



FIRST JAMAICA
INVESTMENTS LIMITED

Extraordinary General Meeting

Thursday, 23 June 2011

Proposed Scheme of Amalgamation of
First Jamaica Investments Limited
and Pan-Jamaican Investment Trust Limited

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Notice of Meeting to Consider Scheme of Arrangement

CLAIM NO. HCV- 01800 of 2011

IN THE MATTER of First Jamaica Investments Limited

AND IN THE MATTER of the Companies Act, 2004

NOTICE IS HEREBY GIVEN that by an Order dated the 18th day of May 2011 made in the above matter the Court has directed a Meeting to be convened of the holders of the ordinary stock units of First Jamaica Investments Limited ("the Company") for the purpose of considering and if thought fit approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and the aforesaid stockholders and that such Meeting will be held at the Terra Nova All-Suite Hotel, 17 Waterloo Road, Kingston 5 in the Parish of Saint Andrew on the 23rd day of June, 2011 at 3:00 p.m. at which place and time all such stockholders are requested to attend.

A copy of the Scheme of Arrangement and a copy of the Statement required to be furnished pursuant to Section 207(1) of the Companies Act, 2004 are enclosed herewith.

The said stockholders may vote in person at such meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead.

A form of proxy applicable for the Meeting is enclosed herewith.


In the case of joint holders of ordinary stock units the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.

It is requested that forms appointing proxies be lodged with the Secretary at the registered office of the Company situated at Pan Caribbean Building, 60 Knutsford Boulevard, Kingston 5 not less than 48 hours before the time appointed for the said Meeting, but if the forms are not so lodged they must be handed to the Chairman of the Meeting at which they are to be used.

A Chairman will be appointed at the meeting who will report the results of the meeting to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

DATED this 27th day of May, 2011

Signed: 
Name: Trevor Patterson
Patterson Mair Hamilton
7th Floor
Citibank Building
63-67 Knutsford Boulevard
Kingston 5
Attorneys-at-law
For the above-named Company

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Form of Proxy

To be used for the Extraordinary General Meeting of the holders of the ordinary stock units of First Jamaica Investments Limited

IN THE SUPREME COURT OF JUDICATURE OF JAMAICA

CLAIM NO. HCV- 01800 of 2011

IN THE MATTER of First Jamaica Investments Limited

AND IN THE MATTER of the Companies Act, 2004

I/WE ¹ of.....

being the holder(s) ofordinary stock units of **First Jamaica Investments Limited**

HEREBY APPOINT

of or failing

him.....of

.....as my/our proxy to

act for me/us at the meeting of the holders of the ordinary stock units of the said Company to be

held at Terra Nova All-Suite Hotel, 17 Waterloo Road, Kingston 5 in the Parish of Saint Andrew on June

23, 2011 at 3:00 p.m. for the purpose of considering and, if thought fit, approving, with or without

modification, the proposed Scheme of Arrangement referred to in the Notice convening the said

Meeting and at such Meeting, or at any adjournment thereof, to vote for me/us and in my/our

name for the said Scheme (either with or without modification, as my/our Proxy may approve) or

against the said Scheme as hereby indicated.

Dated this ____ day of _____, 2011

FOR the said Scheme

AGAINST the said Scheme

(Signature).....²

(Signature).....³

Notes

- (1) You are requested to lodge this Form of Proxy with the Secretary at the Registered Office of the Company situated at Pan Caribbean Building, 60 Knutsford Boulevard, Kingston 5, Saint Andrew **not less than 48 hours before the said Meeting**, but if not so lodged it may be handed to the Chairman of the Meeting.

¹ Full name and address to be inserted in Block Capitals

² **IMPORTANT** If you wish to vote **for** the Scheme sign in this box

³ **IMPORTANT** If you wish to vote **against** the Scheme sign in this box

- (2) Any alteration made in this Form of Proxy should be initialed by the person who signs it.
- (3) In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names appear in the Register of Members.
- (4) **The person to whom this Proxy is given need not be a member of the Company but must attend the Meeting in person to represent you.**



IN THE SUPREME COURT OF JUDICATURE OF JAMAICA

CLAIM NO. H.C.V.- 01800/ 2011

IN THE MATTER of First Jamaica Investments Limited

AND IN THE MATTER of the Companies Act, 2004

SCHEME OF ARRANGEMENT under section 206 of the Companies Act
2004, between First Jamaica Investments Limited and all the holders of its
ordinary stock units

PRELIMINARY

1. In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

- “Business Day”** a day on which the Jamaica Stock Exchange is open for the transaction of business;
- “Court”** the Supreme Court of Judicature of Jamaica;
- “Court Meeting”** a meeting of the holders of the First Jamaica Stock Units convened by direction of the Court pursuant to section 207 of the Companies Act, 2004 to consider and, if thought fit, approve the Scheme relative to the First Jamaica Stock Units, including any adjournment of such meeting;
- “Effective Date”** the date on which the Scheme becomes effective in accordance with its terms as respect the First Jamaica Stock Units;
- “First Jamaica”**
or “the Company” First Jamaica Investments Limited, a company incorporated under the laws of Jamaica with registered number 9585;

Scheme of Arrangement (Cont'd)

| | |
|---|---|
| <u>“First Jamaica Stock Units”</u> | ordinary stock units of no par value in the capital of First Jamaica; |
| <u>“Holder”</u> | a registered holder of any First Jamaica Stock Unit and includes any person(s) entitled on transmission to any First Jamaica Stock Unit; |
| <u>“JCSD”</u> | the Jamaica Central Securities Depository, which operates a system for the paperless settlement of trades in securities listed on the Jamaica Stock Exchange and the holding of such securities in Un-certificated form; |
| <u>“Order”</u> | the order of the Court sanctioning this Scheme; |
| <u>“Pan Jam”</u> | Pan-Jamaican Investment Trust Limited, a company incorporated under the laws of Jamaica with registered number 4451; |
| <u>“Pan Jam Stock Units”</u> | ordinary stock units of no par value in the capital of Pan Jam and, where the context so requires, shall also include ordinary shares in the capital of Pan Jam before conversion to stock units; |
| <u>“Relevant Holders”</u> | holders (except Pan Jam) of First Jamaica Stock Units whose names appear in the register of members of First Jamaica at the Scheme Record Time and whose First Jamaica Stock Units are to be cancelled pursuant to this Scheme; |
| <u>“Scheme”</u> | this scheme of arrangement in its present form as it applies to the First Jamaica Stock Units with or subject to any modification, addition or condition approved or imposed by the Court; |
| <u>“Scheme Record Time”</u> | 6.00 p.m. on the Business Day before the Effective Date; |

Scheme of Arrangement (Cont'd)

“Un-certificated form” a share or other security recorded on the relevant register as in un-certificated form in the JCSD and title to which may be transferred in un-certificated form;

“Voting Record Time”

48 hours prior to the time at which the Court Meeting or any adjournment of the Court Meeting (as the case may be).

In this Scheme references to one gender shall include all other genders and the singular shall include the plural and *vice versa*.

2. The authorised share capital of the Company at the date of this Scheme is 350,000,000 shares of no par value. As at March 31, 2011, 303,500,000 ordinary shares (herein called “First Jamaica Stock Units”) have been issued and were fully paid up. The issued ordinary shares have all been converted to stock units and are listed on the Jamaica Stock Exchange.

THE SCHEME

3.1 The share capital of the Company shall be reduced by cancelling and extinguishing all the First Jamaica Stock Units except two such First Jamaica Stock Units namely; one held by Pan Jam and the other by the Secretary of Pan Jam in trust for Pan Jam.

3.2 All of the property, assets and undertaking (herein called “Assets”) of the Company and all First Jamaica debts and obligations of whatsoever kind (including for the avoidance of doubt, all capital reserves arising from the cancellation of the First Jamaica Stock Units referred to in paragraph 3.1 above and all other reserves) shall be transferred to, and assumed by, Pan Jam.

3.3 Forthwith and contingently upon the cancellation of the First Jamaica Stock Units referred to in paragraph 3.1 above and the transfer of Assets and Liabilities referred to in paragraph 3.2, Pan Jam shall issue and allot to the Relevant Holders of the cancelled First Jamaica Stock Units ten (10) ordinary shares in the capital of Pan Jam (herein called “Pan Jam Stock Units”) for each thirteen (13) cancelled First Jamaica Stock Units (each batch of thirteen (13) First Jamaica Stock Units is herein called a “Lot”). Holdings which results in fractions of a Lot (such as a person holding 100 First Jamaica Stock Units (which would constitute seven (7) Lots and an extra nine (9) First Jamaica Stock Units, or persons actually holding less than a full Lot (say for instance ten (10) First Jamaica Stock Units) would

Scheme of Arrangement (Cont'd)

receive allotment of Pan Jam Shares on a *pro rata* basis rounded upwards based on the following table.

Table

| <i>Column 1</i> | <i>Column 2</i> |
|---|------------------------------|
| <i>No. of First Jamaica Stock Units</i> | <i>No. of Pan Jam Shares</i> |
| 12 First Jamaica Stock Units | 10 Pan Jam Shares |
| 11 First Jamaica Stock Units | 9 Pan Jam Shares |
| 10 First Jamaica Stock Units | 8 Pan Jam Shares |
| 9 First Jamaica Stock Units | 7 Pan Jam Shares |
| 8 First Jamaica Stock Units | 7 Pan Jam Shares |
| 7 First Jamaica Stock Units | 6 Pan Jam Shares |
| 6 First Jamaica Stock Units | 5 Pan Jam Shares |
| 5 First Jamaica Stock Units | 4 Pan Jam Shares |
| 4 First Jamaica Stock Units | 4 Pan Jam Shares |
| 3 First Jamaica Stock Units | 3 Pan Jam Shares |
| 2 First Jamaica Stock Units | 2 Pan Jam Shares |
| 1 First Jamaica Stock Unit | 1 Pan Jam Share |

It should be noted that the maximum number of Pan Jam shares to be allotted as a consequence of rounding up is approximately 1,109, being the number of First Jamaica stockholders (except Pan Jam).

3.4 The basis of the 13 to 10 exchange ratio is fully explained in the Explanatory Statement circulated with this Scheme. The directors of First Jamaica are of the view that the exchange ratio is fair. However, both Pan Jam and First Jamaica jointly engaged Deloitte Touche Tohmatsu to undertake independent comparative valuations of both companies and to opine on the fairness of the exchange ratio. Deloitte Touche Tohmatsu has reported and opined that the ratio of 13 First Jamaica stock units to 10 Pan Jam Shares proposed is fair. The Deloitte Touche Tohmatsu fairness opinion is enclosed along with the Scheme and the detailed valuation report will be among the documents available for inspection by stockholders of both companies prior to the court-approved Meeting.

3.5 Each Pan Jam share allotted shall be converted to a stock unit and shall be credited as fully paid in consideration for the transfer of Assets and Liabilities aforesaid and the cancellation of First Jamaica Stock Units. The new Pan Jam Stock Units shall rank *pari passu* in all respects with all other Pan Jam Stock Units in issue on the Effective Date and shall form a single class of shares with such existing Pan Jam Stock Units.

Scheme of Arrangement (Cont'd)

3.6 First Jamaica shall then be dissolved and struck off the Register of Companies without dissolution pursuant to section 208 of the Companies Act, 2004.

FURTHER PROVISIONS APPLICABLE TO THE SCHEME

4. Immediately after the Scheme becomes effective Pan Jam shall apply to the Jamaica Stock Exchange for the new Pan Jam Stock Units to be listed on the Exchange and Pan Jam shall pay all supplemental listing fees incurred in connection therewith.

5.1 In respect of the Relevant Holders holding First Jamaica Stock Units in certificated form at the Scheme Record Time, the stock certificates in respect of Pan Jam Stock Units to be issued to them shall be sent by post to their respective address shown in the First Jamaica Register of Members.

5.2 In respect of Relevant Holders who had deposited their holdings of First Jamaica Stock Units in the JCSD at the Scheme Record Time, the Pan Jam Stock Units to be issued to them shall be issued to the JCSD to be held, on their behalf, in the like manner as the First Jamaica Stock Units (in respect of which they are being issued) were previously held. Pan Jam will treat the JCSD, in such a case, as the Relevant Holder in all respects and will have no responsibility to apportion the Pan Jam Stock Units issued to JCSD among the various JCSD account holders. That will be the responsibility of the JCSD

5.3 Alternatively, if the JCSD provides Pan Jam with a list of account holders and the number of First Jamaica Stock Units held by the JCSD on their respective behalf, then Pan Jam will allocate the new Pan Jam Stock Units among such account holders according to their interest in the cancelled First Jamaica Stock Units. It shall be the responsibility of the JCSD to ensure that any such list of account holders is accurate and complete.

6. The provisions of clause 5 above shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if any Relevant Holder with a registered address in a jurisdiction outside Jamaica is advised that the issue of the new Pan Jam Stock Units would or might infringe the laws of such jurisdiction or would or may require Pan Jam or First Jamaica to observe or procure any governmental or other consent or make any registration, filing or other formality with which Pan Jam or First Jamaica is unable to comply or compliance with which Pan Jam or First Jamaica, in its sole discretion, regards

Scheme of Arrangement (Cont'd)

as unduly onerous, Pan Jam or First Jamaica, as the case may be, in its sole discretion, may determine that the relevant Pan Jam Stock Units shall be issued to the Secretary of Pan Jam in trust for such Relevant Holder and the issue of such Pan Jam Stock Units shall operate as good discharge to Pan Jam. In the absence of bad faith or willful default Pan Jam shall have no liability for any loss or damage arising as a result of any Pan Jam Stock Unit being so issued.

7. All deliveries of notices, stock certificates, documents of title and the like required to be made under this Scheme shall be effected by posting the same by first-class post in pre-paid envelopes addressed to the persons respectively entitled thereto at their respective addresses as appearing in the relevant register of members (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the relevant register of members in respect of the joint holding) at the Scheme Record Time.

8. Neither Pan Jam nor First Jamaica shall be responsible for any loss or delay in the transmission of any notices or documents posted in accordance with clause 7 and all such notices or documents shall be posted at the risk of the persons entitled thereto.

9. On the Effective Date all certificates representing holdings of cancelled First Jamaica Stock Units shall cease to have effect and every Relevant Holder shall be bound at the request of First Jamaica to deliver up such stock certificate to the Company or its nominee.

OPERATIONS OF THIS SCHEME

11. This Scheme shall become effective as respect the holders of First Jamaica Stock Units as soon as an office copy of the Order under section 206(3) of the Companies Act, 2004 shall have been duly delivered by or on behalf of First Jamaica to the Registrar of Companies in Jamaica for registration.

12. First Jamaica may consent on behalf of all persons concerned to any modification of, or addition to, the Scheme or to any condition which the Court may approve or impose.

Dated the 12th day of April , 2011



IN THE SUPREME COURT OF JUDICATURE OF JAMAICA

CLAIM NO. H.C.V. -01800 / 2011

IN THE MATTER of First Jamaica Investments Limited

AND IN THE MATTER of the Companies Act, 2004

EXPLANATORY CIRCULAR UNDER SECTION 207 OF THE COMPANIES ACT, 2004
EXPLAINING SCHEME OF ARRANGEMENT

Proposed Scheme of Amalgamation of First Jamaica Investments Limited
and Pan-Jamaican Investment Trust Limited

1. As reported in the Press on May 24, 2011, it is intended that, subject to the approval of the requisite majorities of ordinary stockholders of First Jamaica Investments Limited (“First Jamaica”) and the Supreme Court of Judicature of Jamaica (“the Court”), the business of First Jamaica shall be amalgamated into the business of Pan-Jamaican Investment Trust Limited (“Pan Jam”).

The Amalgamation

2. It is proposed that the amalgamation shall be effected by a scheme of arrangement under section 206 of the Companies Act, 2004 which will involve the following:

- (a) First, all the ordinary stock units in the capital of First Jamaica shall be cancelled except two (2) stock units, one held by Pan Jam and the other by the Secretary of First Jamaica.
- (b) Second, immediately upon the cancellation of the First Jamaica stock units as stated above, all the assets (including the capital reserves arising from the cancellation of the share capital and all other reserves) and all the liabilities of First Jamaica shall be transferred to, and assumed by, Pan Jam.
- (c) Third, Pan Jam shall then issue and allot to all holders (except Pan Jam) of First Jamaica stock units which were cancelled, as described in sub-paragraph (a) above, ten (10) ordinary shares of Pan Jam for each thirteen (13) ordinary stock units of First Jamaica which were cancelled. Each batch of thirteen (13) ordinary stock units of First Jamaica is herein called a “Lot”. It is recognised that a First Jamaica stockholder may have a holding which is less than a full Lot (i.e. less than thirteen (13) stock units) or may end up with a fraction of a Lot after his

Explanatory Circular (Cont'd)

holding is divided into Lots. For example, a First Jamaica stockholder with 100 stock units would have seven (7) Lots of 13 each and 9 odd stock units. Holders of odd units will receive a *pro rata* allotment of Pan Jam shares (rounded upwards) based on the following table:

| <i>Column 1</i> <i>No. of First Jamaica Stock Units</i> | <i>Column 2</i> <i>No. of Pan Jam Shares</i> |
|--|---|
| 12 First Jamaica Stock Units | 10 Pan Jam Shares |
| 11 First Jamaica Stock Units | 9 Pan Jam Shares |
| 10 First Jamaica Stock Units | 8 Pan Jam Shares |
| 9 First Jamaica Stock Units | 7 Pan Jam Shares |
| 8 First Jamaica Stock Units | 7 Pan Jam Shares |
| 7 First Jamaica Stock Units | 6 Pan Jam Shares |
| 6 First Jamaica Stock Units | 5 Pan Jam Shares |
| 5 First Jamaica Stock Units | 4 Pan Jam Shares |
| 4 First Jamaica Stock Units | 4 Pan Jam Shares |
| 3 First Jamaica Stock Units | 3 Pan Jam Shares |
| 2 First Jamaica Stock Units | 2 Pan Jam Shares |
| 1 First Jamaica Stock Unit | 1 Pan Jam Share |

- (d) Fourth, by an Order under section 208 of the Companies Act, 2004, First Jamaica will be dissolved without winding up.

Reasons for Amalgamation

3. Pan Jam is an investment holding company which is listed on the Jamaica Stock Exchange (“JSE”). It holds 83% of the ordinary stock units of First Jamaica. Apart from the First Jamaica stock units, its other material assets are:

- (a) 20.83% shareholding in Hardware & Lumber Limited;
- (b) 25% shareholding in New Castle Company Limited, the 100% owner of Walkerswood Partners Limited and Associated Manufacturers Limited, owners and producers of the well-known Walkerswood, Busha Browne and Jamaica Joe brands; and
- (c) miscellaneous liquid assets.

First Jamaica has contributed, on average, in excess of 90% of the annual net profits of Pan Jam over the last three (3) financial years.

4. First Jamaica is an investment holding company which is also listed on the JSE. Its primary assets are a 100% shareholding in Jamaica Property Company Limited which owns and manages certain prime real estate in downtown Kingston (e.g. the Scotia Bank Centre) and New Kingston (e.g. the Pan Caribbean Building), a 24.78% shareholding in Sagicor Life Jamaica Limited (“Sagicor”), also listed on the JSE, and a portfolio of marketable securities.

Explanatory Circular (Cont'd)

5. Prior to 2005, First Jamaica (then known as First Life Insurance Company Limited) carried on life insurance and employer's benefit business as a licensed long-term insurance company. In 2005, it sold and transferred its life insurance and employee benefit portfolios to Sagicor in return for cash, shares in Sagicor and shares in Sagicor's parent company. Since then, it has operated substantially as a passive investment company.

6. Both Pan Jam and First Jamaica have directors that are common to both companies and they also share common employees. The amalgamation of the two (2) businesses will produce a strong and focused organisation under one integrated board. The amalgamation will produce operational synergies and cost savings.

7. A further reason for the amalgamation arises from the fact that Pan Jam's holding in First Jamaica is 83%. A condition of the Listing Agreement between JSE and each listed company is that no single majority shareholder shall hold more than 80% of the listed stock of the company. A violation of this condition can trigger delisting of the company by the JSE. By virtue of Pan Jam's 83% holding in First Jamaica the latter is in breach of this condition and is therefore at risk of being de-listed. In that regard the Regulatory and Market Oversight Division of the JSE has written to First Jamaica requesting information as to how First Jamaica proposes to remedy the breach.

8. The proposed amalgamation will cure the JSE problem and protect the stockholders of First Jamaica by converting their stock holdings in First Jamaica to stock holdings in Pan-Jamaican Investment Trust limited, as described in paragraph 2 above.

Creditors

9. All outstanding loans and indebtedness of First Jamaica will, under the scheme, be taken over by, and become loans or indebtedness of, Pan Jam. On June 25, 2008, First Jamaica entered into a Loan Agreement with International Finance Corporation ("IFC"), a member of the World Bank Group, whereby it agreed to borrow US\$17.5 million from IFC secured by a mortgage over substantially all of its investment property. To date, First Jamaica has drawn down US\$5 million of the amount available. IFC has given its consent in writing to the scheme subject to certain conditions, all of which First Jamaica is highly confident will be satisfied.

10. First Jamaica also has a mortgage-secured loan of J\$62.1 million from First Caribbean International Bank Limited ("FCIB"). FCIB has also been informed of the transaction and has raised no objections.

11. Apart from the foregoing, there are no other material creditors of the Company. If the Scheme is sanctioned by the court, the aforesaid loans and all other sundry debts will be assumed by Pan Jam. With the combined assets and resources of both Pan Jam and First Jamaica, the amalgamated organisation will have ample capacity to service and pay, as they fall due, all loans and indebtedness currently existing or assumed by it pursuant to the Scheme. Accordingly, creditors and third parties will be fully protected.

Chinese wall and Conflict of interest

12. In light of the fact that both First Jamaica and Pan Jam share common directors, the board of each company appointed a committee of independent directors (“Transaction Committee”) to oversee the transaction in the interest of the relevant company. The Pan Jam Transaction Committee consists of Kathleen Moss and Bryan Ewen. Ian Parsard and Matthew Pragnell comprise the First Jamaica Transaction Committee. Each Committee is empowered to act independently of the other and to meet separately with Deloitte Touche Tohmatsu, who have been retained to review the comparative valuations of both companies and to advise on the fairness of the share exchange ratio. See paragraphs 13 to 15 below.

The Share Exchange Ratio

13. Under the Scheme, it is proposed that all First Jamaica stockholders (except Pan Jam) will receive, for every Lot of thirteen (13) First Jamaica stock units held by him, ten (10) fully paid Pan Jam shares. This reflects an exchange ratio of 1.30:1.00. As stated in paragraph 2 above, for odd First Jamaica stock units, a holder will receive a *pro rata* allotment of Pan Jam shares rounded upward to the nearest whole number. It should be noted that the maximum number of Pan Jam shares to be allotted as a consequence of rounding up is approximately 1,109, being the number of First Jamaica stockholders (except Pan Jam).

14. The Transaction Committee of the Board of First Jamaica is of the opinion that the share exchange ratio which values one (1) Pan Jam at 1.3 times one (1) First Jamaica share is fair. The Committee has been guided by a number of factors, including, *inter alia*, (i) a comparable sale of a large block of both stock units which occurred in October 2010 at a similar ratio when Guardian Life of the Caribbean Limited and Guardian Holdings Limited sold 11.2 million Pan Jam stock units to Sagicor at a price of J\$47.00 per stock unit and Sagicor in turn sold 20.8 million First Jamaica stock units to Pan Jam at a price of J\$36.25 per stock unit; (ii) the relative book value per share of Pan Jam and the Company at December 31, 2010 (J\$61.98:J\$44.61) and; (iii) last trading price on the JSE of both stocks (J\$48.00/J\$38.00).

15. Nevertheless both Pan Jam and First Jamaica have engaged Deloitte Touche Tohmatsu to undertake a comparative valuation of both Pan Jam and First Jamaica and to issue a fair value opinion with respect to the share exchange ratio. Deloitte Touche Tohmatsu have advised the parties that the proposed ratio of 1.30:1.00 is fair. Their valuation report is among the documents available for inspection.

Profits and Assets

16. Financial information relating to First Jamaica is set out in **Appendix 1** and to Pan Jam in **Appendix 2**. The profits of both First Jamaica and Pan Jam are shown in their respective published audited accounts (which have been prepared on a comparable basis) for the year ended December 31, 2010. The profits are shown after taxation.

17. The average annual consolidated net profit attributable to shareholders for the three (3) years ended December 31, 2010 calculated on a comparable basis amounts to approximately

Explanatory Circular (Cont'd)

J\$1,741,897,667 for First Jamaica and J\$1,260,807,333 for Pan Jam. The average annual basic earnings per share for the three (3) years ended December 31, 2010, calculated on a comparable basis, amounts to J\$5.76 for First Jamaica and J\$7.36 for Pan Jam.

18. The net assets (stockholders' equity) set out in the Appendices are also as shown in the published audited accounts for both companies. The consolidated net assets at December 31, 2010, based on those audited accounts, and after including quoted investments at market value (less notional taxation on unrealised profits), unquoted investments at directors valuation and freehold and leasehold property at estimate net realisable values are approximately J\$13,485,943,000 for First Jamaica and J\$10,616,871,000 for Pan Jam.

Comparative Trading Price

19. The shares of both First Jamaica and Pan Jam are listed on the JSE. The comparative trading price of both shares on the JSE on the last trading day of each calendar month for the last twelve (12) months and the comparative ratio is as follows:

| <i>Month</i> | <i>First Jamaica</i> | <i>Pan Jam</i> | <i>Ratio</i> |
|--------------------|----------------------|----------------|--------------|
| February 26, 2010 | 25.00 | 38.01 | 1.34 |
| March 31, 2010 | 32.00 | 45.79 | 1.30 |
| April 30, 2010 | 38.25 | 46.50 | 1.18 |
| May 28, 2010 | 37.00 | 48.00 | 1.23 |
| June 30, 2010 | 37.00 | 48.66 | 1.24 |
| July 30, 2010 | 36.01 | 47.50 | 1.24 |
| August 31, 2010 | 36.05 | 46.01 | 1.22 |
| September 30, 2010 | 36.01 | 46.03 | 1.22 |
| October 29, 2010 | 36.26 | 46.50 | 1.22 |
| November 30, 2010 | 36.60 | 46.58 | 1.21 |
| December 31, 2010 | 36.00 | 47.00 | 1.23 |
| January 31, 2011 | 36.01 | 47.30 | 1.24 |
| February 28, 2011 | 36.02 | 47.50 | 1.24 |

Position after the Amalgamation

20. The effect of the amalgamation is that all of the assets and liabilities of First Jamaica will be vested in, and assumed by, Pan Jam. As a result of the amalgamation, the ordinary stockholders of First Jamaica (except Pan Jam) will receive ordinary shares in Pan Jam at the rate of 1.00 Pan Jam stock unit for every 1.30 First Jamaica stock units. Deloitte Touche and Tomatsu has issued an opinion confirming the aforesaid exchange ratio is fair to the shareholders of both companies.

21. After the amalgamation Pan Jam stock will be held among the two groups of stockholders in the following proportions, namely:

Explanatory Circular (Cont'd)

| | |
|---|--------------|
| Existing stockholders of Pan Jam | 81.5% |
| Former ordinary stockholders of First Jamaica | <u>18.5%</u> |
| | 100% |

Directors & Management

22. The present directors of both companies are as follows:

| <i>Pan Jam Directors</i> | <i>First Jamaica Directors</i> |
|------------------------------|--------------------------------|
| Hon. Maurice Facey O.J. | Hon. Maurice Facey O.J. |
| Stephen Facey M. Arch. | Stephen Facey M. Arch. |
| Paul A. B. Facey M.B.A. | Paul A. B. Facey M.B.A. |
| Donovan Perkins M.B.A. | Donovan Perkins M.B.A. |
| W. G. Bryan Ewen F.C.A. | W.G. Bryan Ewen F.C.A. |
| Kathleen Moss M.B.A., C.B.V. | Kathleen Moss M.B.A., C.B.V. |
| T. Matthew Pragnell B.A. | T. Matthew Pragnell B.A. |
| Richard Byles M.Sc. | Ian Parsard M.B.A. |

After the amalgamation, it is anticipated that the board of Pan Jam will be strengthened by the addition of Ian Parsard who it is expected will accept his invitation to join the board.

23. The existing direct and indirect holdings of the directors of both companies in the stock of both companies are set out in **Appendix 3** hereto.

24. Both First Jamaica and Pan Jam carry Directors & Officers Insurance for their directors. None of the directors or management of either company will receive any bonus or other benefit as a result of the success or otherwise of the Scheme. The effect of the Scheme on the interest of the directors and management of either company does not differ from its effect on the like interest of other stockholders of First Jamaica and Pan Jam. All of the directors of Pan Jam and First Jamaica who hold shares in First Jamaica, either in their personal capacity or through related parties, have indicated their intention to vote in favour of the proposed scheme of arrangement.

Meetings and Approval

25. The Scheme is being undertaken pursuant to section 206 of the Companies Act, 2004 and it involves the following procedural steps:

- (a) First, an application was made to the Supreme Court for an order directing First Jamaica to convene a meeting of the holders of its ordinary shares to consider the proposed Scheme. That application was duly made on April 14th 2011 and on the 17th day of May, 2011 the Court made the requisite Order for the meetings to be convened.
- (b) Second, the court-ordered meeting must be held. Prior to the meeting, notice of the meeting together with a copy of the Scheme and an Explanatory Circular

Explanatory Circular (Cont'd)

explaining how the Scheme works must be sent to the ordinary shareholders of First Jamaica. This document is the Explanatory Circular.

- (c) Third, at the meeting, the resolution to approve the Scheme will be discussed and voted on. The Scheme will be treated as approved, if over 50% of the ordinary stockholders of First Jamaica voting on the resolution and holding not less than 75% of the votes cast on the resolution, vote in favour of the Scheme.
- (d) Fourth, following the meetings, a report of the result of the meeting showing the results of the vote will be prepared and a further application will be made to the Supreme Court requesting that the Scheme be sanctioned. Assuming that the Scheme is approved by a vote of the requisite statutory majorities of ordinary stockholders, the Court would generally be expected to sanction the Scheme as approved by the stockholders.

26. The process has now reached the stage when the meetings of the Company's ordinary shareholders must be convened and accordingly, this Explanatory Circular accompanies a Notice convening an extraordinary general meeting of the ordinary stockholders together with a form of proxy for use at the meeting.

27. In case you are unable to attend the extraordinary general meeting you are asked to complete the form of proxy (in which you can direct the proxy how you wish him to vote) and send it to:

The Secretary
First Jamaica Investments Limited
60 Knutsford Boulevard
Kingston 5

You may also call the Secretary, Gene Douglas, at (876) 929-5583 who will give you further instructions as to how you may deal with your form of proxy. Note that proxies will only be valid if they are received not less than 48 hours before the meeting.

Taxation

28. The directors of both companies have been advised that the transfer of the assets and liabilities of First Jamaica to Pan Jam will (even though shares and/or real property may be involved) be exempt from transfer tax by virtue of paragraph 7(2) of Part 1 of the First Schedule to the Transfer Tax Act. The cancellation and issue of the new Pan Jam shares to the minority stockholders of First Jamaica will not attract any transfer tax. It will however be necessary for Pan Jam to increase its share capital so as to issue the new shares to the minority stockholders of First Jamaica. The increase of the share capital will attract stamp duty at the rate of 1% of the amount of the increased capital plus J\$500. In addition, on registration of the additional capital there will be registration fees payable to the Registrar of Companies at the rate of J\$12,000. Neither First Jamaica nor Pan Jam will suffer any income taxation from undertaking the Scheme.

Explanatory Circular (Cont'd)

29. Individual stockholders of First Jamaica should check with their tax advisers as to the taxation consequences of this transaction and whether the new shares will be regarded as capital or income in their hands.

Documents for Inspection

The following documents are available for inspection at the offices of.

Patterson Mair Hamilton
7th floor, Citigroup Building
63-67 Knutsford Boulevard
Kingston 5

on any business day up to the date of the Court appointed meeting between the hours of 9.00 am and 5.00 pm.

List of Documents for Inspection

1. Articles of Incorporation of First Jamaica;
2. Articles of Incorporation of Pan Jam;
3. The Valuation Report and Opinion of Deloitte Touche Tomatsu;
4. Written consent of International Finance Corporation to the Scheme;
5. The audited financial statements for the year ended December 31, 2010 of First Jamaica;
and
6. The audited financial statements for the year ended December 31, 2010 of Pan Jam.;

Appendix 1

First Jamaica

Issued Share Capital

- (a) 303,500,000 stock units

Profits and Dividends

- (b) The net profits attributable to shareholders, after providing for taxation and extraordinary items, of First Jamaica for each of the 5 years ended December 2010 as shown in the audited consolidated accounts were:

| <i>Year</i> | <i>Net Profits \$'000</i> | <i>Issued ordinary Capital '000</i> | <i>Dividends paid \$'000</i> |
|-------------|-------------------------------|---|--------------------------------------|
| 2006 | 1,144,488 | 303,500 | 232,177 |
| 2007 | 1,346,045 | 303,500 | 1,098,670 |
| 2008 | 1,665,591 | 303,500 | 242,800 |
| 2009 | 1,917,969 | 303,500 | 333,850 |
| 2010 | 1,642,133 | 303,500 | 394,550 |

Net Assets

- (c) The net assets (stockholders' equity) of First Jamaica and its subsidiaries based on the published audited consolidated accounts as at December 31, 2010 were \$13,485,943,000.

Apart from the increase in net assets resulting from retained earnings and except in the ordinary course of business, the financial position of First Jamaica has not materially changed since December 2010.

The accounts set out in Appendices I and II have been prepared on comparable bases.

Appendix 11

Pan Jam

Issued Share Capital

- (a) 173,535,078 stock units

Profits and Dividends

- (b) The net profits attributable to shareholders after taxation and extraordinary items of Pan Jam for each of the 5 years as shown in the audited consolidated accounts for each of the 5 years to December 2010 were:

| <i>Year</i> | <i>Net Profits \$'000</i> | <i>Issued ordinary Capital '000</i> | <i>Dividends paid \$'000</i> |
|-------------|-------------------------------|---|--------------------------------------|
| 2006 | 822,050 | 173,535 | 164,865 |
| 2007 | 991,109 | 173,535 | 806,938 |
| 2008 | 1,142,247 | 173,535 | 173,536 |
| 2009 | 1,395,677 | 173,535 | 236,008 |
| 2010 | 1,244,498 | 173,535 | 249,891 |

Net Assets

- (c) The net assets (stockholders' equity) of Pan Jam and its subsidiaries based on the published audited consolidated accounts at as at December 31, 2010 were \$10,616,871,000

Apart from the increase in net assets resulting from retained earnings and except in the ordinary course of business, the financial position of Pan Jam has not materially changed since December 2010.

The accounts set out in Appendices I and II have been prepared on comparable bases.

Appendix 3

FIRST JAMAICA SHARES

| <i>Director</i> | <i>Personal holdings</i> | <i>Connected party holdings</i> |
|-------------------------------------|--------------------------|---------------------------------|
| Hon. Maurice Facey O.J. | Nil | 826,140 |
| W. G. Bryan Ewen F.C.A. | Nil | Nil |
| Paul A. B. Facey M.B.A. | Nil | 142,373 |
| Richard Byles M.Sc. | 1,017,935 | Nil |
| T. Matthew Pragnell B.A. | Nil | Nil |
| Kathleen Moss B.Sc., M.B.A., C.B.V. | Nil | Nil |
| Stephen Facey M. Arch. | 818,140 | 8,000 |
| Donovan Perkins M.B.A. | 40,201 | 1,000 |
| Ian Parsard M.B.A. | Nil | Nil |

PAN JAM SHARES

| <i>Director</i> | <i>Personal holdings</i> | <i>Connected party holdings</i> |
|-------------------------------------|--------------------------|---------------------------------|
| Hon. Maurice Facey O.J. | 143,256 | 82,429,253 |
| W. G. Bryan Ewen F.C.A. | Nil | Nil |
| Paul A. B. Facey M.B.A. | 2,957,143 | 79,615,366 |
| Richard Byles M.Sc. | 118,866 | Nil |
| T. Matthew Pragnell B.A. | Nil | Nil |
| Kathleen Moss B.Sc., M.B.A., C.B.V. | Nil | 10,000 |
| Stephen Facey M. Arch. | 3,444,133 | 79,128,376 |
| Donovan Perkins M.B.A. | 37,969 | 1,000 |
| Ian Parsard M.B.A. | Nil | Nil |

3003424-C/NIR

May 24, 2011

Pan-Jamaican Investment Trust Limited
60 Knutsford Boulevard
KINGSTON 5

ATTENTION: MR. PAUL HANWORTH

Dear Sirs:

***Summary of Fairness Opinion Related to Proposed Scheme of Arrangement –
First Jamaica Investments Limited and Pan-Jamaican Investment Trust Limited***

1.0 INTRODUCTION

1.1 The Boards of Directors of Pan-Jamaican Investment Trust Limited (PJI) and First Jamaica Investments Limited (FJI) have proposed that, through a scheme of arrangement (Arrangement), all the assets and liabilities of FJI will be transferred to, and vested in, PJI and that the existing shareholders of FJI (except PJI) will receive 10 shares in PJI for each 13 stock units held in FJI.

1.2 Deloitte Touche Tohmatsu (DTT) has been requested by the Boards of Directors of FJI and PJI to provide a written fairness opinion (the “Fairness Opinion”) related to the proposed allocation of the shares of PJI to the stockholders of FJI. In connection with this Fairness Opinion, DTT was engaged to prepare formal valuation reports for PJI and FJI (including its 24.78% associated company, Sagicor Life Jamaica Limited). The effective date of the Fairness Opinion is December 31, 2010.

2.0 SCOPE OF REVIEW

In connection with preparing and rendering this Fairness Opinion, DTT has reviewed or relied upon, among other information, the proposed Arrangement, discussions with management of PJI and FJI with respect to the historic and current operations, and future prospects, competitors, and other relevant business and industry trends; audited financial statements for the six years ended December 21, 2010 and budget for the Year 2011; a letter of representation from management of PJI and FJI wherein they have confirmed the accuracy of representations made to us.

3.0 RESTRICTIONS AND LIMITATIONS

This summary of Fairness Opinion is subject to the same restrictions, limitations, and qualifications stated in our complete Fairness Opinion (for details, please refer to materials available for inspection).

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May 24, 2011

4.0 APPROACH TO REACHING FAIRNESS OPINION

In considering the fairness of the Arrangement, we have performed valuations of PJI and FJI using the Asset, Income and Market approaches. The following summarizes the indicative values per share as at December 31, 2010, of FJI and PJI based on each approach used.

| | Estimated Value Per Share (\$) | |
|-----------------------------|--------------------------------|---------------|
| | FJI | PJI |
| Asset Approach | 44.43 | 61.98 |
| Income Approach | 43.51 – 51.72 | 57.32 – 69.72 |
| Comparative Market Approach | 32.46 – 44.43 | 42.83 – 64.32 |

Value is future oriented and accordingly the most appropriate basis to value both FJI and PJI are their future earnings potential. Accordingly, we have estimated fair values of FJI and PJI stock units at \$47.60 and \$63.50 respectively based on mid values generated using the income approach.

5.0 FAIRNESS CONCLUSIONS

5.1 Our estimated fair market values of \$47.60 and \$63.50 for FJI and PJI, respectively, translate to an exchange allocation ratio of 9.74 PJI stock units for 13 shares in FJI. The proposed offer of 10 shares in PJI for every 13 stock units held in FJI is therefore slightly advantageous to the shareholders of FJI.

5.2 Based upon and subject to the foregoing and such other matters considered to be relevant, Deloitte is of the opinion that the proposed Arrangement is fair from a financial point of view, to the stockholders of FJI.

Yours truly,

Deloitte Touche Tohmatsu

AJ:

Standard Legal description

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/ about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte Global Profile

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in 151 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's 170,000 professionals are committed to becoming the standard of excellence. Deloitte's professionals are unified by a collaborative culture that fosters integrity, outstanding value to markets and clients, commitment to each other, and strength from cultural diversity. They enjoy an environment of continuous learning, challenging experiences, and enriching career opportunities. Deloitte's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities.

Q&A

Why are you doing this merger?

The executive and Board of Directors will now be able to devote a much greater level of time on strategy for one entity and less on the compliance issues and costs of two listed entities.

How many employees will lose their jobs?

None. Both companies already share human resources.

What is the cost of this transaction?

The total anticipated cost is J\$20million.

Why the execution of this transaction at this time?

Pan Jam currently owns more than 80% of First Jamaica, and we thought it prudent to merge the entities given that both Pan Jam and First Jamaica shareholders have common ownership of substantially the same group of companies, assets and management.

How will the First Jamaica pension plan be affected?

No changes are currently contemplated to the plan.

Will there be any change to the Board composition?

Yes, Ian Parsard, who was invited to join the First Jamaica Board in 2010, has been invited to join the Pan Jam Board on the completion of the proposed merger. With this exception no other changes are currently contemplated.

How will my dividend be affected going forward?

The group will continue to pay dividends based on its available cash and forecasted cash flows in the future. Historically it has paid out approximately 40-50% of cash profits.

What would last year's results have been had this merger taken place?

Pan Jam's proforma earnings would have been as reported expect that substantially all of the amount reported as attributable to non-controlling interests would have been attributable to owners of the parent. Additionally, on the balance sheet, substantially all of the amount in equity currently reported as non-controlling interests would have been reported as reserves attributable to owners of the parent.

On a proforma basis 2010 Pan Jam earnings per share would have been as noted below. This does not, however, include any amounts for merger related costs or synergies.

| | Reported | Proforma |
|-----|----------|----------|
| EPS | \$7.27 | \$7.74 |

Why execute this merger using this method (a Scheme of Arrangement) as opposed to any other method?

A Scheme of Arrangement allows for a tax-efficient transfer of assets and liabilities from one company to another.

Did the company give consideration to another method of doing this merger?

Yes, but as noted above this is the most tax-effective method.

If I am already exposed to Pan Jam as an investor, can I receive cash in lieu of my First Jamaica shares?

No, the offer is by way of exchange of First Jamaica shares for Pan Jam shares. As a listed company Pan Jam shares can also be traded over the Jamaica Stock Exchange.

What can investors expect of the new Pan Jam?

Pan Jam's vision is to continue to invest in diverse sectors of the economy, through direct ownership of businesses, either alone or in concert with other like-minded investors and management. We will continue to seek out acquisitions which we believe will create shareholder value over the medium to long term, using prudent levels of debt. We do not intend to alter our capital management philosophy which is to provide superior returns to stockholders while maintaining a conservative capital structure.

What is the level of dilution that Pan Jam shareholders can expect?

Approximately 39 million new Pan Jam shares are expected to be issued to existing First Jamaica stockholders (except Pan Jam) as a result of the scheme of arrangement. This represents a dilution factor of approximately 18.5%. However, Pan Jam's effective ownership of First Jamaica's underlying net assets, such as its 931 million shares in Sagikor Life Jamaica Limited and 100% ownership of Jamaica Property Company Limited, will increase from the current level of 83% to 100%. Management believes that the increase in ownership of those assets will more than compensate for the dilution.



First Jamaica Investments Limited
60 Knutsford Boulevard
Kingston 5, Jamaica