PANJAM INVESTMENT LIMITED

2021

ANNUAL REPORT

CONTENTS

FINANCIAL HIGHLIGHTS

$7.2B
Net Profit Attributable to Owners up by $3.7B

$52.0B
Total Stockholders' Equity up by $4.8B

$67.8B
Total Assets up by $5.2B

$6.78
Earnings Per Stock Unit up by 105%

$48.83
Net Worth Per Stock Unit up by 10%

$1.00
Dividend Per Stock Unit up by 163%

OUR VISION

To maximise our financial strength by unleashing the potential of our team members to create greater value for all: our customers, our shareholders, our team and our country.

THE CHAIRMAN AND CEO'S STATEMENT

In 2021, we continued to be impacted by the COVID-19 pandemic, with spikes in cases tempered by the implementation of vaccination programs worldwide. While there is still no clear timeframe for the end of the pandemic, we believe that we are beginning to see a paced emergence from this prolonged crisis.

The world has changed dramatically in the past two years. We are all now faced with a new set of realities, both personally and professionally. In some regards, we have had losses and setbacks but are now looking to restoration and progress. We believe that, with continued leadership from the private sector along with prudent fiscal management by the Government of Jamaica, there will be a measured local recovery over the next two to three years.

During its more than 55-year history, PanJam Investment Limited (PanJam) has weathered a number of storms, both literal and figurative. Through economic cycles, our investment strategy has allowed PanJam to survive and thrive. We learnt lessons and applied the knowledge and experience gained, thereby increasing shareholder value in the long term. Looking ahead, we will walk confidently into the future, prepared for all economic eventualities. PanJam's 2021 activities and results underscore this outlook.

In 2021, net profit attributable to owners amounted to $7.2 billion, equivalent to $6.78 per stock unit, from which dividends of $1.35 per stock unit were declared; $1.00 in 2021 and an additional $0.35 in February 2022. This performance showed a remarkable turnaround relative to 2020, which was significantly affected by the pandemic.

Recent market volatility only emphasized the importance of a long-term view and unwavering patience when deploying capital. Our balance sheet highlights the benefits of this approach. As at 31 December 2021, our debt-to-equity ratio was 26%, and we held a portfolio of cash and securities of $13.4 billion. Stockholders' equity stood at $52.0 billion, up 10% over 2020.

Our strategy of maintaining significant positions in Jamaican assets remains appropriate and relevant, as shown across all three of our strategic pillars: strategic equity, tradeable securities and real estate. Sagicor Group Jamaica Limited (Sagicor), our largest investment, recorded net profit attributable to stockholders of $17.4 billion, a 26% increase compared to 2020. Our trading securities portfolio grew in value, consistent with a recovery in the local equities market. Our real estate continued to provide a strong base for investment, with our property segment's income remaining relatively flat on a year-over-year basis.

REAL ESTATE

In 2019, we began development of the ROK Hotel, Tapestry Collection by Hilton, located at the corner of King Street and Ocean Boulevard in Downtown Kingston. Simultaneously, work started on the ROK Residences on the top four floors. Notwithstanding the considerable construction and logistical delays caused by the pandemic, we are on track to opening the ROK Hotel in mid-2022.

We continue significant upgrade work on the Scotia Centre building also in Downtown Kingston. Modernisation of the space is aligned with our well-known commitment to the rejuvenation of the Kingston Waterfront, and represents our intention to upgrade many of our legacy assets.

During its more than 55-year history, PanJam has weathered a number of storms, both literal and figurative. Through economic cycles, our investment strategy has allowed PanJam to survive and thrive.

Stephen B. Facey | CHAIRMAN
Joanna A. Banks | CEO

Our properties continue to hold value, underpinned by our strong relationships with our tenants. Occupancy levels remained stable and high during 2021, a testament to the hard work of our property team.

Our investments, Aloft Miami Airport Hotel and the Courtyard by Marriott Kingston saw improvements in occupancy in 2021. We believe that the worst of the pandemic may be behind us and, with a broad uptick in global travel and tourism activity, we should see increased returns on our hospitality assets over the next two to three years.

Our commercial and retail property management business, Jamaica Property Company Limited, has performed extremely well through all phases of COVID-19. Our properties continue to hold value, underpinned by our strong relationships with our tenants. Occupancy levels remained stable and high during 2021, a testament to the hard work of our property team. Other income decreased relative to 2020, which was supported by gains from the sale of our Bamboo Avenue property in Kingston.

INVESTMENTS AND ASSOCIATED COMPANIES

During 2021, we recorded investment income of $2.1 billion, a substantial improvement over the $523.3 million in losses seen in 2020. These results are directly attributable to the market price movement of our holdings in companies listed on the Jamaica Stock Exchange. Given our strong liquidity position as well as access to additional financing and our ability to hold securities for the medium to long term, we have not deviated from our strategy of investing in excellent companies with capable management. We are confident that we have invested in well-managed, well-capitalised organisations that will help to drive our nation's recovery.

As noted previously, Sagicor reported net profit attributable to stockholders of $17.4 billion in 2021, its highest to date. The group's performance was boosted by improved results from its individual life and commercial and investment banking segments. Its health insurance business was negatively impacted by rising medical inflation, due largely to the effect of the pandemic on the global supply chain.

Outsourcing Management Limited, better known as itel, delivered excellent results, exceeding expectations. New Castle Company Limited, owners of the Walkerswood and Busha Browne brands, saw growth as it continued to leverage its enhanced U.S. distribution.

On the other hand, Chukka Caribbean Adventures Limited (Chukka), continued to suffer losses due to reduced cruise traffic to the region. Given Chukka's dominant position in the tourist attractions sector, we are working assiduously with management to preserve value and ensure that the company can take advantage of the rebound in regional tourism.

OUTLOOK

We are mindful of our responsibilities as corporate citizens and nation builders. In a time when entrepreneurship will drive necessary innovation and growth, we continue to actively support the development of the local venture capital and private equity markets, primarily through our involvement in the First Angels Jamaica investor group. We look forward to the return of the National Business Model Competition in 2022, which will showcase our upcoming cadre of leaders.

Through the C.B. Facey Foundation, we provided food packages to our partner families in the Boys' Town community. We also participated in the Private Sector Organization of Jamaica's Vaccination Initiative, and we continue to believe that successful vaccination of the majority of Jamaicans is the quickest way to economic recovery.

In addition to the many organisations and initiatives supported by the C.B. Facey Foundation, our longstanding interest in the development of the urban environment continues by way of our participation in, and support of, the New Kingston Civic Association and the Kingston Restoration Company.

Our recent experience in crisis has highlighted the need for confidence, collaboration and commitment, all of which are encapsulated in the long-term vision for your company:

1. We are confident in the resilience of the Jamaican economy and its people.
2. We know that recovery will be driven by collaboration amongst all stakeholders in both the public and private sectors.
3. We are committed to investing in companies that contribute to meaningful and sustainable economic growth.

We do expect some level of uncertainty to continue as concerns about the pandemic are replaced by geopolitical unrest and increasing levels of global inflation. Locally, the economic recovery has begun but we believe that it will be tempered by the Bank of Jamaica's steps to control inflation and currency devaluation through interest rates. In the United States, the investment climate is similar, with the Federal Reserve tightening its monetary policy.

Current and past administrations have shown a commitment to improving key fiscal metrics, setting the framework for business and investor confidence. For this, as well as for the ongoing management of this difficult situation, our leaders are to be commended.

We owe a debt of gratitude to our essential and frontline workers, all of whom made sacrifices in order to treat and safeguard the Jamaican people. Their efforts have not gone unnoticed.

We are extremely grateful to, and proud of, the PanJam and Jamaica Property teams. They have faced every challenge presented with steadfast dedication to the Company and each other. We thank our shareholders for their patience and trust. We also thank our Board and Senior Management Team for their counsel, leadership and engagement throughout the year. We look forward to making our contribution towards our nation's recovery, and to many years of success thereafter.

Stephen B. Facey
Chairman

Joanna A. Banks
CEO

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APPOINTMENT OF CHIEF EXECUTIVE OFFICER

Strategic, decisive and active leadership is the modus operandi for Joanna A. Banks.

As chief executive officer (CEO) of PanJam Investment Limited (PanJam) these attributes are necessary in order to helm one of the largest, publicly-listed entities in the Caribbean.

For Banks, the first year in the role as CEO was guided by a team-first outlook.

"Becoming CEO in the height of the COVID-19 pandemic made my primary goal exceptionally clear – keep our team members safe, motivated and able to work effectively. Given the inherent camaraderie at PanJam, my goal became our goal. The team worked together in ways that I could not have imagined, showing commitment to the company and to each other. PanJam is only able to create shareholder value when we enable our team members to be their best — mentally, physically, personally and professionally. I am so proud to be a member of this team, if only for how we lived through and emerged from crisis," said Banks.

The journey to leadership includes roles at Exxon Mobil Corporation, Deere & Company and Pan Caribbean Financial Services Limited (now Sagicor Investments Jamaica Limited) focused on corporate finance, investor relations, pension fund management and strategy.

Banks joined PanJam in 2016 as Vice President of New Business Development and Strategy, becoming Senior Vice President in 2018. As an existing PanJammer, she enjoys the advantage of strong relationships with the PanJam and Jamaica Property teams as well as the Board of Directors, including Stephen Facey, PanJam's Executive Chairman and immediate past CEO.

"The transition to CEO required a substantial handover process that included a deep understanding of the history of PanJam — its reason for existing, the motivation of past CEOs and the expectations of shareholders. Working with Stephen Facey put a lot in perspective. In a world of cycles, his insights on Jamaica's storied past and PanJam's role therein are invaluable. I am grateful that he will continue as my partner in leadership."

The seemingly seamless transition also showcases the unified vision of the staff and leadership. With the strategic objectives of management so well defined, there was no need for restructuring or strategic overhaul.

"Many new CEOs want to make substantial changes and kick off their tenure with exciting transactions. At PanJam, we have a solid foundation. As such, my focus was on supporting and growing our team, streamlining our operations and executing our strategy."

Looking ahead, Banks' strategy for PanJam calls for expansion.

"PanJam is well known as an investor in real estate, private equity and tradeable securities, in Jamaica. Over the next few years, the goal is to expand our investments throughout the region in order to be known as a premier, Caribbean investment holding company."

"Many new CEO's want to make substantial changes and kick off their tenure with exciting transactions. At PanJam, we have a solid foundation. As such, my focus was on supporting and growing our team, streamlining our operations and executing our strategy."


ROK
HOTEL & RESIDENCES | KINGSTON
INQUIRE HERE
ROK
URBAN LIVING
The residential units of the ROK sit atop a multi-purpose complex that will include an international hotel, multiple entertainment venues on property, a coffee bar, first-class dining and commercial office spaces.
ROK RESIDENCES FEATURES
+ Private reserved parking and skybridge connection
+ Hurricane- resistant and Sound-proof Windows
+ Private Residential Lobby and elevators
+ Residential Concierge service
+ Floor-to-Ceiling Windows
+ Multiple F + B venues
+ Grand hotel lobby
ROK
2-4 King Street, Kingston, Jamaica

DOWNTOWN IS BACK

Mingle in the lobby. Entertain friends and family on the pool deck. Enjoy international cuisine from the restaurant and bar downstairs with the choice of restaurant or in-home dining.

KING + OCEAN

Urban living with an emphasis on service. ROK residents will enjoy perks and privileges that transform luxury apartment living into a lifestyle.

10-YEAR STATISTICAL REVIEW

	2021	2020	2019	2018
($'000)				
Stockholders' equity (net worth)	51,962,423	47,186,371	42,743,201	33,733,671
Total assets	67,774,534	62,571,278	54,400,977	45,866,093
Net profit attributable to owners	7,202,801	3,504,520	8,308,325	5,333,750
Dividends paid	1,066,160	405,140	1,396,669	1,119,468
Retained earnings	40,009,447	34,692,918	31,911,597	25,183,909
FINANCIAL RATIOS				
Net worth per stock unit	$48.83	$44.47	$40.36	$31.94
Earnings per stock unit (basic)	$6.78	$3.31	$7.85	$5.06
Dividends paid per stock unit	$1.00	$0.38	$1.31	$1.05
Divdend payout ratio	14.7%	11.5%	16.7%	20.8%
Weighted average number of stock units	1,062,113	1,060,107	1,058,086	1,053,423
Return on average equity	14.5%	7.8%	21.7%	16.6%
Return on opening equity	15.3%	8.2%	24.6%	17.5%
Change in stockholders' equity	10.1%	10.4%	26.7%	10.5%
Debt-to-equity ratio	26.2%	29.0%	22.0%	31.3%
OTHER DATA				
Stock closing price at year end	$64.85	$67.99	$100.50	$71.99
Price-to-earnings ratio	9.6	20.5	12.8	14.2
Stock price change from previous year	-4.6%	-32.3%	39.6%	60.9%
JSE market index at year end	396,156	395,615	509,916	379,791
Annual change in JSE Main Index	0.1%	-22.4%	34.3%	31.7%
Closing exchange rate J$:US$	$153.92	$141.71	$131.18	$126.80
Annual Inflation rate	7.3%	6.4%	6.2%	2.4%

2017	2016	2015	2014	2013	2012
30,527,061	**25,669,471**	21,763,118	21,134,493	17,840,566	16,424,856
39,353,033	**32,440,680**	27,954,161	26,413,492	23,310,321	21,467,506
4,131,352	**4,050,373**	3,186,141	2,842,755	2,491,106	2,086,930
906,236	**906,236**	607,711	565,065	437,126	437,126
21,195,513	**17,528,506**	14,541,916	12,106,496	9,717,955	7,968,949
$29.03	**$24.43**	$20.75	$20.16	$17.06	$15.42
$3.93	**$3.86**	$3.04	$2.71	$2.35	$1.96
$0.85	**$0.85**	$0.57	$0.53	$0.41	$0.41
21.6%	**22.0%**	18.8%	19.6%	17.5%	20.9%
1,051,474	**1,050,219**	1,048,940	1,049,105	1,061,065	1,065,510
14.7%	**17.1%**	14.9%	14.6%	14.5%	13.4%
16.1%	**18.6%**	15.1%	15.9%	15.2%	14.3%
18.9%	**17.9%**	3.0%	18.5%	8.6%	12.3%
24.5%	**20.2%**	23.9%	20.8%	25.5%	25.7%
$44.75	**$27.95**	$18.80	$11.79	$10.80	$11.50
11.4	**7.2**	6.2	4.4	4.6	5.9
60.1%	**48.7%**	59.4%	9.2%	-6.1%	-4.2%
288,382	**192,276**	150,692	76,353	80,634	92,101
50.0%	**27.6%**	97.4%	-5.3%	-12.5%	-3.4%
$124.30	**$127.96**	$120.03	$114.39	$105.72	$92.15
5.2%	**1.7%**	3.7%	6.4%	9.5%	8.0%

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty Eighth Annual General Meeting of PanJam Investment Limited will be held **Virtually** on Wednesday 25 May 2022 at **3:00 p.m.** for the following purposes:

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

   To consider and (if thought fit) pass the following Resolution:

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

2. **To approve the Dividend paid as final.**

   To declare the interim dividends of $1.00 declared during the year, as final dividend for the year ended 31 December 2021.

   To consider and (if thought fit) pass the following Resolution:

   "THAT the interim dividends of 10.5 cents declared 2 March 2021 and paid 31 March 2021, 15 cents declared 12 May 2021 and paid 18 June 2021, 20 cents declared 11 August 2021 and paid 16 September 2021, 26 cents declared 12 November 2021 and paid 16 December 2021 and an additional dividend of 28.5 cents declared 16 December 2021 and payable 19 January 2022 making a total of $1.00 per stock unit be declared as final dividend for the year ended 31 December 2021."

3. **To elect Directors.**

   3.1 The Directors retiring by rotation pursuant to Article 89 of the Articles of Incorporation are Mr. Paul R. Hanworth and Mrs. Kathleen A.J. Moss who being eligible offer themselves for re-election.

   To consider and (if thought fit) pass the following Resolutions:

   a. "THAT the retiring Director Mr. Paul R. Hanworth be re-elected a Director of the Company."

   b. "THAT the retiring Director Mrs. Kathleen A. J. Moss be re-elected a Director of the Company."

   3.2 Pursuant to Article 95 of the Articles of Incorporation Ms. Joanna A. Banks was appointed to the Board of Directors since the last Annual General Meeting and must retire at this annual general meeting. Being eligible she offered herself for election.

   To consider and (if thought fit) pass the following Resolution:

   c. "THAT the retiring Director Ms. Joanna Banks be and is hereby elected a Director of the Company."

4. **To confirm the remuneration of the Non-Executive Directors.**

   To consider and (if thought fit) pass the following Resolution:

   "THAT the amount of $17,550,000 shown in the Accounts for the year ended 31 December 2021 for Non-Executive Directors' fees be and is hereby approved."

5. **To fix the remuneration of the Auditors or to determine the manner in which such remuneration is to be fixed.**

   To consider and (if thought fit) pass the following Resolution:

   "THAT the remuneration of the Auditors, PricewaterhouseCoopers, who have signified their willingness to continue in office, be fixed by the Directors."

By order of the Board,

Gene M. Douglas
Secretary
Kingston, Jamaica
17 March 2022

A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint one or more proxies to attend and on a poll to vote instead of him. Such proxy must be lodged at the Company's Registrar not less than forty-eight hours before the meeting. A proxy need not be a member. A suitable form of proxy is enclosed.

PLEASE complete and submit to:

The Registrar, Sagicor Bank Jamaica Limited, Group Legal Trust & Corporate Services, Ground Floor, 28-48 Barbados Avenue, Kingston 5.

REPORT OF THE DIRECTORS

The Directors herewith submit their Report and the Audited Financial Statements for the year ended 31 December 2021.

	$'000
The Group profit before taxation was	7,231,147
Taxation amounted to	20,570
Making Group profit after taxation	7,251,717
The share of non-controlling interest in the results of subsidiaries was	(48,916)
Making the profit attributable to stockholders	7,202,801
To be added to retained earnings brought forward from last year	34,692,918
Making a total of	41,895,719
Dividends paid amounted to	(1,063,234)
and there were adjustments to retained earnings in respect of	
transfer to property revaluation reserves	(226,869)
transfer from investment and other reserves	(569,236)
post-employment benefit obligations, net of taxation	(26,933)
Leaving retained earnings to be carried forward to the next year of	40,009,447

Directors

The Directors retiring by rotation pursuant to Article 89 of the Articles of Incorporation are Mr. Paul R. Hanworth and Mrs. Kathleen A. J. Moss, who being eligible offer themselves for re-election. During the year Miss. Joanna A. Banks was appointed to the Board pursuant to Article 95 of the Articles of Incorporation. Mr. Donovan H. Perkins tendered his resignation with effect from the end of December 2021.

At the end of December 2021, the Board of Directors comprised:

Stephen B. Facey, CD, BA, M. Arch.
Executive Chairman

Joanna A. Banks BSc., MBA, CFA
Chief Executive Officer

Christopher N. Barnes, BS Mech.Eng., MBA
Paul A. B. Facey, BSc., MBA
Paul R. Hanworth, BA, MA, FCA, CPA
Kathleen A. J. Moss, BSc., MBA, CBV
Ian S. C. Parsard, BSc., MBA, ACCA
Donovan H. Perkins, BA, MBA
T. Matthew W. Pragnell, BA
Angella M. Rainford BA, MPhil, MBA

Dividends

The Directors have recommended that the interim dividends declared/paid to stockholders during the year amounting to $1:00 be declared as final dividend for the year ended 31 December 2021.

Auditors

PricewaterhouseCoopers have expressed their willingness to continue in office in accordance with Sections 153 and 154 of the Companies Act.

On behalf of the Board

Gene M. Douglas
Secretary
Kingston, Jamaica
19 March 2022

BOARD OF DIRECTORS

STEPHEN B. FACEY, CD, BA, M. Arch.
Executive Chairman

Mr. Stephen B. Facey has over 40 years of experience in architecture, real estate development and management, and private equity investing. An Architect by training, Mr. Facey holds a BA in architecture from Rice University and a M. Arch. From the University of Pennsylvania. He is Chairman of Jamaica Property Company Limited, Kingston Restoration Company, The New Kingston Civic Association and the C.B. Facey Foundation, the charitable arm of PanJam Investment Limited (PanJam). Mr. Facey is also the Chairman of the Caribbean Policy Research Institute and the New Castle Group of Companies. He is a Director of Sagicor Financial Company, Sagicor Group Jamaica Limited and the National Gallery of Jamaica.

JOANNA A. BANKS, Bsc., MBA, CFA
Chief Executive Officer

Ms. Joanna A. Banks joined PanJam's Board of Directors in 2021. She joined the Company in 2016, and held the roles of Vice President and then Senior Vice President of New Business Development and Strategy before her appointment to Chief Executive Officer in 2021. Prior to joining the PanJam team, Ms. Banks worked at Exxon Mobil Corporation and Pan Caribbean Financial Services Limited (now Sagicor Investments Jamaica Limited) in roles focused on corporate finance, investor relations, pension fund management and strategy. She earned a Bachelor of Science in Systems Engineering from the University of Pennsylvania and a Master of Business Administration from the University of Chicago Booth School of Business. She is also a holder of the Chartered Financial Analyst designation. Ms. Banks is a Director of Sagicor Life Jamaica Limited, Sagicor Investments Jamaica Limited, Jamaica Property Company Limited, Agostini's Limited, Outsourcing Management Limited and Term Finance (Jamaica) Limited. She also serves as a Trustee of the C. B. Facey Foundation, the charitable arm of PanJam.

PAUL R. HANWORTH, BA, MA, FCA, CPA
Deputy Chief Executive Officer

Mr. Paul R. Hanworth has been a Director of PanJam since 2013. Prior to his current role, he held the positions of Chief Operating Officer and Chief Financial Officer at PanJam. He is also a Director of Sagicor Group Jamaica Limited, for which he is Chairman of the Risk Committee and a member of the Audit Committee. Mr. Hanworth is a Director of British Caribbean Insurance Company Limited, Rainforest Seafoods Limited, and a number of PanJam's subsidiaries and associated companies. Mr. Hanworth had previously worked with KPMG and Diageo plc in various countries. He holds a Master's degree in Classics from Cambridge University, and is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the American Institute of Certified Public Accountants.

PAUL A. B. FACEY, BSc., MBA
Executive Vice President & Chief Investment Officer

Mr. Paul A. B. Facey joined PanJam's Board of Directors in 2006, and is currently an Executive Vice President and its Chief Investment Officer. He brings his substantial experience from PanJam's trading, manufacturing and financial operations developed over the past 20 years. Mr. Facey sits on the boards of Sagicor Group Jamaica and Sagicor Bank Jamaica. He serves on Sagicor Group's Audit Committee, and Sagicor Bank's Audit, Credit and Risk & Investment Committees. He is also a Trustee of the C.B. Facey Foundation.

CHRISTOPHER N. BARNES, BS Mech. Eng., MBA

Mr. Christopher N. Barnes joined PanJam's Board of Directors in 2012. He is currently the Chief Operating Officer of The RJRGLEANER Communications Group. A mechanical engineer with a graduate degree in finance and international business from Boston University and McGill University respectively, Mr. Barnes also serves on the boards of JN Life Insurance Company Limited, Radio Jamaica and various other subsidiaries of the RJRGLEANER group. He is the Chairman of Media Association Jamaica and a Past President of the Inter-American Press Association, a Florida-based non-profit organisation dedicated to the promotion and defence of freedom of the press in the Western Hemisphere.

KATHLEEN A. J. MOSS, BSc., MBA, CBV

Mrs. Kathleen A. J. Moss is a Management Consultant and Chartered Business Valuator with Sierra Associates, an Independent advisory and business valuation firm that she established in 1993. She was appointed to PanJam's Board of Directors in 2010, and chairs the Audit and Corporate Governance Committees. Mrs. Moss also serves on the boards of Assurance Brokers Jamaica, Jamaica Producers Group, Jamaica National Group, JN Bank, JN General Insurance Company and Kingston Wharves. She is the Chairman of JN Bank, and chairs the Audit Committee of Jamaica Producers and Kingston Wharves. She is also a Trustee of the Violence Prevention Alliance. Mrs. Moss is a member of the Canadian Institute of Chartered Business Valuators and a graduate of both the University of the West Indies and McGill University.

IAN S. C. PARSARD, BSc., MBA, ACCA

Mr. Ian Parsard is the Vice President of Finance for the Jamaica Broilers Group, one of the Caribbean's most successful, vertically-integrated agro-processing entities. With over 20 years of expertise in finance and information technology, Mr. Parsard continues to exercise his business acumen as a member of Jamaica Broilers' Executive Team in the development and execution of the company's strategic plan and was instrumental in its successful foray into the ethanol industries in 2007. He was appointed to the PanJam Board of Directors in 2011, and also serves as a Director on the boards of Jamaica Broilers Group and the Mustard Seed Agricultural Program. He is a Past President of the JBG Cooperative Credit Union, a past Jamaica Scholar (1985) and a Chartered Accountant. Mr. Parsard holds an MBA from the University of Pennsylvania's Wharton School of Business, graduating with highest honours as the Palmer Scholar.

DONOVAN H. PERKINS, BA (Hons), MBA

Mr. Donovan Perkins joined PanJam's Board of Directors in 2000. He is the former President and Chief Executive Officer of Sagicor Bank Jamaica. A graduate of the University of Virginia and the University of South Florida, he worked at Bank of America before returning to Jamaica. Under his leadership, Sagicor Bank and Sagicor Investments (formerly Pan Caribbean Financial Services) expanded through a series of mergers and acquisitions into profitable and growing commercial and investment banking operations. He currently sits on the boards of Jamaica Producers Group, Sagicor Investments Jamaica, Everything Fresh and Bailey Williams. Mr. Perkins has served as a Director of the Jamaica Social Investment Fund, the National Insurance Fund and was Chairman of the Tourism Linkages Council. He was also Deputy Chairman of the National Water Commission, Chairman of the Jamaica Stock Exchange, a Vice President of the Jamaica Bankers Association and a long-serving executive at the Private Sector Organisation of Jamaica.

Mr. Perkins tendered his resignation from the Board of Directors with effect from 31 December 2021.

T. MATTHEW W. PRAGNELL, BA

Mr. T. Matthew Pragnell joined the PanJam's Board of Directors in 2009. He is formerly the Chief Executive Officer of the CGM Gallagher Group, the largest insurance broker and risk management group in the English-speaking Caribbean with operations in Jamaica, Antigua, Barbados, Cayman, Dominica, Grenada, St Kitts and Nevis, St. Lucia and St. Vincent. Mr. Pragnell originally trained as a Non-Marine Broker and Name at Lloyd's of London and also has experience in mergers and acquisitions. He is Chairman of RMS Insurance Brokers and one of the founding Directors of Panacea Insurance, PanJam's captive insurance vehicle domiciled in St. Lucia. He is a Past President of the Jamaica Insurance Brokers Association and was active in the adoption of the Insurance Act in 2001. Mr. Pragnell chairs PanJam's Human Resources & Compensation Committee and sits on other Board committees. He also has Non-Executive Director experience in banking and public relations.

ANGELLA M. RAINFORD, BA, MPhil, MBA

Ms. Angela M. Rainford joined the PanJam's Board of Directors in 2020. She is the founder of Soleco Energy and Rekamniar Frontier Ventures. Soleco Energy provides distributed power solutions for large commercial and industrial clients, and Rekamniar co-developed one of the largest solar plants in the Caribbean and the largest in Jamaica. Prior to this, Ms. Rainford worked at Goldman Sachs in London and New York and began her career as a Business Analyst at McKinsey & Company. She is a Director of GK UK Foods and JN Money Services, and served as a Director of GK Capital Management. She has also served as an advisor to Helios Investment Partners, a private equity fund focused on investments in Africa. Ms. Rainford holds an MBA from Harvard Business School and an MPhil in Development Studies from the University of Cambridge. She also graduated with a BA in Government from Harvard College.

BOARD CHARTER & CORPORATE GOVERNANCE

The guidelines were reviewed in November 2020 and the full Terms of Reference are available on the Company's website at www.panjam.com.

BOARD MISSION

Mission Statement

The PanJam Investment Limited (PanJam or the Company) Board of Directors represents the owners' interest in maintaining and growing a successful business, including optimising long-term financial returns and lowering cost of capital. The Board is committed to achieving the highest standards of corporate governance, corporate responsibility and risk management in directing and controlling the business.

The Board is responsible for determining that PanJam is managed in such a way to ensure this result. This is an active, not a passive, responsibility. The Board has the responsibility to ensure that Management is capably executing its responsibilities. The Board's responsibility is to regularly monitor the effectiveness of Management's policies and decisions, including the execution of its strategies.

In addition to fulfilling its obligations for increased stockholder value and optimising long-term financial returns, the Board has a responsibility to ensure successful perpetuation of the business.

BOARD FUNCTIONS

Areas of Responsibility

The Board makes decisions, and reviews and approves key policies and decisions of the Company, particularly in relation to:

- Corporate governance;
- Compliance with laws, regulations and the Company's code of business conduct;
- Corporate citizenship, ethics and the environment;
- Strategy and operating plans;
- Business development, including major investments and disposals;
- Financing and treasury;
- Appointment or removal of Directors;
- Remuneration of Directors;
- Risk management;
- Financial reporting and audit;
- Succession planning for its Executive Chairman and other Senior Executives; and
- Pensions.

Specific Responsibilities for the Executive Chairman, Chief Executive Officer, Company Secretary and Directors

The Executive Chairman is principally responsible for the effective operation and chair of the Board, and for ensuring that information it receives is sufficient to make informed judgments. He/she also provides support to the Chief Executive Officer and the Deputy CEO, particularly in relation to external affairs. He/she is also responsible for ensuring that new Directors receive appropriate training and induction into PanJam.

The Company Secretary is responsible for ensuring that Board processes and procedures are appropriately followed, by supporting effective decision making and governance. He/she is appointed by and can only be removed by the Board. All Directors have access to the Company Secretary's advice and services, and there is also a formal procedure for Directors to obtain independent professional advice in the course of their duties, if necessary, at the Company's expense.

Each Board Member is expected to commit sufficient time for preparing and attending meetings of the Board, its Committees and, if applicable, of the Independent Directors. Regular attendance at Board Meetings is a prerequisite; therefore, unless explicitly agreed upfront, a Director should not miss two (2) consecutive regular Board Meetings.

Because in-depth knowledge of the particulars of the Company's business is vital for each Director in making informed and objective decisions, Management is to allow direct involvement and review of operational activities. Similarly, Management also is to communicate to Board Members opportunities to interact in strategy and day-to-day business settings. Board Members are strongly encouraged to take advantage of such opportunities as frequently as feasible. The Directors have complete access to the Leadership of the Company via the Executive Chairman.

SELECTION & COMPOSITION OF THE BOARD

The Board is responsible for the oversight of the interest of all stakeholders on matters as outlined above. The composition of the Board should be such that these interests are best served and, therefore, the Directors require diversity in skills and characteristics.

Size of the Board

The Board will have seven (7) to ten (10) Directors of which at least 30% will be Independent Directors. Considering the size of the organisation and the environment in which it operates, the Board believes such numbers are adequate.

Executive and Non-Executive Directors

At any time, the number of Executive Directors should not exceed 50% of the total number of Directors.

Conflicts of Interest/Disclosure

Any dealings in the Company's shares by any Director must be promptly reported to the Company Secretary who is obliged to disclose such information on a regular basis to the Jamaica Stock Exchange.

No Director should trade in the Company's shares during the period of one (1) month before the release of the quarterly financial statements and in the case of the audited accounts two (2) months prior to such release, or at any time that the Company has an embargo on trading. No trading should occur between the time a dividend is considered and the time in which that information is provided to the Jamaica Stock Exchange.

A Director who has an interest in the Company or in any transactions with the Company, which could create or appear to create a conflict of interest, must disclose such interests to the Company. These would include:

- Any interest in contracts or proposed contracts with the Company;
- Interest in a firm or charity that does business with the Company;
- Interest in securities held by the Company;
- Emoluments other than Board fees received from the Company; and
- Loans or guarantees granted by the Company to/for the Director.

Disclosure shall be made at the first opportunity at a Board Meeting in writing and such disclosure shall be recorded in the Minutes of the Board Meeting.

The Director shall then excuse himself/herself from the Board Meetings when the Board is deliberating over any such contract, and shall not vote on any such issue.

If a conflict exists and cannot be resolved, the Director should resign.

The disclosure of Director's interest shall include interests of his/her family and affiliates.

Election, Terms, Re-election and Retirement

Election, terms, re-election and retirement of each Board Member is conducted in line with the Articles of Incorporation of the Company, Articles 89 to 97, with the exception that each Board Member is to retire during the financial year when he/she reaches the age of 70 years, unless a special resolution of exemption to this rule is passed by members in a general meeting as recommended by the Board.

Board and Executive Compensation

The level of compensation of the Non-Executive Directors reflects the time commitment and responsibilities of the role. It consists of a package appropriate to attract, retain and motivate Non-Executive Directors of the quality required. The compensation is competitive and subject to regular review relative to what is paid in comparable situations elsewhere.

The Board will conduct a self-evaluation at least annually to determine whether it and its Committees are functioning effectively.

Director Orientation and Education

The Board and Management will conduct a comprehensive orientation process for new Directors to become familiar with the Company's vision, strategic direction, core values, financial matters, corporate governance practices, and other key policies and practices through a review of background material and meetings with Senior Management.

The Board also recognises the importance of education for its Directors. It is the responsibility of the Board to advise the Non-Executive Directors about their education, including corporate governance issues. Directors are encouraged to participate in continuing director education programmes.

Access to Outside Advisors and Funds

The Company will make such funds available to the Board, and in particular the Non-Executive Directors, as is reasonably required for those Directors to objectively make decisions. This may include providing funds to access outside advisors and cover costs associated with travel and the gathering of relevant information for the execution of their responsibilities.

Succession Planning

The Board will have full responsibility to ensure that the business is well managed at all times and that succession plans and potential candidates are identified for all Senior Executives, including the Executive Chairman.

Should the Executive Chairman, Chief Executive Officer, Deputy Chief Executive Officer, Chief Investment Officer or Chief Financial Officer demit office due to an emergency, the Board will convene at the earliest possible time, or in any event not less than 48 hours after such an event, with a view to appointing an interim or permanent successor to such posts.

CODE OF CONDUCT

The Board expects all Directors, as well as officers and employees, to act ethically at all times and to adhere to all codes and policies, specifically including "The Code of Business Conduct" that describes the values of PanJam Investment Limited, namely:

- Respect and Dignity;
- Trust;
- Communication;
- Teamwork;
- Appreciation;
- Accessibility;
- Professionalism;
- Good Values;
- Strength;
- Compassion and Social Consciousness; and
- Group Pride.

The Board will not permit any waiver of any of these policies for any Director or Executive Officer.

Board Committees

The Board has established several Committees, each with clearly defined terms of reference, procedures, responsibilities and powers.

Audit Committee

On behalf of the Board, the Audit Committee shall:

- Review the Company's annual and interim financial statements and related assumptions, and any accompanying reports or related policies and statements;
- Monitor and review the effectiveness of the Company's internal audit function;
- Monitor and review the External Auditor's independence, objectivity and effectiveness;
- Develop and implement policy on the engagement of the External Auditor to supply non-audit services;
- Approve the Company's risk management policy which defines the Company's risk appetite and level of risk tolerance; and
- Monitor the adequacy and effectiveness of the Company's systems of risk management and control.

The majority of members of the Audit Committee shall consist of Non-Executive Directors of the Company duly appointed by the Board. The Board shall also appoint the Chairman and Secretary of the Audit Committee. The Board Chairman shall not be a member of the Committee. The Committee shall consist of not less than three (3) members.

The Audit Committee shall meet at least four (4) times a year, within forty-five (45) days of the end of each quarter and at such other times as any member of the Committee or the External Auditor may request.

All financial statements and matters which are of significant import to the investing public shall be reviewed by the Audit Committee. The full Board will have responsibility and accountability for the final release of such information.

Investment & Risk Committee

The Investment & Risk Committee shall:

- Review the Company's investments, acquisitions and disposals;
- Meet at least four (4) times a year; and
- Comprise at least six (6) members of the Board with a mix of Independent and Non-Independent Directors.

Human Resources & Compensation Committee

The Human Resources & Compensation Committee shall:

- Review the performance of the Executive Directors and the Senior Management of the Company on at least an annual basis;
- Report its findings during a regular Board Meeting annually; and
- Comprise a majority of Non-Executive Directors.

Corporate Governance & Nomination Committee

The Corporate Governance & Nomination Committee comprises two (2) Non-Executive Directors and one (1) Executive Director. The Committee is responsible for keeping under review the composition of the Board and succession to it. It makes recommendations to the Board concerning appointments to the Board of Non-Executive Directors, having regard to the balance and structure of the Board and the required blend of skills and experience. The Committee has responsibility to:

- Nominate potential candidates and evaluate the suitability of those candidates for future Board membership;
- Propose suitable candidates to the Board for approval prior to approaching the candidate; and
- Approach the future candidate and, upon positive response, introduce the future Board Member to the Board.

The Board may call any ad hoc Committee, as it deems necessary. The Board will set out the rules under which such Committee governs at each occasion. All Committees, including those explicitly mentioned above, will be subject to the annual evaluation process, similar to what is applied to the Board itself.

MEETINGS

Frequency of Meetings

During each financial year, there will be a minimum of four (4) regular Board Meetings. Special Board Meetings may occur at such other times as any Member of the Board may request.

Selection of Agenda Items for Board Meetings

The Chairman and Company Secretary will establish the agenda for each Board Meeting. Each Board Member may suggest the inclusion of item(s) on the agenda.

Information important to the Board's understanding of the business will be distributed electronically and/or in writing to the Board before the Board Meetings. As a general rule, presentations on specific subjects should be sent to the Board Members sufficiently in advance to be adequately prepared for Board Meetings and focus discussion on the Board's questions. On those occasions in which the subject matter is extremely sensitive, the presentation will be discussed at the meeting.

Additional Attendees to the Meeting

Furthermore, the Board encourages the Management to, where it assists the ability of the Board Members to execute their responsibilities, bring Managers into Board Meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) are Managers with future potential that the Senior Management believes should be given exposure to the Board.

NON-EXECUTIVE DIRECTORS' REMUNERATION

	BOARD	AUDIT	INVESTMENT & RISK	HUMAN RESOURCES & COMPENSATION	CORPORATE GOVERNANCE
Chairman	$3,000,000	$1,000,000	$1,000,000	$550,000	$550,000
Members	$1,700,000	$650,000	$650,000	$450,000	$450,000

Executives who are employed by the Company or its subsidiary, and serve as a Director or member of a Committee, are not paid Directors' fees.

BOARD COMMITTEES

NAME	INVESTMENT & RISK	AUDIT	CORPORATE GOVERNANCE	HUMAN RESOURCES & COMPENSATION
Stephen B. Facey	Chairman		*	*
Kathleen A. J. Moss		Chairman	Chairman	
T. Matthew W. Pragnell	*			Chairman
Paul R. Hanworth	*			
Ian S. C. Parsard	*	*		*
Donovan H. Perkins				*
Christopher N. Barnes		*	*	
Angella M. Rainford	*			
Joanna A. Banks				*

BOARD AND SUB-COMMITTEES - ATTENDANCE REGISTER 2021

Date of Appointment to Board	Name	Board Meetings	Audit	Corporate Governance	Investment & Risk	Human Resources & Compensation	Annual General Meeting
	Number of Meetings Held	**6**	**5**	**2**	**3**	**3**	**1**
14-Aug-1991	Stephen B. Facey - Chairman & Ceo (E)	6	-	2	3	3	1
11-Aug- 2021	Joanna Banks	4/4	-	-	-	2/2	N/A
18-Dec-2012	Christopher N. Barnes (I)	5	2/2	2	-	-	1
10-Aug-2006	Paul A. B. Facey (E)	6	-	-	1/1	-	1
10-Apr-2013	Paul R. Hanworth (E)	6	-	-	3	-	1
12-Aug-2010	Kathleen A. J. Moss (I)	6	5	2	-	-	1
11-Aug-2011	Ian S. C. Parsard (I)	6	5	-	3	3	1
01-Nov-2000	Donovan H. Perkins (I)	6	-	-	1/1	3	1
15-May-2009	T. Matthew W. Pragnell (I)	6	3/3	-	3	3	1
01-Apr-2020	Angella M. Rainford (I)	6	-	-	2/2	-	1

E = Executive I = Independent NI = Non-Independent

An Independent Director is defined as a person who:

a. Has not been employed by the Company or any subsidiary within the last two (2) years;
b. Has not been an employee or affiliate or our Internal/External Auditors within the last three (3) years;
c. Has not received any compensation other than Director or Committee fees within the last two (2) years;
d. Has not been employed by a company of which an Executive Director/Officer has been a Director within the last two (2) years; and
e. Is not a member of the immediate family of an Executive Director/Officer; immediate family being defined as spouse, parent, child or sibling, in law or anyone sharing the same home with any of the above.

**Miss Banks was appointed to the Board on 11 August 2021 and attended all possible meetings

ACTIVITIES OF THE BOARD SUB-COMMITTEES DURING 2021

COMMITTEE	ACTIVITIES
Corporate Governance	• Reviewed the Contracts Committee reports on a quarterly basis • Completed the application to the Jamaica Stock Exchange regarding the Corporate Governance Index • Reviewed PanJam's scores on the Jamaica Stock Exchange's (JSE) Corporate Governance Index; recommended amendments as required and reviewed Management's improvement plans • Conducted a Board Evaluation and Peer review • Approved new Board Member. New director was appointed in August 2021 • Reviewed and recommend for approval a Sexual Harassment Policy based on the draft act • Engaged independent consultant to assist with Executive Succession Planning and Accelerated Leadership Development Programme for certain Executives • Review and recommend a successful candidate to the senior executive management position - CFO • Reviewed PanJam's 2020 annual report • Review the Corporate Governance Charter and no changes were recommended • Review and recommended approval for a number of policies including: • Investor Community Communication • Work From Policy • Corporate Social Responsibility – recommended and implemented external resources for training in Corporate Governance including (ESG)
Human Resources & Compensation	• Considered the establishment of a Graduate Recruitment Programme • Reviewed report of independent consultant on value of stock options, and recommended annual awards of options and grants to Executives in accordance with the Long-Term Incentive Plan • Established targets for the annual Executive bonus and approved calculation of awards in accordance with the Annual Incentive Plan • Considered proposed changes to incentive plans • Reviewed annual staff merit increase • Engaged independent consultant to assist with Executive Succession Planning and Accelerated Leadership Development Programme for certain Executives • Review Management compensation during this COVID-19 pandemic
Audit	• Reviewed the annual audited financial statements with management and the external auditors, and recommended them to the Board for approval • Reviewed quarterly unaudited financial statements and recommended them to the Board for approval • Reviewed and approved the company's significant accounting policies, critical accounting judgements and key sources of estimation uncertainty • Reviewed communications to the Audit Committee from the external auditors and discussed audit plans, results of audit work, accounting policies, required disclosures, audit differences and any areas of internal control weakness • Review and approve External Auditors 2020 audit plan • Reviewed external auditor internal control memoranda, and management responses and action plans • Reviewed proposed communications to the JSE and recommended them to the Board for approval • Reviewed financial covenants with lenders for compliance on a quarterly basis • Reviewed quarterly dividends proposed by Management and recommended them to the Board for approval • Reviewed investment policy, authority matrix and investment holdings • Approved internal audit plans and reviewed audit reports with Management's plans to correct noted control weaknesses • Reviewed proposals to raise funds in the capital markets, including impact on key financial ratios and covenants • Reviewed significant proposed transactions, including acquisitions of real property, securities and private equity interests. • Participated in Pension Fund accounting • Conducted stress test on the COVID-19 pandemic on the company's projections • Review the impact of COVID-19 on the overall business including mitigating strategies
Investment & Risk	• Reviewed securities trading portfolio, target asset allocation and significant changes • Introduced external personnel for discussion on Local and Global Markets • Discuss the securities trading portfolio and its impact in the local and international markets and the diversification of the portfolio into different industries • Discussed proposed investments with Executive Team for recommendation to the Board • Reviewed performance and plans of Associated Companies • Reviewed progress of ongoing real estate developments. • Review areas to take advantage of investment opportunities

STRATEGIC REPORT

We invest with purpose, on purpose.

During 2021, we saw a measured return to normalcy with the global COVID-19 pandemic showing signs of abatement. Recent developments show that, although COVID-19 may be with us for some time, its impact on our daily lives will become relatively insignificant in the long run. However, we still expect some level of uncertainty to continue as concerns about the pandemic are replaced by geopolitical unrest and increasing levels of global inflation. Locally, the economic recovery has begun but we believe it will be tempered by the Bank of Jamaica's steps to control inflation and currency devaluation through higher interest rates. Around the world the investment climate is similar, with central banks tightening monetary policies. PanJam is prepared to participate in the economic environments to come.

Since inception, our conservative approach to investment has bode well for the company, generating shareholder returns throughout economic cycles. We remain confident that our strategy of maintaining significant positions in Jamaican assets remains appropriate and relevant.

We remain long-term investors across all of our business lines.

As such, our strategic imperatives have not changed.

GROW OUR TRADING PORTFOLIO

We aim to grow our trading portfolio, with specific focus on the Jamaican markets, while maintaining diversification across assets and asset types in order to hedge against shocks. The pandemic has given us an opportunity to acquire undervalued assets that should recover in the near-term.

TAKE ADDITIONAL EQUITY POSITIONS

We want to take additional strategic equity positions. We have the capacity to provide financial support, and the expertise and experience to impact transformation leadership, all of which is needed in times such as these. We are continuously exploring the investment landscape for opportunities to partner with companies that meet our investment guidelines, in industries that complement our existing holdings. We expect to see more of those opportunities now.

EXPAND OUR REAL ESTATE PORTFOLIO

Our real estate portfolio continued to prove its resiliency. In times of turmoil and uncertainty we capitalize on our deep history of and experience in property development, management and rental. Our investments in real estate strengthen our balance sheet with assets that provide steady, predictable cash flows and hedge against inflation.

MANAGEMENT TEAM

STEPHEN B. FACEY
Executive Chairman

Mr. Facey oversees the Board of Directors' activities, including the maintenance of the highest standards of corporate governance. He is responsible for ensuring business sustainability and profitability, thereby protecting the best interests of the Company and its shareholders. He also acts as a consultant to Chief Executive Officer on strategic decisions.

Additional details are included in his Director profile on page 14.

JOANNA A. BANKS
Chief Executive Officer

Ms. Banks is charged with the strategic and operational management of the Company, and is focused on growing the business through the acquisition of new assets and the management of our portfolio of equity and real estate investments.

Additional details are included in her Director profile on page 14.

PAUL R. HANWORTH
Deputy Chief Executive Officer

Mr. Hanworth is the primary advisor to the Chief Executive Officer. He has general oversight of the financial management, business development and strategy functions of the Company.

Additional details are included in his Director profile on page 15.

PAUL A. B. FACEY

Executive Vice President & Chief Investment Officer

Mr. Facey has oversight of, and is primarily accountable for, managing the Company's cash resources to meet liquidity needs, while monitoring investment risk. He is responsible for developing and implementing investment strategies to grow the Company's investment assets.

Additional details are included in his Director profile on page 15.

ERIC G. SCOTT

Senior Vice President & Chief Financial Officer

Mr. Scott is accountable for the financial and risk management operations of the Company. He has oversight of the financial planning process, which ensures that appropriate performance levels are planned, achieved and sustained. He is also responsible for financial reporting in accordance with regulatory requirements; implementation and assessment of management controls and other risk mitigation processes; as well as financial analysis, tax management, capital and operational budgeting, and capital structure, access and allocation.

Mr. Scott joined PanJam in December 2021, bringing over 20 years of experience in the areas of finance and accounting, with past leadership positions in the banking and retail sectors. He is a Fellow of the Institute of Chartered Accounts of Jamaica and the Association of Chartered Certified Accountants.

KAREN L. VAZ

Group Vice President – Human Resources & Information Technology

Mrs. Vaz is responsible for implementing human resource strategies aligned with the Company's objectives, while sustaining a culture of high performance. She also provides oversight to the information technology and administrative functions, including infrastructure and networks, data integrity and security, and staff safety.

Mrs. Vaz's career spans over 20 years in the financial services industry, with a number of leadership roles in the areas of human resources, information technology, project management and new product development. She has a wealth of experience in people management, working with large cross-functional teams, managing complex projects and workflow optimisation.

Mrs. Vaz holds a BA in Management Information Systems from the University of South Florida and is a Certified Continuity Manager.

SAM C. COOPER
General Manager – Jamaica Property Company

Mr. Cooper has oversight of the operations of Jamaica Property Company Limited, a wholly-owned subsidiary of PanJam that manages and operates its real estate. He is responsible for the strategic initiatives that enhance the performance of the Company's physical assets.

Mr. Cooper has worked with Jamaica Property for over 15 years in various capacities and has significant exposure to the real estate industry, including property and facility management, tenancy relations, and project and development management.

He holds a Bachelor's Degree in Business Administration and an Associate Degree in Automotive, Diesel and Industrial Technology.

CAMELIA M. NELSON
Assistant Vice President - Financial Reporting

Mrs. Nelson is responsible for of the completion of the Company's consolidated financial statements, budgeting, coordination of the annual audits, insurance of the company's assets and adherence to interim and year-end reporting requirements.

Mrs. Nelson has worked in a number of PanJam's subsidiaries and her accounting and finance experience span over 20 years in property, insurance and other financial services industries. Her knowledge and expertise create an excellent background for the support and guidance she provides to the Executive Management Team. She holds a Master degree in Business Administration and is a Fellow of the Institute of Chartered Accounts of Jamaica and the Association of Chartered Certified Accountants.

CLAUDETTE A. ASHMAN-IVEY
Group Treasury Manager

Mrs. Ashman-Ivey manages and maintains the Company's investment and loan portfolios. Additionally, she has responsibility for efficient cash management, and the coordination of treasury management and financing activities.

Mrs. Ashman-Ivey is a Chartered Accountant and has over 25 years of experience in the areas of accounting and finance. She is a member of the Association of Chartered Certified Accountants, the Institute of Chartered Accountants of Jamaica and the Association for Financial Professionals (formerly the Treasury Management Association).

CORPORATE DATA

BOARD OF DIRECTORS

Stephen B. Facey, CD, BA, M. Arch.
Chairman

Joanna A. Banks, BSc., MBA, CFA.
Chief Executive Officer

Christopher N. Barnes, BS Mech. Eng., MBA

Paul A. B. Facey, BSc., MBA

Paul R. Hanworth, BA, MA, FCA, CPA

Kathleen A. J. Moss, BSc., MBA, CBV

Ian S. C. Parsard, BSc., MBA, ACCA

Donovan H. Perkins, BA, MBA

T. Matthew W. Pragnell, BA

Angella M. Rainford, BA, MPhil, MBA

MANAGEMENT TEAM

Stephen B. Facey, CD, BA, M. Arch.
Executive Chairman

Joanna A. Banks, BSc., MBA, CFA
Chief Executive Officer

Paul R. Hanworth, BA, MA, FCA, CPA
Deputy Chief Executive Officer

Paul A. B. Facey, BSc., MBA
Executive Vice President & Chief Investment Officer

Eric G. Scott, FCA, FCCA, CPA, CIA
Senior Vice President & Chief Financial Officer

Karen L. Vaz, BA, CCM
Group Vice President - Human Resources & Information Technology

Camelia M. Nelson, MBA, FCA, FCCA
Assistant Vice President - Financial Reporting

Claudette A. Ashman-Ivey, FCA, FCCA, CTP
Group Treasury Manager

SUBSIDIARY - JAMAICA PROPERTY COMPANY

Sam C. Cooper, BBA
General Manager

Yasmin D. Gibson, MBA, FCA, FCCA
Financial Controller

Sonia T. Sykes, BSc.
Marketing Manager

SECRETARY

Gene M. Douglas, FCIS, MBA

REGISTERED OFFICE

60 Knutsford Boulevard
Kingston 5, Jamaica

REGISTRAR

Sagicor Bank Jamaica Limited
Group Legal Trust & Corporate Services

Sagicor Life Building
28-48 Barbados Avenue
Kingston 5, Jamaica

BANKERS

Sagicor Bank Jamaica Limited

National Commercial Bank Jamaica Limited

CIBC FirstCaribbean International Bank Limited

AUDITORS

PricewaterhouseCoopers

ATTORNEYS-AT-LAW

Patterson Mair Hamilton

Nunes Scholefield DeLeon & Company

Alton E. Morgan & Company

MH&CO.

GROUP STRUCTURE

SUBSIDIARIES

INVESTMENT

Castleton Investments Limited
20 Micoud Street
Castries, St. Lucia

PJ-AL Corporation
West Plc., Suite 105, 174W Comstock Avenue
Winterpark, FL, USA

Portfolio Partners Limited
60 Knutsford Boulevard
Kingston 5, Jamaica

Simcoe Investments Limited
One Welches, Welches
St. Thomas, Barbados

CAPTIVE INSURANCE

Panacea Insurance Limited
20 Micoud Street
Castries, St. Lucia

PROPERTY DEVELOPMENT, MANAGEMENT & RENTAL

Jamaica Property Company Limited
60 Knutsford Boulevard
Kingston 5, Jamaica

Baywest Development Limited
60 Knutsford Boulevard
Kingston 5, Jamaica

Downing Street (Caribbean Place) Limited
60 Knutsford Boulevard
Kingston 5, Jamaica

Kingchurch Property Holdings Limited
60 Knutsford Boulevard
Kingston 5, Jamaica

Knutsford Holdings Limited
60 Knutsford Boulevard
Kingston 5, Jamaica

HOTEL MANAGEMENT

PanJam Hospitality Limited
60 Knutsford Boulevard
Kingstn 5, Jamaica

ROK Operating Limited
60 Knutsford Boulevard
Kingston 5, Jamaica

ASSOCIATED COMPANIES

FINANCIAL SERVICES

Sagicor Group Jamaica Limited
28-48 Barbados Avenue
Kingston 5, Jamaica

Term Finance (Jamaica) Limited
60 Knutsford Boulevard
Kingston 5, Jamaica

BUSINESS PROCESS OUTSOURCING

Outsourcing Management Limited
Hewanorra House, Trou Garnier Financial Centre
Castries, St. Lucia

International CX Limited
Hewanorra House, Trou Garnier Financial Centre
Castries, St. Lucia

TOURISM

Chukka Caribbean Adventures Limited
1st Floor Bourbon House, Bourbon Street
Castries, St. Lucia

MANUFACTURING & DISTRIBUTION

New Castle Company Limited
20 Micoud Street
Castries, St. Lucia

HOTEL MANAGEMENT

Caribe Hospitality Jamaica Limited
60 Knutsford Boulevard
Kingston 5, Jamaica

OFFICE RENTAL

Williams Offices (Caribbean) Limited
Williams Industries Building, Cane Garden
St. Thomas, Barbados

While the pandemic has resulted in far-reaching disruptions to global economic activity and business operations, Jamaica has weathered the storm and during 2021 there have been encouraging signs of economic recovery.

MANAGEMENT DISCUSSION & ANALYSIS

COMPANY OVERVIEW

PanJam Investment Limited (PanJam or the Company) is an investment holding company listed on the Jamaica Stock Exchange (JSE).

Through its subsidiaries, the Company provides a wide range of property services, including rental, management and development. It takes actively-managed positions in both public and private companies throughout the Caribbean, but primarily in Jamaica, and trades equities and fixed income assets for its proprietary portfolio.

The Company's associated companies engage in life and health insurance, pension fund administration and investment management, commercial and investment banking, and asset management; consumer product processing and distribution (including various lines of sauces and condiments); hotel ownership and operation; business process outsourcing; real estate development; tour and attractions operations; financial technology and micro-lending; and workspace rental.

The following discussion and analysis of our financial condition and results of operations should be read together with the consolidated financial statements and the related notes. This discussion contains forward-looking statements, based on current expectation and related to future events and our future financial performance, that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors.

ECONOMIC OVERVIEW

While the COVID-19 pandemic has resulted in far-reaching disruptions to global economic activity and business operations, Jamaica has weathered the storm and during 2021 there have been encouraging signs of economic recovery. Economic activity and employment rebounded in the last two quarters of 2021 and key macroeconomic factors indicate an improved business environment. Looking ahead, however, there continues to be some level of uncertainty. Diminishing concerns about the pandemic have been replaced by geopolitical unrest and increasing levels of global inflation. In light of prevailing conditions the Bank of Jamaica is pursuing strong policy measures to contain inflation and maintain a stable foreign exchange market and since August 2021, increased its policy interest to 4.0% as at 18 February 2022, a 350 basis point increase.

The Planning Institute of Jamaica (PIOJ) estimated that for the period January to December 2021 compared with January to December 2020, Gross Domestic Product (GDP) grew by 4.4%, driven by improvements in both the Services and Goods Producing industry. Of note, the Hotels & Restaurants sector increased by 36.4% due to improved visitor arrivals. Real GDP is expected to grow between 7.0% and 10.0% for the 2021/22 fiscal year, while the forecast for the 2022/2023 fiscal year is between 2.0% to 4.0%.

The Unemployment rate fell to a record low of 7.1% for October 2021 (October 2020: 10.7%), representing a 5.1 percentage point improvement when compared to the 12.6% reported in July 2020 precipitated by the onset of Covid 19.

The 6-month Treasury Bill rate ended 2020 at 0.89%; however, by the end of 2021, the rate had climbed to 4.33%. The BOJ Policy Rate closed 2021 at 2.50%. However, due to inflationary and liquidity pressures, by February 2022, the BOJ further increased the policy rate to 4.00% in order to sustain Jamaican Dollar liquidity and stabilize the foreign exchange market.

Net remittance inflows for the 2021 calendar year increased by 22%, totalling US$3.2 billion (2020: US$2.7 billion) as inflows increased by 20% and outflows by 5%. Remittance inflows are expected to remain a key source of the foreign exchange earnings for the short to medium-term and has been an important factor in mitigating the effect of the pandemic on the country's finances. At this time, it is unclear how the increase in global inflation coupled with geopolitical risks will impact inflows.

The Jamaican Dollar continues to depreciate against its U.S. counterpart. During the year the BOJ's weighted-average buying and selling rate hit its lowest historical value in November. At the end of 2021, the exchange rate was $153.92 (2020: $141.71), a devaluation of 9% year over year (2020: 8%). Net International Reserves at December 2021 stood at US$4.0 billion (December 2020: US$3.1 billion), a 30% increase due to strong economic recovery reported for the second half of 2021 and bolstered by healthy net remittance inflows.

At March 31, 2021, the JSE's Main Market Index closed at 391,231 (2020: 379,242), an increase of 3%. While the market has shown positive signs of growth in the first quarter of 2022, the index has trailed the country's rate of economic recovery over the last year. During 2021, the index showed modest year-over-year gains of 3%, closing December 2021 at 396,156 (2020: 383,756). For reference, the index showed a 22% decline when compared to pre Covid 19 trading levels (December 2019: 509,916).

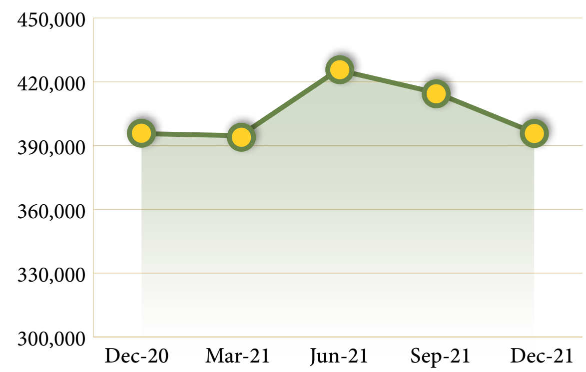
Point to Point inflation in January 2022 accelerated to 9.7%, breaching the BOJ's target range of 4.0% to 6.0% for six consecutive months as a result of continued pressure from food, electricity and transport prices. Inflation for the 2021 calendar year was 7.3% (2020: 6.4%). The BOJ has indcated that inflation is forecasted to remain outside its target range for the remainder of 2022, between 9.0% and 11.0%, due to the impact of higher international commodity prices.

STOCK PRICE AND DIVIDENDS

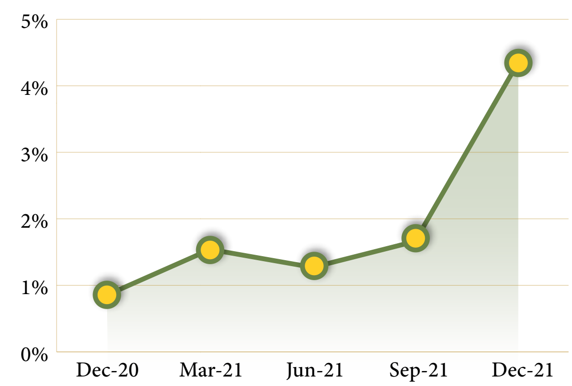
In line with the decline in the JSE's Main Market Index, the company's (closing bid) stock price declined by 1%, ending 2021 at $67.50 (2020: $67.99). Dividends totalling $1.00 per stock unit (2020: $0.38 per stock unit) were declared and paid during the year. In the prior year the Board of Directors took the unusual step to suspend two quarterly dividends payment (May and August of 2020) following the recommendation of the BOJ to defer payments of dividends by all Financial Holding Companies (FHCs), including Sagicor Group Jamaica to shareholders holding more than 1% of its shares. The Company's cash flow in 2020 was significantly constrained by this recommendation, as it did not receive its share of dividends in 2020 from its 1.2 billion shares of Sagicor Group in cash until 2021.

As a result of the Company's improved results in 2021, the Board of Directors declared a special dividend of $0.35 per stock unit on 28 February 2022, representing the final dividend to be paid on 2021 financial year's earnings.

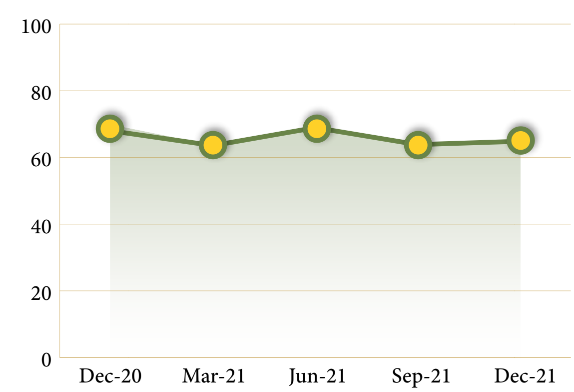
JSE Main Index (Points)



6-Month Treasury Bill Rates (%)



Stock Price ($-closing price)



FINANCIAL PERFORMANCE HIGHLIGHTS

YEAR TO DATE/PERIOD ENDED AMOUNTS	DECEMBER 2021	DECEMBER 2020	CHANGE
Profit Related:			
Net profit attributable to owners of the parent ($m)	7,203	3,505	106%
Earnings per stock unit	$6.78	$3.31	105%
Dividend per stock unit	$1.00	$0.38	163%
Return on average investment	16%	-4%	500%
Return on average property value (gross)	21%	23%	-9%
Return on average property value (net of direct expenses)	12%	14%	-14%
Balance Sheet Related:			
Net worth per stock unit	$48.83	$44.47	10%
Stockholders' equity ($m)	51,962	47,186	10%
Leverage	26%	29%	-10%
Total assets ($m)	67,775	62,571	8%
Other:			
Property occupancy level	91%	96%	-5%
Return on opening equity	15%	8%	88%
Return on average equity	15%	8%	88%
Closing stock price (bid)	$67.50	$67.99	-1%
Closing exchange rate (J$:US$; average of buy/sell)	$153.92	$141.71	9%

GROUP RESULTS

Net profit attributable to owners of the parent increased by $3.7 billion or 106% to $7.2 billion (2020: $3.5 billion), while earnings per stock unit improved to $6.78 (2021: $3.31). Operating profit of $2.5 billion was significantly above its 2020 level of $0.3 billion, due primarily to $2.1 billion in investments income (2020: $0.5 billion in investments losses). Property income of $2.1 billion (2020: $2.1 billion) was relatively flat. This was offset by operating expenses of $1.9 billion (2020: $1.7 billion), which increased by 9% due to the reinstatement of costs that were reduced in the prior year in light of the global pandemic. Finance costs of $0.9 billion (2020: $0.8 billion) increased by 9% due to higher interest rates on variable rate loans as well as a higher average loan balance; no new debt was issued during the year.

Share of results of associated companies increased by $1.6 billion or 41% to $5.5 billion (2020: $3.9 billion), driven by improved results; in particular, Sagicor Group Jamaica, Outsourcing Management and New Castle.

Total income increased by 109% to $4.3 billion (2020: $2.1 billion). Investment income was positively impacted by the general increase in local stock prices, while the decrease in property income was driven by marginally lower fair value gains on property valuations of $0.2 billion (2020: $0.3 billion). This was offset by reduction in other income, which returned to the historic average as 2020 included one-off gains from the disposal of the Company's Bamboo Avenue Property in Kingston.

Total operating expenses increased by 9% to $1.9 billion (2020: $1.7 billion). Direct expenses grew by 5% to $0.9 billion (2020: $0.8 billion) due to higher maintenance expenses and occupancy costs. Administrative expenses increased by 13% to $1.0 billion (2020: $0.9 billion) driven by the reinstatement of some expenses that were reduced in 2020 as a result of cost-saving measures due to COVID-19.

INVESTMENT INCOME

Investment income was positively impacted by improved market conditions and the resultant improvement in investment securities prices. Investment income increased by 494% to $2.1 billion (2020: $0.5 billion of investment losses), which was driven by $1.4 billion unrealised gains versus $1.1 billion in unrealised losses in the prior year arising from unfavourable market conditions due to the COVID-19 pandemic.

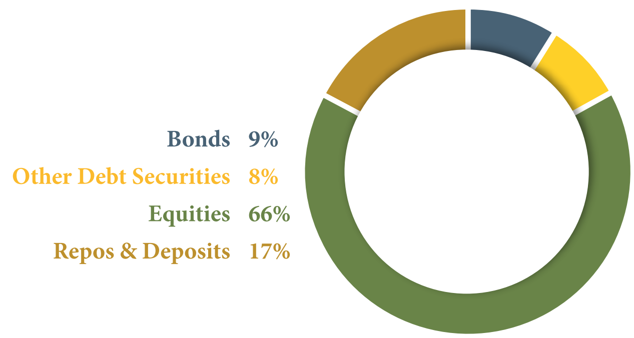
Foreign exchange gains increased by 19% to $0.19 billion (2020: $0.16 billion) due to 9% year-over-year currency devaluation. Dividend income declined by 40% to $0.11 billion (2020: $0.17 billion), Investment expense increased by 11% to $0.12 billion (2020: $0.11 billion) on moderate investment activity during the year, while there was a marginal reduction in interest income by $0.5 billion to $0.243 billion (2020: $0.248 billion)

INVESTMENT ASSETS

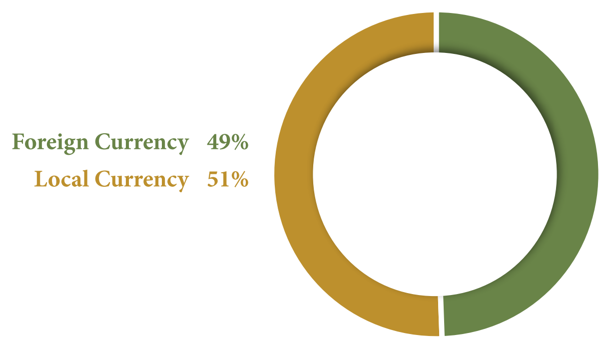
Investment assets as at 31 December 2021 totalled $13.1 billion, down by 7% over 2020. The portfolio mix consisted of 66% equities (2020: 56%) with a carrying value of $8.6 billion (2020: $7.8 billion). Fixed income securities comprised 17% of the total portfolio (2020: 25%) valued at $2.2 billion (2020: $3.5 billion). Completing the portfolio were repurchase agreements and deposits of 17% (2020: 11%) and loans and receivables of 0.3% (2020: 8%). The reduction in loans and receivables was due to the settlement of Promissory Notes issued by Sagicor for unpaid dividends declared during 2020.

Securities denominated in foreign currency, mainly U.S. Dollars, increased to 49% of the total portfolio (2020: 38%). We continued to maintain a diverse portfolio, with investments traded on the Caribbean and North American stock exchanges across a wide range of industries.

INVESTMENT ASSETS: PORTFOLIO MIX



INVESTMENT ASSETS: CURRENCY MIX



PROPERTY SEGMENT ($M)

PROPERTY SEGMENT

Property income decreased by 2% to $2.1 billion (2020: $2.1 billion) on lower fair value revaluation gains of $0.2 billion (2020: $0.3 billion). Rental income increased by 2% to $1.9 billion (2020: $1.8 billion), as a result of inflationary increases offset by a reduction in occupancy level from 96% to 91% in 2021.

Direct property expenses increased by 5% to $0.9 billion (2020: $0.8 billion). The increase was driven by higher maintenance and occupancy costs.

The carrying value of investment properties at year-end 2021 was $10.0 billion (2020: $9.5 billion), an increase of 5%. Return on average property value (property income net of direct expenses, divided by average property values) was 13% (2020: 14%).

QUARTERLY RESULTS

During 2021, net profit attributable to owners of the parent improved in every quarter compared to the prior year. PanJam closed 2021 with net profit attributable to owners of the parent of $7.2 billion (2020: $3.5 billion). The company continued to pay quarterly dividends paying a total of $1.00 per stock unit during 2021 (2020:$0.38). Additionally, a special dividend of $0.35 was declared on 28 February 2022.

SUMMARY OF QUARTERLY RESULTS ($M)

	2021				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating income	785	1,406	694	1,413	(203)	538	528	1,191
Operating expenses	422	446	458	530	442	382	414	462
Share of results of associated companies	903	638	2,526	1,389	584	538	1,751	993
Gains on disposal of shares in associated companies	-	26	-	168	-	-	-	-
Net profit attributable to owners of the parent	1,012	1,315	2,470	2,406	5	489	1,534	1,476
Earnings per share, per quarter	$0.95	$1.24	$2.33	$2.26	$0.00	$0.46	$1.45	$1.40
Return on opening equity, annualised	9%	10%	14%	15%	0%	5%	14%	13%
Dividends paid & declared	111	160	213	581	293	-	-	112
Total assets	62,466	64,351	66,387	67,775	56,241	58,127	60,249	62,571
Stockholders' equity	47,086	48,682	50,729	51,952	40,509	42,708	44,780	47,186
Closing stock price	$63.57	$68.94	$63.86	$64.85	$78.90	$74.50	$69.55	$67.99

ASSOCIATED COMPANIES

The share of results of associated companies for 2021 was $5.5 billion (2020: $3.9 billion), an increase of 41% year over year. The year-end 2021 carrying value of our investment in associated companies increased by 8% to $38.0 billion (2020: $35 billion), while our return on average carrying value was 15% (2020: 12%). Dividends paid/declared were $1.4 billion (2020: $1.1 billion), which represented 25% (2020: 28%) of our share of results.

Sagicor reported net profit attributable to stockholders of $17.4 billion, a 26% increase over prior year (2020: $13.8 billion), representing a 16% return on average equity (2020: 14%). These results were achieved with strong performance from the company's life insurance, banking and investment businesses. For 2021, Sagicor declared dividends of $1.11 per stock unit (2020: $0.85 per stock unit).

New Castle Company, the distributors of the Walkerswood, Busha Browne and Jamaica Joe lines of sauces and seasonings, contributed $265 million (2020: $193 million) to the Company's share of results of associated companies, driven by increased sales in the U.S. market.

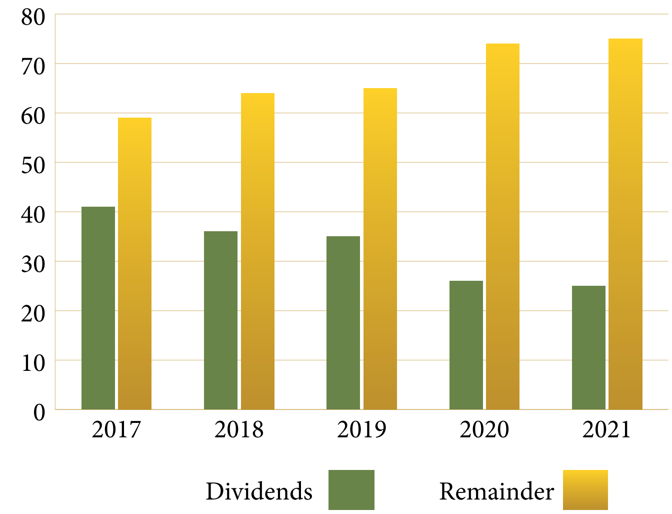
Outsourcing Management Limited, the region's largest home-grown business process outsourcing company, which trades as itel, contributed $41 million (2020:$32 million) to our share of results of associated companies.

Chukka Caribbean Adventures, the regional leader in adventure tours, and Caribe Hospitality Jamaica, operator of the Courtyard by Marriott Kingston, saw moderate improvement in business activity during 2021. However business remains unprofitable as the sector continues to be impacted by travel restrictions, the reduction in land-based visitor arrivals and cruise shipping.

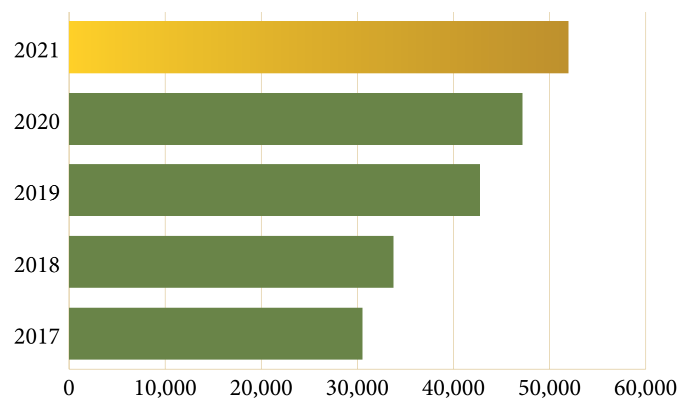
BORROWINGS

In 2021, the company did not issue any new debt (2020: $6.5 billion). Finance costs for the year were up 9% to $0.9 billion (2020: $0.8 billion) on a higher interest rates on variable rate loan facilities. PanJam's leverage ratio at year-end 2021 stood at 26% (2019: 29%). There were no loans denominated in foreign currencies during either 2021 or 2020.

ASSOCIATED COMPANIES USE OF NET PROFIT (%)



STOCKHOLDERS' EQUITY ($M)



Understanding and being able to react quickly to external risks such as economic conditions or changes in the environment is imperative to ensure that the financial health of the organisation is maintained.

FINANCIAL POSITION

Total assets at December 31, 2021 stood at $67.7 billion (2020: $62.6 billion), a year-over-year increase of 8% due to increase in investments in associated companies, investment properties and property, plant and equipment.

Shareholders' equity totalling $52.0 billion (2020: $47.2 billion) increased by 10% over prior year, with a five-year compounded growth rate (2016 to 2021) of 15%. A total of $1.0 billion in dividends was declared to stockholders in 2021 (2020: $0.4 billion). In line with improved profitability and strong performance during the year, a special dividend of $0.35 was declared on 28 February 2022. Net worth per stock unit at year-end 2021 was $48.83 (2020: $44.47). Market capitalization (using the closing bid price) was 1% below its 2020 level, as the company's stock price declined marginally year over year.

RISK MANAGEMENT

PanJam is exposed to a variety of risks, both internal and external. Effective management of these risks is necessary to ensure the continued success of the company. While PanJam's Board of Directors has oversight of risk management, the primary responsibility for design and implementation lies with the Executive and Senior Management teams, and internal policies and procedures are designed to mitigate the possibility of loss from certain operational risks.

Appropriate insurance coverage is one way of mitigating the risk of loss from disruption to business activities as a result of natural disasters, accidents or equipment / system failure. Annual reviews are carried out by members of the Executive and Senior Management teams to assess the adequacy of coverage, and adjustments are made where necessary to ensure any exposure is kept at an acceptable level. The company has in place disaster recovery and business continuity plans as well as twenty-four hour, on-site trained personnel who serve as the primary responders to any accidents to or in our buildings. Regular exercises are undertaken to sensitize tenants to our health and safety management policies.

Understanding and being able to react quickly to external risks, such as economic conditions or changes in the environment, is imperative to ensure that the financial health of the organisation is maintained. An important part of the assessment process is the review of the total asset mix, and the impact of changes in the economy on the returns from these assets. As a result of risk assessment, the company has been implementing a strategy to increase investments in property, particularly where development opportunities exist, and marketable securities, particularly those of Jamaican companies. This strategy is designed to ensure a diversified income stream and to support long-term growth. Despite the ravages of the pandemic, Management believes this strategy remains appropriate.

The company is exposed to financial risks in its securities portfolio, namely market risk, credit risk and liquidity risk. It is also exposed to credit risk in its property rental segment.

Market risk 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. To mitigate these risks, under the direction of the Investment & Risk

Committee, the Treasury team ensures that there is a diversified mix of assets in our portfolio, with a portion held in foreign currency. Where possible, the team also endeavours to maintain a mix of variable and fixed rate interest-bearing instruments.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Treasury team reviews research and credit information on companies and governments before deciding to invest in their debt securities, and will choose sound financial institutions through which to make these investments in order to reduce the exposure to credit risk. The Company manages its credit risk from property rental by screening its customers, establishing credit limits, obtaining credit reports, bankers' guarantees or collateral for loans where applicable and rigorously pursuing outstanding receivables.

Liquidity risk is the risk that the Company is unable to meet payment obligations associated with its financial liabilities when they fall due. Through a system of regular cash forecasting, the Treasury team is kept aware of financial obligations and maintains the maturity profile of investments to ensure adequate liquid assets are available, as required.

Information Technology (IT) risk is the likelihood of failures or deficiencies related to the IT environment that may result in loss or other negative impact to the Company. Cybersecurity refers to the protection of information assets by addressing threats to information processed, stored and transported by internet-worked information systems.

IT and cybersecurity risks impacts all businesses irrespective of geographical location. The continuous evolution of, and access to various technologies have facilitated an increase in the level of threat posed to organisations. Digitisation and emerging mobile technologies can be sources of attacks, breaches or points of compromise. Successful attacks can result in disruption to operations, misappropriation or unauthorized release of personally identifiable information, fines, sanctions and reputational damage. In order to protect key systems and critical assets, the Company proactively monitors and manages these potential risks and constantly reviews and refines programmes as new threats emerge. The Company also trains and sensitises employees on the increasing levels of security threats faced daily. Our team members complete mandatory annual training on cybersecurity.

In addition to the foregoing risks, which are normal in the context of the Company's operations, 2020 and 2021 has seen the emergence and continuance of the COVID-19 pandemic, a new risk with local and global implications. The Company's Business Continuity Planning Committee was given the responsibility to ensure compliance with guidelines set by the Government of Jamaica (GOJ) and the Ministry of Health and Wellness (MOHW). Our internal policies and procedures were updated accordingly, and team members and tenants were educated on the new protocols, where applicable.

Effective 18 March 2022, the Disaster Risk Management Act (DRMA) was revoked by the GOJ. To mitigate against the spread of the virus in all its owned and managed properties, the Compmany will continue to monitor pronouncements by the MOHW with regards to infection prevention and control measures to ensure that all properties and tenants are in compliance.

In order to protect key systems and critical assets, the Company proactively monitors and manages these potential risks and constantly reveiws and refines programmes as new threats emerge.

OUR PEOPLE

Simply put, our team members are extraordinary; the key ingredients to our success and our most powerful assets. We appreciate them for their exceptional service and dedication as they embody our values, especially in the face of challenges during the COVID-19 pandemic.

As new waves of local lockdowns were imposed, the resilience and commitment of our people have proven to be the main components of our performance in 2021. Despite unprecedented headwinds, they have continued to serve with passion and creativity. Of note is our Operations Team, whose members were at the forefront of the company as they supported key tenant services throughout the periods of restrictions. They handled the crisis calmly and effectively, with minimal disruption to service, impressing all stakeholders.

CARING FOR OUR TEAM

Our team's well-being is critical and we see it as our primary responsibility to take care of their mental health, as throughout the pandemic, our environment was negatively affected by financial and psychological factors. Accordingly, we assisted them with the development of effective coping skills and provided support through internal counselling as well as external therapy sessions.

Our team was always kept well informed about the pandemic and, as concerns grew, we sought external support from public health consultants who provided psychosocial guidance on dispelling the myth of COVID-19 and underscoring the important role vaccination plays in controlling the impact of the disease.

As Jamaica's positivity rates increased, and our hospitals and healthcare workers were stretched beyond their limits, our team made donations of time and money that allowed us to provide meals to hundreds of healthcare workers at the following institutions:

- University Hospital of the West Indies
- St. Joseph's Hospital
- Kingston Public Hospitals
- KSA Health Department
- Ministry of Health and Wellness' Emergency Operation Centre

We continue to believe that successful vaccination of the majority of our team and the wider population is the quickest way to economic recovery. Accordingly, we are proud participants in the Private Sector Organization of Jamaica's Vaccination Initiative, which was instrumental in getting 65% of our team fully vaccinated at the end of 2021.

TRAINING AND DEVELOPMENT

Despite an internal push to minimise costs and the cancellation of most face-to-face workshops and seminars, we ensured that our team continued to benefit from training and development initiatives.

In keeping with our mission at PanJam - "to maximize our financial strength by unleashing the potential of our team members to create greater value for all" - we encouraged them to develop their individual skill sets. Given our recent need to work together to handle uncertainty as we prepare for future opportunities, our focus was on Transformational Leadership. As such, team members participated in the following programmes:

- Accelerated Leadership Development
- Transitioning from Team Member to Team Leader/Supervisor
- Middle Manager's Conference
- Corporate Governance and Leadership
- Live to Lead Conference

In the upcoming year, as we anticipate a return to normalcy, we expect our team to remain informed, keep abreast of new/amended laws and regulations and continuously advance their professional potential.

REWARD AND RECOGNITION

We work hard to build a culture in which our people can thrive and feel valued for who they are and what they bring to the organization.

While many planned activities were deferred or altered due to the pandemic, we were still able to recognize our team members based on their performance and service. As we celebrated their collaborative efforts, we are truly grateful to be their employer of choice for as long as 40 years.

In honouring our people during the year, we were reminded that without them, the organization could not have achieved its goals. They stepped up and delivered, and we celebrate their demonstration of excellence and perseverance.

We introduced a Chief Executive Officer Award specific to team members in roles of managers, senior managers and executives. This award, which highlights the commitment of our management team to lead by example and exhibit the key qualities of effective leadership, was presented to Kevin Edwards, Operations Manager of Jamaica Property Company Limited.

Kevin is responsible for overseeing the operations of all our properties, ensuring our goals and objectives are achieved in maintaining our building standards. A remarkable team player and a proven leader, having held leadership roles since the completion of his earliest tertiary studies, we are confident that with his expertise, we will continue our dominance as a leading service provider in the property management industry.

We also acknowledged our Team Member of the Year, Tamille Graham, Special Projects Manager, Jamaica Property Company Limited.

For 18 years, Tamille honed her talents in the design and construction industry, gaining experience in major construction projects both locally and overseas.

Tamille's role focuses on capital expenditure projects and also provides project management oversight for new development / ground-up projects.

She is results driven, creative and methodical; a team player who is passionate about effective communication and client satisfaction. She embodies the qualities we look for in all of our team members.

LOOKING AHEAD

2021 was filled with a number of challenges, all of which tested our capacity for resilience. But we stood firm in our commitment to our company and each other.

Our team members are vital to the delivery of our core purpose, values and strategic aims, which include attracting, developing and retaining a high calibre, motivated workforce. We practice sound recruitment practices and processes and will continue our focus on talent acquisition in keeping with the company's growth objectives.

We have an amazing team.

OUR PEOPLE, OUR PRIORITY!

ENVIRONMENT, HEALTH & SAFETY

SAFETY FOCUSED - Minimising Risk, Driving Performance and Ensuring Compliance Amidst a Global Pandemic

LIFE & FIRE SAFETY UPGRADE IN OLDER BUILDINGS – AN ONGOING JOURNEY

The planned renovation of the Scotia Centre building, located at the corner of Port Royal & Duke Street, Kingston, included the upgrade, where applicable, of all life and fire safety systems according to national and international building code standards. When such standards are updated, owners, designers, and contractors are continuously challenged to develop solutions that meet these criteria while preserving the look and materials for especially older landmarked buildings.

Retrofitting a building with 12 floors and a penthouse with more than 99,000 sq. ft., of heavily used space, for better life safety coverage is never a simple task, especially when that involves new building systems in older building structure.

Although already fitted with fire extinguishers and a fire hose in the sub-lobby of each floor, plus an Addressable Fire Detection System which has features and devices designed to detect fires early in its development while allowing for the safe evacuation of occupants, there were life and fire limitations that needed upgrading to meet local and international standards for new building construction. A big task, but one our team was willing to tackle and overcome with minimal impact to the historic fabric of the building.

With guidance from numerous professionals, including our team members, the life and fire safety upgrade project commenced in August 2019. The upgrade incorporated; new sprinkler system, stairwell pressurization, elevator hoistway pressurization, smoke exhaust system, new fire pump, 2-hours fire-rated emergency exit doors with intumescent sealant, drop seal on lobby glass door, updated fire exit signage, updated fire department connection and a new designated 22,500 gallon underground water storage tank for the fire sprinkler system. The upgrade project is scheduled to be completed and commissioned by the end of 2022.

Newly installed fire pump - an essential component of the building's fire protection system, especially in high-rise struct

New 22,500 gallon underground water storage tank

2-hour Fire Resistant Emergency Exit Door with updated exit signage; updated fire cabinet with new fire hoses and new extinguishers

Wet Riser supply system for the distribution of water to the respective floors of the Scotia Centre building, a key component of the firefighting systems

ENSURING COMPLIANCE FOR ACCESSIBILITY TO EXISTING BUILDINGS FOR PERSONS WITH DISABILITIES

A curb, a few stairs, standard restroom facilities are large barriers that people without physical disabilities take for granted but can present serious problems for people with disabilities (PWDs), mostly because their needs haven't been considered in designing these features. Many countries worldwide, have now recognized and addressed these issues, to some extent, through laws that protect PWDs from discrimination, and guarantee them some degree of access to public facilities, employment, services, education and/or amenities. The Jamaican Disability Act passed in 2014 became effective on February 14, 2022. We had to revisit our existing facilities and remove where reasonably achievable, structural and communication barriers. Post our recent wheelchair access lift project which was completed in 2020, the planning process continues on how best to tackle structural challenges in creating buildouts for accessible routes, curb ramps, parking, elevators, signage and restroom accommodations for our managed and owned properties.

One such recent achievement was in June 2021, when we completed the restroom upgrade on the ground floor of the Jamaica Tourism Centre Building located at 64 Knutsford Boulevard, New Kingston in compliance with the Jamaican Disability Act. We are committed to securing the full and effective participation and inclusion of PWDs in our work community as reasonable practical in keeping with the United Nations Convention on the Rights of PWDs.

Newly constructed restroom facility for PWDs in the Tourism Building

COVID-19 PANDEMIC – NEW NORMAL, NEW CHALLENGES

Despite the fast tracked development of vaccines against COVID-19 in 2020, the virus continued to spread and mutate throughout the year. Our Business Continuity Planning Committee (BCPC) continued to manage COVID-19 operational services to safeguard the welfare of our tenants, contractors, visitors and by extension, our properties.

Updating COVID-19 policies and protocols

With the increased COVID-19 positivity rates islandwide, the company implemented and continually updated its Policy Guidelines for Team Members as well as our Contractors; the latter ensuring that compliance was strictly monitored among all construction related projects on our properties. These policies encompassed COVID-19 signs and symptoms, exposure control scenarios, cleaning and disinfection control, overseas travel disclosure, mitigation, and recovery which were based on, but not limited to, information available from the Centre for Disease Control (CDC), World Health organization (WHO), the Jamaican Ministry of Health & Wellness (MoHW) and the Disaster Risk Management Protocols.

Incorporating Updated Temperature Screening Equipment

For our managed properties, the company discontinued the use of handheld non-contact thermometers and incorporated the use of standalone thermometers which were less invasive. This equipment not only sounded an alarm for high temperatures but also alerted security for those non-compliant mask wearers.

Throughout the challenges, we continue to be vigilant in spreading the COVID-19 message of being SMART.

CORPORATE SOCIAL RESPONSIBILITY

Our team members are committed to giving back. Our major 2021 beneficiaries were: Good Samaritan Inn, Food For The Poor and Boys' Town Infant and Primary School.

GOOD SAMARITAN INN

The Good Samaritan Inn (GSI) is a drop in outreach facility that provides essential services to the needy and homeless in Downtown Kingston.

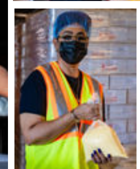
Many persons are aware of the health care facilities at GSI, which operates as a vaccination centre for COVID-19, however, they have been providing essential services to Kingston residents since 2007. It all started with a small feeding programme, and has now expanded to providing over 600 meals a week, free medical assistance, access to laundry and bathroom facilities as well as an overnight shelter for women.

Our team renovated the donation centre, which receives barrels full of clothing items to support the needs of the community. We installed shelving units, painted, replaced lighting and provided an overall upgrade to the space.

FOOD FOR THE POOR

Essential food and sanitation items remained a priority this year as COVID-19 continued to negatively impact families across the island.

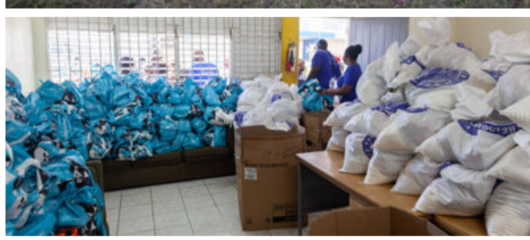
Our team travelled to Ellerslie Pen, Spanish Town, to spend the day with Food For The Poor, helping to prepare food packages. It was all hands on deck, as Food For The Poor geared up to hand out 1,500 packages islandwide.

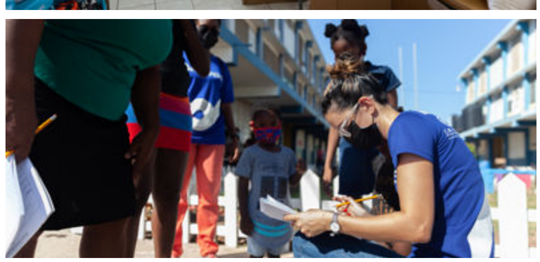


BOYS' TOWN INFANT AND PRIMARY SCHOOL

Our annual End of Year Treat took place at Boys' Town Infant and Primary School. Due to the ongoing challenges brought on by COVID-19, food and sanitation packages that were prepared at Food For The Poor were handed out to 210 students and teachers at the School.

It was a day filled with joy and appreciation, as the team had a chance to interact with the students face-to-face for the first time all year.





C.B. FACEY FOUNDATION

For 37 years, the C. B. Facey Foundation has developed meaningful relationships with community organizations by providing the support needed to enhance the important work being done on the ground. With a keen focus on our mandated areas of Education, Arts and the Environment, the Foundation provided support in the form of scholarships, grants and sponsorship, as well as supporting social programmes and our legacy projects.

2021 was another challenging year due to COVID-19. We continued our partnership with four schools across the island, over 25 nonprofit organisations, environmental conservation projects and emergency relief efforts.

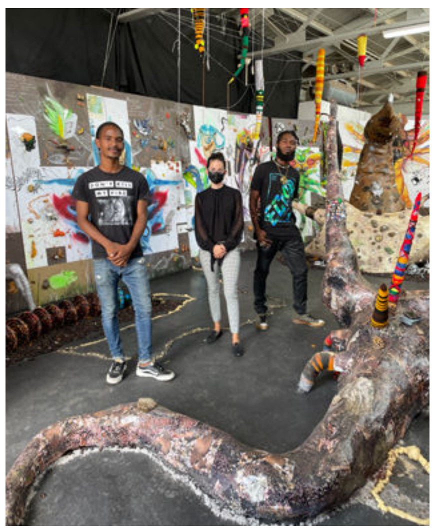
We remain committed to supporting the needs of our fellow Jamaicans through sound financial investments and a drive to create longstanding change.

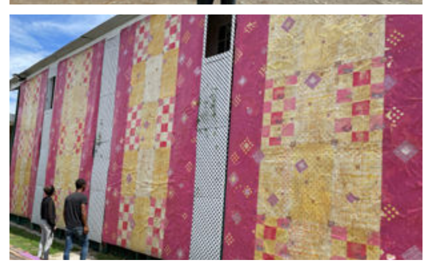
EDNA MANLEY COLLEGE

The 2020-21 cohort of scholars showcased their dynamic final year works for six weeks in a fully-immersive experience. The creation of the original, inventive and imaginative works was made possible by the investment the Foundation made in the students and their contribution to the national collective of art.

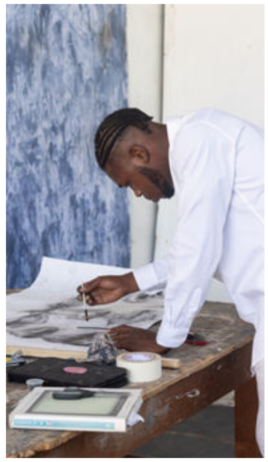
On September 17, the Painting Studios at the School of Visual Arts was razed by fire, with the works of 2020-21 scholars as well as students preparing to enter their final year being affected.

The Foundation called for support to help students recover some of their losses of school equipment, art supplies and partial and completed works of art. The request for support continues through a GoFundMe fundraiser.





The new cohort of student-artists to receive the C. B. Facey Foundation Scholarship Award was announced in November. The five are Daniel Shaw pursuing a Bachelor of Fine Arts in Photography; Jahmani Council and Demar Brackenridge both pursuing a Bachelor of Fine Arts in Painting; Stephen Burke pursuing a Bachelor of Fine Arts in Fashion Design and Donek Pusey pursuing a Bachelor of Fine Arts in Animation. We look forward to seeing the art they create for the final year exhibition.



UTECH CARIBBEAN SCHOOL OF ARCHITECTURE

Six University of Technology Jamaica Caribbean School of Architecture scholars were awarded for the 2021-22 academic year.

Three second-year Masters' students, will complete their scholarship, while first-year Masters' students Ashina Clarke, Kemar Rodney and Hanif James are just beginning their journey.

SUPPORT FOR OUR NEIGHBOURS

In April, St. Vincent faced a series of eruptions from the La Soufriere volcano, causing thousands of residents to be displaced and impacted by a shortage of food and water. As the charitable arm of PanJam, it was an easy yes to support our neighbouring island in their time of need.

The donation was facilitated by the Jamaica Social Stock Exchange's Stronger Together Campaign. The Foundation handed over a donation of $1,000,000 that went to the Organisation of Eastern Caribbean State Emergency Response for St Vincent and the Grenadines.

Ash coats a hillside in St. Vincent as the eruption at La Soufriere blanketed communities with debris. (Photo by UWI-Seismic Research Centre, Prof. Robertson)

JAMAICA CONSERVATION PARTNERS

A PROJECT OF THE C.B. FACEY FOUNDATION

WOMEN IN SCIENCE

Four women who are carving out a space in their respective scientific fields across Jamaica, Sashalee Cross, Treya-Ann Picking, Reanne McKenzie and Shanna-Lee Thomas are leading research projects in environmental conservation.

These projects received multi-year funding from Jamaica Conservation Partners, a project of the C. B. Facey Foundation.

Sashalee Cross, Assistant Botanist at Institute of Jamaica's Natural History Museum, managed a research and conservation project targeting the invasive species control and habitat restoration at the Mason River Protected Area. With a true love for botany, she uses her passion to help protect an area that has over 400 types of plant species found on Jamaica's fourth wetland of international importance.

Treya-Ann Picking is doing critical work with the American crocodile. The herpetologist started with catching smaller species in her backyard and today, leads a team, helping her pursue research for her Master of Philosophy in Zoology. For close to two years, Picking spent many nights in the dank, woven mangroves or open sewage catchments that mark crocodile habitats doing eye-shine surveys of the endangered reptiles. This will be the first ever country-wide survey of crocodiles in Jamaica.

Reanne McKenzie manages the White River Fish Sanctuary (WRFS) on the border of St Mary and St Ann. The Sanctuary, in its fifth year of operation, protecting 300 acres of coastline east of Ocho Rios, also manages coral farming, grafting and replanting, along with a study to map human activities on the White River.

Shanna-Lee Thomas at the Discovery Bay Marine Lab (DBML), a teaching and research institution owned and operated by the University of the West Indies, Mona, is currently conducting a study on the spawning of the Queen Conch as they face overfishing. Through the collection of data and analysis, the team will have the ability to understand the spawning season of the species to ensure that the closed season is accurate.

The work of these four are assets to not only the research pool in Jamaica, but shines a light on the young women breaking barriers in science.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 2021

Independent auditor's report

To the Members of PanJam Investment Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of PanJam Investment Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2021, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2021;
- the company income statement for the year then ended;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We determined the scope of our audit by first considering the internal organisation of the Group and identifying the components of the audit that have the most significant impact on the consolidated financial statements. The Group is comprised of thirty-one components representing subsidiaries and associated companies. Full scope audit procedures were performed on three components while audits of one or more financial statement line items were performed for fifteen components. For components not scoped as either a full scope audit or an audit of one or more financial statement line items, detailed substantive analytical procedures were performed on the financial information. The audit procedures covered 99.7% of total assets and 97% of total revenue of the Group and were all performed by PwC Jamaica.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties (Group) *See notes 2 (j), 3 (v) and 16 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates.* Investment properties represented $10,025 million or 14.8% of total assets for the Group as at the end of the reporting period. The determination of the fair value of investment properties requires significant judgement and, as such, was an area of focus for the audit. Management, through an independent valuation expert, used three methods to value investment properties namely: comparable sales approach, discounted cash flow approach and the direct capitalisation approach. We focused in particular on the direct capitalisation approach and the discounted cash flow approach, the methods used to value the majority of the properties, which take into consideration a number of factors that require estimation and judgement. The key factors include: • estimation of rental income; • determination of a capitalisation factor; • estimation of vacancy factor; and • determination of the discount rate. Changes in these assumptions may have a significant impact on the carrying value of investment properties.	In order to address the matter, we performed the following procedures, amongst others: • Met with the property valuators engaged by management, updated our understanding of the valuation process and obtained information on significant developments within the industry. • Assessed the competence and objectivity of the property valuators in order to determine whether they were appropriately qualified and whether there was any affiliation to the Group. • Assessed the appropriateness of the valuation methodology used in order to evaluate whether it was suitable for determining market value in accordance with the financial reporting framework. • Challenged the capitalisation and vacancy factors used by the property valuators by benchmarking the assumptions used to relevant market evidence which included performing comparisons to similar properties located in the same area. Agreed the inputs used in estimating the rental income by the property valuators to supporting documentation. • Assessed the reasonableness of the discount rate with the assistance of our property valuation expert. • Developed a point estimate based on the information obtained from performing the above procedures. Based on the procedures performed, management's valuations were found to be consistent with our point estimate.

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Key audit matter	How our audit addressed the key audit matter
Valuation of investments classified as fair value through profit or loss and classified as level 3 in the fair value hierarchy (Group and Company) *See notes 2 (i), 3 (ii), 15 and 35 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates.*	
The fair values of financial instruments that are not quoted on an exchange, and for which one or more of the significant inputs are not based on observable market data, are classified as level 3 in the fair value hierarchy. In these instances, management determines the unobservable inputs using the best information available in the circumstances taking into account all information that is reasonably available. The lack of available observable market data resulted in greater estimation uncertainty and subjectivity which therefore led us to focus our attention on this area. Investments for which observable market data was limited and were classified as level 3 investments totaled $3,203 million (4.7% of total assets) for the Group and $1,271 million (4.9% of total assets) for the Company as at the reporting date. These investments related primarily to investments in three funds and a loan advanced to an associated company as follows: • The first fund investment itself invests primarily in other companies.	In order to test the fair value of the investments in these underlying funds and the loan to associated company, we performed the following procedures, amongst others: • For the first fund, verified the ownership of the companies in which the fund had an investment and used historical data, including audited financial statements, to assess the reliability of the fund manager’s estimate of fair value. • For the second fund, assessed the valuation report submitted by management’s expert with the assistance of our valuation expert. Further evaluated management’s conclusion that the previously determined market value of the hotel continues to represent fair value at the reporting date which included reviewing the current year financial performance of the hotel. • For the third fund, with the assistance of our valuation expert, assessed the method used by management to determine fair value including whether it was appropriate based on the information available in the circumstances. Checked the inputs used in the valuation by agreeing the rental income and direct expenses to underlying supporting documents and used our valuation expert to assist us in assessing the capitalisation rate.

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Key audit matter	How our audit addressed the key audit matter
• For the second fund, the significant underlying asset is a hotel. The fair value of this asset was determined by management's expert using the discounted cash flow method. Management relied on the estimate of market value performed by the property valuer in the previous year and determined that there has been no significant change in the previously determined market value as the performance of the hotel is consistent with the previous year. • Similar in set up to the second fund, the third fund's significant underlying asset is a shopping centre. A small portion of the asset was undeveloped at the reporting date. Management performed a valuation of the property using the direct capitalisation method for the completed portion of the property while the undeveloped portion of the property was measured at cost. • The loan to the associated company is mandatorily convertible to ordinary shares of the associated company and it is this conversion feature that increases the level of estimation involved in determining the fair value of the loan. The key components used by management in determining the fair value of the loan is the estimation of EBITDA of the associated company and the probability of achieving this EBITDA.	• Confirmed the net asset value and the number of units held in the funds with the fund managers. • For the loan to associated company, reviewed the loan agreement and obtained an understanding of the key terms. Reviewed the latest audited financial statements of the associated company and performed analytical procedures on the financial information used to determine EBITDA. Further obtained and evaluated management's analysis of the probability of achieving the determined EBITDA. • Confirmed the loan amount with the associated company. Based on the procedures performed, management's valuation of these level 3 investments was within an acceptable range of our estimation of fair value.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, 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 and Company’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 the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company’s financial reporting process.

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 ISAs, we exercise professional judgment and maintain professional scepticism 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.

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- 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 and Company'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 or Company'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 or Company 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 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, actions taken to eliminate threats or safeguards applied.

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.

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Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

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

PricewaterhouseCoopers

Chartered Accountants
1 March 2022
Kingston, Jamaica

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Income			
Investments	5	2,059,131	(523,250)
Property	6	2,098,671	2,138,113
Other	7	140,595	439,603
		4,298,397	2,054,466
Operating expenses	8	(1,855,509)	(1,700,948)
Net impairment recovery/(losses) on financial assets		53,602	(38,438)
Operating Profit		2,496,490	315,080
Finance costs	10	(914,415)	(835,909)
Share of results of associated companies	17	5,455,180	3,866,414
Gains on disposal of shares in associated companies	11	193,892	-
Profit before Taxation		7,231,147	3,345,585
Taxation	12	20,570	188,725
NET PROFIT		7,251,717	3,534,310
Attributable to:			
Owners of the parent		7,202,801	3,504,520
Non-controlling interests		48,916	29,790
		7,251,717	3,534,310
Earnings per stock unit attributable to owners of the parent during the year			
Basic and fully diluted	13	$6.78	$3.31

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Net Profit for the year	7,251,717	3,534,310
Other Comprehensive Income, net of taxes		
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity instruments at fair value through other comprehensive income	23,682	(81,905)
Re-measurement of post-employment benefit obligations, net of taxation	(26,933)	(39,794)
Share of other comprehensive income of associated company, net of taxation	(56,908)	(590,666)
	(60,159)	(712,365)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translating foreign operations	11,416	8,744
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of taxation	(21,229)	7,137
Share of other comprehensive income of associated company, net of taxation	(1,272,949)	1,973,140
	(1,282,762)	1,989,021
TOTAL COMPREHENSIVE INCOME	5,908,796	4,810,966
Attributable to:		
Owners of the parent	5,859,880	4,781,176
Non-controlling interests	48,916	29,790
	5,908,796	4,810,966

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Cash and Bank Balances	14	272,856	125,149
Investments			
Deposits	14	994,776	694,275
Investment securities:			
Financial assets at fair value through other comprehensive income	15	1,145,479	1,219,231
Financial assets at fair value through profit or loss	15	9,372,316	7,584,640
Financial assets at amortised cost	15	305,457	3,646,796
		10,823,252	12,450,667
Securities purchased under agreements to resell	14	1,269,367	868,712
Investment properties	16	10,024,752	9,531,152
Investment in associated companies	17	37,995,085	35,339,651
		61,107,232	58,884,457
Other assets			
Taxation recoverable		86,863	73,749
Prepayments and miscellaneous assets	19	1,841,415	1,557,217
Property, plant and equipment	20	3,446,578	1,880,236
Properties for development and sale	21	967,119	-
Intangibles	22	52,471	50,470
		6,394,446	3,561,672
		67,774,534	62,571,278

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to Owners of the Parent			
Share capital	28	2,141,985	2,141,985
Equity compensation reserve	29	124,734	116,594
Property revaluation reserve	30	5,438,654	5,211,785
Investment and other reserves	31	4,383,503	5,395,698
Retained earnings		40,009,447	34,692,918
Treasury stock		(135,900)	(372,609)
		51,962,423	47,186,371
Non-Controlling Interests		335,591	286,675
		52,298,014	47,473,046
Liabilities			
Bank overdrafts	14	14,986	11,378
Taxation payable		46,077	81,447
Loan liabilities	25	13,594,422	13,663,531
Lease liabilities	26	28,424	34,979
Deferred tax liabilities	18	255,934	314,399
Retirement benefit liabilities	23	654,518	510,477
Other liabilities	27	882,159	482,021
		15,476,520	15,098,232
		67,774,534	62,571,278

Approved for issue by the Board of Directors on 1 March 2022 and signed on its behalf by:

Stephen B. Facey, Chairman

Joanna A. Banks, Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

		\---Attributable to Owners of the Parent---\							
	Note	Share Capital $'000	Equity Compensation Reserve $'000	Property Revaluation Reserve $'000	Investment and Other Reserves $'000	Retained Earnings $'000	Treasury Stock $'000	Non-controlling Interests $'000	Total $'000
Balance at 1 January 2020		2,141,985	89,376	4,897,207	4,029,178	31,911,597	(326,142)	342,385	43,085,586
Comprehensive income									
Net profit		-	-	-	-	3,504,520	-	29,790	3,534,310
Other comprehensive income		-	-	-	1,282,607	(5,951)	-	-	1,276,656
Total comprehensive income for the year		-	-	-	1,282,607	3,498,569	-	29,790	4,810,966
Dividend paid to non-controlling interest		-	-	-	-	-	-	(85,500)	(85,500)
Transactions with owners									
Employee share incentive scheme value of services provided	29	-	68,590	-	-	-	-	-	68,590
Employee share grants issued/options exercised	29	-	(41,372)	-	57,014	-	27,098	-	42,740
Dividends paid to equity holders of the company	32	-	-	-	-	(402,670)	-	-	(402,670)
Share purchase plan		-	-	-	2,023	-	4,085	-	6,108
Acquisition of treasury stock		-	-	-	-	-	(77,650)	-	(77,650)
Change in reserves of associated company		-	-	-	24,876	-	-	-	24,876
Total transactions with owners		-	27,218	-	83,913	(402,670)	(46,467)	-	(338,006)
Transfer of unrealized property revaluation gains		-	-	314,578	-	(314,578)	-	-	-
Balance at 31 December 2020		2,141,985	116,594	5,211,785	5,395,698	34,692,918	(372,609)	286,675	47,473,046

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

		------------------------------Attributable to Owners of the Parent---------------------------\							
		Share Capital	Equity Compensation Reserve	Property Revaluation Reserve	Investment and Other Reserves	Retained Earnings	Treasury Stock	Non-controlling Interests	Total
	Note	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2021		2,141,985	116,594	5,211,785	5,395,698	34,692,918	(372,609)	286,675	47,473,046
Comprehensive income						7,202,801		48,916	7,251,717
Net profit									
Other comprehensive income		-	-	-	(746,752)	(596,169)	-	-	(1,342,921)
Total comprehensive income for the year		-	-	-	(746,752)	6,606,632	-	48,916	5,908,796
Transactions with owners									
Employee share incentive scheme value of services provided	29	-	54,660	-	-	-	-	-	54,660
Employee share grants issued/options exercised	29	-	(46,520)	-	(187,120)	-	286,887	-	53,247
Dividends paid to equity holders of the company	32	-	-	-	-	(1,063,234)	-	-	(1,063,234)
Share purchase plan		-	-	-	(11,315)	-	31,056	-	19,741
Acquisition of treasury stock		-	-	-	-	-	(81,234)	-	(81,234)
Change in reserves of associated company		-	-	-	(67,008)	-	-	-	(67,008)
Total transactions with owners		-	8,140	-	(265,443)	(1,063,234)	236,709	-	(1,083,828)
Transfer of unrealized property revaluation gains		-	-	226,869	-	(226,869)	-	-	-
Balance at 31 December 2021		2,141,985	124,734	5,438,654	4,383,503	40,009,447	(135,900)	335,591	52,298,014

CONSOLIDATED 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	33	1,138,263	964,620
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	20	(2,214,917)	(1,372,428)
Proceeds from disposal of property, plant and equipment		2,798	29
Expenditure on properties for development and sale	21	(454,922)	-
Proceeds from disposal of land held for development		-	650,000
Acquisition of intangible asset	22	(5,435)	(6,964)
Improvements to investment properties	16	-	(51,009)
Proceeds from disposal of shares in associated companies	11	266,491	-
Investments in associated companies	17	(178,735)	(62,075)
Dividends from associated companies	17	1,374,390	76,167
Disposal/(acquisition) of investment securities, net		2,653,190	(3,085,844)
Advances on future developments		(16,705)	(18,392)
Net cash provided by/(used in) investing activities		1,426,155	(3,870,516)
Cash Flows from Financing Activities			
Loans received		-	6,495,000
Loans repaid	33b	(99,130)	(2,099,469)
Interest paid	33b	(884,393)	(882,314)
Lease repayments		(6,555)	(5,525)
Acquisition of treasury stock		(81,234)	(77,650)
Disposal of treasury stock		72,988	31,183
Dividends paid to non-controlling interests		-	(85,500)
Dividends paid to equity holders		(759,942)	(668,503)
Net cash (used in)/provided by financing activities		(1,758,266)	2,707,222
Net increase/(decrease) in cash and cash equivalents		806,152	(198,674)
Effect of exchange rate changes on cash and cash equivalents		116,952	94,282
Cash and cash equivalents at beginning of year		1,580,197	1,684,589
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	2,503,301	1,580,197

COMPANY INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Income			
Investments	5	3,017,185	721,209
Other	7	56,333	49,099
		3,073,518	770,308
Expenses			
Operating expenses	8	(418,583)	(761,657)
Net impairment recovery/(losses) on financial assets		42,421	(9,250)
Finance costs	10	(862,819)	(778,498)
Gain on disposal of shares in associated company	11	29,685	-
Profit/(Loss) before Taxation		1,864,222	(779,097)
Taxation	12	47,574	288,017
NET PROFIT /(LOSS)		1,911,796	(491,080)

COMPANY STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Net Profit/ (Loss) for the year	1,911,796	(491,080)
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	23,682	(81,905)
Re-measurement of post-employment benefit obligations, net of taxation	32,546	(49,841)
	56,228	(131,746)
Items that may be subsequently reclassified to profit or loss		
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of taxation	(15,357)	12,204
	(15,357)	12,204
TOTAL COMPREHENSIVE INCOME	1,952,667	(610,622)

COMPANY STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Cash and Bank Balances	14	118,802	62,915
Investments			
Deposits	14	844,983	497,185
Investment securities:			
Financial assets at fair value through other comprehensive income	15	1,084,723	1,157,656
Financial assets at fair value through profit or loss	15	6,541,815	5,590,419
Financial assets at amortised cost	15	652,022	3,985,564
		8,278,560	10,733,639
Securities purchased under agreements to resell	14	1,144,459	703,231
Investment in subsidiaries	17	1,128,119	1,128,119
Investment in associated companies	17	7,600,639	7,601,617
		18,996,760	20,663,791
Other Assets			
Due from related parties	24	6,206,125	3,421,565
Taxation recoverable		80,173	68,423
Prepayments and miscellaneous assets	19	152,496	156,928
Property, plant and equipment	20	89,533	88,377
Intangibles	22	3,434	6,868
Retirement benefit assets	23	240,780	201,359
		6,772,541	3,943,520
		25,888,103	24,670,226

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	28	2,141,985	2,141,985
Equity compensation reserve	29	56,698	49,752
Investment and other reserves	31	1,237,765	1,229,440
Retained earnings		8,586,920	7,708,738
		12,023,368	11,129,915
Liabilities			
Bank overdraft	14	14,985	11,377
Due to related parties	24	59,116	17,831
Loan liabilities	25	13,005,731	13,008,237
Lease liabilities	26	56,647	64,315
Deferred tax liability	18	145,101	193,522
Retirement benefit liabilities	24	60,736	61,092
Other liabilities	27	522,419	183,937
		13,864,735	13,540,311
		25,888,103	24,670,226

Approved for issue by the Board of Directors on 1 March 2022 signed on its behalf by:

Stephen B. Facey	Chairman	Joanna A. Banks	Director

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Equity Compensation Reserve $'000	Investment and Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2020		2,141,985	34,688	1,299,141	8,654,799	12,130,613
Comprehensive income						
Net loss		-	-	-	(491,080)	(491,080)
Other comprehensive income:		-	-	(69,701)	(49,841)	(119,542)
Total comprehensive income		-	-	(69,701)	(540,921)	(610,622)
Transactions with owners						
Employee share incentive scheme value of services provided	29	-	46,235	-	-	46,235
Employee share grants issued/options exercised	29	-	(31,171)	-	-	(31,171)
Dividends paid	32	-	-	-	(405,140)	(405,140)
Total transactions with owners		-	15,064	-	(405,140)	(390,076)
Balance at 1 January 2021		2,141,985	49,752	1,229,440	7,708,738	11,129,915
Comprehensive income						
Net profit		-	-	-	1,911,796	1,911,796
Other comprehensive income:		-	-	8,325	32,546	40,871
Total comprehensive income		-	-	8,325	1,944,342	1,952,667
Transactions with owners						
Employee share incentive scheme value of services provided	29	-	34,285	-	-	34,285
Employee share grants issued/option exercised	29	-	(27,339)	-	-	(27,339)
Dividends paid	32	-	-	-	(1,066,160)	(1,066,160)
Total transactions with owners		-	6,946	-	(1,066,160)	(1,059,214)
Balance at 31 December 2021		2,141,985	56,698	1,237,765	8,586,920	12,023,368

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	33	2,448,666	525,847
Cash Flows from Investing Activities			
Investment in associated companies	17	-	(62,075)
Acquisition of property, plant and equipment	20	(10,193)	(1,087)
Proceeds from disposal of shares in associated company	11	30,663	-
Disposal/(acquisition) of investment securities, net		2,747,934	(2,768,024)
Net cash provided by/(used in) investing activities		2,768,404	(2,831,186)
Cash Flows from Financing Activities			
Increase in amount due from related parties		(2,743,275)	(752,717)
Loans received		-	6,495,000
Loans repaid		(32,527)	(2,032,242)
Interest paid		(831,056)	(823,801)
Lease liabilities		(9,410)	(8,435)
Dividends paid to shareholders	32	(762,303)	(671,682)
Net cash (used in)/provided by financing activities		(4,378,571)	2,206,123
Net increase/(decrease) cash and cash equivalents		838,499	(99,216)
Effect of exchange rate changes on cash and cash equivalents		78,807	59,118
Cash and cash equivalents at beginning of year		1,163,155	1,203,253
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	2,080,461	1,163,155

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

(a) PanJam Investment Limited ("the company") is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange (JSE).

(b) The main activities of the company are holding investments and controlling the operations of its subsidiaries. The company's income consists mainly of dividends, interest income and management fees earned from its subsidiaries. The registered office of the company is located at 60 Knutsford Boulevard, Kingston 5.

(c) The company's subsidiaries, associated companies, and other consolidated entity, which, together with the company are referred to as "the group" are as follows:

	Principal Activities	**Proportion of Issued Equity Capital Held by**	
Subsidiaries		**Company**	**Subsidiaries**
Jamaica Property Company Limited	Property Management and Development	100%	-
Jamaica Property Development Limited	Property Development	-	100%
Jamaica Property Management Limited	Property Management	-	100%
Imbrook Properties Limited	Property Development	-	100%
Desnoes Estates Limited	Property Development	-	100%
Kingchurch Property Holdings Limited	Property Development and Management	-	100%
Downing Street (Caribbean Place) Limited	Property Development	-	100%
Portfolio Partners Limited	Investment Management	100%	-
Baywest Development Limited	Property Development	100%	-
Scott's Preserves Limited	Food and Beverage	66.67%	-
PanJam Hospitality Limited	Hotel Management	100%	-
ROK Operating Company Limited	Hotel Management	-	100%
Knutsford Holdings Limited	Office Rental	32%	28%
Panacea Insurance Limited (Incorporated in St. Lucia)	Captive Insurance	-	100%
Castleton Investments Limited (Incorporated in St Lucia)	Investment Management	100%	-
Norbury Investments Limited (Incorporated in Canada)	Property Investment	-	100%
PJ-AL Corp Limited (Incorporated in United States)	Property Investment	100%	-
Palisadoes Investments Limited (Incorporated in Canada)	Investment Management	-	100%
Simcoe Investments Limited (Incorporated in Barbados)	Investment Management	100%	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

(c) continued

	Principal Activities	Proportion of Issued Equity Capital Held by Company	Proportion of Issued Equity Capital Held by Subsidiaries
Associated Companies			
Sagicor Group Jamaica Limited	Life and Health Insurance, Pension Management, Investment and Banking	30.21%	-
New Castle Company Limited (Incorporated in St. Lucia)	Consumer Products	33.33%	-
Chukka Caribbean Adventures Limited (Incorporated in St. Lucia)	Tourism	18%	-
Caribe Hospitality Jamaica Limited	Hotel Management	35%	-
Downing Street Realty Fund VII (Incorporated in Canada)	Property Developers	-	30.63%
Downing Street Realty Fund XI (Incorporated in Canada)	Property Developers		20.87%
Downing Street Realty Fund XIV (Incorporated in Canada)	Property Developers	-	30.77%
Downing Street Realty Fund XV (Incorporated in Canada)	Property Developers	-	6.67%
Williams Offices (Caribbean) Limited (Incorporated in Barbados)	Office Rental	25%	-
Term Finance Jamaica Limited	Loan Financing	20%	-
Outsourcing Management Limited (Incorporated in St. Lucia)	Business Process Outsourcing	15%	-
International CX Limited (Incorporated in St. Lucia)	Business Process Outsourcing	15%	
Other Consolidated Entity			
The PanJam Share Trust	Employees Share Ownership Plan	100%	-

During the year the group:

(a) disposed of its holding in Downing Street Realty Fund II;

(b) acquired shares in Downing Street Realty Funds XIV and XV; and

(c) entered into a contractual agreement with International CX Limited, a start up, for the acquisition of 15% of its shareholding. International CX Limited is incorporated in St. Lucia and provides business process outsourcing services.

All of the company's subsidiaries and associated companies are incorporated and domiciled in Jamaica, except as otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. 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

The consolidated financial statements of the group and the financial statements of the company standing alone (together referred to as the financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

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. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. 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 accounting standards effective in the current financial year

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial period. The group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following are relevant to its operations:

- **Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9** (effective for annual periods beginning on or after 1 January 2021). These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023. The adoption of the amendments did not have any significant impact on the group and company.

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2** (effective for annual periods beginning on or after 1 January 2021). The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. Given the pervasive nature of IBOR-based contracts, the amendments could affect companies in all industries. The amendments are effective from 1 January 2021. This publication provides guidance on how to apply the Phase 2 amendments to various contracts and hedge accounting relationships, including the interaction with the Phase 1 reliefs for hedge accounting. The adoption of the amendments did not have any material impact on the financial statements of the group and company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the group's accounting periods beginning on or after 1 January 2022 or later periods but were not effective at the statement of financial position date. The group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be immediately relevant to its operations, and has concluded as follows:

- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions** (effective for annual periods beginning on or after 1 June 2020). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The adoption of the amendments did not have any significant impact on the group and company

- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities** (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means where it refers to the 'settlement' of a liability. The adoption of the amendments is not expected to have any material impact on the financial statements of the group and company.

- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction** (effective for annual periods beginning on or after 1 January 2023). In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The adoption of the amendments is not expected to have any material impact on the financial statements of the group and company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued)

- **Narrow scope amendments to IAS 1, Presentation of financial statements', Practice statement 2 and IAS 8** (effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The adoption of the amendments is not expected to have any material impact on the financial statements of the group and company.

- **Amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16** (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', and the illustrative examples accompanying IFRS 16, 'Leases'. The adoption of the amendments is not expected to have any material impact on the financial statement of the group and company.

- **IFRS 17, 'Insurance contracts'** (effective for annual periods beginning on or after 1 January 2023). It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:
  - Discounted probability-weighted cash flows;
  - An explicit risk adjustment;, and
  - A contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

  The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. An assessment is being done on the impact of the standard on the group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

In the company stand-alone financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(ii) Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between 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 of non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(iii) Associates
Associates are all entities over which the group has significant influence but not control, generally but not necessarily accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. In the company's statement of financial position, investments in associates are shown at cost.

The results of associates with financial reporting year-ends that are different from the group are determined by prorating the results for the audited period as well as the period covered by management accounts (in the event that their accounting year ends more than three months prior to 31 December) to ensure that a full year of operations is accounted for, where applicable.

(c) Income recognition

(i) Interest income and expenses
Interest income from financial assets at fair value through profit or loss (FVPL) is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at fair value through other comprehensive income (FVOCI) is recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount or premium on treasury bills and other discounted instruments.

(ii) Dividend income
Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognized in the income statement when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(c) Income recognition (continued)

(iii) Property income
Revenue comprises the invoiced value of rental and maintenance charges net of General Consumption Tax. Rental income from operating leases is recognised on a straight-line basis over the lease term. The Group currently does not provide incentives to its tenants.

The group assesses the individual elements of the lease agreements and assesses whether these individual elements are separate performance obligations. Where the contracts include multiple performance obligations, and/or lease and non-lease components, the transaction price is allocated to each performance obligation (lease and non-lease component) based on the stand-alone selling prices. These selling prices are predominantly fixed price per the agreements where the tenant pays the fixed amount based on a payment schedule. If the services rendered should exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Revenue is measured at the transaction price agreed under the contract. The group currently does not have arrangements that include deferred payment terms.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(iv) Commission income
Commissions are recognised as revenue on the transfer of the service at a point in time and recognized in the accounting period in which the service is transferred. There was no contract asset or contract liability recognised in the accounting period.

(v) Other income
Other income comprises of management fees and miscellaneous income. Management fees are contractual agreements with customers for the transfer of service at a point in time and are recognized in the accounting period in which the service is transferred. Management fee is calculated as a percentage of the total expenses and value of the portfolio where applicable. There was no contract asset or contract liability recognised during the accounting period (see note 7 for details).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. 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 financial statements are presented in Jamaican dollars, which is also the company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary assets denominated in foreign currencies and classified at amortised cost are analysed between translation differences resulting from changes in the amortised cost of the asset and other changes. Translation differences resulting from the changes in amortised cost are recognised in the income statement, and other changes are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of all the group entities 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 or separate income statement presented are translated at average exchange rates; and
- All resulting exchange differences are recognized in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(e) Taxation

Taxation expense in the income statement comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the income statement except where they relate to items recorded in other comprehensive income or equity, in which case they are also charged or credited to other comprehensive income or equity. Taxation is based on profit for the year adjusted for taxation purposes at rates applicable to the year.

(i) Current taxation

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable and tax losses in respect of the previous years.

(ii) Deferred income taxes

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on rates enacted at the year-end date.

Deferred tax is not recognised on changes in the fair values of investment properties in excess of cost, as it is management’s intention to recover such surplus through sale, which would not attract any taxes.

Deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

(f) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The group’s financial assets comprise cash and bank balances, deposits, securities purchased under agreements to resell, investment securities, and accounts receivable including balances due from related parties. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial liabilities

The group’s financial liabilities comprise bank overdraft, trade payables, loans, lease liabilities and other liabilities. They are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

The fair values of the group’s and the company’s financial instruments are discussed in Note 35.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(g) Accounts receivable

Trade and managed properties receivables

Trade receivables are amounts due from tenants and customers for rent and maintenance during the accounting period. Managed properties receivables are due from customers for expenses incurred during the accounting period for the management of properties owned by these customers. Trade and managed properties receivables are generally due for settlement within 30 days and therefore are all classified as current. They are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade and managed properties receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Due to the short-term nature of the trade and managed properties receivables, their carrying amount is considered to be the same as their fair value. The group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 34(b) for further details.

Other miscellaneous assets

The group classifies other miscellaneous assets at amortised cost when both of the following criteria are met:

- the asset is held within a business model where the objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Due to the short-term nature of the other miscellaneous assets excluding land awaiting development, their carrying amount is considered to be the same as their fair value. Land awaiting development at year end was $745,917,000 (2020 – $869,977,000) representing purchase consideration and associated costs capitalised.

(h) Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost and adjusted for any potential credit loss. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise investment securities with less than 90 days maturity from the date of acquisition including cash balances, short term deposits, securities purchased under agreements to resell and bank overdrafts (Note 14).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(i) Investments

(i) Classification

The group classifies its financial assets in the following measurement categories:

- At fair value (either through OCI or through profit or loss); and
- At amortised cost.

The classification is based on the company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in profit or loss or OCI.

The group will reclassify debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

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 are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus transaction cost directly attributable to the acquisition of the financial asset in the case of a financial asset not at FVPL. Transaction costs that are directly attributable to the acquisition of the financial asset carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments is based on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in gains/ (losses). Impairment losses are presented as a separate line item in profit or loss

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(i) Investments (continued)

(iii) Measurement (continued)

- FVOCI – Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognized in investment income. Interest income from these financial assets is included in investment income using the effective interest rate method. Foreign exchange gains and losses are also presented in investment income and impairment expenses are presented as a separate line item in the statement of profit or loss.

- FVPL - Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Gains or losses on a debt investment that is subsequently measured at FVPL are recognised in profit or loss and presented net within investment income in the period in which they arise.

Equity instruments
The group measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the group's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in investment income in the profit or loss statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment
The group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost (including cash and cash equivalents but excluding bank balances) and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(j) Investment property

Investment property is held for long-term rental yields and is not occupied by the group. Investment property is treated as a long-term investment and is carried at fair value, based on fair market valuation exercises conducted annually by independent qualified valuers. Changes in fair values are recorded in the income statement.

All leases that meet the definition of investment property are classified as investment property and measured at fair value. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

Investment property that is obtained through a lease is measured initially at the lease liability amount adjusted for any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the group, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the group expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods, such as recent prices on less active markets, discounted cash flow projections or the sales approach. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.
These valuations form the basis for the carrying amounts in the consolidated financial statements.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(k) Leases

The group acting as lessee, recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months.

Assets and liabilities arising from the lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance the fixed payments), less any lease incentives receivable
- Variable lease payments that are based on the index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the group under residual value guarantees
- The exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third-party financing; and
- makes adjustments specific to the lease, example term, currency and security.

The group is exposed to potential future increase in variable lease payments based on index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments are based on an index or rate effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs (as applicable).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(k) Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If and where the group is reasonably certain to exercise the purchase option, the right-of-use asset is depreciated over the underlying asset useful life. Right of use assets are not revalued.

Payments associated with short-term leases of equipment and all leases of low value are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture.

Variable lease payments

Some leases contain variable payment terms that are linked to rental income generated from property. These variable payments are recognised in the income statement in the period in which the condition that triggers those payments occurs.

Extension and termination options

Where extension and termination options are included, these are used to maximise the operational flexibility in terms of managing assets used in the group's operations. The options held are exercisable only by the group and not by the respective lessor.

Residual value guarantees

The group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of a lease liability. Typically, the expected residual value at lease commencement is equal to or higher than the guaranteed amount, and so the group does not expect to pay anything under the guarantees.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(l) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. If such subsequent cost relates to a replaced part, the carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives at annual rates, as follows:

Freehold premises/leasehold premises	2½%
Leasehold improvements	Life of lease
Furniture, fixtures & equipment	5% - 33⅓%
Assets capitalised under lease liabilities	Life of lease
Motor vehicles	15% - 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

(m) Properties for development and sale

Properties under construction that are intended for sale are classified as properties for development and sale. The properties are carried at the lower of cost and net realizable values. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated selling expenses. Impairment losses on properties for development and sale and profit on the sale of the properties are recognized in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(n) Inventories

Inventories are valued on the first-in, first-out basis at the lower of cost and net realisable value.

(o) Employee benefits

(i) Pension obligations

The company and its subsidiaries operate a number of defined benefit pension plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the relevant companies, taking into account the recommendations of independent qualified actuaries. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The amount recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(o) Employee benefits (continued)

(i) Pension obligations (continued)
Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in expenses.

(ii) Other post-employment benefits
Some group companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(iii) Annual leave entitlements
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

(iv) Equity compensation benefits
The group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of options or shares is recognised as an expense in the company which is the primary recipient of the employee's services. The total amount expensed over the vesting period is determined by reference to the fair value of the options or shares granted, excluding the impact of any non-market vesting conditions (for example, net profit growth target). Non-market vesting conditions are included in assumptions about the number of options or shares that are expected to become exercisable. At each statement of financial position date, the group reviews its estimates of the number of options or shares that are expected to become exercisable or share grants which will be vested. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised or share grants are vested.

The cost of equity transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(o) Employee benefits (continued)

(iv) Equity compensation benefits (continued)
No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

(v) Termination benefits
Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the statement of financial position date are discounted to present value.

(p) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell 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 (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(q) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

At each statement of financial position date analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

(ii) Computer software
Costs incurred to acquire computer software licences are recognised as intangible assets. These costs are being amortised using the straight-line method over their expected useful life of three years. All other costs associated with maintaining computer programs are recognized as an expense when incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(r) Provisions
Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(s) Dividends
Dividends are recorded as a deduction from stockholders' equity in the period in which they are approved.

(t) Share capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(u) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The executive committee that makes strategic decisions is deemed to be the chief operating decision-maker.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes
The group is subject to income taxes mainly in Jamaica. 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.

(ii) Fair value of financial instruments
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses its judgement to select a variety of methods and valuation inputs and makes assumptions that are mainly based on market conditions existing at each statement of financial position date. The group uses references to prices for other instruments that are substantially the same for various financial assets that were not traded in active markets. Details of investment securities valued using other than quoted prices in an active market are provided in Note 34 of the financial statements.

(iii) Measurement of the expected credit loss allowance
The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanations of the inputs, assumptions and estimation techniques used in measuring the ECL is further detailed in Note 34 which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for assessing whether a significant increase in credit risk has occurred;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar assets for the purposes of measuring ECL.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

(iv) Pension plan assets and post-employment obligations

The cost of pension and other post-retirement benefits and the present value of these liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost or income for pension and post-employment benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost or income recorded for pension and post-employment benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The group determines the appropriate interest rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-employment benefit obligations. In determining the appropriate discount rate, the group considers the interest rates of Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. The expected rate of increase of medical costs has been determined by comparing the historical relationship of the actual medical cost increases with the rate of inflation in the local economy. Other key assumptions for the pension and post-retirement benefits cost and credits are based in part on current market conditions. A change in any of the assumptions used could have a significant impact on the value of the related retirement benefit asset or liability.

(v) Investment properties

Investment properties are carried in the statement of financial position at market value. The group uses independent qualified property appraisers to value its investment properties annually, generally using the direct capitalisation approach. This approach takes into consideration various assumptions and factors including; the level of current and future occupancy, rent rates, a discount rate, and the current condition of the properties. A change in any of these assumptions and factors could have a significant impact on the valuation of investment properties.

(vi) Value for intangible assets ascribed to investment in associated companies

As required by IFRS, acquisitions of shareholdings in associated companies require the allocation of the purchase price to determine the fair value of the group’s share of the net identifiable assets acquired. The determination of these fair values requires the use of various estimates, inclusive of earnings multiples, growth rates and discount factors. It also requires the use of judgement in determining the valuation technique which best suits the particular asset being valued. Should these estimate or valuation methods change, there could be a material change to the carrying value for investment in associated companies.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

4. Segmental Financial Information

The group is organised into two main business segments:

(a) Investments – This incorporates investment management and securities trading;

(b) Property management and rental – This incorporates the rental and management of commercial real estate.

(c) Other services – This incorporates captive insurance and other companies.

The operating segments have been determined by management based on the reports reviewed by the executive committee and which are used to make strategic and operational decisions. The property management and investments segments derive their income principally from rental and property management fees, and interest and dividend income respectively. The group's customers are mainly resident in Jamaica.

	2021				
	Property Management & Rental	Investments	Other Services	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
External operating revenue	2,198,457	2,039,458	60,482	-	4,298,397
Inter-group revenue	38,997	360,415	-	(399,412)	-
Total revenue	2,237,454	2,399,873	60,482	(399,412)	4,298,397
Operating profit/(loss)	806,784	1,699,451	(9,745)	-	2,496,490
Finance costs	(278,619)	(861,078)	-	225,282	(914,415)
	528,165	838,373	(9,745)	225,282	1,582,075
Gains on disposal of shares in Associated companies	-	193,892	-	-	193,892
Share of results of associated companies	-	5,455,180	-	-	5,455,180
Profit before taxation	528,165	6,487,445	(9,745)	225,282	7,231,147
Taxation	4,329	16,895	(654)	-	20,570
Net profit	532,494	6,504,340	(10,399)	225,282	7,251,717
Segment assets	15,754,424	18,100,591	667,707	(4,743,273)	29,779,449
Investment in associated companies	-	37,995,085	-	-	37,995,085
Total assets	15,754,424	56,095,676	667,707	(4,743,273)	67,774,534
Segment liabilities	6,052,297	13,572,180	595,316	(4,743,273)	15,476,520
Other segment items:					
Capital expenditure	2,106,055	10,194	98,668	-	2,214,917
Depreciation	29,707	7,057	-	-	36,764

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

4. Segmental Financial Information (Continued)

	2020				
	Property Management & Rental	Investments	Other Services	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
External operating revenue	2,567,728	(575,696)	62,434	-	2,054,466
Inter-group revenue	24,670	256,452	-	(281,122)	-
Total revenue	2,592,398	(319,244)	62,434	(281,122)	2,054,466
Operating profit	1,236,361	(964,115)	42,834	-	315,080
Finance costs	(172,703)	(777,388)	-	114,182	(835,909)
	1,063,658	(1,741,503)	42,834	114,182	(520,829)
Share of results of associated companies	-	3,866,414	-	-	3,866,414
Profit before taxation	1,063,658	2,124,911	42,834	114,182	3,345,585
Taxation	(119,631)	309,647	(1,291)	-	188,725
Net profit	944,027	2,434,558	41,543	114,182	3,534,310
Segment assets	12,837,464	16,080,782	402,669	(2,089,288)	27,231,627
Investment in associated companies	-	35,339,651	-	-	35,339,651
Total assets	12,837,464	51,420,433	402,669	(2,089,288)	62,571,278
Segment liabilities	3,577,380	13,335,291	274,850	(2,089,288)	15,098,233
Other segment items:					
Capital expenditure	1,422,350	1,087	-	-	1,423,437
Depreciation	30,720	7,097	-	-	37,817

Revenue is recognised by each segment on the accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

5. Investment Income

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Income				
Interest income -				
Financial assets at fair value through profit or loss	38,868	2,183	38,868	-
Fair value through other comprehensive income	53,773	41,959	49,310	37,760
Amortised cost	97,129	160,154	459,209	405,282
Securities purchased under agreement to resell and deposits	53,892	43,875	49,682	32,728
Realised gains on disposal of investments, net	132,281	10,139	70,153	11,322
Fair value gains/(losses) on financial assets at fair value through profit or loss	1,390,841	(1,113,319)	604,339	(1,295,828)
Foreign exchange gains	196,276	164,305	279,290	220,360
Dividends	107,425	177,982	1,473,630	1,313,175
Other	698	453	408	250
	2,071,183	(512,269)	3,024,889	725,049
Direct expenses				
Investment expense	(12,052)	(10,981)	(7,704)	(3,840)
	2,059,131	(523,250)	3,017,185	721,209

6. Property Income

	The Group	
	2021	2020
	$'000	$'000
Rental income (Note 16)	1,844,227	1,814,298
Fair value gains on property valuation (Note16)	254,444	323,815
	2,098,671	2,138,113

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

7. Other Income

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Management fees	68,453	55,332	54,613	49,087
Gain on disposal of property held for development	-	326,180	-	-
Insurance recovery	2,450	-	-	-
Reinsurance commissions	59,469	54,140	-	-
Miscellaneous income	10,223	3,951	1,720	12
	140,595	439,603	56,333	49,099

8. Operating Expenses by Nature

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Direct cost of property management (Note 16)	869,501	828,413	-	-
Staff costs (Note 9)	601,495	481,063	202,045	174,997
Directors' fees	21,507	19,020	17,550	17,613
Professional fees	101,115	81,404	72,357	63,298
Auditors' remuneration	34,003	30,426	12,731	11,736
Information technology services	30,937	29,381	6,485	6,344
Office expense & subscriptions	14,787	14,654	26,998	23,167
Donations	35,956	70,486	21,456	52,286
Depreciation	36,764	37,817	9,037	9,078
Amortisation	3,434	5,211	3,434	3,435
Irrecoverable GCT	20,886	22,381	15,512	17,027
Commission	10,358	9,141	-	-
Write-off	1,425	-	-	345,855
Other	73,341	71,551	30,978	36,821
	1,855,509	1,700,948	418,583	761,657

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

9. Staff Costs

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Wages and salaries	370,517	253,526	140,355	99,126
Statutory contributions	24,486	25,276	9,608	13,513
Pension – funded (Note 23(a))	66,285	55,769	(1,030)	(2,659)
Pension – unfunded (Note 23(b))	28	26	28	26
Other post-employment benefits (Note 23(c))	50,033	38,886	7,679	6,075
Stock compensation expense (Note 29)	54,660	68,590	34,285	46,235
Other	35,486	38,990	11,120	12,681
	601,495	481,063	202,045	174,997

10. Finance Costs

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Interest expense	911,447	830,931	859,851	773,520
Commitment fees	2,968	4,978	2,968	4,978
	914,415	835,909	862,819	778,498

11. Gains on Disposal of Shares in Associated Companies

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Sagicor Group Jamaica Limited				
Proceeds	30,663	-	30,663	-
Carrying value at disposal (Note 17)	(5,133)	-	(978)	-
Gain on disposal	25,530	-	29,685	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

11. Gains on Disposal of Shares in Associated Company (Continued)

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance carried forward	25,530	-	29,685	-
Downing Street Realty Funds				
Consideration	370,453	-	-	-
Carrying value at disposal (Note 17)	(202,091)	-	-	-
Gain on disposal	168,362	-	-	-
Gain on disposal	193,892	-	29,685	-

12. Taxation

(a) Composition of tax credit

The taxation credit for the year is comprised of:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax	89,206	121,416	11,696	2,615
Prior year over accrual	(60,288)	-	-	-
Deferred income taxes (Note 18)	(49,488)	(310,141)	(59,270)	(290,632)
	(20,570)	(188,725)	(47,574)	(288,017)

Subject to agreement with the Tax Administration Jamaica, the group has losses available for offset against future taxable profits amounting to approximately $1,421,000,000 (2020 - $1,352,099,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

12. Taxation (Continued)

(b) Reconciliation of applicable tax charges to effective tax charge:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Profit/(loss) before tax	7,231,147	3,345,585	1,864,222	(779,097)
Tax at 25%	1,807,787	836,396	466,055	(194,774)
Adjusted for the effects of:				
Income not subject to tax	(95,164)	(117,649)	(75,634)	(43,774)
Adjustment for income taxed at a different rate	(135,893)	(4,621)	(334,911)	(277,154)
Disposal of shares in associated companies	(48,835)	-	(7,421)	-
Share of associates' profit included net of tax	(1,363,795)	(966,603)	-	-
Expenses not deductible for tax purposes	66,787	100,832	62,281	178,369
Tax losses previously not recognised	(164,580)	47,205	(164,580)	47,205
Allowable incentives	(16,823)	(90,548)	-	-
Prior year over accrual	(60,288)	-	-	-
Other charges and credits	(9,766)	6,263	6,636	2,111
Income tax credit	(20,570)	(188,725)	(47,574)	(288,017)

Income not subject to tax consists principally of property revaluation gains (for the group), and certain dividend and interest income (for the group and company). Expenses not deductible for tax consist principally of certain interest expense.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

12. Taxation (Continued)

(c) Tax charge/(credit) relating to components of other comprehensive income is as follows:

	The Group			The Company		
At 31 December 2021	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**
Exchange differences on translating foreign operations	11,416	-	11,416	-	-	-
Fair value gains on financial assets, FVOCI	2,453	-	2,453	8,325	-	8,325
Re-measurement of post-employment benefit obligation	(35,910)	8,977	(26,933)	43,395	(10,849)	32,546
Share of other comprehensive income of associated company	(1,329,857)	-	(1,329,857)	-	-	-
Other comprehensive income	(1,351,898)	8,977	(1,342,921)	51,720	(10,849)	40,871
Deferred income tax (Note 18)		8,977			(10,849)	

	The Group			The Company		
At 31 December 2020	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**
Exchange differences on translating foreign operations	8,744	-	8,744	-	-	-
Fair value gains on financial assets, FVOCI	(74,768)	-	(74,768)	(69,701)	-	(69,701)
Re-measurement of post-employment benefit obligation	(53,059)	13,265	(39,794)	(66,455)	16,614	(49,841)
Share of other comprehensive income of associated company	1,382,474	-	1,382,474	-		-
Other comprehensive income	1,263,391	13,265	1,276,656	(136,156)	16,614	(119,542)
Deferred income tax (Note 18)		13,265			16,614	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

13. Earnings Per Stock Unit/Net Profit Attributable to Owners of the Parent

The calculation of basic earnings per stock unit (EPS) is based on the net profit attributable to owners of the parent and the weighted average number of stock units in issue during the year, excluding ordinary stock units purchased by the group and held as treasury stock. For the financial year the group had a weighted average of 4,046,512 (2020 – 6,053,345) treasury stock units.

For fully diluted EPS, the weighted average number of stock units in issue is adjusted to assume conversion of all potentially dilutive ordinary stock units. The net profit is also adjusted to reflect the after-tax effect of income arising from the conversion of such potential ordinary stock units. There were no dilutive ordinary stock units. For 2021 and 2020 the calculation of fully diluted earnings per stock unit is the same as basic earnings per stock unit.

	2021	2020
Net profit attributable to stockholders ($'000)	7,202,801	3,504,520
Weighted average number of stock units in issue (thousands)	1,062,113	1,060,107
Basic and fully diluted earnings per stock unit ($)	$6.78	$3.31

The net profit of the group is reflected in the records of the company, its subsidiaries, associated companies and joint venture as follows:

	2021	2020
	$'000	$'000
Net Profit		
The company	1,911,796	(491,080)
Associated companies	4,080,793	2,791,560
Subsidiaries	1,259,128	1,233,830
	7,251,717	3,534,310

Net profit attributable to associated companies and subsidiaries is shown net of dividends.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

14. Cash and Cash Equivalents

For the purposes of the consolidated and company statements of cash flows, cash and cash equivalents comprise the following balances with original terms to maturity not exceeding 90 days.

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	272,856	125,149	118,802	62,915
Deposits	996,355	695,277	846,331	498,018
Securities purchased under agreements to resell	1,273,800	871,509	1,147,903	705,591
Bank overdraft	(14,986)	(11,378)	(14,985)	(11,377)
	2,528,025	1,680,557	2,098,051	1,255,147
Deposits with maturity exceeding 90 days	(24,724)	(100,360)	(17,590)	(91,992)
Cash and cash equivalents	2,503,301	1,580,197	2,080,461	1,163,155
Expected credit loss provision	(6,012)	(3,799)	(4,792)	(3,193)
	2,497,289	1,576,398	2,075,669	1,159,962

Security for the bank overdraft includes certain specific investments. The effective rate on the overdraft facility - was – 14.65% (2020 – 14.65%).

Deposits and securities purchased under agreements to resell net of expected credit loss provision are – $994,776,000 and $844,983,000 (2020 - $694,275,000 and $497,185,000) for deposits and $1,269,367,000 and $1,144,459,000 (2020 – $868,712,000 and $703,231,000) for securities purchased under agreements to resell for the group and company respectively.

The group has entered into collateralised reverse repurchase agreements (securities purchased under agreements to resell), which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. All amounts were due within 12 months. The balance listed is carried gross of provision for expected credit losses amounting to $4,433,000 and $3,444,000 (2020 - $2,797,000 and $2,360,000) for the group and company respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

15. Investment Securities

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Financial assets at fair value through other comprehensive income:				
Debt securities -				
Government of Jamaica	524,233	607,707	516,058	599,478
Other Government	100,756	99,355	61,720	58,778
Corporate	301,066	316,427	277,521	293,658
Equity securities	219,424	195,742	229,424	205,742
	1,145,479	1,219,231	1,084,723	1,157,656
Financial assets at fair value through profit or loss:				
Equity securities	8,353,741	7,584,640	5,523,240	5,590,419
Debt securities	1,018,575	-	1,018,575	-
	9,372,316	7,584,640	6,541,815	5,590,419
Financial assets at amortised cost:				
Debt securities -				
Government of Jamaica	-	259,872	-	259,872
Corporate bonds	263,909	2,261,177	263,909	2,261,177
Loans and receivables	41,548	1,125,747	388,113	1,464,515
	305,457	3,646,796	652,022	3,985,564

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

15. Investment Securities (Continued)

Included in the financial assets at fair value through other comprehensive income above is interest receivable amounting to $6,434,000 and $7,347,000 (2020 - $12,549,000 and $11,702,000) for the group and the company respectively.

The financial assets at fair value through profit or loss consist of equities held for trading, as well as non-trading equities and convertible notes. Non trading equities total $2,184,137,000 and $241,932,000 (2020 - $1,455,192,000 and $184,420,000) for the group and company respectively.

The financial assets at amortised cost above are carried net of an expected credit loss provision. The provision for bonds is $4,430,000 (2020 - $13,888,000) for the group and company and for loans and receivable $315,000 for the group and company. Included in the total for bonds is interest receivable amounting to $4,144,000 (2020 - $22,476,000) for the group and company and in loans nil (2020 - $6,016,000) for the group and $30,009,000 (2020 - $30,232,000) for the company.

The current portion of investment securities is $206,724,000 (2020 - $297,703,000) for the group and $235,820,000 (2020 - $296,856,000) for the company.

16. Investment Properties

	The Group	
	2021	**2020**
	$'000	**$'000**
At 1 January	9,531,152	9,026,597
Improvements	-	51,009
Transferred to development in progress and for sale	(128,929)	-
Transferred from capital work-in-progress (Note 20)	368,085	129,731
Fair value gains (Note 6)	254,444	323,815
At 31 December	10,024,752	9,531,152

Amounts recognised in income statement for investment properties includes:

	The Group	
	2021	**2020**
	$'000	**$'000**
Rental income (Note 6)	1,844,227	1,814,298
Direct costs (Note 8)	(869,501)	(828,413)
Fair value gains recognised in income (Note 6)	254,444	323,815

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

16. Investment Properties (Continued)

Except for the unoccupied space of a property that is still under construction and carried at cost, all other properties were valued at current market value as at 31 December by D.C. Tavares & Finson Realty Limited, independent qualified property appraisers and valuators. The values for the properties have been established using the direct capitalization approach and discounted cash flow method. The direct capitalization approach uses as key inputs rental income from existing contracts, a vacancy factor which contemplates decrements in rental cash flows consequent on vacancies, and a capitalization rate, reflective of a rate of return. The discounted cash flow method considers the present value of net cash flows to be generated from a property considering an expected rental growth rate, a vacancy factor and a discount rate. Land owned by the group is valued using the comparable sales method.

The fair values of the investment property are at level 3 in the fair value hierarchy, as, consistent with requirements of IFRS 13, certain of the inputs into the valuation process are deemed to be unobservable; those being the vacancy factor, the capitalisation rate and the discount rate. Management considers the rental rates used in the calculation to be observable as they represent actual rentals which are unadjusted.

The assumptions to which the values are most sensitive are the occupancy levels, as reflected in the vacancy factor and the capitalisation factors. Vacancy factors and the capitalization rates or discount rate used, range from 4% to 16% (2020 – 2% to 16%) and 9% to 13% (2020 – 8% to 12%) respectively. Should the vacancy factor used increase/decrease by 0.25% the value of investment properties would decrease/increase by $84,000,000/$42,000,000 (2020 - $42,000,000/$1,000,000). Should the capitalization factor or the discount rate increase/decrease by 1.0% the value of investment properties would decrease/increase by $725,000,000/$736,000,000 (2020 - $643,000,000/$729,000,000).

Certain of the group's investment property has been pledged as collateral for some of the group's loan facilities, as discussed in Note 25.

Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk the group may obtain bank guarantees for the term of the lease.

Minimum lease payments receivable on leases of investment properties are as follows:

	The Group	
	2021	**2020**
	$'000	**$'000**
Within 1 year	833,530	912,980
Between 1 and 2 years	302,368	420,119
Between 2 to 3 years	252,020	258,721
Between 3 to 4 years	219,799	182,160
Between 4 to 5 years	95,104	146,861
Later than 5 years	39,775	155,344
	1,742,596	2,076,185

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries and Associated Companies

Investment in subsidiaries

	The Company	
	2021	2020
	$'000	$'000
Subsidiary companies -		
Balance at 1 January and 31 December	1,128,119	1,128,119

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company does not differ from the proportion of ordinary shares held. The parent company also owns 100% of the preference shares of the subsidiaries included in the consolidation.

Net profit attributable to non-controlling interest for the year was $48,916,000 (2020 - $29,790,000), of which loss of $172,000 (2020 – profit of $1,373,000) was attributable to Scott's Preserves Limited and $49,088,000 (2020 - $28,417,000) to Knutsford Holdings Limited.

Summarised financial information for each material subsidiary that has a non-controlling interest:

Summarised statement of financial position

	Knutsford Holdings Limited		Scott's Preserves Limited	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current				
Assets	115,480	101,065	16,633	17,115
Liabilities	(13,448)	(22,879)	(841)	(818)
Total current net assets	102,032	78,186	15,792	16,297
Non-current				
Assets	906,000	807,000	-	-
Financial liabilities	(95,020)	(96,521)	(3)	(2)
Total non-current assets/(liabilities)	810,980	710,479	(3)	(2)
Net assets	913,012	788,665	15,789	16,295

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in subsidiaries (continued)

Summarised statement of comprehensive income

	Knutsford Holdings Limited		Scott's Preserves Limited	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Revenue	242,552	190,986	-	-
Investment income	4,706	5,925	205	5,915
Profit from continuing operations	140,287	90,891	(512)	5,399
Taxation expense	(17,569)	(19,441)	-	(1,291)
Post tax profit from continuing operations	122,718	71,450	(512)	4,108
Total comprehensive income allocated to non-controlling interest	49,088	28,417	(172)	1,373

Summarised cash flows

	Knutsford Holdings Limited		Scott's Preserves Limited	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Cash flows from operating activities				
Cash generated from operations	89,866	59,689	(689)	(1,488)
Interest paid	(16,084)	(16,084)	-	-
Income tax paid	(16,127)	(15,312)	(400)	-
Net cash provided by/(used in) operating activities	57,655	28,293	(1,089)	(1,488)
Net cash (used in)/provided by investing activities	(9,936)	(11,380)	-	2,011
Net cash (used in)/provided by financing activities	-	(120,000)	140	(76,067)
Net (decrease)/increase in cash and cash equivalents	47,719	(103,087)	(949)	(75,544)
Effect of exchange rate on cash and cash equivalent	3,145	3,081	-	3,989
Cash and cash equivalents at beginning of year	53,176	153,182	12,207	83,762
Cash and cash equivalents at end of year	104,040	53,176	11,258	12,207

The information above is the amount before inter-company eliminations.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Opening balance	35,339,651	31,078,668	7,601,617	7,885,397
Additions	178,735	62,075	-	62,075
Disposal	(207,224)	-	(978)	-
Share of net profits	5,455,180	3,866,414	-	-
Dividends received/declared	(1,374,390)	(1,074,854)	-	-
Share of reserves	(1,396,867)	1,407,348	-	-
Write off	-	-	-	(345,855)
Closing balance	37,995,085	35,339,651	7,600,639	7,601,617

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Associated companies -				
Life and Health Insurance, Pension Management, Investment and Banking				
Balance at 1 January	33,260,218	28,723,353	6,378,507	6,378,507
Disposal	(5,133)	-	(978)	-
Share of net profit	5,218,831	4,128,204	-	-
Dividends received/declared	(1,308,701)	(998,687)	-	-
Share of reserves	(1,396,867)	1,407,348	-	-
	35,768,348	33,260,218	6,377,529	6,378,507
Consumer Products				
Balance at 1 January	629,612	510,102	310,306	310,306
Share of net profit	265,370	193,188	-	-
Dividends received	(65,689)	(73,678)	-	-
	829,293	629,612	310,306	310,306

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Associated companies -				
Tourism/Hospitality				
Balance at 1 January	153,410	614,502	193,665	539,520
Share of net loss	(73,350)	(458,603)	-	-
Write off	-	-	-	(345,855)
Dividends received	-	(2,489)	-	-
	80,060	153,410	193,665	193,665
Realty Funds				
Balance at 1 January	702,223	699,300	-	-
Additional investment	178,735	-	-	-
Share of net profit	32,002	2,923	-	-
Disposal	(202,091)	-	-	-
	710,869	702,223	-	-
Business Process Outsourcing				
Balance at 1 January	524,302	491,642	606,361	606,361
Share of net profit	41,391	32,660	-	-
	565,693	524,302	606,361	606,361
Other				
Balance at 1 January	69,886	39,769	112,778	50,703
Additional investment	-	62,075	-	62,075
Share of net loss	(29,064)	(31,958)	-	-
	40,822	69,886	112,778	112,778
Comprising:				
Share of net assets	36,146,610	33,288,858	-	-
Intangible assets (including goodwill)	1,848,475	2,050,793	-	-
	37,995,085	35,339,651	7,600,639	7,601,617

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

In 2020, the group's share of dividends from Sagicor Group Jamaica was converted into short term interest bearing promissory notes which were redeemed in full during the year ended 31 December 2021. A portion of the group's shareholding in Sagicor Group Jamaica Limited has been pledged as collateral for loan liabilities, as discussed in Note 25 of the financial statements.

The group's associated company, Sagicor Group Jamaica Limited is listed on the JSE. The JSE indicative values based on closing bid for this company at 31 December is shown in the tables below.

	The Group			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2021	2021	2020	2020
	$'000	$'000	$'000	$'000
Sagicor Group Jamaica Limited	35,768,348	68,720,000	33,260,218	58,958,049

	The Company			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2021	2021	2020	2020
	$'000	$'000	$'000	$'000
Sagicor Group Jamaica Limited	6,377,529	68,720,000	6,378,507	58,958,049

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

The summarised information for associates that were accounted for using the equity method for the years ended 31 December 2021 and 2020 is as presented in the tables below. The summarized financial information reflects balances which are due to the equity holders of the companies.

Summarised statement of financial position

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Tourism & Hospitality	Business Process Outsourcing	Realty Funds	Other
	$'000	$'000	$'000	$'000	$'000	$'000
2021						
Total assets	527,990,704	2,928,924	3,381,652	9,551,635	16,991,713	588,036
Total liabilities	(393,210,991)	(440,781)	(2,996,684)	(8,573,159)	(13,961,012)	(1,309,845)
Non-controlling interest	(19,956,091)	-	-	-	-	102,542
Net assets	114,823,622	2,488,143	384,968	978,476	3,030,701	(619,267)

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Tourism & Hospitality	Business Process Outsourcing	Realty Funds	Other
	$'000	$'000	$'000	$'000	$'000	$'000
2020						
Total assets	490,694,573	2,253,238	7,393,405	4,249,917	7,314,410	600,130
Total liabilities	(363,847,574)	(364,216)	(6,934,007)	(3,383,566)	(4,877,579)	(1,156,222)
Non-controlling interest	(20,462,993)	-	(20,544)	-	(560,167)	74,053
Net assets	106,384,006	1,889,022	438,854	866,351	1,876,664	(482,039)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

Summarised statement of comprehensive income (continued)

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Tourism & Hospitality	Business Process Outsourcing	Realty Funds	Other
	$'000	$'000	$'000	$'000	$'000	$'000
2021						
Revenue	102,560,679	2,773,609	524,667	10,049,559	1,055,255	409,212
Depreciation and amortisation	2,719,286	57,338	117,377	660,793	-	19,400
Net investment/Interest income	27,961,643	-	3	-	-	17,045
Profit/(loss) from continuing operations	24,093,047	796,189	(206,620)	288,381	109,434	(115,964)
Taxation expense	(6,449,959)	-	-	(12,440)	-	1,613
Post tax profit/(loss) from continuing operations	17,643,088	796,189	(206,620)	275,941	109,434	(114,351)
Other comprehensive income	(4,497,187)	-	-	-	-	-
Non-controlling interest	(153,098)	-	-	-	-	-
Total comprehensive income	12,992,803	796,189	(206,620)	275,941	109,434	(114,351)
Dividends received from associate	1,308,701	65,689	-	-	-	-

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Tourism & Hospitality	Business Process Outsourcing	Realty Funds	Other
	$'000	$'000	$'000	$'000	$'000	$'000
2020						
Revenue	84,572,822	2,615,849	1,858,302	6,779,240	209,355	371,756
Depreciation and amortisation	2,870,006	53,464	555,543	708,097	-	19,400
Net investment/Interest income	18,254,608	-	148,479	-	-	5,054
Profit/(loss) from continuing operations	10,178,307	579,622	(1,647,953)	217,732	1,612	(130,368)
Taxation expense	(5,693,527)	-	(3,221)	-	-	-
Post tax profit/(loss) from continuing operations	4,484,780	579,622	(1,651,174)	217,732	1,612	(130,368)
Other comprehensive income	13,869,931	-	-	-	-	-
Non-controlling interest	(8,942,839)	-	(6,645)	-	2,193	-
Total comprehensive income	9,411,872	579,622	(1,657,819)	217,732	3,805	(130,368)
Dividends received from associate	998,687	73,678	2,489	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

Reconciliation of summarised financial information

A reconciliation of summarised financial information presented to the carrying amount of its interest in associates is shown in the table below. The amounts shown in the table are the amounts attributable to the equity holders of the associated companies.

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Tourism & Hospitality	Business Process Outsourcing	Realty Funds	Other
	$'000	$'000	$'000	$'000	$'000	$'000
2021						
Opening net assets at 1 January	106,384,006	1,889,022	438,854	866,351	1,876,664	(482,039)
Capital contribution	-	-	-	-	1,632,343	18,046
Profit or loss for the period	17,395,431	796,189	(206,620)	275,941	109,434	(114,351)
Other comprehensive income	(4,402,628)	-	-	-	-	-
Change in reserves	(221,838)	-	-	-	(26,003)	-
Adjustment	-	-	110,308	(228,895)	-	13,498
Dividends paid	(4,331,349)	(197,068)	-	-	-	-
Disposal	-	-	-	-	(718,114)	-
Translation gains/(losses)	-	-	42,426	65,079	156,377	(54,421)
Closing net assets at 31 December	114,823,622	2,488,143	384,968	978,476	3,030,701	(619,267)
Interest in associate (J$)	34,683,622	829,298	134,739	146,772	594,096	(157,848)
Additional investment	-	-	-	-	111,637	-
Adjustment for pre-acquisition goodwill	(200,041)	-	-	-	-	142,601
Other adjustments	(97,014)	(13,539)	(54,679)	20,850	(49,953)	56,070
Goodwill and intangible assets	1,381,781	13,534	-	398,071	55,089	-
Carrying value	35,768,348	829,293	80,060	565,693	710,869	40,822

See Note 1 for shareholding in associated companies.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Tourism & Hospitality	Business Process Outsourcing	Realty Funds	Other
	$'000	$'000	$'000	$'000	$'000	$'000
2020						
Opening net assets at 1 January	91,251,554	1,489,852	2,172,170	617,091	1,846,150	(365,453)
Capital contribution	-	-	-	-	146,840	12,609
Return of capital contribution	-	-	-	-	(238,261)	-
Profit or loss for the period	13,780,163	579,622	(1,657,819)	217,732	3,805	(128,120)
Other comprehensive income	4,574,548	-	-	-	-	-
Change in reserves	82,299	-	-	-	-	-
Adjustment	-	40,604		-	-	(1,075)
Dividends paid	(3,304,558)	(221,056)	(13,830)	-	-	-
Translation gains/(losses)	-	-	(61,667)	31,528	118,130	-
Closing net assets at 31 December	106,384,006	1,889,022	438,854	866,351	1,876,664	(482,039)
Interest in associate (J$)	32,149,385	629,610	172,351	129,953	540,540	(125,769)
Additional investment	-	-	-	-	-	62,075
Adjustment for pre-acquisition goodwill	(200,041)	-	(53,538)	-	-	-
Other adjustments	(107,207)	(13,532)	(38,796)	(3,722)	83,177	(9,021)
Goodwill and intangible assets	1,418,081	13,534	73,393	398,071	78,506	142,601
Carrying value	33,260,218	629,612	153,410	524,302	702,223	69,886

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

18. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25%.

Deferred tax assets and liabilities recognised on the statement of financial position are as follows:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Deferred tax assets	655,899	416,846	422,585	213,571
Deferred tax liabilities	(911,833)	(731,245)	(567,686)	(407,093)
Net deferred tax liabilities	(255,934)	(314,399)	(145,101)	(193,522)

The gross movement on the deferred income tax balance is as follows:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Balance at a 1 January	(314,399)	(637,805)	(193,522)	(500,768)
Tax credited to income statement (Note 12)	49,488	310,141	59,270	290,632
Tax credited/(charged) to components of other comprehensive income (Note 12)	8,977	13,265	(10,849)	16,614
Balance at 31 December	(255,934)	(314,399)	(145,101)	(193,522)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

18. Deferred Income Taxes (Continued)

The movement in deferred income tax assets and liabilities during the year is as follows:

	The Group					
	Pension and other post employment benefits $'000	Interest payable $'000	Stock compensation provision $'000	Unutilised tax losses $'000	Other $'000	Total $'000
Deferred income tax assets						
At 1 January 2020	168,216	14,221	27,798	121,825	8,913	340,973
Credited/(charged) to the income statement	23,834	(2,262)	8,721	47,897	(2,317)	75,873
At 31 December 2020	192,050	11,959	36,519	169,722	6,596	416,846
Credited to the income statement	26,040	3,866	8,870	186,247	14,030	239,053
At 31 December 2021	218,090	15,825	45,389	355,969	20,626	655,899

	The Group						
	Property, plant and equipment $'000	Pension benefits $'000	Investment property $'000	Interest receivable $'000	Unrealised foreign exchange gains $'000	Investment securities $'000	Total $'000
Deferred income tax liabilities							
At 1 January 2020	19,682	63,192	192,922	23,536	22,613	656,833	978,778
(Credited)/charged to the income statement	(1,818)	2,043	22,076	27,494	41,908	(325,971)	(234,268)
(Credited)charged to other comprehensive income	-	(13,265)	-	-	-	-	(13,265)
At 31 December 2020	17,864	51,970	214,998	51,030	64,521	330,862	731,245
(Credited)/charged to the income statement	(56)	(1,041)	5,769	58,821	58,847	67,225	189,565
Credited/ to other comprehensive income	-	(8,977)	-	-	-	-	(8,977)
At 31 December 2021	17,808	41,952	220,767	109,851	123,368	398,087	911,833

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

18. Deferred Income Taxes (Continued)

The movement in deferred income tax assets and liabilities during the year is as follows:

	The Company					
	Pension and other post retirement benefits $'000	Interest payable $'000	Stock compensation provision $'000	Unutilised tax losses $'000	Other $'000	Total $'000
Deferred income tax assets						
At 1 January 2020	13,077	11,877	14,276	121,116	652	160,998
Credited/(charged) to income statement	2,197	(2,912)	5,683	47,897	(292)	52,573
At 31 December 2020	15,274	8,965	19,959	169,013	360	213,571
Credited/(charged) to income statement	(90)	11	8,571	186,247	14,275	209,014
At 31 December 2021	15,184	8,976	28,530	355,260	14,635	422,585

	The Company					
	Property, plant and equipment $'000	Retirement benefits $'000	Interest receivable $'000	Unrealised foreign exchange gains $'000	Unrealised trading gains $'000	Total $'000
Deferred income tax liabilities						
At 1 January 2020	2,770	48,602	28,068	18,977	563,349	661,766
Credited/charged to income statement	(1,818)	2,043	22,613	41,284	(302,181)	(238,059)
Credited to other comprehensive income	-	(16,614)	-		-	(16,614)
At 31 December 2020	952	34,031	50,681	60,261	261,168	407,093
(Credited)/charged to income statement	(56)	(1,041)	29,357	59,073	62,411	149,744
Charged to other comprehensive income	-	10,849	-		-	10,849
At 31 December 2021	896	43,839	80,038	119,334	323,579	567,686

Deferred income tax liabilities have not been established for the potential distribution of the unappropriated profits of subsidiaries as such distributions are not subject to tax.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

18. Deferred Income Taxes (Continued)

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

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Deferred tax assets to be recovered after more than 12 months	263,479	228,569	43,714	44,558
Deferred tax assets to be recovered within 12 months	392,420	188,277	378,871	169,013
	655,899	416,846	422,585	213,571
Deferred tax liabilities to be settled after more than 12 months	(280,527)	(284,832)	(44,734)	(34,983)
Deferred tax liabilities to be settled within 12 months	(631,306)	(446,413)	(522,952)	(372,110)
	(911,833)	(731,245)	(567,686)	(407,093)
Net liabilities	(255,934)	(314,399)	(145,101)	(193,522)

19. Prepayments and Miscellaneous Assets

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade receivables	33,193	38,808	-	-
Inventories	52,133	2,538	-	-
Managed properties receivables	113,200	113,146	-	-
Prepaid expenses	44,691	45,739	2,649	3,217
Reinsurance receivables	59,848	77,626	-	-
Premium receivable	33,460	55,464	-	-
Other receivables	415,182	345,483	145,947	145,275
Deposits	343,791	8,436	3,900	8,436
Land awaiting development	745,917	869,977	-	-
	1,841,415	1,557,217	152,496	156,928

The current portion of miscellaneous assets amounted to $1,100,002,000 (2020 - $687,240,000) for the group and $152,496,000 (2020 - $156,928,000) for the company.

Included in other receivables are amounts due from related parties totaling $276,630,000 (2020 - $142,004,000) for the group and $142,004,000 the company for 2021 and 2020.

Land awaiting development comprises properties owned by the group for which the group intends to either develop for owner occupancy or for sale and for which no decision has been taken on the design of development.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

20. Property, Plant and Equipment

		The Group					
		Freehold Premises	Leasehold Improvements	Furniture, Fixtures & Equipment	Motor Vehicles	Capital Work in Progress	Total
	Note	$'000	$'000	$'000	$'000	$'000	$'000
At Cost -							
1 January 2020		65,964	14,325	370,322	115,998	371,301	937,910
Additions		-	-	3,487	5,800	1,363,141	1,372,428
Disposals		-	-	(206)	-	-	(206)
Transfers	16	-	-	-	-	(129,731)	(129,731)
31 December 2020		65,964	14,325	373,603	121,798	1,604,711	2,180,401
Additions		-	-	111,498	11,439	2,091,980	2,214,917
Disposals		-	-	(698)	(15,035)	-	(15,733)
Transfer to properties for development and sale		-	-	-	-	(242,503)	(242,503)
Transfer to investment properties	16	-	-	8,303	-	(376,388)	(368,085)
31 December 2021		65,964	14,325	492,706	118,202	3,077,800	3,768,997
Accumulated Depreciation -							
1 January 2020		14,975	10,046	153,454	84,079	-	262,554
Charged for year		723	67	21,137	15,890	-	37,817
Relieved on disposals		-	-	(206)	-	-	(206)
31 December 2020		15,698	10,113	174,385	99,969	-	300,165
Charged for year		723	67	21,352	14,622	-	36,764
Relieved on disposals		-	-	(698)	(13,812)	-	(14,510)
31 December 2021		16,421	10,180	195,039	100,779	-	322,419
Net Book Value -							
31 December 2021		49,543	4,145	297,667	17,423	3,077,800	3,446,578
31 December 2020		50,266	4,212	199,218	21,829	1,604,711	1,880,236

Included in motor vehicles is a right of use asset of nil (2020 - $4,471,000) and related lease liability of $3,322,000 (2020 - $7,655,000)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

20. Property, Plant and Equipment (Continued)

	The Company				
	Leasehold Property	**Leasehold Improvements**	**Furniture & Fixtures**	**Motor Vehicles**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At Cost -					
1 January 2020	79,235	199	13,813	59,105	152,352
Additions	-	-	1,087	-	1,087
Disposal	-	-	(206)	-	(206)
31 December 2020	79,235	199	14,694	59,105	153,233
Additions	-	-	10,193	-	10,193
Disposal	-	-	(698)	-	(698)
31 December 2021	79,235	199	24,189	59,105	162,728
Accumulated Depreciation -					
1 January 2020	1,981	199	9,366	44,438	55,984
Charged for the year	1,981	-	935	6,162	9,078
Relieved on disposal	-	-	(206)	-	(206)
31 December 2020	3,962	199	10,095	50,600	64,856
Charged for the year	1,981	-	1,144	5,912	9,037
Relieved on disposal	-	-	(698)	-	(698)
31 December 2021	5,943	199	10,541	56,512	73,195
Net Book Value -					
31 December 2021	73,292	-	13,648	2,593	89,533
31 December 2020	75,273	-	4,599	8,505	88,377

As at 31 December 2021, the company recognised a right of use asset with a net book value of $73,292,000 (2020 - $75,273,000) and relating lease liability of $56,647,000 (2020 - $64,315,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

21. Properties for Development and Sale

	The Group	
	2021	**2020**
	$'000	**$'000**
At 1 January	-	-
Capital expenditure	454,922	-
Transferred from property, plant, and equipment (Note 20)	242,503	-
Transfer from investment properties (Note 16)	128,929	-
Transferred from land awaiting development	140,765	-
At 31 December	967,119	-

The above represents the cost of residential units under development for sale. These units are located in Norbrook, St Andrew and at the ROK Hotel & Residences in Downtown, Kingston.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

22. Intangibles

	The Group			The Company	
	Goodwill $'000	**Computer Software $'000**	**Total $'000**	**Computer Software $'000**	**Total $'000**
At Cost -					
1 January 2020	33,082	80,344	113,426	10,303	10,303
Additions	-	6,964	6,964	-	-
31 December 2020	33,082	87,308	120,390	10,303	10,303
Additions	-	5,435	5,435	-	-
31 December 2021	33,082	92,743	125,825	10,303	10,303
Accumulated Amortisation -					
1 January 2020	-	64,709	64,709	-	-
Amortisation	-	5,211	5,211	3,435	3,435
31 December 2020	-	69,920	69,920	3,435	3,435
Amortisation	-	3,434	3,434	3,434	3,434
31 December 2021	-	73,354	73,354	6,869	6,869
Net Book Value -					
31 December 2021	33,082	19,389	52,471	3,434	3,434
31 December 2020	33,082	17,388	50,470	6,868	6,868

Goodwill is allocated to Downing Street (Caribbean) Place Limited.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

23. Retirement Benefits

The company and its subsidiaries have established a number of pension schemes covering all permanent employees. The assets of funded plans are held independently of the group's assets in separate funds administered by the trustees of the plans. Defined benefit plans are valued by independent actuaries annually, using the projected unit credit method.

The latest actuarial valuations were carried out as at 31 December 2021.

The Trustees are responsible for reviewing the investment portfolio mix of the plans to ensure that the assets are invested efficiently whilst maintaining the prescribed limits as set by the Regulator, within each portfolio class. The Trustees also ensures that the funding contributions are within acceptable levels.

The amounts recognised in the statement of financial position comprise:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Assets				
(Note 23(a))	-	-	240,780	201,359
Liabilities				
Funded pension obligations (Note 23(a))	285,519	166,939	-	-
Unfunded pension obligations (Note 23(b))	339	339	339	339
Other (Note 23(c))	368,660	343,199	60,397	60,753
	654,518	510,477	60,736	61,092

The expense recognised in the income statement comprises:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Pension obligations - funded (Note 23(a))	66,285	55,769	(1,030)	(2,659)
Pension obligations – unfunded (Note 23(b))	28	26	28	26
Other post-employment obligations:				
Medical and life insurance (Note 23(c))	50,033	38,886	7,679	6,075
	116,346	94,681	6,677	3,442

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

23. Retirement Benefits (Continued)

(a) Funded pension obligations

The movement in the amount recognised in the statement of financial position is as follows:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Balance at beginning of year	166,939	70,645	(201,359)	(259,643)
Benefit expense	66,285	55,769	(1,030)	(2,659)
Re-measurement recognised in OCI	53,082	41,291	(38,197)	61,161
Employer's contribution	(787)	(766)	(194)	(218)
Balance at end of year	285,519	166,939	(240,780)	(201,359)

The amounts recognised in the statement of financial position are determined as follows:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Present value of funded obligations	1,792,663	1,500,139	448,334	378,363
Fair value of plan assets	(1,657,660)	(1,571,398)	(839,630)	(817,920)
	135,003	(71,259)	(391,296)	(439,557)
Unrecognised asset due to asset ceiling	150,516	238,198	150,516	238,198
Liability/(asset) in the statement of financial position	285,519	166,939	(240,780)	(201,359)

Sagicor Group Jamaica Limited, an associated company which manages the group's pension fund assets, has invested through its pooled investment funds in 120,963,933 (2020 – 121,173,933) ordinary stock units of the company with a fair value of $8,165,065,000 (2020 – $8,238,616,000).

The company has submitted a windup proposal for one of its pension plans to the Financial Services Commission and is awaiting a ruling from the Supreme Court regarding the actuarially recommended distribution of the surplus.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

23. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

The movement in the defined benefit obligation over the year is as follows:

	The Group		The Company	
	2021 **$'000**	**2020** **$'000**	**2021** **$'000**	**2020** **$'000**
Balance at beginning of year	1,500,139	1,521,099	378,363	343,005
Current service cost	46,377	50,512	11,402	12,347
Interest cost	124,710	105,280	24,268	17,691
	1,671,226	1,676,891	414,033	373,043
Re-measurements -				
Loss/(gain) from change in financial assumptions	232,396	(270,940)	39,365	(40,807)
Experience (gains)/losses	(100,465)	93,359	11,399	51,871
	131,931	(177,581)	50,764	11,064
Members' contributions	36,587	38,751	7,146	11,310
Benefits paid	(127,039)	(46,026)	(93,759)	(17,054)
Purchased annuities	79,958	8,104	70,150	-
Balance at end of year	1,792,663	1,500,139	448,334	378,363

The movement in the fair value of plan assets over the year is as follows:

	The Group		The Company	
	2021 **$'000**	**2020** **$'000**	**2021** **$'000**	**2020** **$'000**
Balance at beginning of year	1,571,398	1,761,766	817,920	913,960
Interest income	126,240	123,371	58,138	56,045
Re-measurements -				
Gain/(loss) from change in financial assumptions	3,868	919	915	(1,471)
Experience (losses)/gains	(34,139)	(316,253)	(21,074)	(145,088)
Members' contributions	36,587	38,751	7,146	11,310
Employer's contributions	787	766	194	218
Benefits paid	(127,039)	(46,026)	(93,759)	(17,054)
Purchased annuities	79,958	8,104	70,150	-
Balance at end of year	1,657,660	1,571,398	839,630	817,920

The actual return on plan assets for 2021 was $112,506,000 and $45,358,000 (2020 – losses amounting to $222,571,000 and $83,307,000) for the group and the company, respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

23. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

The expected employer and members contributions for the year 2022 are $39,456,000 for the group and $7,561,000 for the company.

The movement on the asset ceiling during the year is as follows:

	The Group and The Company	
	2021	2020
	$'000	$'000
Balance at beginning of year	238,198	311,312
Change in asset ceiling, excluding amounts included in interest expense	21,438	23,348
Re-measurement	(109,120)	(96,462)
	150,516	238,198

The amounts recognised in the income statement are as follows:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current service cost	46,377	50,512	11,402	12,347
Interest cost/(credit)	19,908	5,257	(12,432)	(15,006)
Total	66,285	55,769	(1,030)	(2,659)

The principal actuarial assumptions used were as follows:

	The Group and Company	
	2021	2020
	%	%
Discount rate	8.0	9.0
Future salary increases	7.0	8.0
Future pension increases	2.5	3.0
Inflation	5.0	6.0

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

23. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions for the group is:

2021	**Increase/(decrease) in post-employment obligations**		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
Discount rate	1%	(198,706)	256,015
Future salary increases	1%	88,518	(76,078)
Future pension increases	1%	168,094	(143,615)

2021	**Increase Assumption by One Year**	**Decrease Assumption by One Year**
Life expectancy	21,755	(22,256)

2020	**Increase/(decrease) in post-employment obligations**		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
Discount rate	1%	(164,691)	211,452
Future salary increases	1%	76,342	(65,635)
Future pension increases	1%	131,780	(112,950)

2020	**Increase Assumption by One Year**	**Decrease Assumption by One Year**
Life expectancy	17,104	(17,549)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

23. Retirement Benefits (Continued)

(b) Unfunded pension obligations

The amounts recognised in the statement of financial position are determined as follows:

	The Group and Company	
	2021 **$'000**	**2020** **$'000**
Present value of unfunded obligations	339	339

The movement in the liability recognised in the statement of financial position is as follows:

	The Group and Company	
	2021 **$'000**	**2020** **$'000**
Balance at beginning of year	339	378
Current service cost	28	26
	367	404
Re-measurements -		
Experience losses	31	(6)
	31	(6)
Benefits paid	(59)	(59)
Balance at end of year	339	339

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

23. Retirement Benefits (Continued)

(c) Other post-employment obligations

In addition to pension benefits, the company and certain subsidiaries offer retirees medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

The main actuarial assumption is a long-term increase in health costs of 8% per year (2020 –9%).

Other assumptions were as for the pension plans set out above.

The amounts recognised in the statement of financial position are determined as follows:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Present value of unfunded obligations	368,660	343,199	60,397	60,753

The movement in the defined benefit obligation over the year is as follows:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Balance at beginning of year	343,199	299,231	60,753	51,927
Benefit expense	19,470	16,690	2,335	2,274
Interest cost on defined benefit obligation	30,563	22,196	5,344	3,801
Re-measurements -				
Gains/(losses) from change in financial assumptions	83,609	(79,279)	9,834	(10,240)
Experience (losses)/gains	(100,812)	91,052	(15,062)	15,540
Benefits paid	(7,369)	(6,691)	(2,807)	(2,549)
Balance at end of year	368,660	343,199	60,397	60,753

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

23. Retirement Benefits (Continued)

(c) Other post-employment obligations (continued)

The expense recognised in the income statement is as follows:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current service cost	19,470	16,690	2,335	2,274
Interest cost	30,563	22,196	5,344	3,801
Total, included in staff costs (Note 9)	50,033	38,886	7,679	6,075

The sensitivity of the long-term medical cost to changes in the weighted principal assumption for the group is:

2021	Increase/(decrease) in post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1%	(63,862)	85,449
Medical inflation	1%	84,432	(64,289)

2021	Increase Assumption by One Year	Decrease Assumption by One Year
Life expectancy	14,204	(14,001)

2020	Increase/(decrease) in post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1%	(58,838)	78,400
Medical inflation	1%	77,478	(59,229)

2020	Increase Assumption by One Year	Decrease Assumption by One Year
Life expectancy	13,213	(13,030)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

23. Retirement Benefits (Continued)

(c) Other post-employment obligations (continued)

Plan assets for the post-employment benefits are comprised as follows:

	The Group			
	2021		2020	
	$'000	%	$'000	%
Equity	415,915	26	404,754	27
Debt	51,703	3	88,509	3
Unitised investments	1,190,042	71	1,078,135	70
	1,657,660	100	1,571,398	100

	The Company			
	2021		2020	
	$'000	%	$'000	%
Equity	185,618	22	183,640	22
Unitised investments	654,012	78	634,280	78
	839,630	100	817,920	100

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

23. Retirement Benefits (Continued)

Through its defined benefit pension plans and post-employment medical plans, the group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will reduce the surplus or create a deficit with respect to the net assets available for benefits.

As the plan matures, the group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds largely represent investments in Government of Jamaica securities.

However, the group believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the group's long-term strategy to manage the plans efficiently. See below for more details on the group's asset-liability matching strategy.

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). A high percentage of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The group has not changed the processes used to manage its risks from previous periods. The group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Funding levels are monitored on an annual basis and the current employer contribution rates are between 0.25% and 10% of pensionable salaries. The last valuation was completed effective 30 September 2020. The group considers the contribution rates to be sufficient to prevent a deficit and that the plans are adequately funded.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

24. Related Party Balances and Transactions

(a) The statements of financial position include the following balances with related parties and companies:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Amounts due from related parties:				
Subsidiaries:				
PanJam Hospitality Limited	-	-	435,525	87,765
Portfolio Partners Limited	-	-	-	6,544
Castleton Investments Limited	-	-	533,948	532,761
Jamaica Property Company Limited	-	-	3,830,484	1,578,587
Scott's Preserves Limited	-	-	5	-
PJ-AL Corp Limited	-	-	808,378	695,438
Simcoe Investments Limited	-	-	511,524	492,812
Baywest Development Limited	-	-	72,583	49,541
Kingchurch Property Holdings Limited	-	-	4,321	4,321
ROK Operating Company Limited	-	-	35,561	-
	-	-	6,232,329	3,447,769
Loss provision	-	-	(26,204)	(26,204)
	-	-	6,206,125	3,421,565
Amounts due to related parties:				
The PanJam Share Trust	-	-	58,299	17,014
Subsidiaries:				
Panacea Insurance Limited	-	-	817	817
	-	-	59,116	17,831
Net asset	-	-	6,147,009	3,403,734

The current portion of amounts due from related parties was $811,467,000 (2020 - $551,611,000) and to related parties was $59,116,000 (2020 - $17,831,000) for the company.

Other balances with related parties are discussed in Notes 15, 17 and 19, which deal with "investment securities", "investments in subsidiaries and associated companies" and "prepayments and miscellaneous assets" respectively.

The group applies the IFRS 9 general approach to measuring expected credit losses for related parties' balances. There was no change in the loss allowance recognised for 2021 and 2020 for the company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

24. Related Party Transactions and Balances (Continued)

(b) The consolidated and company income statements include the following transactions with related parties:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries -				
Management fees	-	-	54,613	49,087
Interest income	-	-	386,533	245,126
Dividend income	-	-	-	75,900
Associated companies -				
Dividend income	-	-	1,374,391	1,074,854
Other related parties -				
Interest and other income earned	74,648	44,740	68,016	34,391
Interest and other expenses incurred	47,338	(54,429)	(1,381)	(1,254)
Other expenses	(15,761)	(14,755)	(12,368)	(11,310)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

24. Related Party Transactions and Balances (Continued)

(b) Key management compensation:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and other short-term employee benefits	283,541	178,844	137,271	102,314
Statutory contributions	8,905	9,797	5,218	5,788
Post-employment benefits	93,638	20,525	72,343	47
Share-based compensation	54,660	68,590	34,285	46,235
	440,744	277,756	249,117	154,384
Directors' emoluments				
Directors' fees	21,053	19,020	17,550	17,613
Consultant's fees	21,728	-	21,728	-
Management compensation (included above)	173,428	94,148	106,353	55,543
	216,209	113,168	145,631	73,156

(d) Loans from related parties:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	593,511	655,758	-	-
Repayments	(64,954)	(62,247)	-	-
Interest charged	43,684	48,574	-	-
Interest paid	(43,684)	(48,574)	-	-
	528,557	593,511	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

25. Loan Liabilities

	Currency	Rate	Repayable	The Group 2021	The Group 2020
		%		$'000	$'000
Secured –					
(i) Sagicor Bank Jamaica Limited/DBJ	J$	8.00	2021	-	2,691
(ii) Sagicor Bank Jamaica Limited	J$	7.75	2028	528,557	590,820
(iii) JN Bank	J$	9.25	2024	20,369	20,369
(iv) JN Bank	J$	9.25	2024	25,000	25,000
(v) Investment Bonds	J$	3.70/3.73	2022	2,996,034	2,989,235
(vi) Investment Bonds	J$	6.85	2024	2,780,451	2,771,302
(vii) Investment Bonds	J$	7.75	2045	4,449,916	4,445,027
(viii) Urban Renewal Bonds	J$	5.10 / 2.14	2023	236,653	264,422
(ix) Bank of Nova Scotia Jamaica Limited	J$	8.49	2021	-	711
(x) Bank of Nova Scotia Jamaica Limited	J$	8.49	2021	-	3,527
(xi) Bank of Nova Scotia Jamaica Limited	J$	7.49	2023	1,179	2,117
(xii) National Commercial Bank Jamaica Limited	J$	6.35	2024	2,478,167	2,470,250
Unsecured -					
(xiii) JN Properties Limited	J$	Variable	No fixed date	13,586	13,586
				13,529,912	13,599,057
Interest payable				64,510	64,474
				13,594,422	13,663,531

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

25. Loan Liabilities (Continued)

	Currency	Rate %	Repayable	The Company 2021 $'000	The Company 2020 $'000
Secured -					
(v) Investment Bonds	J$	3.70 / 3.73	2022	2,996,034	2,989,235
(vi) Investment Bonds	J$	6.85	2024	2,780,451	2,771,302
(vii) Investment Bonds	J$	7.75	2045	4,449,916	4,445,027
(viii) Urban Renewal Bonds	J$	5.10 / 2.14	2023	236,653	264,422
(x) Bank of Nova Scotia Jamaica Limited	J$	8.49	2021	-	3,527
(xii) National Commercial Bank Jamaica Limited	J$	6.35	2024	2,478,167	2,470,250
				12,941,221	12,943,763
Interest payable				64,510	64,474
				13,005,731	13,008,237

The current portion of loan liabilities amounted to $3,161,955,000 (2020 - $163,499,000) for the group and $3,093,510,000 (2020 - $97,001,000) for the company.

Investment bonds are shown net of transaction costs, which are amortised over the life of the bonds. Total transaction costs amounted to $196,489,000 (2020 - $196,489,000) and the unamortised portion at 31 December 2021 was $97,279,000 (2020 - $127,264,000).

(i) This represented a loan from Development Bank of Jamaica through Sagicor Bank Jamaica Limited, for the purchase and installation of solar panels. Interest was charged at a rate of 8% per annum. The loan was repaid in 2021.

(ii) This represents a loan issued by Sagicor Bank Jamaica Limited to assist with the renovation of building located at 2 – 4 King Street. Interest is charged at Sagicor Bank's base rate less 8.65%. The loan is secured by a first mortgage over the building and is being repaid in 144 monthly instalments ending April 2028.

(iii) This represents the first drawdown on a J$67,000,000 mortgage loan facility from JN Bank, to assist with renovations to the building located at 23 – 27 Knutsford Boulevard. Interest is charged at a rate of 9.25% per annum. The loan is secured by a first mortgage over lot 44 located at St Lucia Way, 23 – 27 Knutsford Boulevard and is scheduled to be repaid by 2024.

(iv) This represents the second drawdown on a J$67,000,000 mortgage loan facility from JN Bank, to assist with the purchase of lots 42 and 43 New Kingston. The loan is secured by a first mortgage over lot 44 located at St Lucia Way, 23 – 27 Knutsford Boulevard and is scheduled to be repaid by 2024. Interest currently charged is 9.25% per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

25. Loan Liabilities (Continued)

(v) This represents the carrying value of certain secured investment bonds issued by the group and company in 2015 with a face value of $3,000,000,000, net of issue costs. Interest was fixed to August 13, 2017 at 10.85% per annum, following which the rate is 2.50% above the weighted average yield of the six-month Government of Jamaica Treasury Bill prevailing at each repricing date. At December 31, 2021 the interest rate was 3.70%. The bonds are secured by certain Sagicor Group Jamaica Limited shares owned by the group. Of the total bonds issued, related parties hold $260,000,000.

(vi) This represents the carrying value of certain secured investment bonds issued by the group and company in 2019, with a face value of $2,800,000,000, net of issue costs. Interest is fixed at 6.85% per annum for the term of the bond. The bonds are secured by certain Sagicor Group Jamaica Limited shares owned by the group. Of the total bonds issued, related parties hold $900,000,000.

(vii) This represents the carrying value of certain unsecured investment bonds issued by the group and company in 2020, with a face value of $4,500,000,000, net of issue costs. Interest is fixed at 7.75% per annum for the term of the bonds. $4,432,000,000 of the bonds issued are held by related parties.

(viii) This represents the carrying value of urban renewal bonds issued by the group and company in 2016 with a face value of $238,500,000, net of issue costs. Interest was fixed to June 16, 2018 at 8.05% per annum multiplied by a factor of 0.875, following which the rate is 1.50% above the weighted average yield of the six-month Government of Jamaica Treasury Bill prevailing at each repricing date, multiplied by a factor of 0.875. The notes are secured by certain Sagicor Group Jamaica Limited shares owned by the group.

(ix) This represented a loan issued by the Bank of Nova Scotia Jamaica Limited. Interest was charged at a rate of 8.49% per annum and is secured a by motor vehicle. The loan was repaid in 2021.

(x) This represented a loan issued by the Bank of Nova Scotia Jamaica Limited. Interest was charged at a rate of 8.49% per annum and is secured a by motor vehicle. The loan was repaid in 2021.

(xi) This represents a loan issued by the Bank of Nova Scotia Jamaica Limited. Interest is charged at a rate of 7.49% per annum and is secured a by motor vehicle. The loan is scheduled to be repaid by 2023.

(xii) This represents a $2,500,000,000 loan from National Commercial Bank Jamaica Limited to refinance debt and for general working capital. Interest is fixed at 6.35% per annum. The loan is scheduled to be repaid in 2024 and is secured by certain Sagicor Group Jamaica Limited shares owned by the group.

(xiii) This represents a loan advanced by JN Properties Limited. The debt is unsecured, attracts interest at a variable rate and has no fixed repayment terms.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Lease Liabilities

The lease obligations are as follows:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Minimum lease payments:				
Not later than 1 year	4,494	4,043	10,239	9,480
Later than 1 year and not later than 5 years	24,000	32,016	81,117	91,356
	28,494	36,059	91,356	100,836
Future finance charges	(70)	(1,080)	(34,709)	(36,521)
Present value of lease obligations	28,424	34,979	56,647	64,315

The present value of the lease obligations is as follows:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Not later than 1 year	4,424	3,700	7,811	7,739
Later than 1 year and not later than 5 years	24,000	31,279	48,836	56,576
	28,424	34,979	56,647	64,315

Certain leases are secured by motor vehicles owned by the group.

27. Other Liabilities

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Other liabilities and accrued expenses	338,286	195,885	143,042	96,699
Reinsurance liabilities	46,677	79,804	-	-
Deposits	67,054	67,054	-	-
Trade payables	55,168	68,238	3,838	16,009
Dividends payable	303,291	-	303,856	-
Accounts payable	71,683	71,040	71,683	71,229
	882,159	482,021	522,419	183,937

The current portion of other liabilities amounted to $815,105,000 (2020 - $414,892,000) for the group and $522,534,000 (2020 - $184,048,000) for the company. Dividends payable relates to a special dividend declared by the company in December 2021 and paid on 19 January 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

28. Share Capital

	2021	2020
	No.	No.
	‘000	‘000
Authorised share capital of no-par value -		
Ordinary shares	1,250,000	1,250,000
	$’000	$’000
Issued and fully paid -		
1,066,159,890 stock units	2,141,985	2,141,985

29. Stock Grants and Options/Equity Compensation Reserve

The company operates a Long-Term Incentive Plan (“LTIP”) administered by a committee of the company’s Board of Directors. The company has reserved 7.5% of its authorized share capital for issue under the plan.

Under the LTIP, certain executive officers of the group are eligible to receive awards of a combination of company stock grants and stock options, once a predetermined company performance objective is met. The awards are made annually in May, and vest in four equal annual installments beginning with the first December 31 (for options) and April 30 (for grants) following the date of award. Vesting in both stock grants and stock options awarded under the plan is dependent on time-based, company and individual performance criteria. Vested options are exercisable for 7 years from the date of award. Awards of grants and options are formula-based dependent on the percentage of each awardee’s base compensation at the date of award subject to the LTIP, and the fair value of stock options and stock grants awarded. The fair value of stock grants, and the exercise price and fair value of stock options, is set based on the closing bid price of the company’s stock on the last trading day in March of the year in which the award is made.

Shares issued when stock grants are vested and when stock options are exercised have the same rights as other issued common shares.

During the year, no grants of shares of company stock were awarded under the plan (2020 – 417,426 shares to seven executives) and 572,377 (2020 – 807,163) shares became fully vested and were issued.

At December 31, 2021, options over 7,641,702 (2020 – 11,617,926) shares were outstanding, 6,780,090 (2020 - 9,187,645) of which were vested and exercisable, at the prices per share as follows:

Expiring December 31	Outstanding	Vested	Exercise Price
2023	1,650,355	1,650,355	$18.67
2024	1,215,597	1,215,597	$34.94
2025	1,894,084	1,894,084	$42.57
2026	1,401,193	1,124,428	$81.70
2027	1,480,473	895,626	$77.50
	7,641,702	6,780,090	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

29. Stock Grants and Options/Equity Compensation Reserve (Continued)

During 2021, options over 3,304,304 (2020 – 2,227,922) shares were exercised. Options over 671,920 shares (2020 – nil) expired or were forfeited during the year.

The company uses the Black-Scholes option pricing model for determining the fair value of stock options awarded, which is expensed over the vesting period. The range of values of stock options awarded as at December 31, 2021 and 2020, as determined using this model, was $4.38 to $19.27. The significant inputs into the model were as follows:

	2021/2020
Exercise price (range in $ per share)	$18.67 - $81.70
Annual risk-free rate	4.0% - 8.2%
Volatility factor	26.0% - 31.4%
Expected dividend yield	2.5% - 4.5%
Expected life (in years)	4.00 - 4.75

Share-based compensation expense is recognised over the vesting period of each award and is based on the total fair value of all awards expected to vest. The group and the company recognised share-based compensation in 2021 of $54,660,000 and $34,285,000 (2020 - $68,590,000 and $46,235,000), respectively. To satisfy its obligations in relation to the stock grants of $46,520,000 (2020 - $41,372,000) for the group and $27,339,000 (2020 - $31,717,000) for the company, the group issued shares from its holdings of treasury shares, with a cost of $286,887,000 (2020 - $27,098,000).

Movement in Equity Compensation Reserves

	The Group		**The Company**	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 January	116,594	89,376	49,752	34,688
Value of service provided	54,660	68,590	34,285	46,235
Options/grants issued	(46,520)	(41,372)	(27,339)	(31,171)
Balance at 31 December	124,734	116,594	56,698	49,752

30. Property Revaluation Reserve

The balance represents the accumulated revaluation gains on investment properties attributable to owners of the parent, transferred from retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

31. Investment and Other Reserves

These comprise:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Fair value gains on investments	(76,648)	(79,101)	(102,418)	(110,743)
Capital reserves	2,615,802	2,802,822	1,337,983	1,337,983
Capital redemption reserves	2,176	2,176	2,200	2,200
Share of other comprehensive income of associated companies	1,842,173	2,669,801	-	-
	4,383,503	5,395,698	1,237,765	1,229,440
Capital reserves:				
Realised gain on sale of treasury shares	70,830	269,265	-	-
Realised gain on sale of insurance operations	1,161,344	1,161,344	2,688,484	2,688,484
Realised gain on dilution of holding in subsidiaries and associates	433,516	433,516	-	-
Reserve arising on acquisition of non–controlling interest	623,267	623,267	(1,493,255)	(1,493,255)
Other	326,845	315,430	142,754	142,754
	2,615,802	2,802,822	1,337,983	1,337,983

Fair value gains on investments for the group are shown net of deferred taxes of nil (2020 – $13,250,000) with respect to revaluation adjustments to investments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

32. Dividends

	2021	2020
	$'000	$'000
First interim dividend for 2021 at $0.105 (2020 - $0.275) per stock unit - gross	111,947	293,194
Second interim dividend for 2021 at $0.15 (2020 - $0.00) per stock unit – gross	159,924	-
Third interim dividend for 2021 at $0.20 (2020 - $0.00) per stock unit – gross	213,232	-
Fourth interim dividend for 2021 at $0.26 (2020 - $0.105) per stock unit - gross	277,201	111,946
	762,304	405,140
Special dividends declared for 2021 at $0.285 per stock unit (2020 – $0.00) - gross	303,856	-
	1,066,160	405,140
Less: Dividends on treasury stock	(2,926)	(2,470)
Total dividends declared	1,063,234	402,670
Dividends paid/declared by the company	762,303	671,682
Dividends paid/declared by the group	759,942	668,503

On 28 February 2022, the company declared two dividends, a special dividend of $0.35 per stock unit and dividend of $0.285 per stock unit amounting to $373,156,000 and $303,856,000 respectively for which there are no accruals in the 2021 financial statements. On 2 March 2021, the company declared a dividend of $0.105 per stock unit amounting to $111,946,000 for which there is no accrual in the 2020 financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

33. (a) Cash Flows from Operating Activities

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Net profit	7,251,717	3,534,310	1,911,796	(491,080)
Adjustments to reconcile net profit to cash flows provided by operating activities:				
Depreciation of property, plant and equipment	36,764	37,817	9,037	9,078
Profit on disposal of property, plant and equipment	(1,575)	(29)	-	-
Amortisation of intangibles	3,434	5,211	3,434	3,435
Stock compensation expense	54,660	68,590	34,285	46,235
Interest income	(244,460)	(248,623)	(596,975)	(476,020)
Dividend income	-	-	-	(998,687)
Finance costs	914,415	835,909	862,819	778,498
Write off	-	-	-	345,855
Share of results of associated companies	(5,455,180)	(3,866,414)	-	-
Gain on disposal of shares in associated companies	(193,892)	-	(29,685)	-
Gain on disposal of land held for development	-	(326,180)	-	-
Income tax credit	(20,570)	(188,725)	(47,574)	(288,017)
Change in retirement benefit asset/obligation	108,130	87,164	3,617	615
Fair value gains on investment properties	(254,444)	(323,815)	-	-
Gains on foreign currency denominated investments	(196,276)	(164,305)	(279,290)	(220,360)
Impairment of financial assets	(53,602)	38,438	(42,421)	9,250
Unrealised (gains)/losses on financial assets at fair value through profit or loss	(1,390,841)	1,113,319	(604,339)	1,295,828
	558,280	602,667	1,224,704	14,630
Changes in operating assets and liabilities:				
Taxation recoverable	(13,114)	(19,072)	(11,750)	(39,068)
Other assets	(285,886)	(119,810)	4,432	8,988
Other liabilities	96,924	(82,758)	34,622	(66,337)
Disposal of financial assets at fair value through profit or loss, net	582,813	443,571	641,865	295,570
	939,017	824,598	1,893,873	213,783
Interest received	263,533	215,434	566,488	332,688
Income tax paid	(64,287)	(75,412)	(11,695)	(20,624)
Net cash provided by operating activities	1,138,263	964,620	2,448,666	525,847

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

33. (b) Movement in Net Debt

	Group			Company		
	Lease Liabilities $'000	Loan Liabilities $'000	Total $'000	Lease Liabilities $'000	Loan Liabilities $'000	Total $'000
Net debt as at 1 January 2020	40,504	9,343,742	9,384,246	71,639	8,621,231	8,692,870
Addition	-	6,495,000	6,495,000	-	6,495,000	6,495,000
Repayment	(5,525)	(2,099,469)	(2,104,994)	(8,434)	(2,032,242)	(2,040,676)
Interest expense	-	830,931	830,931	1,110	772,409	773,519
Interest paid	-	(851,903)	(851,903)	-	(793,391)	(793,391)
Deferred costs	-	(54,770)	(54,770)	-	(54,770)	(54,770)
Net debt as at 31 December 2020	34,979	13,663,531	13,698,510	64,315	13,008,237	13,072,552
Repayment	(6,555)	(99,130)	(105,685)	(9,410)	(32,527)	(41,937)
Interest expense	-	884,430	884,430	1,742	828,125	829,867
Interest paid	-	(884,394)	(884,394)	-	(828,089)	(828,089)
Deferred costs	-	29,985	29,985	-	29,985	29,985
Net debt as at 31 December 2021	28,424	13,594,422	13,622,846	56,647	13,005,731	13,062,378

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. 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 COVID-19 pandemic and measures implemented by the government to control the spread did not materially impact the group during the year under review. Market prices improved relative to prior year as the group recorded unrealized gains compared to losses in the prior year on its equity portfolio. The impact on the remaining financial assets and liabilities was not significant. The group continues to monitor the risks and implement measures to mitigate against any significant impact.

Risk management is carried out by the Investment Committee, which identifies, evaluates and manages financial risks in close co-operation with the group's operating business units. The Board of Directors sets guidelines for overall risk management including specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investing excess liquidity.

(a) 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, interest rates, political risk and economic risk. Market risk is monitored by the group treasury function which carries out extensive research and monitors the price movement of financial assets on the local and international markets. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States (US), Canadian (CAD) and Barbadian (BD) dollars. Foreign exchange risk arises from transactions for purchases 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 maximizing foreign currency earnings and holding foreign currency balances.

Concentration of currency risk

The table below summarises the currencies in which the group's and company's financial assets and liabilities are denominated at 31 December:

	The Group			
	2021			
	Jamaican $	US$	CAD$	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	76,261	122,672	73,923	272,856
Deposits	450,428	540,945	3,403	994,776
Investment securities	5,318,504	5,285,324	219,424	10,823,252
Securities purchased under agreements to resell	851,875	417,492	-	1,269,367
Trade and other receivables	724,978	139,071	134,625	998,674
Total financial assets	7,422,046	6,505,504	431,375	14,358,925
Financial liabilities				
Bank overdraft	14,986	-	-	14,986
Loan liabilities	13,594,422	-	-	13,594,422
Lease liabilities	28,424	-	-	28,424
Other liabilities	756,619	125,540	-	882,159
Total financial liabilities	14,394,451	125,540	-	14,519,991
Net position	(6,972,405)	6,379,964	431,375	(161,066)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Group			
	2020			
	Jamaican $	US$	CAD$	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	84,414	39,576	1,159	125,149
Deposits	62,666	626,743	4,866	694,275
Investment securities	8,576,909	3,678,016	195,742	12,450,667
Securities purchased under agreements to resell	94,378	774,334	-	868,712
Trade and other receivables	444,171	194,792	-	638,963
Total financial assets	9,262,538	5,313,461	201,767	14,777,766
Financial liabilities				
Bank overdraft	11,378	-	-	11,378
Loan liabilities	13,663,531	-	-	13,663,531
Lease liabilities	34,979	-	-	34,979
Other liabilities	320,869	161,152	-	482,021
Total financial liabilities	14,030,757	161,152	-	14,191,909
Net position	(4,768,219)	5,152,309	201,767	585,857

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(a) Market risk (continued)

(*i*) *Currency risk (continued)*

Concentration of currency risk (continued)

	The Company			
	2021			
	Jamaican $	US$	CAD$	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	48,866	69,936	-	118,802
Deposits	431,789	413,194	-	844,983
Investment securities	5,427,863	2,631,273	219,424	8,278,560
Securities purchased under agreements to resell	779,540	364,919	-	1,144,459
Due from related parties	4,352,275	1,853,850	-	6,206,125
Receivables	149,847	-	-	149,847
Total financial assets	11,190,180	5,333,172	219,424	16,742,776
Financial liabilities				
Bank overdraft	14,985	-	-	14,985
Due to related parties	58,299	817	-	59,116
Loan liabilities	13,005,731	-	-	13,005,731
Lease liabilities	56,647	-	-	56,647
Other liabilities	522,419	-	-	522,419
Total financial liabilities	13,658,081	817	-	13,658,898
Net position	(2,467,901)	5,332,355	219,424	3,083,878

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Company			
	2020			
	Jamaican $	US$	CAD$	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	48,524	14,391	-	62,915
Deposits	34,282	462,903	-	497,185
Investment securities	8,656,129	1,881,768	195,742	10,733,639
Securities purchased under agreements to resell	64,454	638,777	-	703,231
Due from related parties	1,700,555	1,721,010	-	3,421,565
Receivables	153,711	-	-	153,711
Total financial assets	10,657,655	4,718,849	195,742	15,572,246
Financial liabilities				
Bank overdraft	11,377	-	-	11,377
Due to related parties	17,014	817	-	17,831
Lease liabilities	13,008,237	-	-	13,008,237
Loan liabilities	64,315	-	-	64,315
Other liabilities	183,937	-	-	183,937
Total financial liabilities	13,284,880	817	-	13,285,697
Net position	(2,627,225)	4,718,032	195,742	2,286,549

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the group and company had significant exposure on their monetary assets and liabilities and their 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 financial instruments and adjusts their translation at the year-end for a 6% increase and 2% decrease (2020 - 6% increase and 2% decrease) in foreign currency rates. The sensitivity of the profit was as a result of foreign exchange (gains)/losses on translation of US dollar-denominated monetary financial securities classified as available for sale and fair value through profit or loss and foreign exchange (losses)/gains on translation of US dollar-denominated borrowings. The sensitivity of other components of equity was as result of translation gains/ (losses) on the other foreign currency denominated equities classified as available-for-sale.

	The Group					
	% Change in Currency Rate 2021	Effect on Profit before Tax 2021 $'000	Effect on other Components of Equity 2021 $'000	% Change in Currency Rate 2020	Effect on Profit before Tax 2020 $'000	Effect on other Components of Equity 2020 $'000
Currency:						
USD	6%	377,616	5,180	6%	299,416	9,723
USD	-2%	(125,872)	(1,727)	-2%	(99,805)	(3,241)
CAD	6%	12,717	13,165	6%	362	11,745
CAD	-2%	(4,239)	(4,388)	-2%	(121)	(3,915)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity (continued)

	The Company					
	% Change in Currency Rate 2021	Effect on Profit before Tax 2021 $'000	Effect on other Components of Equity 2021 $'000	% Change in Currency Rate 2020	Effect on Profit before Tax 2020 $'000	Effect on other Components of Equity 2020 $'000
Currency:						
USD	6%	319,941	-	6%	283,082	-
USD	-2%	(106,647)	-	-2%	(94,361)	-
CAD	6%	-	13,165	6%	-	11,745
CAD	-2%	-	(4,388)	-2%	-	(3,915)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the group and company to cash flow interest risk, whereas fixed interest rate instruments expose the group to fair value interest risk.

The group's and company'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.

The following tables summarise the group's and the company's exposure to interest rate risk. It includes the group and company financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2021:							
Financial assets							
Cash and bank balances	189,714	-	-	-	-	83,142	272,856
Deposits	813,406	164,264	3403	13,703	-	-	994,776
Investment securities	40,363	55,074	129,138	1,602,838	422,674	8,573,165	10,823,252
Securities purchased under agreements to resell	774,577	487,258	7,532	-	-	-	1,269,367
Trade and other receivables	3,900	-	134,625	-	-	860,149	998,674
Total financial assets	1,821,960	706,596	274,698	1,616,541	422,674	9,516,456	14,358,925
Financial liabilities							
Bank overdraft	14,986	-	-	-	-	-	14,986
Loan liabilities	528,558	3,232,687	-	5,305,164	4,463,503	64,510	13,594,422
Lease liabilities	-	-	4,424	-	24,000	-	28,424
Other liabilities	3,904	-	-	-	-	878,255	882,159
Total financial liabilities	547,448	3,232,687	4,424	5,305,164	4,487,503	942,765	14,519,991
Total interest repricing gap	1,274,512	(2,526,091)	270,274	(3,688,623)	(4,064,829)	8,573,691	(161,066)
Cumulative interest repricing gap	1,274,512	(1,251,579)	(981,305)	(4,669,928)	(8,734,757)	(161,066)	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2020:							
Financial assets							
Cash and bank balances	117,182	-	-	-	-	7,967	125,149
Deposits	465,974	128,352	96,519	3,430	-	-	694,275
Investment securities	299,428	1,754,350	259,872	1,591,942	764,693	7,780,382	12,450,667
Securities purchased under agreements to resell	460,425	408,287	-	-	-	-	868,712
Trade and other receivables	8,436	-	-	-	-	630,527	638,963
Total financial assets	1,351,445	2,290,989	356,391	1,595,372	764,693	8,418,876	14,777,766
Financial liabilities							
Bank overdraft	11,378	-	-	-	-	-	11,378
Loan liabilities	590,820	2,989,235	271,351	5,289,037	4,458,614	64,474	13,663,531
Lease liabilities	-	-	882	9,739	24,358	-	34,979
Other liabilities	8,437	-	-	-	-	473,584	482,021
Total financial liabilities	610,635	2,989,235	272,233	5,298,776	4,482,972	538,058	14,191,909
Total interest repricing gap	740,810	(698,246)	84,158	(3,703,404)	(3,718,279)	7,880,818	585,857
Cumulative interest repricing gap	740,810	42,564	126,722	(3,576,682)	(7,294,961)	585,857	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2021:							
Financial assets							
Cash and bank balances	118,802	-	-	-	-	-	118,802
Deposits	670,661	164,264	-	10,058	-	-	844,983
Investment securities	32,188	55,074	129,138	1,949,402	360,094	5,752,664	8,278,560
Securities purchased under agreements to resell	716,635	420,292	7,532	-	-	-	1,144,459
Due from related parties	-	28,652	525,231	2,543,144	2,593,224	515,874	6,206,125
Receivables	3,900	-	-	-	-	145,947	149,847
Total financial assets	1,542,186	668,282	661,901	4,502,604	2,953,318	6,414,485	16,742,776
Financial liabilities							
Bank overdraft	14,985	-	-	-	-	-	14,985
Due to related parties	-	-	-	-	-	59,116	59,116
Loan liabilities	-	3,232,687	-	5,258,618	4,449,916	64,510	13,005,731
Lease liabilities	-	-	-	-	56,647	-	56,647
Other liabilities	3,904	-	-	-	-	518,515	522,419
Total financial liabilities	18,889	3,232,687	-	5,258,618	4,506,563	642,141	13,658,898
Total interest repricing gap	1,523,297	(2,564,405)	661,901	(756,014)	(1,553,245)	5,772,344	3,083,878
Cumulative interest repricing gap	1,523,297	(1,041,108)	(379,207)	(1,135,221)	(2,688,466)	3,083,878	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2020:							
Financial assets							
Cash and bank balances	62,915	-	-	-	-	-	62,915
Deposits	277,180	128,352	91,653	-	-	-	497,185
Investment securities	299,428	1,754,350	259,872	1,922,481	701,347	5,796,161	10,733,639
Securities purchased under agreements to resell	351,649	351,582	-	-	-	-	703,231
Due from related parties	543,875	-	453,882	1,649,494	430,532	343,782	3,421,565
Receivables	8,436	-	-	-	-	145,275	153,711
Total financial assets	1,543,483	2,234,284	805,407	3,571,975	1,131,879	6,285,218	15,572,246
Financial liabilities							
Bank overdraft	11,377	-	-	-	-	-	11,377
Due to related parties	-	-	-	-	-	17,831	17,831
Loan liabilities	-	2,989,235	267,949	5,241,552	4,445,027	64,474	13,008,237
Lease liabilities	-	-	-	-	64,315	-	64,315
Other liabilities	8,437	-	-	-	-	175,500	183,937
Total financial liabilities	19,814	2,989,235	267,949	5,241,552	4,509,342	257,805	13,285,697
Total interest repricing	1,523,669	(754,951)	537,458	(1,669,577)	(3,377,463)	6,027,413	2,286,549
Cumulative interest repricing gap	1,523,669	768,718	1,306,176	(363,401)	(3,740,864)	2,286,549	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following tables indicate the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the group's and company's income statement and stockholders' equity.

The group's and company's interest rate risk arise from investment securities, securities purchased under agreements to resell and long-term borrowings. The sensitivity of the income statement is the effect of the assumed changes in interest rates on net income based on floating rate financial assets and floating rate liabilities. The sensitivity of other components of equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates.

		The Group		The Company	
		Effect on Profit before Taxation 2021 $'000	**Effect on Other Components of Equity 2021 $'000**	**Effect on Profit before Taxation 2021 $'000**	**Effect on Other Components of Equity 2021 $'000**
Change in basis points:					
2021	**2021**				
JA$	US$				
+300	+100	(65,194)	(53,577)	(53,357)	(53,577)
-50	-100	2,863	30,838	2,415	30,838

		The Group		The Company	
		Effect on Profit before Taxation 2020 $'000	**Effect on Other Components of Equity 2020 $'000**	**Effect on Profit before Taxation 2020 $'000**	**Effect on Other Components of Equity 2020 $'000**
Change in basis points:					
2020	**2020**				
JA$	US$				
+100	+100	(25,236)	(37,362)	(21,384)	(37,284)
-100	-100	25,236	39,865	21,384	39,786

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(a) Market risk (continued)

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group and company are exposed to equity price risk because of investments held by the group and company classified on the respective statements of financial position either fair value through profit or loss or FVOCI. The group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

The impact on total stockholders' equity (before tax) of a 5% increase and decrease (2020-5% increase and 10% decrease) in equity prices is an increase and decrease of $428,026,500 and $287,633,200 for the group and company respectively (2020 – $389,019,000 and $289,808,000 and decrease of $778,038,000 and $579,616,000) for the group and company.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from cash and cash equivalents (excluding bank balances), contractual cash flows of debt investments carried at amortised cost, at FVOCI and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

The group and company have policies in place to ensure that property rentals and services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions. The group manages its credit risk by screening its customers, establishing credit limits, obtaining bankers' guarantees or collateral for loans where applicable, the rigorous follow-up of receivables and ensuring investments are low-risk or are held with sound financial institutions.

(i) Trade receivables

Trade receivables relate mainly to tenants of the group's commercial properties. Receivables are monitored and followed up on a regular basis and provisions made as deemed necessary based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) Investments

The group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

(iii) Guarantees

The group's policy is not to provide financial guarantees on behalf of any other party than wholly owned subsidiaries and other entities in which the group has an equity investment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(b) Credit risk (continued)

Maximum exposure to credit risk

	Maximum exposure			
	The Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Credit risk exposures relating to on statement of financial position items are as follows:				
Assets:				
Cash and bank balances	272,856	125,149	118,802	62,915
Deposits	994,776	694,275	844,983	497,185
Financial assets at fair value through other comprehensive income	926,055	1,023,489	855,299	951,914
Financial assets at fair value through profit or loss	1,018,575	-	1,018,575	-
Financial assets at amortised cost	305,457	3,646,796	652,022	3,985,564
Securities purchased under agreements to resell	1,269,367	868,712	1,144,459	703,231
Trade and other receivables	998,674	638,963	149,847	153,711
Due from related parties	-	-	6,206,125	3,421,565
	5,785,760	6,997,384	10,990,112	9,776,085
Credit risk exposures relating to assets not recorded on the statement of financial position				
Lease commitments	1,742,596	2,076,185	-	-

The above table represents a worst-case scenario of credit risk exposure to the group and company at 31 December 2021 and 2020, without taking account of any collateral held or other credit enhancements. For assets carried on the statement of financial position, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(b) Credit risk (continued)

Impairment of financial assets

The group has three types of financial assets that are subject to the expected credit loss (ECL) model:

- trade receivables
- debt investments carried at amortised cost, and
- debt investments carried at FVOCI.

(i) Trade and managed properties receivables
The following table summarises the group's and company's credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector:

	The Group	
	2021	**2020**
	$'000	**$'000**
Commercial	51,785	74,343
Retail	6,812	18,220
Managed properties	128,204	113,146
	186,801	205,709
Less: Loss allowance	(40,408)	(53,755)
	146,393	151,954

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected credit loss rates are based on the historical credit losses experienced within a three-year period before 31 December 2020. The historical rates are adjusted to reflect current and forward-looking information on the macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the Gross Domestic Product (GDP), the interest rate and the inflation rate of the country in which it sells its services to be the most relevant factors and accordingly adjusts the historical loss rates based on the expected changes in these factors.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Trade and managed properties receivables (continued)

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

	The Group	
31 December 2021	**Expected Credit Loss Rate**	**Gross Carrying Amount $'000**
Current	6%	21,581
More than 30 days past due	19%	7,513
More than 90 days past due	77%	29,503
		58,597
Managed properties	12%	128,204
		186,801
Loss allowance		(40,408)
Total		146,393

	The Group	
31 December 2020	**Expected Credit Loss Rate**	**Gross Carrying Amount $'000**
Current	15%	45,472
More than 30 days past due	43%	6,057
More than 90 days past due	100%	41,034
		92,563
Managed properties		113,146
		205,709
Loss allowance		(53,755)
Total		151,954

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Trade and managed properties receivables (continued)

The closing loss allowances for trade receivables as at 31 December 2021 reconciles to the opening loss allowance as follows:

	The Group	
	2021	**2020**
	$'000	**$'000**
Opening loss allowance as at 1 January	53,755	22,282
Increase in loan loss allowance recognised in income statement	(12,176)	29,956
Receivables recovered during the year	-	1,816
Receivables written off during the year as uncollectible	(1,171)	(299)
At 31 December	40,408	53,755

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are included in the net impairment losses on financial assets in the income statement.

(ii) Other miscellaneous assets

Other miscellaneous assets at amortised cost include loans to related parties and other receivables totaling of $276,630,000 (2020 - $142,004,000).

The loss allowance for loans and other receivables to related parties carried at amortised was $26,204,000 for 2021 and 2020 for the company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iii) Debt investments

The following table summarises the credit exposure of the group and company to businesses and government by sectors in respect of investments (excluding equities, investments in subsidiaries and associated companies and related parties' debt):

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Government of Jamaica	524,233	867,579	516,058	859,350
Corporate and other government	3,948,449	4,382,919	3,611,167	3,957,002
	4,472,682	5,250,498	4,127,225	4,816,352

Significant increase in credit risk

- Qualitative assessment – Credit ratings are associated with ranges of default probabilities based on historical information. Rating outlooks, which are inherently forward-looking, are used to determine the probability of default to be applied to a specific security within its respective range. In calculating the probability of default, the group uses credit ratings along with rating outlooks from recognised rating agencies. The ratings and risk estimates are mapped to an internal credit risk grading model in order to standardise across different rating systems and to clearly demarcate significant changes in credit risk over time.

  A qualitative assessment is done at initial recognition and subsequently at each statement of financial position date and where it is determined that there is a significant increase in the probability of default (PD) the security is categorised as stage 2 for the purpose of calculating the ECL. If the financial instrument is credit impaired, the financial instrument is then moved to 'Stage 3. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

- Quantitative assessment - Investment securities considered to have experienced a significant increase in credit risk if it is more than 30 days past due on its contractual payments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iii) Debt investments (continued)

Expected credit loss measurement
IFRS 9 outlined a 'three stage' model for impairment based on changes in the credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.
- If the financial instrument is credit impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

All of the entity's debt investments at amortised cost and FVOCI are considered to have low credit risk (except for investment in Government of Barbados securities) and the loss allowance recognised during the period was therefore limited to 12 months expected losses (Stage 1). Management considers 'low credit risk' for bonds to be those with an investment grade or high yield credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. In 2019 the group participated in the Government of Barbados debt exchange programme and at 31 December 2021 the bonds were classified as purchased originated credit impaired totalled $29,411,000 for the group and company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iii) Debt investments (continued)

The loss allowance for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI. The movement in loss allowance is as follows

	The Group					
	FVOCI Bonds	Amortised cost Bonds	Loans	Repos	Deposits	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020	21,789	2,596	43,703	2,219	3,507	73,814
Increase/(Decrease) in loss allowance recognised in the income statement during the year	6,683	11,292	(7,566)	578	(2,505)	8,482
Balance at 31 December 2020	28,472	13,888	36,137	2,797	1,002	82,296
(Decrease)/Increase in loss allowance recognised in the income statement during the year	1,640	(9,458)	(35,822)	1,636	577	(41,427)
Closing loss allowance as at 31 December 2021	30,112	4,430	315	4,433	1,579	40,869

	The Company					
	FVOCI Bonds	Amortised cost Bonds	Loans	Repos	Deposits	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020	21,365	2,596	43,703	1,470	2,965	72,099
(decrease)/(increase) in loss allowance recognised in the income statement during the year	6,767	11,292	(7,566)	890	(2,133)	9,250
Balance at 31 December 2020	28,132	13,888	36,137	2,360	832	81,349
Increase/decrease in loss allowance recognised in the income statement during the year	1,260	(9,458)	(35,822)	1,084	515	(42,421)
Closing loss allowance as at 31 December 2021	29,392	4,430	315	3,444	1,347	38,928

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(b) Credit risk (continued)

Total loss allowance on financial assets at 31 December 2021 was $81,277,000 (investment securities $40,869,000, and trade receivables, $40,408,000) for the group and $65,132,000 (investment securities, $38,929,000 and related parties, $26,204,000) for the company. Total loss allowance on financial assets at 31 December 2020 was $136,051,000 (investment securities $82,296,000, and trade receivables, $53,755,000) for the group and $107,553,000 (investment securities, $81,349,000 and related parties, $26,204,000) for the company.

Sensitivity analysis

Set out below are the changes in ECL as at 31 December 2021 that would result from a reasonable possible change in the PDs used by the group:

	The Group			
			Impact on ECL	
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Higher threshold**	**Lower threshold**
			$'000	**$'000**
Debt instruments- FVOCI	0.5%-3.3%	+/-20%	1,879	(1,879)
Debt instruments at amortised cost	0.3%-3.3%	+/-20%	949	(949)
Cash and cash equivalents	0.1%-3.3%	+/-20%	1,203	(1,203)
Trade receivables and other miscellaneous assets			3,499	(3,499)
Total			7,530	(7,530)

	The Company			
			Impact on ECL	
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Higher threshold**	**Lower threshold**
			$'000	**$'000**
Debt instruments- FVOCI	0.5%-3.3%	+/-20%	1,735	(1,735)
Debt instruments at amortised cost	0.3%-14.9%	+/-20%	949	(949)
Cash and cash equivalents	0.1%-3.3%	+/-20%	958	(958)
Total			3,642	(3,642)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(b) Credit risk (continued)

Sensitivity analysis (continued)
Set out below are the changes in ECL as at 31 December 2020 that would result from a reasonable possible change in the PDs used by the group:

	The Group			
			Impact on ECL	
Financial Assets	Actual PD ranges applied	% Change in PD	Higher threshold	Lower threshold
			$'000	$'000
Debt instruments- FVOCI	1.1%-3.2%	+/-20%	1,875	(1,875)
Debt instruments at amortised cost	0.3%-14.6%	+/-20%	9,583	(9,583)
Cash and cash equivalents	0.1%-3.2%	+/-20%	760	(760)
Trade receivables and other miscellaneous assets	1%-2%	+/-20%	1,090	(1,090)
Total			13,308	(13,308)

	The Company			
			Impact on ECL	
Financial Assets	Actual PD ranges applied	% Change in PD	Higher threshold	Lower threshold
			$'000	$'000
Debt instruments- FVOCI	1.1%-3.2%	+/-20%	1,807	(1,807)
Debt instruments at amortised cost	0.3%-14.6%	+/-20%	9,583	(9,583)
Cash and cash equivalents	0.1%-3.2%	+/-20%	639	(639)
Total			12,029	(12,029)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the group is 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 funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The group's liquidity management process, as carried out within the group and monitored by the Investment Committee, includes:

(i) Monitoring future cash flows and liquidity on a weekly basis. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure funding if 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) Maintaining lines of credit;

(iv) Optimising cash returns on investments; and

(v) Managing the concentration and profile of debt maturities.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows

The tables below summarise the maturity profile of the group's and company's financial assets and liabilities at 31 December based on contractual undiscounted payments.

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2021							
Financial assets							
Cash and bank balances	272,564	-	-	-	-	-	272,564
Deposits	815,103	164,874	3,748	16,169	-	-	999,894
Investment securities	60,626	78,295	247,609	1,775,188	477,132	8,573,165	11,212,015
Securities purchased under agreements to resell	776,363	491,255	7,578	-	-	-	1,275,196
Trade and other receivables	128,916	230,402	160,419	478,941	-	-	998,678
Total financial assets (contractual maturity dates)	2,053,572	964,826	419,354	2,270,298	477,132	8,573,165	14,758,347
Financial liabilities							
Bank overdraft	14,997	-	-	-	-	-	14,997
Loans	23,132	198,127	3,746,859	7,967,820	8,367,354	-	20,303,292
Lease liabilities	455	3,162	877	-	24,000	-	28,494
Other liabilities	118,809	244,843	518,519	-	-	-	882,171
Total financial liabilities (contractual maturity dates)	157,393	446,132	4,266,255	7,967,820	8,391,354	-	21,228,954
Net Liquidity Gap	1,896,179	518,694	(3,846,901)	(5,697,522)	(7,914,222)	8,573,165	(6,470,607)
Cumulative Liquidity Gap	1,896,179	2,414,873	(1,432,028)	(7,129,550)	(15,043,772)	(6,470,607)	

The group has sufficient non-financial assets that could be liquated should the need arise as well as access to additional financing to ensure it is able to meet its obligations as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2020							
Financial assets							
Cash and bank balances	125,153	-	-	-	-	-	125,153
Deposits	466,446	129,298	97,517	4,100	-	-	697,361
Investment securities	313,205	1,731,963	406,845	2,051,709	505,190	7,780,382	12,789,294
Securities purchased under agreements to resell	461,269	411,509	-	-	-	-	872,778
Trade and other receivables	116,405	274,153	109,355	139,050	-	-	638,963
Total financial assets (contractual maturity dates)	1,482,478	2,546,923	613,717	2,194,859	505,190	7,780,382	15,123,549
Financial liabilities							
Bank overdraft	11,386	-	-	-	-	-	11,386
Loans	23,963	196,720	747,016	11,466,370	8,821,976	-	21,256,045
Lease liabilities	515	888	2,640	7,658	24,358	-	36,059
Other liabilities	41,995	264,418	175,608	-	-	-	482,021
Total financial liabilities (contractual maturity dates)	77,859	462,026	925,264	11,474,028	8,846,334	-	21,785,511
Net Liquidity Gap	1,404,619	2,084,897	(311,547)	(9,279,169)	(8,341,144)	7,780,382	(6,661,962)
Cumulative Liquidity Gap	1,404,619	3,489,516	3,177,969	(6,101,200)	(14,442,344)	(6,661,962)	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2021:							
Assets							
Cash and bank balances	118,806	-	-	-	-	-	118,806
Deposits	672,219	164,874	338	11,800	-	-	849,231
Investment securities	54,846	83,145	265,482	2,225,545	400,489	5,752,664	8,782,171
Securities purchased under agreements to resell	720,146	421,380	7,578	-	-	-	1,149,104
Due from related parties	19,836	75,237	824,670	4,168,090	3,149,889	160,371	8,398,093
Receivables	3,910	-	6,897	139,050	-	-	149,857
Total financial assets (contractual maturity dates)	1,589,763	744,636	1,104,965	6,544,485	3,550,378	5,913,035	19,447,262
Liabilities							
Bank overdraft	14,997	-	-	-	-	-	14,997
Due to related parties		-	-	-	-	59,116	59,116
Loans	13,483	178,829	3,660,019	7,476,144	8,207,849	-	19,536,324
Lease liabilities	853	1,707	7,679	49,828	31,289	-	91,356
Other liabilities	3,914	-	518,505	-	-	-	522,419
Total financial liabilities (contractual maturity dates)	33,247	180,536	4,186,203	7,525,972	8,239,138	59,116	20,224,212
Net Liquidity Gap	1,556,516	564,100	(3,081,238)	(981,487)	(4,688,760)	5,853,919	(776,950)
Cumulative Liquidity Gap	1,556,516	2,120,616	(960,622)	(1,942,109)	(6,630,869)	(776,950)	

The company has sufficient non-financial assets that could be liquated should the need arise as well as access to additional financing to ensure it is able to meet its obligations as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2020:							
Assets							
Cash and bank balances	62,917	-	-	-	-	-	62,917
Deposits	277,552	129,298	92,649	-	-	-	499,499
Investment securities	315,700	1,737,783	428,978	2,513,723	432,025	5,796,161	11,224,370
Securities purchased under agreements to resell	352,329	354,454	-	-	-	-	706,783
Due from related parties	18,722	46,962	679,973	2,642,084	895,271	124,331	4,407,343
Receivables	8,451	-	6,225	139,050	-	-	153,726
Total financial assets (contractual maturity dates)	1,035,671	2,268,497	1,207,825	5,294,857	1,327,296	5,920,492	17,054,638
Liabilities							
Bank overdraft	11,386	-	-	-	-	-	11,386
Due to related parties	-	-	-	-	-	17,831	17,831
Lease liabilities	13,791	176,386	658,252	10,969,408	8,556,599	-	20,374,436
Loans	790	1,580	7,110	46,137	45,219	-	100,836
Other liabilities	8,452	-	175,485	-	-	-	183,937
Total financial liabilities (contractual maturity dates)	34,419	177,966	840,847	11,015,545	8,601,818	17,831	20,688,426
Net Liquidity Gap	1,001,252	2,090,531	366,978	(5,720,688)	(7,274,522)	5,902,661	(3,633,788)
Cumulative Liquidity Gap	1,001,252	3,091,783	3,458,761	(2,261,927)	(9,536,449)	(3,633,788)	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

34. Financial Risk Management (Continued)

(d) Capital management

The group's objectives when managing capital are to provide superior returns for stockholders and benefits for other stakeholders, while maintaining a conservative capital structure. The Board of Directors monitors the return on equity, which the group defines as net profit attributable to equity holders divided by total stockholders' equity, excluding non-controlling interest. The Board of Directors also monitors and approves the level of dividends to ordinary stockholders.

The group will from time to time purchase its own shares on the market for employee share plan purposes, the timing of which depends on the prevailing market prices.

There were no changes to the group's approach to capital management during the year.

The company and its subsidiaries have no externally imposed capital requirements.

35. Fair Value of Financial Instruments

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. 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 statement of financial position dates.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

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:

(a) Cash and deposits, receivables, payables and related party balances reflect their approximate fair values due to the short-term nature of these instruments;

(b) Investment securities classified as fair value through profit or loss and fair value through OCI are measured at fair value by reference to quoted market prices or valuation techniques such as a discounted cash flow model;

(c) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts;

(d) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans; and

(e) Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

35. Fair Value of Financial Instruments (Continued)

The following financial assets and financial liabilities are not carried at fair value:

	The Group			
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
	2021	**2021**	**2020**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Financial Assets				
Financial assets at amortised cost	305,457	298,859	3,646,796	3,573,666
Financial Liabilities				
Loan liabilities	13,594,422	13,244,135	13,663,531	13,605,514
Lease liabilities	28,424	28,494	34,979	36,059

	The Company			
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
	2021	**2021**	**2020**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Financial Assets				
Financial assets at amortised cost	652,022	650,797	3,985,564	3,920,870
Financial Liabilities				
Loan liabilities	13,005,731	12,663,728	13,008,237	12,929,427
Lease liabilities	56,647	91,356	64,315	100,836

The fair value of financial assets and liabilities is within level 2 of the fair value hierarchy. Balances for other financial assets and liabilities carried at amortised cost not disclosed above, approximates their fair value because of their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

35. Fair Value of Financial Instruments (Continued)

The group follows the requirements of IFRS 7 for financial instruments that are carried on the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices in active markets for identical assets or liabilities (level 1).

(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's financial assets that are measured at fair value at 31 December: See Note 3(v) and 16 for disclosure of investment properties that are measured at fair value.

	The Group			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
As at 31 December 2021				
Financial assets				
Investment securities	5,374,896	1,940,186	3,202,712	10,517,794
As at 31 December 2020				
Financial assets				
Investment securities	4,916,097	2,432,582	1,455,192	8,803,871

	The Company			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
As at 31 December 2021				
Financial assets				
Investment securities	4,582,450	1,773,581	1,270,507	7,626,538
As at 31 December 2020				
Financial assets				
Investment securities	4,280,099	2,273,556	194,420	6,748,075

There were no transfers between levels during the year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

35. Fair Value of Financial Instruments (Continued)

The following table shows the changes in Level 3 instruments:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balance at beginning of year	1,455,192	1,059,516	194,420	119,205
Additions	972,346	195,224	972,346	93,328
Settlements	(33,877)	(14,874)	(33,877)	(14,874)
Unrealised gains and losses included in the Income statement/OCI	809,051	215,326	137,618	(3,239)
	3,202,712	1,455,192	1,270,507	194,420
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	809,050	215,326	137,618	(3,239)
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	809,050	215,326	137,618	(3,239)

The quoted market price used for financial assets held by the group is current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments classified as financial assets at fair value through profit or loss and available for sale.

The fair value of financial instruments that are not quoted on an exchange is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Level 3 investments include investments in closed end real estate funds which are not publicly traded as well as investment in a venture capital fund and loan to an associated company with an equity conversion feature.

To determine the carrying value for these investments management independently computes its share of the fair value of the net assets of the funds, by assessing the results of valuations and considering the fair values of cash and investment holdings as well as any debt obligations these funds may have. For funds holding real estate, they are valued using the direct capitalisation and the discounted cash flow method. These consider the rental rates, rent multipliers, factors for vacancy and a capitalization rate. The capitalization factors and the rent multipliers for these real estate funds as well as the inputs for the valuation of the investments in the venture capital fund are largely unobservable inputs that have the greatest potential for volatility and have resulted in the classification of the investments in level 3. The capitalization rates and rental multipliers used in the real estate funds valuations range from 3% to 7.5% and 16.66 to 33.33 respectively.

Should the vacancy factor increase/decrease by 0.25% (2020 - 0.25%), this would result in an increase/decrease in the carrying value of these respective investments, with all other factors remaining constant, of $4,015,000/$4,014,000 (2020 - $3,700,000/$3,700,000) for the group only. Should the capitalization factors increase/decrease by 1% (2020 – 1%) it would result in a decrease/increase in the carrying value of the investments, with all other factors remaining constant, of $271,000,000,000/$372,000,000 (2020 - $250,000,000/$343,000,000) for the group only.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(expressed in Jamaican dollars unless otherwise indicated)

35. Fair Value of Financial Instruments (Continued)

In determining the fair value of the loan to the associated company, management assesed the EBITDA of the associated company and the probability of achieving this EBITDA.

Should the probability increase/(decrease) by 1%, this would result in an increase/decrease in the carry value of the loan by $7,925,000/$7,925,000 for the group and company.

Specific valuation techniques used to value financial instruments include:

(i) Quoted market prices or dealer quotes for similar instruments
(ii) Other techniques, such as discounted cash flow analysis used to determine fair value for the remaining financial instruments.

36. Litigation and Contingent Liabilities

The company and its subsidiaries are subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters, when, in the opinion of management, it is probable that a payment will be made by the group, and the amount can be reasonably estimated.

In respect of claims asserted against the group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the group which is immaterial to both financial position and results of operations.

INTEREST OF DIRECTORS & SENIOR MANAGERS

31 DECEMBER 2021

SHAREHOLDINGS OF DIRECTORS

NAME	PERSONAL	CONNECTED PARTY
Christopher N. Barnes	74,470	NIL
Stephen B. Facey	34,720,352	397,920,913
Paul A. B. Facey	14,922,298	415,708,077
Paul R. Hanworth	3,522,322	NIL
Kathleen A. J. Moss	119,387	NIL
Ian C. Parsard	206,911	NIL
Donovan H. Perkins	397,768	NIL
T. Matthew W. Pragnell	129,315	NIL
Angella M. Rainford	20,706	NIL
Joanna A. Banks	113,144	NIL

SHAREHOLDINGS OF SENIOR MANAGERS

NAME	PERSONAL	CONNECTED PARTY
Stephen B Facey	34,720,352	397,920,913
Paul A. B. Facey	14,922,298	415,708,077
Paul R. Hanworth	3,522,322	NIL
Karen L Vaz	218,538	NIL
Joanna A. Banks	113,144	NIL
Camelia M. Nelson	76,083	NIL
Claudette A. Ashman Ivey	49,113	NIL

TOP TEN SHAREHOLDINGS

31 DECEMBER 2021

SHAREHOLDERS		STOCK HELD	OWNERSHIP
1	Boswell Investments Limited	*344,361,400	32.30%
2	Sagicor Pooled Equity Fund	121,023,854	11.35%
3	National Insurance Fund	61,081,670	5.73%
4	Scotia Jamaica Investment Mgmt. A/c 3119	39,991,822	3.75%
5	Facey, Stephen and Wendy	34,720,352	3.26%
6	ATL Group Pension Fund Trustees Nom Ltd	21,403,013	2.01%
7	Guardian Life Limited	20,983,800	1.97%
8	Cecil Boswell Facey Foundation	17,506,510	1.64%
9	NCB Insurance Company Ltd WT109	17,037,655	1.60%
10	JCSD Trustee Services Ltd - Sigma Equity	15,334,154	1.44%
	Total Top Ten (10) Shareholdings	693,444,230	65.04%
	Other Shareholdings	372,715,660	34.96%
			100.00%
	Total Issued Shares	1,066,159,890	
	Total Number of Shareholders	5,256	

* Connected Parties

PANJAM
INVESTMENT LIMITED

PROXY FORM

I/We ____

of ____

being a Member(s) of **PANJAM INVESTMENT LIMITED** hereby appoint

____

of ____

or failing him/her ____

of ____

as my/our Proxy, to vote for me/us on my/our behalf at the Annual General Meeting of the said Company to be held Virtually on Wednesday **25 May 2022 at 3:00 p.m.**

SIGNED this ______________ day of ______________________2022

Signature______________________

(If executed by a Corporation, the Proxy should be sealed)

Resolutions	For	Against
1		
2		
3.1(a)		
3.1(b)		
3.2(c)		
4		
5		

Place $100 Stamp Here

N.B. the instrument appointing proxy must be produced at the meeting or adjourned meeting at which it is to be used, and in default not to be treated as valid. The Proxy Form must be lodged at the Company's Registered Office not later than forty-eight hours before the meeting.

NOTES