

Directors' Statement

Overview

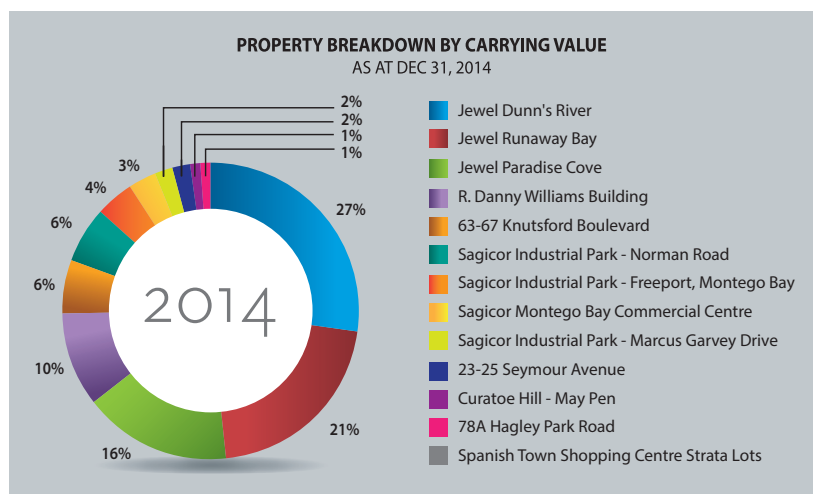
Sagicor Real Estate X Fund Limited (X Fund) is exposed to the Jamaican real estate and tourism sectors through its investment in the Sigma Real Estate Portfolio (Portfolio). Sigma Real Estate Portfolio has property investments in the tourism sector with ownership of three Jewel Resorts branded hotels; and the real estate sector by owning four office/retail shopping buildings, four industrial/warehousing properties and two prime land holdings slated for development. In 2014, the Sigma Real Estate Portfolio generated revenue of \$7.081 billion and net income of \$2.487 billion. The Portfolio earnings before interest, tax and amortization (EBITA), excluding any unrealized revaluation property gains, was \$936 million. These earnings, combined with revaluation gains of \$1.906 billion, formed the basis for appreciation of the Sigma Real Estate Portfolio unit values and consequently gains of \$985 million recognized by X Fund to December 31, 2014. All property valuations are conducted by independent certified valuers and are done at least once per year.

In December 2014, the company formed a wholly owned subsidiary, X Fund Properties Limited, whose main activity will be the ownership and operation of the Hilton Rose Hall Hotel. The acquisition of the Hilton Rose Hall Hotel was finalized in January 2015 and will add another 489 rooms to the revenue stream.

The Sagicor Real Estate X Fund Limited Group (the Group) earned revenue of \$962.8 million for the year, an improvement of 2.2% over 2013. With expenses for the year of \$22.4 million and taxation of \$18.9 million, the Group generated net profit attributable to stockholders of \$921.5 million for the period. This was another strong performance by the Group. Earnings per stock unit was \$0.62.

Operations

The Group's income earning activity during the year was mainly the investment in the Sigma Real Estate Portfolio. This investment earned unrealized capital gains of \$985.0 million to December 31, 2014, up from \$942 million at December 31, 2013, an increase of 4.5%. In December 2014, the company floated a US\$42.29 million (J\$4.79 billion) Note. The introduction of debt is expected to enhance earnings and returns to shareholders. Resulting interest expense to December



HIGHLIGHTS

	31-Dec 2014 Audited	31-Dec 2013 Audited
Total Revenue - J\$ million	962.8	942.2
Net Profit attributable to stockholders - J\$ million	921.50	942.1
Earnings per stock unit - J\$	0.62	0.63
Total Assets - J\$ billion	14.219	8.418
Stockholders' Equity J\$ billion	9.340	8.418
Book value per share - J\$	6.25	5.63
JSE X Fund share price - J\$	7.11	6.07

31, 2014 was J\$22.4 million. Group net profit attributable to stockholders was \$921.5 million.

Balance Sheet

The company had total assets of \$14.219 billion as at December 31, 2014, up from \$9.001 billion as at September 30, 2014 and \$8.418 billion at December 31, 2013. This year's growth of 69% reflects primarily the reinvestment of borrowings and appreciation of units in the Sigma Real Estate Portfolio.

Total Stockholders' Equity as at December 31, 2014 was J\$9.34 billion up from J\$8.418 billion as at December 2013. The growth was driven mainly by net earnings.

Market Dynamics

Tourism Sector

According to data published by the Jamaica Tourist Board (JTB) it revealed higher tourist arrivals for 2014 when compared with 2013 in the Jamaican tourism market. Total stopover tourist arrivals increased 3.6% to 2,080,181 for 2014, up from 2,008,181 a year earlier. This was supported by a 17.1% surge in the number of visitors from the UK (9% of the total market). The two major source markets (USA and Canada) increased by 2.0% and 5.2%, respectively. These two market

combined account for approximately 82% of the stop over arrivals.

Cruise passenger arrivals grew by 12.5% to 1.4M. This largely reflected increased activities at the Falmouth and Ocho Rios cruise piers, as the number of passengers expanded by 19.5% and 7.7% respectively.

The United Nations World Tourism Organization (UNWTO) forecasts growth in global tourist arrivals within the range of 3% - 4% in 2015. The growth is expected to be strongest in the Americas and Asia up 4 and 5% respectively.

With global tourist travel expected to increase, an upturn in the local economic activity for the hotel and restaurant industries is expected during 2015. This growth is predicated on increased stopover arrivals, and higher cruise passenger arrivals stemming from the anticipated introduction of new cruise to the island during 2015.

Commercial Sector

The demand for Business Processing Outsourcing (BPO) facilities continues to drive the expansion in the Jamaican commercial leasing sector for rental space above 10,000 square feet, while small independent entrepreneurs and professionals are demanding space in the 1,000 to 2,000 square

TOURISM PROPERTIES

	No. of Rooms	Occupancy
Jewel Dunn's River	250	85%
Jewel Runaway Bay	266	70%
Jewel Paradise Cove	225	70%
Sub Total	741	75%

COMMERCIAL PROPERTIES

	Rental Space (sq. ft)	Occupancy
R. Danny Williams Building	150,294	99%
Sagicor Sigma Building	68,880	76%
78A Hagley Park Road	23,413	81%
Sagicor Industrial Park - Marcus Garvey Drive	74,276	81%
Sagicor Industrial Park - Montego Bay, Freeport	194,741	93%
Sagicor Montego Bay Commercial Centre	28,731	97%
Sagicor Industrial Park - Norman Road	233,418	87%
Spanish Town Shopping Centre Strata Lots	9,518	79%
Curatoo Hill - May Pen	n/a	n/a
23-25 Seymour Avenue	n/a	n/a
Sub Total	783,271	89%

feet range. Energy efficiency is a key initiative in improving profitability and competitiveness; benefits are accruing for both property owner and tenants in the form of higher net rental yields and lower accommodation cost respectively.

Outlook

The Group continues to invest in real estate, whether directly through the Sagicor Sigma Real Estate Portfolio or by direct purchase. The latest such acquisition of the 489 rooms Hilton Rose Hall Resort and Spa in January 2015 reflects our continued commitment to Jamaica and to creating value for X Fund shareholders. The construction of the Jewel Lagoon Water Park at Jewel Runaway Bay as well as full availability of rooms at that location following refurbishing of 50% of room blocks in

2014 will also position the Group for increase value to shareholders.

The Board remains committed to its stated dividend policy of paying dividend of up to 85% of annual net realized income and expect shareholders to commence receiving such a distribution during 2015.

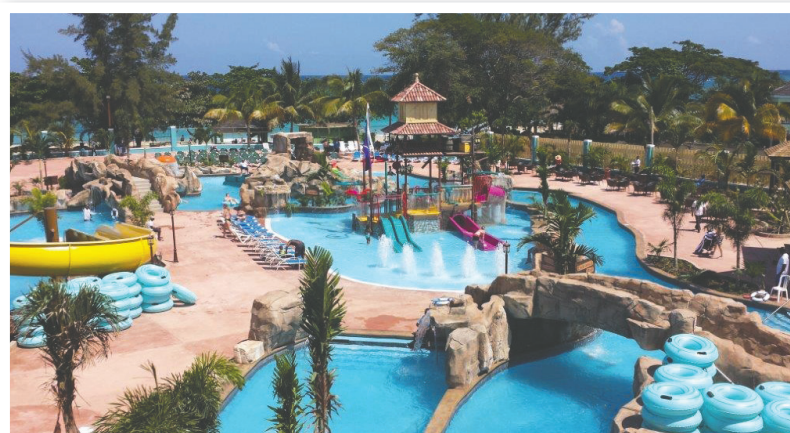
We thank our stakeholders for the confidence they have shown in us, as we commit to serve you with professionalism and excellent customer service.

On behalf of The Board of Directors:

RICHARD BYLES
Chairman

ROHAN MILLER
Director & CEO

26 March 2015



Jewel Lagoon Water Park at Jewel Runaway Bay

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 December 2014
(Expressed in thousands of Jamaican dollars)

	December 2014 Audited	December 2013 Audited
ASSETS:		
Securities purchased under agreement to resell	2,784,912	-
Financial investments	74,738	-
Investment in Sigma Real Estate Portfolio	9,403,194	8,418,156
Accounts receivable	1,956,069	-
Deferred tax assets	-	1
TOTAL ASSETS	14,218,913	8,418,157
STOCKHOLDERS' EQUITY AND LIABILITIES:		
Equity attributable to stockholders of the company		
Share capital	7,476,016	7,476,016
Retained earnings	1,863,628	942,141
Total Equity	9,339,644	8,418,157
Liabilities		
Loan payable	4,860,374	-
Taxation payable	48	-
Deferred income taxes	18,847	-
Total Liabilities	4,879,269	-
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	14,218,913	8,418,157

Richard Byles
Chairman
26 March 2015

Rohan Miller
Director & CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014
(Expressed in thousands of Jamaican dollars)

	December 2014 Audited	December 2013 Audited
Revenue:		
Interest income	5,637	-
Net capital gains on financial assets and liabilities	957,141	942,240
Total revenue	962,778	942,240
Expenses:		
Professional fees	-	100
Interest expense	22,395	-
Total expenses	22,395	100
Profit before Taxation	940,383	942,140
Taxation	(18,896)	1
NET PROFIT	921,487	942,141
Earnings per stock unit for profit attributable to stockholders of the parent company:		
Basic and Fully diluted	\$0.62	\$0.63

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014
(Expressed in thousands of Jamaican dollars)

	Share Capital	Retained Earnings	Total Stockholders' Equity
Ordinary shares issued	7,475,916	-	7,475,916
Special redeemable preference shares issued	100	-	100
Net Profit	-	942,141	942,141
Balance as at 31 December 2013	7,476,016	942,141	8,418,157
Net Profit	-	921,487	921,487
Balance as at 31 December 2014	7,476,016	1,863,628	9,339,644

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014
(Expressed in thousands of Jamaican dollars)

	December 2014 Audited	December 2013 Audited
Cash Flows from Operating Activities:		
Net Profit	921,487	942,141
Adjustments for:		
Items not affecting cash:		
Interest income	(5,637)	-
Interest expense	22,395	-
Income tax expense	18,896	(1)
Fair value gain on units held in Sagicor Sigma Funds	(985,038)	(942,240)
Fair value loss on other financial investments	340	-
Fair value loss on loan payable	33,559	-
Interest income received	6,002	(100)
	4,173	-
Net cash provided by/(used in) operating activities	10,175	(100)
Cash Flows from Investing Activities:		
Deposit on hotel being acquired	(1,931,076)	-
Purchase of investments	(2,699,253)	(7,475,916)
Sale of investments	108,400	-
Net cash used in investing activities	(4,521,929)	(7,475,916)
Cash Flows from Financing activities:		
Borrowings	4,761,431	-
Ordinary shares issued	-	7,475,916
Special shares issued	-	100
Net cash provided by financing activities	4,761,431	7,476,016
Effect of exchange gains on foreign currency balances	(9,042)	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	240,635	-
Comprised of:		
Securities purchased under agreement to resell	240,635	-

Explanatory Notes

Identification

The Sagicor Real Estate X Fund Limited (X Fund), the Company, is incorporated as an international business company under the

International Business Companies Act, 1999 (as amended) of Saint Lucia. The X Fund is 67.7% owned by the Sagicor Pooled Pension Investment Funds, which are administered by Sagicor Life Jamaica Limited.

The Company is the parent of X Fund Properties Limited, a wholly owned subsidiary incorporated and domiciled in Jamaica.

Basis of preparation

These condensed financial statements have been prepared in conformity with International Financial Reporting Standards

(IFRS) and the accounting policies as set out in note 2 of the December 31, 2014 audited financial statements.