,476)	-	(46,702)	(119,178)
Total comprehensive income		-	1,959,898	(2,344,624)	(9,987,059)	(4,734,385)	(15,106,170)
Transfer between reserves		-	-	(9,243)	9,243	-	-
Balance at 31 December 2020		12,642,512	2,949,762	708,789	(1,131,882)	6,210,019	21,379,200
Net profit for the year		-	-	-	376,501	344,364	720,865
Unrealised gain on revaluation of property, plant and equipment		-	-	1,605,919	-	-	1,605,919
Re-translation of foreign operations		-	(882,119)	-	-	(993,054)	(1,875,173)
Change in reserves on sale associated company		-	-	320,142	-	206,294	526,436
Total comprehensive income		-	(882,119)	1,926,061	376,501	(442,396)	978,047
Transfer between reserves		-	-	(94,714)	94,714	-	-
Balance at 31 December 2021		12,642,512	2,067,643	2,540,136	(660,667)	5,767,623	22,357,247

The accompanying notes on pages 42 to 102 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Net cash provided by/(used in) operating activities	34	964,468	(141,020)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	16	(36,628)	(174,635)
Purchase of investments		(5,739,232)	(3,079)
Proceeds from sale of discontinued operations	33(c)	-	1,520,146
Proceeds from sale of interest in associate	15 (a)	13,604,064	-
Proceeds from sale of investments		-	91,712
Restricted cash		(344,781)	(103,914)
Interest received		54,415	21,438
Net cash provided by investing activities		7,537,838	1,351,668
Cash Flows from Financing Activities			
Loan repayment, net		(2,986,424)	(1,607,039)
Interest paid		(468,436)	(611,156)
Net cash used in financing activities		(3,454,860)	(2,218,195)
Increase/(decrease) in cash and cash equivalents		5,047,446	(1,007,547)
Effect of exchange gains on cash and cash equivalents		1,168,149	112,459
Cash and cash equivalents at beginning of year		860,939	1,756,027
Cash and Cash Equivalents at year end	22	7,076,534	860,939

The accompanying notes on pages 42 to 102 form an integral part of these financial statements.

Company Statement of Comprehensive Income

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Revenues			
Net investment income	8	7,495	2,738
Net capital losses on financial assets and liabilities	8	(91,306)	(1,855)
Other income		2,112	24
		(81,699)	907
Administrative and other operating expenses	9	(51,065)	(91,983)
Finance costs	11	(48,450)	(103,662)
Loss before tax		(181,214)	(194,738)
Taxation	12	-	-
Net loss, being total comprehensive income for the period		(181,214)	(194,738)

The accompanying notes on pages 42 to 102 form an integral part of these financial statements.

Company Statement of Financial Position

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Non-Current Assets			
Investment in subsidiaries	14	24,008,822	24,008,822
Deferred income taxes	26	744	744
		24,009,566	24,009,566
Current Assets			
Receivables	20	2,362	2,181
Securities purchased under agreement to resell	21	697,787	827
Cash resources	22	6,020	4,033
		706,169	7,041
Current Liabilities			
Payables	23	25,051	3,806,153
Borrowings	25	7,630,863	315,000
		7,655,914	4,121,153
Net Current Liabilities		(6,949,745)	(4,114,112)
		17,059,821	19,895,454
Stockholders' Equity			
Share capital	27	12,642,512	12,642,512
Retained earnings	30	4,417,309	4,598,523
Total Equity		17,059,821	17,241,035
Non-Current Liability			
Borrowings	25	-	2,654,419
Total Equity and Liability		17,059,821	19,895,454

Approved for issue by the Board of Directors on 28 February 2022 and signed on its behalf by:

Christopher Zacca **Chairman**

Bruce Games **Director**

The accompanying notes on pages 42 to 102 form an integral part of these financial statements.

Company Statement of Changes in Stockholders' Equity

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2020		12,642,512	4,793,261	17,435,773
Net loss, being total comprehensive income for the year		-	(194,738)	(194,738)
Balance at 31 December 2020		12,642,512	4,598,523	17,241,035
Net loss, being total comprehensive income for the year		-	(181,214)	(181,214)
Balance at 31 December 2021		12,642,512	4,417,309	17,059,821

The accompanying notes on pages 42 to 102 form an integral part of these financial statements.

Company Statement of Cash Flows

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Net loss for the year		(181,214)	(194,738)
Items not affecting cash:			
Interest income	8	(7,495)	(2,738)
Finance costs	11	48,450	103,662
Effect of exchange (losses)/gains on foreign currency		26,148	(5,713)
Fair value losses on other financial investments	8	-	7,538
		(114,111)	(91,989)
Change in operating assets and liabilities:			
Receivables		(180)	(857)
Payables		(3,088)	(15,825)
Related parties		(3,778,014)	25,581
Net cash used in operating activities		(3,895,393)	(83,090)
Cash Flows from Investing Activities			
Proceeds from sale of investment		-	91,712
Interest received		7,437	5,606
Net cash provided by investing activities		7,437	97,318
Cash Flows from Financing Activities			
Interest paid		(318,491)	(14,610)
Borrowings		4,931,747	-
Net cash provided by/(used in) financing activities		4,613,256	(14,610)
Increase/(decrease) in cash and cash equivalents		725,300	(382)
Effect of exchange gains on cash and cash equivalents		(26,411)	-
Cash and cash equivalents at beginning of year		4,860	5,242
Cash and Cash Equivalents at year end	22	703,749	4,860

The accompanying notes on pages 42 to 102 form an integral part of these financial statements.

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

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

The Company is 51.49% owned by the Sagicor Pooled Investments Funds Limited, which is administered by Sagicor Life Jamaica Limited (SLJL). Its ultimate parent company, Sagicor Group Jamaica Limited (SGJL) owns 29.2%. Effective, October 1, 2018 the Company became a subsidiary of SGJL, as SGJL now controls the Company.

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

(b) On December 1, 2014 X Fund Properties Limited was formed and is a wholly owned subsidiary of X Fund. X Fund Properties Limited is incorporated and domiciled in Jamaica and has coterminous year with its parent Company. Its main business activity is the operation of certain hotel activities at Jewel Grande Montego Bay Resort and Spa.

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

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

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

Subsidiaries, Joint Operation and Associate	Incorporation in	Principal Activities	Holdings held by Company %	Holdings held by the Group %	Holdings held by non-controlling interests %
X Fund Properties Limited	Jamaica	Hospitality and real estate investment	100	100	Nil
X Fund Properties LLC	USA	Hospitality	100	100	Nil
Jamziv Mobay Jamaica Portfolio Limited	Jamaica	Holding Company	51.86%	60.81%	39.19%

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

(f) Jewel Grande Montego Bay Resort and Spa

During 2016, the Group acquired interest in a joint acquisition of real property, Palmyra Resort and Spa. Two other related entities also acquired interest in the said real property, Sagicor Sigma Global Funds and Sagicor Pooled Investment Fund.

In 2017, the Group pooled its interest in the real property with Sagicor Pooled Investment Fund and Sagicor Sigma Global Funds to form a joint operation to operate the combined assets as a hotel, Jewel Grande Montego Bay Resort and Spa.

Effective September 22,2020, X Fund Properties Limited sold its interest in Jewel Grande Montego Bay Resort and Spa to Sagicor Pooled Investment Fund (Note 33).

(g) Management agreements

- Sagicor Life Jamaica Limited
- Ambridge Hospitality LLC

(h) The Group entered into a property management agreement with Ambridge Hospitality LLC to manage the hotel property DoubleTree Orlando. The property management agreement has an initial term of five years and may be extended or shortened in accordance with the property management agreement. The management agreement may be terminated prior to the expiration of the initial term upon the sale of the hotels to a bona fide third-party purchaser, an event of default as defined in the property management agreement, or if a predetermined performance standard is not satisfied. Ambridge Hospitality LLC is entitled to receive a base management fee equal to 2.18% of total operating revenues, as defined. For the year ended 31 December 2021 the Group recognized property management fees of $95,687,000 (2020 - $52,307,000). The Group reimburses Ambridge for expenses incurred relating to hotel operations. For the year ended 31 December 2021, the Group incurred reimbursable expenses of $265,055,000 (2020 - $277,747,000).

(i) The Group entered into a property management agreement on May 31, 2018 with Playa Management U.S.A LLC to manage the joint operation of Jewel Grande Montego Bay Resort and Spa. The property management agreement has an initial term of ten years and may be extended or shortened in accordance with the property management agreement. The management agreement may be terminated prior to the expiration of the initial term upon the sale of the hotels to a bona fide third party purchaser, an event of default as defined in the property management agreement, or if a predetermined performance standard is not satisfied. Playa Management U.S.A LLC is entitled to receive a base management fee equal to 7% of gross operating profit in year 1, and 8% and 9% in year 2 and year 3, respectively. For the year ended 31 December 2021 the Group recognized its share of the property management fees of Nil (2020 - $2,164,000).

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

The initial operating term is 10 years unless earlier terminated with a termination fee on the occurrence of an event of default. The Initial Term shall automatically be extended for two (2) successive five (5) year periods. For the year ended 31 December 2021 the Group recognized its share of the cost for sales and marketing service of $ Nil (2020 - $ 3,911,000).

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

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

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

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

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

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

(b) Basis of consolidation

(i) Subsidiaries

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

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

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

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

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(i) Subsidiaries (continued)

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

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

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

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

(iii) Associates

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

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

(iv) Discontinued operations

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

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

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

(v) Joint operation

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

(c) Segment reporting

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

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(d) Foreign currency translation

(i) Functional and presentation currency

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

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

(ii) Transactions and balances

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

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

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

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

(iii) Group companies

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

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

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

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(e) Revenue recognition

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

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

(i) Interest income

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

(ii) Gain or loss on sale of investment

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

(iii) Unrealised gains

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

(f) Taxation

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

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

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

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

(g) Cash and cash equivalents

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

(h) Securities purchased under agreement to resell

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

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(i) Financial assets

(i) Classification of financial assets

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

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

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

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

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

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

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

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(i) Financial assets (continued)

(i) Impairment of financial assets measured at amortized cost

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

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

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

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

(ii) Purchased or originated credit-impaired assets

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

(iii) Definition of default

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

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

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

(iv) Write-off

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

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(i) Financial assets (continued)

(v) The general approach to recognising and measuring ECL

The measurement of ECL reflects:

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

Measurement

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

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

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

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

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

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

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(i) Financial assets (continued)

(vi) *The general approach to recognising and measuring ECL*

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

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

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

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

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

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

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(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(l) Property, plant and equipment

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

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

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

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

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

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

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

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

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

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2. Summary of Significant Accounting Policies (Continued)

(m) Investment property

Investment property consists of freehold land and freehold properties which are held for rental income and/or capital appreciation.

Investment property is recorded initially at cost. In subsequent financial years, investment property is recorded at fair values determined by independent valuers, with the appreciation or depreciation in value being taken to investment income.

Investment property may include property of which a portion is held for rental to third parties and the other portion is occupied by the Group. In such circumstances, the property is accounted for as an investment property if the Group's occupancy level is not significant in relation to the total available occupancy. Otherwise, it is accounted for as owner-occupied property.

Rental income is recognised on an accruals basis.

(n) Impairment of non-financial assets

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

(o) Intangible assets

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

(p) Payables

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

Contract liabilities are recognise when guests prepay for reservation.

(q) Leases

As lessor

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

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

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(r) Financial Liabilities

(i) Classification of financial liabilities

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

(ii) Loans and debt obligations

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

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

(s) Share capital

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

(t) Dividends

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

(u) Fair Value and Other Reserves

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

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

Notes to the Financial Statements

31 December 2021

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3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

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

In the process of applying the Group's accounting policy management has made the following significant judgement regarding the amounts recognised in the financial statements:

(i) Investment in associate

As at July 1, 2018 the Group's had shareholdings in Playa of 15.33%. The holdings were diluted in June 2020 when the Playa issued 20,000,000 ordinary shares. On January 15, 2021, the Group completed the disposal of its 14.87% (20,000,000 Ordinary Shares) interest in the Playa. The interest in Playa at year end is Nil (14.87% - 2020). From an accounting perspective, IAS 28 (Investments in Associate and Joint Ventures) paragraph 5,6 and 8 guidance considered as follows:

Where an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, it will be presumed the investor has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the entity will be presumed not to have significant influence unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

The existence of significant influence by an entity is usually evidenced in one or more of the following ways: representation on the board of directors or equivalent governing body of the investee; participation in the policy-making process, including participation in decisions about dividends or other distributions; material transactions between the entity and the investee; interchange of managerial personnel; or provision of essential technical information.

In assessing whether potential voting rights contribute to significant influence, the entity examines all facts and circumstances (including the terms of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination) that affect potential rights, except the intentions of management and the financial ability to exercise or convert those potential rights. Management hold one representation on the Board out of ten and two members of the strategic Board committees.

Management has concluded, given its participation in the policy-making decisions, significant involvement in, and influence over decision making of Playa, this allows them to clearly demonstrate influence over Playa financial and operating results up to January 15, 2021 even though the X Fund Group owns less than 20% of Playa shares - rebuttable presumption.

Management has concluded after taking the above into consideration that it has significant influence over Playa through its holding and as such is of the view that its strategic investment in the Playa should be treated as an investment in associate in accordance with IAS 28 up to the point of sale.

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

(b) Key sources of estimation uncertainty

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

Income taxes

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

Valuation of owner managed hotel properties

Freehold land and building are carried in the statement of financial position at fair value. The changes in fair value for owner managed hotels are recognized in fair value reserve' through other comprehensive income. The Group uses independent qualified property appraisers to value its land and buildings annually. Those fair values were derived using the market value approach and the income capitalization approach, which references market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of property. The most significant input into this valuation approach is price per square foot. Significant increases (decreases) in estimated price per square foot in isolation would result in a significant higher (lower) fair value.

Business combination

In a business combination, the acquirer must allocate the cost of the business combination at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at fair value at that date. The allocation is based upon certain valuations and other studies performed with the assistance of external valuation specialists. Due to the underlying assumptions made in the valuation process, the determination of those fair values requires estimations of the effects of uncertain future events at the acquisition date and the carrying amounts of some assets, such as intangible assets, acquired through a business combination could therefore differ significantly in the future.

As prescribed by IFRS 3 (revised), if the initial accounting for a business combination can be determined only provisionally by the end of the reporting period in which the combination is effected, the acquirer must account for the business combination using those provisional values and has a twelve month period from the acquisition date to complete the purchase price allocation. Any adjustment of the carrying amount of an identifiable asset or liability made as a result of completing the initial accounting is accounted for as if its fair value at the acquisition date had been recognised from that date.

Novel coronavirus (COVID-19)

COVID 19 continues to cause major disruptions in economies within which the Group operates. Two years on from the initial outbreak, the virus remains prevalent across the world, with various mutations extending the uncertainties surrounding economic recoveries. Continued travel restrictions and strict lockdown measures have prolonged the downturn in demand for tourism, entertainment and related services. However, the introduction and administration of vaccines, have aided recovery efforts in some economies. In the prior year, the Group experienced a significant reduction in hotel earnings and losses due mainly to interest in Playa and Jewel Grande Montego Bay Resort and Spa (JGM). The Group reduced its tourism exposure by disposing of interest in JGM in prior year and Playa in current year. This strategic initiative has resulted in improvement in the Group's results. The pandemic continues to impact on the Direct Hotel Operations; however, the performance of this segment is on an upward trajectory, and as such the outlook is positive.

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4. Financial Risk Management

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

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

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

(a) Credit risk

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

Credit review process

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

(i) *Investments*

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

Receivables

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

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4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$000	**$000**	**$000**	**$000**
Trade receivables	314,542	82,135	-	-
Other receivable	-	496	-	-
Due from related parties	392,913	430,270	-	-
Financial investments	9,113,920	189,036	-	-
Securities purchased under agreement to resell	2,888,764	134,975	697,787	827
Cash and cash equivalent (excluding cash on hand)	2,136,857	1,379,691	6,020	4,033
	14,846,996	2,216,603	703,807	4,860

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4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets

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

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

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

i. Trade Receivables

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

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2021 and 31 December 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomics factors affecting the ability of the customers to settle the receivables. The Group has identified the inflation and foreign exchange rate of the country in which it sells services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows for trade receivables:

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

	The Group				
31 December 2020	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
	0%	0%	0%	50%	0.017%
Gross carrying amount $'000	81,223	365	533	28	82,149
Loss allowance provision $'000	-	-	-	14	14

The creation and release of provision for impaired receivables have been included in administration expenses in statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. Other impairment losses recorded in the income statement on other financial assets amounted to Nil (2020 - Nil).

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(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets

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

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

Analysis of trade receivables

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

	The Group	
	2021 $'000	**2020 $'000**
Travel agents	164,237	21,227
Other	155,777	60,922
	320,014	82,149
Less: Impairment loss	(5,472)	(14)
	314,542	82,135

The closing loss allowance provision for trade receivables as at 31 December 2021 and 2020 reconciles to the opening loss allowance for that provision as follows:

	The Group	
	2021 $'000	**2020 $'000**
Opening loss allowance at 1 January	14	17,889
Impairment losses:		
Increase in loss allowance	5,757	-
Receivables amount previously provided for, now written off	-	(14,547)
Unused amounts reversed	(299)	(3,328)
At 31 December 2021	5,472	14

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4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets (continued)

Net impairment losses on financial assets recognised in profit or loss

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

	The Group	
	2021	**2020**
	$'000	**$'000**
Movement in loss allowance for trade receivables	5,757	-
Reversal of previous impairment losses	(299)	(3,328)
	5,458	(3,328)

i. Financial investments

The Group is also exposed to credit risk in relation to debt instruments that are measured at the fair value through profit or loss and amortised cost. The maximum exposure at the reporting period is the carrying amount of these investments $9,982,066,000 (2020- $972,779,000).

(b) Liquidity risk

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

Liquidity risk management process

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

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

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

(iii) Optimising cash returns on investment;

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

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4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities

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

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

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

	The Group			
	1 to 12 Months	1 to 5 Years	Over 5 Years	Total
31 December 2020	$000	$000	$000	$000
Payables	272,242	-	-	272,242
Borrowings	2,406,742	8,764,056	-	11,170,798
	2,678,984	8,764,056	-	11,443,040

	The Company			
	1 to 12 Months	1 to 5 Years	Over 5 Years	Total
31 December 2020	$000	$000	$000	$000
Payables	3,806,153	-	-	3,806,153
Borrowings	320,543	2,764,356	-	3,084,899
	4,126,696	2,764,356	-	6,891,052

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4. Financial Risk Management (Continued)

(c) Market risk

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

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

(i) Currency risk

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

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

Concentration of currency risk

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

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

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

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

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Group		
	2020		
	J$ J$'000	US$ J$'000	Total J$'000
Financial Assets			
Financial assets at fair value through profit and loss and securities purchased under agreement to resell	294,476	29,535	324,011
Investment in Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	783,743	-	783,743
Cash resources	493	1,379,198	1,379,691
Receivables	430,270	82,631	512,901
Total financial assets	1,508,982	1,491,364	3,000,346
Financial Liabilities			
Payables	112,779	159,463	272,242
Borrowings	1,810,060	7,637,280	9,447,340
Total financial liabilities	1,922,839	7,796,743	9,719,582
Net financial position	(413,857)	(6,305,379)	(6,719,236)

	The Company		
	2020		
	J$	US$	Total
Financial Assets	J$'000	J$'000	J$'000
Financial assets at fair value through profit and loss and securities purchased under agreement to resell	297	530	827
Total assets	36	3,997	4,033
Total financial assets	333	4,527	4,860
Financial Liabilities			
Payables	3,806,153	-	3,806,153
Borrowings	2,654,419	315,000	2,969,419
Total financial liabilities	6,460,572	315,000	6,775,572
Net financial position	(6,460,239)	(310,473)	(6,770,712)

Foreign currency sensitivity

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

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Group			
	Change in Currency Rate	Effect on Pre-tax Profit	Change in Currency Rate	Effect on Pre-tax Profit
Currency:	**2021**	**2021**	**2020**	**2020**
USD	**%**	**$'000**	**%**	**$'000**
Revaluation	2	(118,942)	4	(249,520)
Devaluation	8	475,767	6	374,280

	The Company			
	Change in Currency Rate	Effect on Pre-tax Profit	Change in Currency Rate	Effect on Pre-tax Profit
Currency:	**2021**	**2021**	**2020**	**2020**
USD	**%**	**$'000**	**%**	**$'000**
Revaluation	2	(14,065)	4	(12,419)
Devaluation	8	56,260	6	18,628

(ii) Interest rate risk

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

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

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk

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

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

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

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

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group				
31 December 2020	**1 to 12 Months $000**	**2 to 5 Years $000**	**Over 5 Years $000**	**Non-Interest Bearing $000**	**Total $000**
Assets					
Financial investments excluding units in Sigma Global Funds	134,694	31,676	152,358	5,283	324,011
Investment in Sagicor Sigma Global Funds –Sigma Real Estate Portfolio	-	-	-	783,743	783,743
Receivables	-	-	-	512,901	512,901
Cash resources	1,379,691	-	-	-	1,379,691
Non-financial assets:					
Cash resources	-	-	-	6,896	6,896
Other assets	-	-	-	562,250	562,250
Investment in associate	-	-	-	15,844,877	15,844,877
Property, plant and equipment	-	-	-	12,560,859	12,560,859
Goodwill	-	-	-	923	923
Inventories	-	-	-	27,337	27,337
Total assets	1,514,385	31,676	152,358	30,305,069	32,003,488
Liabilities					
Payables	-	-	-	272,242	272,242
Borrowings	2,031,626	7,379,935	-	35,779	9,447,340
Non-financial liabilities:					
Borrowings				98,943	98,943
Contract liabilities	-	-	-	59,454	59,454
Other Liabilities	-	-	-	79,020	79,020
Deferred income taxes	-	-	-	667,289	667,289
	2,031,626	7,379,935	-	1,212,727	10,624,288
Total interest repricing gap	(517,241)	(7,348,259)	152,358	29,092,342	21,379,200
Cumulative repricing gap	(517,241)	(7,865,500)	(7,713,142)	21,379,200	

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company				
31 December 2020	**1 to 12 Months $000**	**2 to 5 Years $000**	**Over 5 Years $000**	**Non-Interest Bearing $000**	**Total $000**
Assets					
Financial investments excluding units in Sigma Global Funds	827	-	-	-	827
Cash resources	4,033	-	-	-	4,033
Non-financial assets:					
Other assets	-	-	-	2,181	2,181
Deferred income taxes	-	-	-	744	744
Investment in subsidiaries	-	-	-	24,008,822	24,008,822
Total assets	4,860	-	-	24,011,747	24,016,607
Liabilities					
Payables	-	-	-	3,806,153	3,806,153
Borrowings	313,177	2,589,635	-	66,607	2,969,419
Total liabilities	313,177	2,589,635	-	3,872,760	6,775,572
Total interest repricing gap	(308,317)	(2,589,635)	-	20,138,987	17,241,035
Cumulative repricing gap	(308,317)	(2,897,952)	(2,897,952)	17,241,035	

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 securities and pays interest on its borrowings (Notes 18,21,22 & 25). Accordingly, the Group does not have significant exposure to interest rate risk.

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

5. Capital Management

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

6. Fair Value of Financial Instruments

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

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

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

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

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

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

The following table provides an analysis of financial instruments that are measured in the statement of financial position at fair value at 31 December 2021, 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).

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(expressed in Jamaican dollars unless otherwise indicated)

6. Fair Value of Financial Instruments (Continued)

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

	The Group			
	2020			
	Level 1	Level 2	Level 3	Total
Financial Assets	**$'000**	**$'000**	**$'000**	**$'000**
Investments in Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	-	-	783,743	783,743
Financial assets at fair value through profit or loss	-	189,036	-	189,036
	-	189,036	783,743	972,779
Non- Financial Assets				
Property Plant and Equipment	-	-	12,560,859	12,560,859
	-	189,036	13,344,602	13,533,638

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

Description	Fair value at		Unobservable inputs	Range of unobservable inputs		Relationship of unobservable inputs to fair value
	2021 $'000	2020 $'000		2021	2020	
The Group:						
Investment in Sigma Real Estate Portfolio	868,146	783,743	Computed unit prices	10%	10%	If the estimated fair values were higher/lower by 10% the value would increase by $84,403 (2020 -$87,900)
Property, plant and equipment	14,964,537	12,560,859	Income capitalisation	5%	5%	Increase in comparable sale process will have a direct correlation to fair value.

Notes to the Financial Statements

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7. Segmental Financial Information

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

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

(b) Indirect hotel operations and commercial – indirect investment in real estate via the Sagicor Sigma Global Funds and Jamziv.

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

There was no transaction between the operating segments during 2021 or 2020.

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

The Group's geographic information:

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

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

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

7. Segmental Financial Information (Continued)

Geographically, the segment for discontinued operation is Jamaica.

	The Group – Continued Operations				
	2020				
	Hotel Operations	Indirect Commercial Operations	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000
External revenues	2,427,344	-	18,525	-	2,445,869
Net capital gains on financial assets and liabilities	(2,939)	(87,900)	(1,830)	-	(92,669)
Total revenue	2,424,405	(87,900)	16,695	-	2,353,200
Operating expenses	(2,117,431)	(91,978)	-	-	(2,209,409)
Depreciation	(790,083)	-	-	-	(790,083)
Finance costs	(644,307)	(38,879)	-	-	(683,186)
Operating (loss)/profit	(1,127,416)	(218,757)	16,695	-	(1,329,478)
Share of loss from associates	-	(5,467,297)	-	-	(5,467,297)
Impairment of investment in associate	-	(7,925,022)	-	-	(7,925,022)
Loss on dilution of associate	-	(391,296)	-	-	(391,296)
(Loss)/profit before taxation	(1,127,416)	(14,002,372)	16,695	-	(15,113,093)
Taxation	183,685	21,975	(3,941)	-	201,719
Net (loss)/profit	(943,731)	(13,980,397)	12,754	-	(14,911,374)
Segment assets	21,787,740	16,629,543	4,860	(6,418,655)	32,003,488
Segment liabilities	10,271,309	6,733,426	38,208	(6,418,655)	10,624,288

The Group's geographic information:

	Jamaica	United States of America	Total
	2020		
	$'000	$'000	$'000
Revenue	(74,144)	2,427,344	2,353,200
Total assets	2,004,430	29,999,058	32,003,488

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7. Segmental Financial Information (Continued)

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

	The Group – Discontinued Operations				
	2020				
	Hotel Operations	Indirect Commercial Operations	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000
External revenues	226,703	-	-	-	226,703
Total revenue	226,703	-	-	-	226,703
Operating expenses	(273,341)	-	-	-	(273,341)
Depreciation	(48,343)	-	-	-	(48,343)
Loss on disposal of joint operation	(382,047)	-	-	-	(382,047)
Profit before taxation	(477,028)	-	-	-	(477,028)
Taxation	-	-	-	-	-
Net loss	(477,028)	-	-	-	(477,028)

Geographically, the segment for discontinued operation is in Jamaica.

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(expressed in Jamaican dollars unless otherwise indicated)

8. Revenue

	The Group		The Company	
	2021	2020	2021	2020
Net Investment Income	**$'000**	**$'000**	**$'000**	**$'000**
Interest Income on securities at amortised cost:				
Securities purchased under Agreement to resell	38,778	1,852	5,458	108
Bank deposits	41	47	5	4
	38,819	1,899	5,463	112
Interest Income on securities at fair value through profit or loss:				
Debt securities	108,735	16,626	2,032	2,626
	147,554	18,525	7,495	2,738
Net capital gains on financial assets and liabilities:				
Unrealized capital gains/(losses) on units in Sagicor Sigma Global Funds – Sigma Real Estate	84,403	(87,900)	-	-
Net capital losses on other investment securities	(12,604)	(12,764)	-	(7,538)
Net foreign exchange gains/(losses)	1,122,045	7,462	(91,306)	5,683
	1,193,844	(93,202)	(91,306)	(1,855)
Hotel Revenue:				
Service contract revenue				
Rooms	3,194,370	1,734,940	-	-
Food and beverage	735,869	435,633	-	-
Rental income	28,494	19,582	-	-
Other departments	416,482	213,601	-	-
Other	56,803	23,588	-	-
	4,432,018	2,427,344	-	-

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

9. Expenses by Nature

Total direct, administration and other operating expenses recognised were:

	The Group	
	2021 $'000	2020 $'000
(a) Direct Expenses -		
Rooms	276,501	188,066
Food and beverage	245,490	113,829
Other operated departments	147,518	105,432
Staff costs (Included in Note 10)	918,633	658,132
	1,588,142	1,065,459

(b) Administration and other operating expenses-

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Advertising and promotion	230,603	116,125	-	-
Audit fees	46,601	51,563	7,335	9,403
Bank charges	2,370	1,301	48	-
Commission expense (travel agents and others)	156,809	63,947	-	-
Credit card commissions	79,892	39,196	-	-
Depreciation	811,018	790,083	-	-
Directors' fees	14,818	16,476	14,818	16,476
Guest transportation	-	20	-	-
Insurance	124,945	82,858	4,038	3,386
Management fees to operator of hotel properties	95,687	52,307	-	-
Other taxes	213,877	187,162	-	-
Professional and legal fees	50,148	68,041	18,644	59,270
Rent	5,739	4,924	-	-
Repairs and maintenance	119,233	89,933	-	-
Security	780	612	-	-
Staff costs (Included in Note 10)	296,101	76,224	-	-
Trade name fees	167,502	92,475	-	-
Utilities	192,572	134,706	-	-
Other	76,700	69,408	6,182	3,448
	2,685,395	1,937,361	51,065	91,983
Net impairment credits on financial assets (Note 4(a))	(299)	(3,328)	-	-
Total operating expenses	4,273,238	2,999,492	51,065	91,983

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

10. Staff Costs – Direct and Indirect

	The Group	
	2021 $'000	**2020 $'000**
Salaries	968,044	548,378
Payroll taxes – employer's portion	55,710	42,184
Pension	8,046	6,375
Allowances and benefits	143,493	138,706
Other	39,441	(1,287)
	1,214,734	734,356

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

	The Group	
	2021	**2020**
Full time	120	84
Part time	45	14
	165	98

11. Finance Costs

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Interest expense -				
Amortisation of upfront fees on loan	23,240	19,347	123	327
Mortgage and other notes	423,031	560,897	22,495	64,784
Structured loans	-	14,854	-	14,854
Foreign exchange losses	83,178	88,088	25,832	23,697
	529,449	683,186	48,450	103,662

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12. Taxation

The taxation charge is computed on the profit or loss for the period, adjusted for tax purposes, and comprises income tax at predominantly 1%, 25% and 21% for 2021 and 2020:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current year tax expense	10,376	-	-	-
Deferred income tax (Note 26)	26,270	(201,719)	-	-
	36,646	(201,719)	-	-
Taxation is attributable to:				
Profit/(loss) from continuing operations	36,646	(201,719)	-	-
Profit from discontinued operations	-	-	-	-
	36,646	(201,719)	-	-

Reconciliation of applicable tax charge to effective tax charge:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Profit/(loss) before taxation from continued operations	757,511	(15,113,093)	(181,214)	(194,738)
Profit before taxation from discontinued operations	-	(477,028)	-	-
	757,511	(15,590,121)	(181,214)	(194,738)
Tax calculated at 1%	(1,812)	(1,947)	(1,812)	(1,947)
Tax calculated at 25%	(7,650)	(3,764,893)	-	-
Tax calculated at 21%	(23,115)	(167,820)	-	-
Adjusted for the effects of:				
Income not subject to tax	(43,215)	(43,551)	817	(9)
Expenses not deductible for taxation purposes	113,073	3,694,021	995	1,956
Net effect of other charges and Allowances	(635)	82,471	-	-
Taxation expense /(credit)	36,646	(201,719)	-	-

Tax losses available to the Company at 31 December 2021 for set-off against future taxable profits amount to approximately $403,409,000 (2020 - $304,982,000) and may be carried forward for up to 6 years. Additionally, one of the Group's subsidiaries has tax losses available for set-off against future profits of approximately $367,291,000 (2020 - $385,440,000) that begin to expire in 2035.

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13. Earnings per Share

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

	2021 $'000	2020 $'000
From continuing operations attributable to the ordinary equity holders of the Company	$0.17	(4.24)
From discontinued operations	-	(0.21)
Total basic and diluted earnings per share attributable to the ordinary equity holders of the Company	$0.17	($4.45)
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share		
From continuing operations	376,501	(9,510,031)
From discontinued operations	-	(477,028)
	376,501	(9,987,059)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	2,243,005	2,243,005

14. Investment in Subsidiaries

	The Company	
	2021 $'000	2020 $'000
Shares in:		
X Fund Properties Limited	9,518,204	9,518,204
Jamziv	14,490,618	14,490,618
	24,008,822	24,008,822

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15. Investment in Associated Company

On June 2, 2018, Sagicor Real Estate X Fund Limited, X Fund Properties Limited and Sagicor Sigma Global Funds, referred to thereafter as the "Sagicor Entities" entered a definitive agreement for a business combination with Playa. In exchange, Sagicor Entities received 20 million shares of Playa common stock and US$100 million in cash. X Fund Group controled 14.87% (2020-14.87%) of the 134,496,340 (December 2020-134,496,340) shares outstanding by Playa, through its subsidiary company, Jamziv. Based on X Fund's Group levels of investment in, and significant influence over, Playa, X Fund Group is accounting for its investment in Playa as an associated company from the date of acquisition as required by IAS 28. There were no contingent liabilities relating to the Group's interest in the associated company.

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

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

	The Group	
	2021	**2020**
	$'000	**$'000**
Carrying value 1 January	15,844,877	27,926,492
Share of income statement:		
Income before taxation	-	(5,480,508)
Income taxes	-	13,211
Loss for the period	-	(5,467,297)
Impairment of investment in associate (ii)	-	(7,925,022)
Loss on sale/dilution of interest in associate (i)	(15,844,877)	(441,101)
Other comprehensive income	-	(389,931)
Effects of exchange rate changes	-	2,141,736
Total Comprehensive income	(15,844,877)	(12,081,615)
Investment, end of year	-	15,844,877

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

	2021 $'000	**2020 $'000**
Proceeds from sale/ Group's share of proceeds of new shares issued	13,604,064	419,931
Carrying value of the investment in associate deemed to be disposed of	(15,844,877)	(861,032)
Loss on sale/dilution of investment in associate	(2,240,813)	(441,101)
Items recorded in other comprehensive income recycled upon dilution of investment in associate:		
Interest rate swap	(526,436)	(24,237)
Foreign currency translation adjustments	2,534,160	74,042
Total loss on dilution of investment in associate recorded in income statement	(233,089)	(391,296)

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15. Investment in Associated Company (Continued)

(ii) Due to the negative impacts of COVID-19 on projected EBITDA, the Group recorded an impairment loss from the resulting decline in value-in-use.

The carrying values of investment in associated company, Playa and the values indicated by prices quoted on the NASDAQ Indicative Value as at December 31, 2020 are as follows:

	Carrying Value	NASDAQ Indicative Value
	2020	2020
	$'000	$'000
Playa Hotels & Resorts N.V.	15,844,877	16,863,371

(b) Summarised Financial Information of Associated Company

Set out below are the summarized financial information for, Playa Hotels & Resorts N.V., which was accounted for by using the equity method as at December 31, 2020.

Summary Statement of Financial Position:

	2020 $'000
Current assets:	
Cash resources	24,495,847
Other current assets	11,725,086
	36,220,933
Non-current assets:	
Property, plant and equipment, net	245,366,509
Other non-current asset	19,881,321
	265,247,830
Total Assets	301,468,763
Current liabilities:	
Loan payable	12,859,158
Other liabilities	22,303,283
	35,162,441
Non-current liabilities:	
Loan payable	164,456,512
Other liabilities	21,952,828
Total Liabilities	221,571,781
Net Assets	79,896,982

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15. Investment in Associated Company (Continued)

(b) Summarised Financial Information of Associated Company (continued)

Summarised statement of comprehensive income for year 2020.

	The Group
	2020
	$'000
Revenue	49,116,438
Direct and selling, general and administrative expenses:	(72,278,092)
Operating loss	(23,161,654)
Other operating expense	(50,066)
Interest Expense	(11,570,345)
Loss before taxation	(34,782,065)
Taxation	88,837
Net loss after tax	(34,693,228)
Other comprehensive loss	(859,679)
Total comprehensive loss	(35,552,907)

(c) Reconciliation of the Group's 14.87% interest at December 2020:

	The Group
	2020
	$'000
Share of net assets	12,676,888
Intangible assets	3,167,989
Total comprehensive loss	15,844,877

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16. Property, Plant and Equipment

	The Group				
	Land & Buildings	**Computer Equipment**	**Furniture, Fixtures & equipment**	**Capital Work in Progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cost or Valuation					
At 1 January 2020	13,933,600	59,056	2,961,600	114,861	17,069,117
Additions	19,057	3,288	152,290	-	174,635
Transfers	4,103	-	89,941	(94,044)	-
Revaluation loss	(2,686,372)	-	-	-	(2,686,372)
Translation adjustment	1,118,802	-	222,750	8,796	1,350,348
At 31 December 2020	12,389,190	62,344	3,426,581	29,613	15,907,728
Additions	23,355	-	9,629	3,644	36,628
Disposals	(12,170)	-	(4,849)	(403)	(17,422)
Revaluation gain	2,032,808	-	-	-	2,032,808
Translation adjustment	845,777	-	283,053	2,559	1,131,389
At 31 December 2021	15,278,960	62,344	3,714,414	35,413	19,091,131
Accumulated Depreciation-					
At 1 January 2020	1,123,744	26,509	1,060,583	-	2,210,836
Charges for the year	344,117	12,156	482,153	-	838,426
Adjustment to joint operation	-	23,679	99,846	1,099	124,624
Translation adjustment	91,458	-	81,525	-	172,983
At 31 December 2020	1,559,319	62,344	1,724,107	1,099	3,346,869
Charges for the year	319,716	-	491,302	-	811,018
Translation adjustment	(181,347)	-	150,054	-	(31,293)
At 31 December 2021	1,697,688	62,344	2,365,463	1,099	4,126,594
Net Book Value -					
31 December 2020	10,829,871	-	1,702,474	28,514	12,560,859
31 December 2021	13,581,272	-	1,348,951	34,314	14,964,537

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16. Property, Plant and Equipment (Continued)

In accordance with the Group's policy, owner-managed hotels were independently revalued during the year by professional real estate valuators. The excess of the revaluation over the carrying value of these property, plant and equipment on such date, amounting to $3,652,198,000 (2020 – $1,443,868,000), has been credited to fair value reserves. If the revalued assets of the Group were stated on a historical cost basis, the amounts would be as follows:

	The Group	
	2021	**2020**
	$'000	**$'000**
Cost	15,156,842	13,939,291
Accumulated depreciation	(3,844,503)	(2,822,300)
Net book value	11,312,339	11,116,991
Carrying value of revalued assets	14,964,537	12,560,859

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

The units in the fund and values thereof are:

	The Group	
	Sigma Real Estate Portfolio	**Sigma Real Estate Portfolio**
	2021	**2020**
UNITS	**Units**	**Units**
Opening and closing balance	401,919,798	401,919,798

	The Group	
	Sigma Real Estate Portfolio	
	2021	**2020**
VALUE	**$'000**	**$'000**
Opening balance	783,743	871,643
Changes in market value of investments	84,403	(87,900)
Closing balance	868,146	783,743
Value Per Unit	2.16	1.95

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18. Financial Investments

	The Group	
	2021 $'000	2020 $'000
Financial assets at FVTPL -		
Government of Jamaica Bonds	171,430	184,034
Interest receivable	96,630	5,002
	268,060	189,036
Financial assets - Amoristed Cost		
Promissory Note	5,767,460	-
Short Term Deposit	3,078,400	-
	8,845,860	-
	9,113,920	189,036

Included in the above is pledged debt securities comprising Government of Jamaica 2024 bond with nominal value of $25,000,000 (2020 - $25,000,000) pledged with Jamaica Public Service as free of payment for Jewel Grande Montego Bay resorts and Spa and Government of Jamaica 2046 bond with nominal value of $92,000,000 (2020 - $92,000,000) pledged with Sagicor Investments Jamaica Limited to cover the loan interest payments under the conditions of the loan.

19. Inventories

	The Group	
	2021 $'000	2020 $'000
Beverage	27,882	22,188
Food	2,808	5,149
	30,690	27,337

20. Receivables

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade receivables	320,014	82,149	-	-
Less: Loss allowance	(5,472)	(14)	-	-
	314,542	82,135	-	-
Deposits	32,631	30,751	-	-
Prepayments	102,612	70,942	2,362	2,181
Due from related parties (Note 24)	392,913	430,270	-	-
General Consumption Tax recoverable	348,240	348,240	-	-
Income tax recoverable	91,086	101,462	-	-
Other receivables	21,654	11,351	-	-
	1,303,678	1,075,151	2,362	2,181

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21. Securities Purchased under Agreements to Resell

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Securities purchased under agreements to resell	2,887,139	134,694	697,729	827
Interest receivable	1,625	281	58	-
	2,888,764	134,975	697,787	827

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

	The Group		The Company	
	2021 %	2020 %	2021 %	2020 %
Jamaican dollar	4.2	1	4.2	1
United States dollar	1.5	1.5	1.5	1.5

22. Cash and Cash Equivalents

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Cash in hand	7,490	6,896	-	-
Cash at bank	2,136,857	1,379,691	6,020	4,033
Cash resources	2,144,347	1,386,587	6,020	4,033
Securities purchased under agreements to resell (with contractual maturity of 90 days)	2,795,413	14,909	697,729	827
Short term deposit	3,078,400	-	-	-
Restricted cash	(941,626)	(540,557)	-	-
Cash and cash equivalents	7,076,534	860,939	703,749	4,860

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

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22. Cash and Cash Equivalents (continued)

Net Debt Reconciliation

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

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At the beginning of the year	9,546,283	10,131,653	2,969,419	2,880,786
Interest payable	(35,904)	(37,865)	(295,995)	(230,965)
	9,510,379	10,093,788	2,673,424	2,649,821
Drawdown, net of repayments	(2,986,424)	(1,607,039)	4,831,823	-
Payables converted to loan	-	451,073	-	-
Interest payable	26,200	35,904	-	295,995
Amortisation of upfront fees	23,241	19,348	123	327
Amortisation of loan balance	(34,984)	(31,885)	-	-
Foreign currency translation	646,196	585,094	125,494	23,276
At the end of the year	7,184,608	9,546,283	7,630,863	2,969,419

23. Payables and Contract Liabilities

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
(a) Payables				
Trade	75,693	16,576	-	-
Accruals	234,202	111,144	12,571	15,659
Related parties (Note 24)	7,616	80,128	12,480	3,790,494
Withholding and other taxes	88,853	79,020	-	-
Other	29,077	64,394	-	-
	435,441	351,262	25,051	3,806,153
(b) Contract liabilities	140,540	59,454	-	-
	575,981	410,716	25,051	3,806,153

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24. Related Party Transactions and Balances

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

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

(a) Related party transactions

The following transactions were carried out with related parties:

(i) Revenue and interest income -

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Revenue -				
Hotel and other income-				
Advantage General Insurance Company Limited	-	2,314	-	-
	-	2,314	-	-
Interest income -				
Affiliated company- Sagicor Investment Jamaica Limited	38,778	1,744	5,458	108
Affiliated company- Sagicor Bank Jamaica Limited	41	43	5	4
	38,819	1,787	5,463	112
Unrealized capital (losses)/gains on units in Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	84,403	(87,900)	-	-
	84,403	(87,900)	-	-

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24. Related Party Transactions and Balances (Continued)

(a) Related party transactions (continued)

The following transactions were carried out with related parties:

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
(ii) Administration expenses, Management fees and interest expense				
Administration and other operating expenses -				
Insurance expense -				
Sagicor Re Insurance Ltd.	2,725	3,717	1,776	3,386
	2,725	3,717	1,776	3,386
Interest expense -				
Sagicor Re Insurance Limited	11,516	8,420	-	-
Sagicor Sigma Global Funds	1,284	729	-	-
Sagicor Pooled Pension Funds	52,780	57,106	-	-
X Fund Properties Limited	-	-	16,814	64,784
	65,580	66,255	16,814	64,784
Management Fees -				
Playa Hotels & Resorts N.V.	-	2,164	-	-
Sales and Marketing Fees-				
Playa Hotels & Resorts N.V.	-	3,911	-	-
	68,305	76,047	18,590	68,170

(b) Key management compensation

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Salaries	106,493	108,312	-	-
Payroll taxes – employer's portion	7,148	9,290	-	-
Other	13,145	25,063	-	-
	126,786	142,665	-	-
Directors' emoluments –				
Fees	14,818	16,476	14,818	16,476

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24. Related Party Transactions and Balances (Continued)

(c) Year-end balances arising from operations

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

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
(i) Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	868,146	783,743	-	-
(ii) Investment in real property – Jewel Grande Montego Bay Resort and Spa	-	-	-	-
(iii) Cash and cash equivalents -				
Sagicor Bank Jamaica Limited	28,877	13,584	6,020	4,033
(iv) Securities purchased under agreement to resell -				
Affiliated company - Sagicor Investment Jamaica Limited	2,888,764	134,975	697,787	827
(v) Promissory Notes				
Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	5,767,460	-	-	-
(vi) Receivable from related parties -				
Sagicor Group Jamaica Limited	6,308	6,308		
Jewel Grande Montego Bay Resort and Spa	237,542	237,542	-	-
Sagicor Pooled Pension Funds	-	37,357	-	-
Proprietor Strata Plan#2446	149,063	149,063	-	-
	392,913	430,270	-	-
(vii) Payable to related parties -				
Sagicor Bank Jamaica Limited		-		-
Sagicor Life Jamaica Limited	3,912	76,935	3,912	23,294
Sagicor Sigma Global Funds - Sigma Real Estate Portfolio	3,704	3,193	3,704	3,193
X Fund Properties Limited	-	-	4,864	3,764,007
	7,616	80,128	12,480	3,790,494
(viii) Borrowings from related parties				
X Fund Properties Limited	-	-	-	2,654,419
Sagicor Re Insurance Limited	-	526,421	-	-
Sagicor Pooled Pension Funds	-	1,021,587	-	-
Sigma Principal Protector	-	101,728	-	-
Jamziv	-	-	7,630,863	-
	-	1,649,736	7,630,863	2,654,419

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25. Borrowings

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Note 1 (i)	-	315,000	-	315,000
Note 2 (ii)	-	1,509,142	-	-
Wells Fargo/Goldman Sachs Loan (iii)	7,046,080	6,575,956	-	-
Development Loan (iv)	138,528	159,423	-	-
Promissory Notes -	-	-	-	-
Sagicor Re Insurance Limited (v)	-	526,421	-	-
Pool Investment Fund Limited (vi)	-	460,341	-	-
Jamziv (vii)	-	-	7,630,863	-
X Fund Properties Limited (viii)	-	-	-	2,654,419
	7,184,608	9,546,283	7,630,863	2,969,419
Less current portion of borrowings	(202,190)	(2,076,972)	(7,630,863)	(315,000)
Total long-term borrowings	6,982,418	7,469,311	-	2,654,419

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25. Borrowings (Continued)

i) *Note 1 – US Dollar (The Company)*
The note attract interest at 4.75% with maturity date May 2021 with option for further extension. The loan is secured by a debenture over units in the Sigma Real Estate Portfolio.

The Company failed to meet its debt covenant for total debt to earnings before interest, tax, depreciation and amortisation (EBITDA) ratio in prior year. There were no penalties incurred for this breach. The loan was repaid in 2021.

ii) *Note 2 – Jamaican Dollar (Subsidiary)*
This Note was issued under five tranches (A,B,C,D,E). Four of the five tranches have fixed coupon ranging from 7% to 11%, with tenure of 2 to 40 years. The fifth tranche is fixed for 2 years at 7% and variable thereafter at 200 basis points above the 3 months weighted average Treasury bill yield. This security interest over the hotel was discharged and substituted for a charge over Jamziv (which holds Playa shares) allocated to X Fund Properties Limited. A non-recourse New York Pledge shares was executed.

In 2020, the subsidiary failed to meet its minimum interest coverage ratio. As a result, the non-current portion of the loans were reclassified to current. There were no penalties incurred for this breach. The loan was settled in 2021.

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

The mortgage note contains a debt service coverage ratio test and, upon failing to meet the debt service coverage ratio, substantially all the cash flows from the hotel must be directed to accounts controlled by the lender. As at December 31, 2020, the X Fund Properties LLC was not compliant with the debt service coverage ratio. There were no penalties incurred for the breach. The Group was compliant at year end.

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

v) This represents unsecured borrowing which attracts interest at 6% per annum and matures September 2023. The loan was repaid in 2021.

vi) This represents unsecured borrowings which attracts interest at 7.5% per annum and matures September 2025. The loan was repaid in 2021.

vii) This represents unsecured borrowings at 0% interest rate per annum and matures May 2023.

viii) The represents unsecured borrowings at 3.80% per annum and matures May 2023. The loan was repaid in 2021.

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26. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate for years 2021 and 2020 of 1% for Sagicor Real Estate X Fund Limited, 25% for X Fund Properties Limited and 21% for X Fund Properties LLC.

	The Group		The Company	
	2021	2020	2021	2020
	$000	$000	$000	$000
Deferred income taxes	(1,197,169)	(667,289)	744	744

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

	The Group		The Company	
	2021	2020	2021	2020
	$000	$000	$000	$000
Balance at start of year	(667,289)	(1,330,699)	744	744
Charged to the statement of comprehensive income – (Note 12)	(26,270)	201,719	-	-
Revaluation of properties	(426,890)	564,138	-	-
Effect of exchange rate translation	(76,720)	(102,447)	-	-
Balance at end of year	(1,197,169)	(667,289)	744	744

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(expressed in Jamaican dollars unless otherwise indicated)

26. Deferred Income Taxes (Continued)

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$000	**$000**	**$000**	**$000**
Deferred tax assets -				
Interest payable	-	6,381	-	-
Tax losses unused	368,256	386,406	966	966
Unrealised foreign currency losses/(gains)	13,258	5,972	(112)	(112)
Accrued vacation	14,499	4,133	-	-
Provisions	1,378	4	-	-
Deferred tax liabilities -				
Property plant and equipment	(1,518,679)	(1,035,415)	-	-
Interest receivable	(21,329)	(1,319)	-	-
Unrealised revaluation gains on investments	(54,552)	(33,451)	(110)	(110)
Net deferred tax (liabilities)/assets	(1,197,169)	(667,289)	744	744

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets to be recovered after more than 12 months	368,256	386,406	744	744
Deferred tax liabilities to be recovered after more than 12 months	(1,565,425)	(1,068,866)	-	-

27. Share Capital

	2021	**2020**
	$'000	**$'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
	US$5,000,001	US$5,000,001

	2021	**2020**
	$'000	**$'000**
Issued and fully paid -		
2,243,005,125 (2020 - 2,243,005,125 ordinary shares of J$1.00 par value)	12,642,412	12,642,412
1 special rights redeemable preference share	100	100
	12,642,512	12,642,512

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

28. Dividend

No dividend payments during the year.

29. Fair Value and Other Reserves

These comprise:

	The Group	
	2021	**2020**
	$'000	**$'000**
Balance as at start of the year	708,789	3,062,656
Fair value gains on property plant and equipment	1,605,919	(2,272,148)
Share of other comprehensive income of associated companies	320,142	(72,476)
Transferred to retained earnings	(94,714)	(9,243)
Balance at end of the year	2,540,136	708,789

Fair value gains for the Group are shown net of deferred taxes of $1,605,919,000 (2020 -$2,368,749,000) with respect to revaluation adjustments to property, plant and equipment.

30. Net Profit/(Loss) and Retained Earnings

	2021	**2020**
	$'000	**$'000**
(i) Net (loss)/profit dealt with in the financial statements of:		
The Company	(181,214)	(194,738)
The subsidiaries	902,079	(15,193,664)
	720,865	(15,388,402)
(ii) Retained earnings reflected in the financial statements of:		
The Company	4,417,309	4,598,523
The subsidiaries	(5,077,976)	(5,730,405)
	(660,667)	(1,131,882)

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

31. Financial Instruments

	The Group		The Company	
	2021	2020	2021	2020
(a) Financial assets				
Financial assets at fair value through profit and Loss	268,060	189,036	-	-
Financial assets at amortised cost -				
Promissory Note	5,767,460	-	-	-
Short term deposit	3,078,400	-	-	-
Receivables	314,542	82,631	-	-
Related parties	392,913	430,270	-	-
Securities purchased under agreements to resell	2,888,764	134,975	697,787	827
Cash resources	2,136,857	1,379,691	6,020	4,033
	14,578,936	2,027,567	703,807	4,860
	14,846,996	2,216,603	703,807	4,860
(b) Financial liabilities				
Financial liabilities at amortised cost -				
Payables	338,972	192,114	12,571	15,659
Borrowings	7,087,298	9,447,340	7,630,863	3,284,419
Related parties	7,616	80,128	12,480	3,475,494
	7,433,886	9,719,582	7,655,914	6,775,572

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

	The Group		The Company	
	2021	2020	2021	2020
Fair value through profit or loss:				
Interest income	108,735	16,626	2,032	2,626
Net capital gains/(losses) on units in Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	84,403	(87,900)	-	-
Net capital losses on other investment securities	(12,604)	(12,764)	-	(7,538)
Net foreign exchange gain/(loss)	1,122,045	7,462	(91,306)	5,683
	1,302,579	(76,576)	(89,274)	771
Amortised cost:				
Interest income	38,819	1,899	5,463	112
Net impairment losses on financial assets	299	3,328	-	-
Finance costs	(529,449)	(683,186)	(48,450)	(103,662)
	(490,331)	(677,959)	(42,987)	(103,550)

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

32. Non-Controlling Interests

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

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

Summarised income statement for the period 2021 and 2020:

	Jamziv Mobay Jamaica Portfolio Limited	
	2021 $'000	**2020 $'000**
Net profit/(loss) for the period	878,778	(13,783,615)
Other comprehensive income/(loss) -		
Re-translation of foreign operation	-	2,067,694
Revaluation of land and buildings	-	(246,516)
Share of other comprehensive income of associated company	-	(118,530)
	-	1,702,648
Total comprehensive income for the period	878,778	(12,080,967)
Other comprehensive income/(loss) -		
Share relating to entity other than the Group	39.19%	39.19%
Non-controlling interests share of:		
Net profit/(loss) for the period	344,364	(5,401,343)
Other comprehensive income	(786,760)	666,958
	(442,396)	(4,734,385)

Summarised balance sheet as at year end:

	The Group	
	2021 $'000	**2020 $'000**
Current		
Assets	14	14
Total current net assets	14	14
Non-current		
Assets	14,717,053	15,844,877
Total non-current net assets	14,717,053	15,844,877
Net assets	14,717,067	15,844,891
	39.19%	39.19%
Non-controlling interests	5,767,623	6,210,019

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

33. Discontinued Operations

(a) Description

The Group's subsidiary X Fund Properties Limited disposed of its interest in Jewel Grande Montego Bay Resort and Spa to Sagicor Pooled Investment Fund effective September 22,2020 for $1,584,065,000.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period ended 22 September 2020.

	Note	2020 $'000
Hotel revenue	(i)	226,703
Direct expenses	(ii)	(74,127)
Administrative and other expenses	(iii)	(247,557)
Loss before taxation		(94,981)
Taxation (Note 12)		-
Loss after taxation of discontinued operations		(94,981)
Loss on sale of the hotel operations	(iv)	(382,047)
Total comprehensive loss for the period from discontinued operations		(477,028)

	2020 $'000
(i) Hotel Revenue -	
Service contract revenue	
Rooms	137,227
Food and beverage	72,437
Other	17,039
	226,703

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

33. Discontinued Operations (Continued)

(b) Financial performance and cash flow information (continued)

	2020 $'000
(ii) Direct Expenses -	
Rooms	10,971
Food and beverage	32,101
Staff costs	31,055
	74,127

	2020 $'000
(iii) Administration and other operating expenses -	
Advertising and promotion	14,303
Bank charges	2,279
Commission expense (travel agents and others)	6,420
Credit card commissions	3,521
Depreciation	48,343
Guest transportation	84
Insurance	514
License and permits	406
Management fees to operator of hotel properties	6,075
Management Fees to strata	43,240
Professional and legal fees	5,595
Repairs and maintenance	11,128
Security	1,090
Staff costs	24,313
Utilities	72,304
Other	7,942
	247,557

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

33. Discontinued Operations (Continued)

(b) Financial performance and cash flow information (continued)

Net cash inflow/(outflow) from operating activities:

	2020 $'000
Operating cash flows	264,950
Investing cash flows	(264,950)
Net increase in cash generated by hotels	-

(c) Details of the sale of the hotel operation

i) Proceeds from sale of discontinued operation

	2020 $'000
Consideration received in cash	1,582,213
Consideration receivable	37,357
Total consideration	1,619,570
Transaction cost	(35,505)
Proceeds from sale of discontinued operation	1,584,065

ii) Loss on disposal of hotel operation

	2020 $'000
Proceeds from sale of discontinued operation	1,584,065
Carrying value of Jewel Grande Montego Bay Resort and Spa	(1,660,213)
Unrealised capital loss on Jewel Grande Montego Bay Resort and Spa reclassified to realise on sale	(373,380)
Net, Expenses and other adjustments	67,481
Loss on sale of hotel operations	(382,047)

iii) Net cash inflow on sale includes:

	2020 $'000
Proceeds from sale of discontinued operations	1,584,065
Net cash outflow for Jewel Grande Montego Bay Resort and Spa	(63,919)
Net proceeds from sale of discontinued operations	1,520,146

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

33. Discontinued Operations (Continued)

(c) Details of the sale of the hotel operation (continued)

The carrying value of assets and liabilities Spa and Jewel Grand Montego Bay Resort and Spa of as at the date of sale 22 September 2020 were:

	2020 $'000
Property, plant and equipment	160,387
Cash resources	63,920
Other assets	75,224
Liabilities	(945,296)
Net assets	(645,765)

34. Consolidated Cash Flows from Operating Activities

Cash Flows from Operating Activities	**Note**	**2021 $'000**	**2020 $'000**
Net profit/(loss)		720,865	(15,388,402)
Adjustments for:			
Depreciation	16	811,018	838,426
Interest income	8	(147,554)	(18,525)
Fair value gains/(losses) on units held in Sagicor Sigma Global Funds – Sigma Real Estate Portfolio	8	(84,403)	87,900
Fair value losses on other financial investments	8	12,604	12,764
Effect of exchange gains on foreign currency balances		(1,089,295)	(5,962)
Taxation expense	12	36,646	(201,719)
Amortisation of franchise fees		2,291	2,283
Finance costs	11	529,449	683,186
Loss on disposal of discontinued operations	33(c)	-	382,047
Loss on disposal of property, plant and equipment		17,422	-
Share of loss from associate	15(a)	-	5,467,297
Impairment of investment in associate	15(a)	-	7,925,022
Loss on sale/dilution of interest in associate	15(a)	233,089	391,296
		1,042,132	175,613
Changes in operating activities:			
Inventories		(970)	1,473
Receivables		(236,134)	95,717
Payables		159,440	(360,182)
Cash provided by/(used in) operating activities		964,468	(87,379)
Income tax paid		-	(53,641)
Net cash provided by/(used in)operating activities		964,468	(141,020)

DISCLOSURE OF **SHAREHOLDINGS**

As at 31 December 2021

TOP TEN SHAREHOLDERS

	SHAREHOLDERS	NO OF SHARES	PERCENTAGE
1	Sagicor Pooled Equity Fund	577,031,018	25.73%
2	Sagicor Pooled Mortgage & Real Estate Fund	490,260,812	21.86%
3	Sagicor Group Jamaica Limited	473,414,000	21.11%
4	SLJ Trading A/C - Sagicor Real Estate Fund	181,499,136	8.09%
5	Sagicor Pooled Diversified Investment Fund	87,550,754	3.90%
6	JCSD Trustee Services Ltd. - Sigma Equity	84,123,778	3.75%
7	Sagicor JPS Employees Pension Plan	70,000,000	3.12%
8	First Ja/Nat'l Hsg Trust Pension Fund	30,000,000	1.34%
9	JCSD Trustee Services Ltd - Sigma Diversified Investor	29,004,100	1.29%
10	Heart Trust / NTA Pension Scheme	28,000,000	1.25%
	Total	**2,050,883,598**	91.43%
	Other	192,121,527	8.57%
	Total Issued Shares	**2,243,005,125**	100.00%

SHAREHOLDINGS OF DIRECTORS

	LIST OF DIRECTORS	SHAREHOLDINGS IN X FUND
1	Christopher W. Zacca (Chairman)	Nil
2	Dodridge Miller	Nil
3	Michael Fraser	Nil
4	Bruce James	Nil
5	Stephen McNamara	Nil
6	Peter Pearson	15,000
	- connected - Yvonne Pearson	
7	Colin Steele	Nil
8	Vinay Walia	Nil

DISCLOSURE OF **SHAREHOLDINGS** (CONT'D)

As at 31 December 2021

SHAREHOLDINGS OF EXECUTIVE MANAGEMENT

	SHAREHOLDER	SHAREHOLDINGS IN X FUND
1	Brenda-lee Martin	29,981
	- connected -Deborah Martin	

SHAREHOLDINGS OF DIRECTORS IN CONNECTED COMPANY

	SHAREHOLDERS	SHAREHOLDINGS IN SGJ
1	Christopher W. Zacca	1,960,558
	- connected - Karen Zacca	
	- connected - Edward Zacca	60
2	Dodridge Miller	25,389
3	Michael A. Fraser	1,434,405
4	Bruce James	Nil
5	Stephen McNamara	Nil
6	Peter Pearson	Nil
7	Colin Steele	Nil
8	Vinay Walia	Nil
	Officers	
1	Brenda-lee Martin	82,377
	- connected -Deborah Martin	2,000

Sagicor

REAL ESTATE X FUND

FORM OF PROXY

I, ... of .....

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

..... of .....

or failing him ..... of ..... as my proxy to vote for me on my behalf at the Annual General Meeting of the Corporation at McNamara Corporate Services Inc., Bella Rosa Road, Rodney Bay, Gros Islet, Saint Lucia and being convened virtually on Thursday, May 26, 2022 at 10:00 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, 2021 be and are hereby adopted.		
Resolution No. 2 THAT the election of directors be made en-bloc.		
Resolution No. 3 THAT Directors Stephen McNamara and Peter Pearson, 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.		
Resolution No. 4 THAT the amount of $14,818,000.00 included in the Audited Accounts of the Company for the year ended December 31, 2021 as remuneration for their services as Directors be and is hereby approved.		
Resolution No. 5 THAT the retiring Auditors, Grant Thornton having agreed not to be reappointed, the firm of Auditors PricewaterhouseCoopers East Caribbean 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 of 2022

Signature: .....

.....

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

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

A proxy need not be a member of the Company.

Sagicor

REAL ESTATE X FUND

REGISTERED OFFICE:

20 Micoud Street
Castries
St. Lucia

Territories of Operation

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

Jamziv Mobay Jamaica Portfolio Limited
(subsidiary)
28–48 Barbados Avenue
Kingston 5
Jamaica

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

