Pan-Jamaican Investment Trust Limited

Release

December 31, 2012

On behalf of the Board of Directors, we are pleased to present the consolidated financial statements of Pan-Jamaican Investment Trust Limited for the year ended December 31, 2012.

The highlights are:

- Net profit attributable to owners of $2,082 million (2011: $1,759 million)
- Return on opening equity of 14% (2011: 17%)
- Earnings per stock unit of $9.77 (2011: $9.37)
- Book value per stock unit of $77.05 at year end (December 31, 2011: $68.68)

In 2012 we took the significant step of acquiring an additional 8% of Sagicor Life Jamaica Limited ("SLJ") for $3,071 million, bringing our total holding to just under 33%. SLJ posted, again, impressive results for 2012 and, while profits for 2013 will be adversely affected by their participation in the National Debt Exchange, we continue to believe that the company will generate superior returns over the medium to long term.

<u>Income Statement</u>

Net profit attributable to owners for the year ended 31 December 2012 amounted to $2,082 million, compared to $1,759 million in 2011, an increase of 18%, while earnings per stock unit were $9.77 compared to $9.37 for 2011.

Property income decreased $81 million, 6%, to $1,289 million, despite a 6% increase in rental income to $1,136 million, as a more conservative view of economic activity and rental rates reduced recorded property revaluation gains to $153 million from last year's $300 million. Our property segment enjoyed healthy overall occupancy levels of 95%, slightly lower than last year's 98%, but despite the reduced valuation gains made a contribution to group operating profit of $644 million compared to last year's level of $648 million.

Investment income of $252 million improved marginally over last year's level of $249 million, while our investment management segment posted operating profit of $97 million versus last year's level of $124 million. This year our policy of weighting our investment portfolio heavily in foreign currency denominated investments resulted in recorded foreign exchange translation gains of $52 million compared to $11 million last year, an increase of $41 million, offsetting a decline in interest income of $42 million resulting from lower yields on reduced invested balances. An increase of $20 million in realised gains of on sale of investment securities, and a reduction of $6 million in impairment losses, did not compensate for the decrease of $35 million in investment gains on our "fair value through profit and loss" securities portfolio resulting principally from weakness in the local equities market. Net unrealised gains in our portfolio of available-for-sale securities, which are accounted for through comprehensive income and stockholders' equity, amounted to $8 million for the year compared to $32 million last year.

Total operating expenses for the year amounted to $959 million compared to the 2011 level of $935 million, an increase of 3%. Of these amounts, the year-on-year increase in direct costs of property management was 6%, while we managed to reduce general and administrative overhead by $8 million, or 2%. We were successful at containing overall staff costs to 2011 levels, while effecting savings in other areas.

During 2012 we successfully raised a $2.5 billion private placement of notes with maturities of 2, 3 and 5 years, at interest rates ranging from 8.75% to 9.75%. We also drew down the remaining US$12.5 million of our facility from the International Finance Corporation, fixing the interest rate at 4.36% for a 7-year period. We believe that this will give us the platform to continue to make additional private equity investments as opportunities arise. As a result of the increase in borrowings, finance costs rose to $187 million from the 2011 level of $88 million.

Associated Companies and Joint Venture

The results of associated and joint venture companies consist principally of our 32.8% investment in Sagicor Life Jamaica Limited ("SLJ"). We also hold 20% interests in Hardware & Lumber Limited ("H&L") and (beginning in 2012) Chukka Caribbean Adventures Limited ("Chukka"); a 50% interest in Mavis Bank Coffee Factory Limited ("Mavis Bank"); a 25% interest in New Castle Company Limited ("New Castle"), owners of Walkerswood and Busha Browne and holders of half of our interest in Mavis Bank; and a 35% interest in Caribe Hospitality Jamaica Limited ("Caribe"), developers of a planned Marriott Courtyard hotel in New Kingston.

Our share of results of associated and joint venture companies increased by $305 million to $1,695 million, compared to the 2011 amount of $1,390 million. Of these amounts, $1,652 million (2011 - $1,359 million) emanated from SLJ. SLJ's net profit attributable to shareholders was $5,791 million, an increase of 5% over the prior year, representing a 19% return on average equity. SLJ's strong results were driven by strong insurance and annuities new business; improved conservation of business in-force; favourable benefits experience; and careful expense management. These positive factors offset a new asset tax regime implemented in 2012 and the effects of the National Debt Exchange consummated in 2013. As noted earlier, we acquired an additional 300 million SLJ shares in July, 2012, representing 8% of the company.

H&L reported a profit of $27 million compared to $6 million a year ago. Revenue improved by 4% versus last year despite difficult trading conditions, and careful margin management, the elimination of controllable costs such as demurrage, and a $67 million, 14%, reduction in overheads enabled the company to post $100 million of pre-tax profit in 2012, a ten-fold increase compared to the 2011 level of $10 million. Much of this improvement was absorbed by an increase in a non-cash, deferred tax, charge consequent on the reduction to 25% in the corporate income tax rate, resulting in a relatively modest profit outturn. We are pleased to see meaningful change in the management of this business, particularly in the areas of wholesale trading, supply chain efficiency, inventory rationalization, focused working capital management, new longer tenor local currency borrowings, and enhanced retail customer experience.

In May 2012 we acquired a 20% share of Chukka Caribbean Adventures Limited, the regional leader in adventure tours, which has operations currently in 3 countries, and is a recognized leader and innovator in the tourism sector. While our share of 2012 results was modest, we are confident that this will become an important component of our investment portfolio in the future.

In the 4th quarter of 2011 we partnered with Jamaica Producers Group in the acquisition of Mavis Bank, the country's premier processor and seller of Jamaica Blue Mountain coffee. Our share of results for 2012 was $37 million, and we look forward to a continued successful investment and relationship with our partners. New Castle's involvement with this business was cemented with the Jamaican retail distribution of Jablum in late 2012 and the acquisition of half of our 50% share of the business during the year. New Castle continues to make satisfying progress with the production, distribution and export of Walkerswood, Busha Browne and Jamaica Joe lines of sauces and seasonings.

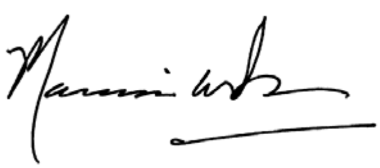
In late 2012 our associated company Caribe finally obtained all requisite approvals to construct the much anticipated Marriott Courtyard in New Kingston. Construction is expected to commence in early 2013 with occupancy targeted towards the end of 2014.

Balance Sheet

Stockholders' equity increased to $16.4 billion (December 31 2011: $14.6 billion), which equates to a book value per share of $77.05 as at December 31, 2011 (December 31, 2011: $68.68), an increase of 12%. Total assets at December 31, 2012 amounted to $21.4 billion, compared to $15.9 billion at December 31, 2011, as a result of an increase in borrowings of $3.7 billion and the $1.8 billion increase in Stockholders' equity.

Outlook

12 months ago, we noted that Jamaica's economic direction remained uncertain in the absence of an IMF agreement. It is distinctly unfortunate that 12 months later, we find ourselves repeating exactly the same message. This month, for the second time in 3 years, the Private Sector wholeheartedly supported a national debt exchange programme to allow the Government of Jamaica significant cuts in debt service costs. We are heartened by news that the Government will likely soon execute an agreement with the IMF, and look forward to working together to taking the necessary tough decisions to reduce the total costs and scope of the public sector and to implementing comprehensive tax reform, in order to lay a sound platform for future economic growth.



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