2020
ANNUAL REPORT

PANJAM
INVESTMENT LIMITED

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.

CONTENTS

FINANCIAL HIGHLIGHTS

$3.5B
Net Profit Attributable to Owners down by $4.8B

$47.2B
Total Stockholders' Equity up by $4.4B

$62.6B
Total Assets up by $8.2B

$3.31
Earnings Per Stock Unit down by 58%

$44.47
Net Worth Per Stock Unit up by 10%

$0.38
Dividend Per Stock Unit down by 71%

THE CHAIRMAN AND DEPUTY CEO'S STATEMENT

Stephen B. Facey | CHAIRMAN & CEO

Paul R. Hanworth | DEPUTY CEO

Over the last few years, PanJam Investment Limited (PanJam) has invested increasing levels of capital in Jamaican assets, across all three of our strategic pillars: strategic equity, real estate and tradeable securities. This approach has paid off handsomely for PanJam and its shareholders, as the fundamentals of the Jamaican economy improved markedly. In particular, successive governments have followed through on the recommendations of the International Monetary Fund and shown a continued commitment to improve key fiscal metrics, setting the framework for business and investor confidence.

In 2020, the COVID-19 pandemic delivered an unprecedented global economic shock. While this virus' effects remain significant, the development and rapid deployment of vaccines, particularly in the U.S. and the U.K., augur well for a global recovery. However, we anticipate that the regional economic rebound will be slower, given the heavy dependence that many Caribbean nations have on tourism. We believe that, with consistent and prudent fiscal management by the Government of Jamaica, there will be a measured local recovery over the next two to three years, with tourism likely to return to pre-COVID levels by the end of 2022.

With that background, PanJam's 2020 results declined considerably when compared to 2019, with net profit attributable to owners of $3.5 billion, equivalent to $3.31 per share, from which dividends of $0.38 per share were declared. Shareholders will recall that no dividends were declared for May and August 2020. However, in November, we felt it prudent to declare a modest dividend of $0.105 per share in line with our improved performance during the year.

Despite these results, which snapped a 10-year streak of increasing profits, PanJam has retained an exceptionally strong balance sheet, which has enabled us to weather this storm with relative ease. As at December 31, 2020, our debt-to-equity ratio was 29%, and we held a portfolio of cash and securities of $14.1 billion. Stockholders' equity stood at $47.2 billion, up 10% over 2019.

"Despite these results, which snapped a 10-year streak of increasing profits, PanJam has retained an exceptionally strong balance sheet, which has enabled us to weather this storm with relative ease.

Sagicor Group Jamaica Limited (Sagicor), our largest investment, recorded net profit attributable to stockholders of $13.8 billion, a 12% reduction compared to 2019. In the context of 2020's challenging environment, we view this performance as exceptional. Although our trading securities portfolio declined in value consistent with the local equities market, our real estate assets showed great resilience, with our property segment's operating profit showing a 20% year-over-year improvement. Several of our other investments, particularly those in the food and business process outsourcing sectors, showed meaningful growth.

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 by the end of 2021.

We have partnered with Scotia Group Jamaica Limited in a significant upgrade of 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.

Our investments in the Aloft Miami Airport Hotel and the Courtyard by Marriott Kingston were adversely affected by low occupancy in 2020. With the worst of the pandemic hopefully behind us, we expect improved returns over the next two to three years.

Our commercial and retail property management business, Jamaica Property Company Limited, has performed extremely well in the face of COVID-19. Our properties continue to hold significant value, underpinned by our strong relationships with our tenants. With stable occupancy levels throughout 2020, property income grew by 8% when compared to 2019. Other income was boosted by gains from the sale of our Bamboo Avenue property in Kingston.

INVESTMENTS AND ASSOCIATED COMPANIES

During 2020, we recorded primarily unrealised losses of $1.1 billion on our securities portfolio, compared to primarily unrealised gains of $1.6 billion in 2019. These results are directly attributable to the market price movement of our holdings in companies listed on the Jamaica Stock Exchange, all of which were affected by the pandemic. Given our strong liquidity position and our ability to hold these 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 $13.8 billion in 2020, a strong performance considering the circumstances. Sagicor's core life and health insurance businesses delivered improved results when compared to 2019; however, the group's performance was tempered by reductions in earnings from other business lines.

Outsourcing Management Limited, better known as **itelbpo**, delivered excellent results and provided real leadership to the sector and the nation in the height of the pandemic. **New Castle Company Limited**, owners of the Walkerswood and Busha Browne brands, saw significant growth as it continued to leverage its enhanced U.S. distribution.

On the other hand, **Chukka Caribbean Adventures Limited** (Chukka) suffered losses due to the suspension of

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cruise traffic to the region in April 2020, and were forced to shutter many of their operations throughout 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 inevitable surge in tourism once travelers return to the region.

OUTLOOK

While capital markets in some developed nations have rebounded vigorously following the initial COVID-19 dip, we believe that the local markets are reflecting a more pessimistic outlook than we see. We are moving forward with our development plans in Downtown Kingston and remain committed to making additional investments in attractive, well-managed local and regional businesses.

We are mindful of our responsibilities as corporate citizens and nation builders. In a time when entrepreneurship will drive necessary innovation, 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.

Through the C.B. Facey Foundation, we provided food packages to our partner families in the Boys' Town Community. We also contributed to the Private Sector Organisation of Jamaica's COVID-19 Relief Fund in order to support those who need it most. Our other 2020 charitable activities are set out in a separate section of this annual report.

In addition to the many organisations and initiatives supported by the C.B. Facey Foundation, our long-standing 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.

As a result of the commitment of the current and prior administrations to reduce the country's debt burden, Jamaica now has the wherewithal to offer stimulus and a social safety net to those individuals and businesses severely impacted by the pandemic. For this, as well as for the ongoing management of this difficult situation, our leaders are to be commended.

Our team has performed at extraordinary levels this year, despite the numerous challenges, including working from home. We continue to express our thanks for their dedication. 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 Facey
Chairman & CEO

Paul Hanworth
Deputy CEO

ROK

HOTEL & RESIDENCES | KINGSTON

The land, now known as the city of Kingston, was purchased for the price of £1,000. Her birth was fueled by fate and her growth was funded by the loot of pirates who developed Port Royal. But when that city crumbled after the devastating earthquake of 1692, only the brave, bold and hopeful remained. Kingston is a city of resilience, rebuilt from rubble to claim its position as the cultural and economic centre of the Caribbean.

As a nation, Jamaica has made a tradition of taking the world by surprise; always having the audacity to believe. We likkle but we tallawah. If Downtown Kingston follows suit with other great cities, a waterfront residential address will soon be a desirable accoutrement for the financially nimble with vision. As we watch the rise of real estate projects and prices along the historic Duke, Port Royal and Harbour Streets, we know that the time for our ROK is now.

So, are you ready for life on the ROK?

Introducing a premium residential offering from PanJam Investment Limited. Luxury apartments with all the comforts of modern Caribbean living, located in the heart of Downtown Kingston.

We have reimagined island life to give it a bit of urban edge and a heavy dose of luxe. Rising tall above Kingston's historic natural harbour, each unit features floor-to-ceiling windows to embrace natural light and offer expansive views. The ocean greets you, while the hills of St. Andrew act as your personal backdrop.

Located at the corner of King + Ocean in the heart of Kingston. Welcome.


ROK

10-YEAR STATISTICAL REVIEW

	2020	2019	2018	2017
($'000)				
Stockholders' equity (net worth)	**47,186,371**	42,743,201	33,733,671	30,527,061
Total assets	**62,571,278**	54,400,977	45,866,093	39,353,033
Net profit attributable to owners	**3,504,520**	8,308,325	5,333,750	4,131,352
Dividends paid	**405,140**	1,396,670	1,119,468	906,236
Retained earnings	**34,692,918**	31,911,597	25,183,909	21,195,513
FINANCIAL RATIOS				
Net worth per stock unit	**$44.47**	$40.36	$31.94	$29.03
Earnings per stock unit (basic)	**$3.31**	$7.85	$5.06	$3.93
Dividends paid per stock unit	**$0.38**	$1.31	$1.05	$0.85
Dividend payout ratio	**11.5%**	16.7%	20.8%	21.6%
Weighted average number of stock units	**1,060,107**	1,058,086	1,053,423	1,051,474
Return on average equity	**7.8%**	21.7%	16.6%	14.7%
Return on opening equity	**8.2%**	24.6%	17.5%	16.1%
Change in stockholders' equity	**10.4%**	26.7%	10.5%	18.9%
Debt-to-equity ratio	**29.0%**	22.0%	31.3%	24.5%
OTHER DATA				
Stock price at year end	**$67.99**	$100.50	$71.99	$44.75
Price-to-earnings ratio	**20.5**	12.8	14.2	11.4
Stock price change from previous year	**-32.3%**	39.6%	60.9%	60.1%
JSE Main Index at year end	**395,615**	509,916	379,791	288,382
Annual change in JSE Main Index	**-22.4%**	34.3%	31.7%	50.0%
Closing exchange rate J$:US$	**$141.71**	$131.18	$126.80	$124.30
Annual inflation rate	**6.4%**	6.2%	2.4%	5.2%

2016	2015	2014	2013	2012	2011
25,669,471	21,763,118	21,134,493	17,840,566	16,424,856	14,625,583
32,440,680	27,954,161	26,413,492	23,310,321	21,467,506	15,924,714
4,050,373	3,186,141	2,842,755	2,491,106	2,086,930	1,758,990
906,236	607,711	565,065	437,126	437,126	302,971
17,528,506	14,541,916	12,106,496	9,717,955	7,968,949	6,492,920
$24.43	$20.75	$20.16	$17.06	$15.42	$13.73
$3.86	$3.04	$2.71	$2.35	$1.96	$1.87
$0.85	$0.57	$0.53	$0.41	$0.41	$0.31
22.0%	18.8%	19.6%	17.5%	20.9%	16.4%
1,050,219	1,048,940	1,049,105	1,061,065	1,065,510	938,520
17.1%	14.9%	14.6%	14.5%	13.4%	13.9%
18.6%	15.1%	15.9%	15.2%	14.3%	16.6%
17.9%	3.0%	18.5%	8.6%	12.3%	37.8%
20.2%	23.9%	20.8%	25.5%	25.7%	3.8%
$27.95	$18.80	$11.79	$10.80	$11.50	$12.00
7.2	6.2	4.4	4.6	5.9	6.4
48.7%	59.4%	9.2%	-6.1%	-4.2%	27.7%
192,277	150,692	76,353	80,634	92,101	95,297
27.6%	97.4%	-5.3%	-12.5%	-3.4%	11.8%
$127.96	$120.03	$114.39	$105.72	$92.15	$86.14
1.7%	3.7%	6.4%	9.5%	8.0%	6.0%

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty-Seventh Annual General Meeting of PanJam Investment Limited will be held **virtually on Thursday, 1 July 2021 at 3:00p.m**. for the following purposes:

1. **To receive the Audited Financial Statements for the year ended 31 December 2020, 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 2020 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 $0.38 declared during the year, as final dividend for the year ended 31 December 2020.

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

   "THAT the interim dividends of 27.5 cents paid 8 April 2020 and 10.5 cents paid 17 December 2020 making a total of $0.38 per stock unit be declared as final dividend for the year ended 31 December 2020."

3. **To elect Directors.**

   The Directors retiring by rotation pursuant to Article 89 of the Articles of Incorporation are Mr. Paul A. B. Facey, Mr. T. Matthew W. Pragnell and Mr. Christopher N. Barnes, 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 A. B. Facey be re-elected a Director of the Company."

   (b) "THAT the retiring Director Mr. T. Matthew W. Pragnell be re-elected a Director of the Company."

   (c) "THAT the retiring Director Mr. Christopher N. Barnes be re-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 $17,613,000 shown in the Accounts for the year ended 31 December 2020 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
9 April 2021

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 2020.

	$'000
The Group profit before taxation was	3,345,585
Taxation amounted to	188,725
Making Group profit after taxation	3,534,310
The share of non-controlling interest in the results of subsidiaries was	(29,790)
Making the profit attributable to stockholders	3,504,520
To be added to retained earnings brought forward from last year	31,911,597
Making a total of	35,416,117
Dividends paid amounted to	(402,670)
and there were adjustments to retained earnings in respect of	
transfer to property revaluation reserves	(314,578)
transfer from investment and other reserves	33,843
post-employment benefit obligations, net of taxation	(39,794)
Leaving retained earnings to be carried forward to the next year of	34,692,918

Directors

The Directors retiring by rotation pursuant to Article 89 of the Articles of Incorporation are Mr. Paul A. B. Facey, Mr. T. Matthew W. Pragnell and Mr. Christopher N. Barnes, who being eligible offer themselves for re-election. During the year, Ms. Angella M. Rainford was appointed a Director of the Company.

At the end of December 2020, the Board of Directors comprised:

Stephen B. Facey, CD, BA, M. Arch.
Chairman & 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 paid to stockholders on 8 April 2020 and 17 December 2020 be declared as final dividend for the year ended 31 December 2020.

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
9 April 2021

BOARD OF DIRECTORS

STEPHEN B. FACEY, CD, BA, M. Arch.
Chairman & Chief Executive Officer

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 an M. Arch. from the University of Pennsylvania. He is the Chairman of Jamaica Property Company, 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 and the National Gallery of Jamaica.

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, 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, Rainforest Seafoods, 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.

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, Radio Jamaica and various other subsidiaries of the RJRGLEANER group. He is the Chairman of Media Association Jamaica and immediate 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.

PAUL A. B. FACEY, BSc., MBA

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.

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 Committees 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 S. C. 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 industry in 2007. He was appointed to the PanJam Board 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, MBA

Mr. Donovan H. 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 to returning to Jamaica. Under his leadership, Sagicor Bank Jamaica and Sagicor Investments Jamaica (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.

T. MATTHEW W. PRAGNELL, BA

Mr. T. Matthew W. Pragnell joined PanJam's Board of Directors in 2009. He is the Chief Executive Officer of the Gallagher Caribbean 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. Angella M. Rainford is the founder of Soleco Energy and Rekamniar Frontier Ventures. Soleco Energy provides distributed power solutions for large commercial and industrial clients, and Rekamniar Frontier Ventures 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. Ms. Rainford joined the PanJam Board in 2020. 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, 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 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.

In 2019, a special Succession Planning Committee was established by the Board to identify potential candidates for key executive posts in the Company. The Committee will meet on an as-required basis going forward. It is chaired by the Chairman of the Corporate Governance Committee, and comprises the Executive Chairman, the Chairman of the Human Resources & Compensation Committee and the Deputy Chief Executive Officer.

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 Committee

The Corporate Governance 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	*			
Paul A. B. Facey	*			
Ian S. C. Parsard	*	*		*
Donovan H. Perkins	*			*
Christopher N. Barnes	*		*	
Angella M. Rainford	*			

BOARD AND COMMITTEES - ATTENDANCE REGISTER 2020

Date of Appointment to Board	Name	Board Meetings	Audit	Corporate Governance	Investment & Risk	Human Resources & Compensation	Annual General Meeting
	Number of Meetings Held	**7**	**4**	**3**	**4**	**3**	**1**
14-Aug-1991	**STEPHEN B. FACEY - Chairman & CEO (E)**	7	-	3	4	2*	1
18-Dec-2012	**CHRISTOPHER N. BARNES (I)**	7	-	3	4	-	1
10-Aug-2006	**PAUL A. B. FACEY (E)**	7	-	-	4	-	1
10-Apr-2013	**PAUL R. HANWORTH (E)**	7	-	-	4	-	1
12-Aug-2010	**KATHLEEN A. J. MOSS (I)**	7	4	3	-	-	1
11-Aug-2011	**IAN S. C. PARSARD (I)**	7	4	-	4	3	1
01-Nov-2000	**DONOVAN H. PERKINS (I)**	7	-	-	4	3	1
15-May-2009	**T. MATTHEW W. PRAGNELL (I)**	7	4	-	4	3	1
01-Apr-2020	**ANGELLA M. RAINFORD (I)**	6**	-	-	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.

* There was one Human Resources & Compensation Committee Meeting held without the Executive Management Team.

** Ms. Rainford was appointed to the Board during the year and attended all possible meetings.

ACTIVITIES OF THE BOARD COMMITTEES DURING 2020

COMMITTEE	ACTIVITIES
Corporate Governance	• Reviewed the Contracts Committee reports on a quarterly basis • 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 • Reviewed the Board's expertise and skill sets to ensure appropriate coverage in key business areas • Approved new Board Member, who was appointed in April 2020 • Reviewed and recommended a successful candidate to a Executive Management position • Reviewed the 2019 annual report • Reviewed the Corporate Governance Charter; no changes were recommended • Reviewed and recommended approval of a number of Company policies including: Corporate Social Responsibility, Investor Community Communication, Sexual Harassment and Whistle Blower • Recommended the use of Diligent Board Book for the management of Board Meetings
Human Resources & Compensation	• Considered the establishment of a Graduate Recruitment Programme • Reviewed independent consultants' report 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 consultants to assist with Executive Succession Planning and Accelerated Leadership Development • Reviewed Senior Management's compensation during the COVID-19 pandemic
Audit	• Reviewed the annual audited financial statements with Management and External Auditors, and recommended to the Board for approval • Reviewed quarterly unaudited financial statements and recommended to the Board for approval • Reviewed and approved the Company's significant accounting policies, critical accounting judgments and key sources of estimation uncertainty • Reviewed communications to the Audit Committee from External Auditors and discussed audit plans, results of audit work, accounting policies, required disclosures, audit differences and any areas of internal control weakness • Reviewed and approved External Auditors' 2020 audit plan • Reviewed External Auditors' internal control memoranda, and management responses and action plans • Reviewed proposed communications to the JSE and recommended to the Board for approval • Reviewed financial covenants with lenders for compliance on a quarterly basis • 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 property, securities and private equity interests • Conducted stress test on the Company's projections to evaluate the potential impact of COVID-19 • Reviewed the impact of COVID-19 on the overall business, including mitigating strategies
Investment & Risk	• Reviewed the securities trading portfolio, target asset allocation and any significant changes thereon • Reviewed potential fundraising activities • Discussed proposed investments with Executives for recommendation to the Board • Reviewed performance and plans of Associated Companies • Reviewed progress of ongoing real estate developments • Reviewed emerging areas of investment opportunity

STRATEGIC REPORT

The COVID-19 pandemic presented the world with challenges as well as opportunities. Prior to 2020, Jamaica was benefiting from fiscal sustainability, low unemployment, and improved business and consumer confidence. We saw 20 consecutive quarters of economic growth, with unemployment reaching a record low of 7.2%. Debt-to-Gross Domestic Product fell to 96% by the end of 2019, and prospects for the economy were high.

During 2020, we saw a sharp decline in business activity and had a relatively negative short-term outlook for the local economy. However, the Bank of Jamaica highlighted that there was light at the end of the tunnel - Jamaica's worsening economic conditions do not mean an immediate disaster. These are temporary challenges, and PanJam's decisions reflect that outlook.

As such, our strategic imperatives have not changed.

GROW OUR TRADING PORTFOLIO

We aim to grow our securities 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 acquire undervalued assets that should recover in the near- to medium-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 impart transformational leadership, all of which is needed in times such as these. We are always 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

We intend to increase the size of our real estate portfolio, given its proven resiliency. In times of turmoil and uncertainty, we capitalized 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

Chairman & Chief Executive Officer

Mr. Facey 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. As Chairman, he drives, promotes and oversees the highest standards of corporate governance.

Additional details are included in his Director profile on page 12.

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 13.

PAUL R. HANWORTH

Deputy Chief Executive Officer

Mr. Hanworth is the Company's second-in-command and the primary advisor to the Chairman and Chief Executive Officer. He has general oversight of the financial management, human resources, business development, information technology and strategy functions of the Company.

Additional details are included in his Director profile on page 12.

JOANNA A. BANKS

Senior Vice President - New Business Development & Strategy

Ms. Banks is responsible for the formulation and update of the Company's strategy to meet the changing needs of the business. This includes the identification and evaluation of potential investees, and the execution of acquisition analysis and post-acquisition reviews. She is also responsible for PanJam's communication strategy to the investment community.

Prior to joining the PanJam team, Ms. Banks worked at Exxon Mobil Corporation and Pan Caribbean Financial Services (now Sagicor Investments Jamaica) in roles focused on corporate finance, investor relations, pension fund management and strategy. She earned a BSc. in Systems Engineering from the University of Pennsylvania and an MBA from the University of Chicago Booth School of Business. Ms. Banks is also a holder of the Chartered Financial Analyst designation.

KAREN 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, 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.

Mr. Cooper 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 has oversight of the completion of the Company's consolidated financial statements, budgeting, coordination of the annual audits, and adherence to interim and year-end reporting requirements.

Mrs. Nelson has been a member of the PanJam team since 1997 and has worked in a number of its subsidiaries. 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.

CLAUDETTE ASHMAN-IVEY

Group Treasury Manager

Mrs. Ashman-Ivey joined the Company in 2008. In her current role, she 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 & 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.
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

Joanna A. Banks, BSc., MBA, CFA
Senior Vice President - New Business Development & Strategy

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

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

CIBC FirstCaribbean International Bank Limited

National Commercial Bank Jamaica Limited

Sagicor Bank Jamaica Limited

AUDITORS

PricewaterhouseCoopers

ATTORNEYS-AT-LAW

Alton E. Morgan & Company

MH&CO.

Nunes Scholefield DeLeon & Company

Patterson Mair Hamilton

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

PanJam Hospitality 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

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

PROPERTY - HOTEL & RENTAL

Caribe Hospitality Jamaica Limited
60 Knutsford Boulevard
Kingston 5, Jamaica

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

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.

ECONOMIC OVERVIEW

Jamaica recorded its first case of COVID-19 in March 2020, the same month the World Health Organisation declared it a global pandemic. The Government of Jamaica (GOJ) enacted the Disaster Risk Management Act and implemented measures, such as nightly curfews, to curtail the spread of the virus. Jamaica's international borders were closed between March and June 2020, and travel restrictions were put in place thereafter.

The pandemic resulted in far-reaching disruptions to global economic activity and business operations. The Planning Institute of Jamaica (PIOJ) estimated that for January to December 2020 compared with January to December 2019 Gross Domestic Product (GDP) declined by 10.2%, driven by annual decreases of 11.3% in the Services industry and 4.7% in the Goods Producing industry. Of note, the Hotels & Restaurants sector declined by 53.5% with significantly lower visitor arrivals due to COVID-19. Real GDP is expected to contract between 10.5% and 12.5% for the 2020/21 fiscal year. The PIOJ's projections are for Jamaica to return to its pre-COVID levels of output by the 2023/24 fiscal year.

Unemployment at July 2020 increased to 12.6% (July 2019: 7.8%), but with the easing of some measures imposed to reduce the spread of COVID-19, improved to 10.7% at October 2020 (October 2019: 7.2%).

The 3-month Treasury Bill rate inched up to 1.85% in March 2020, a 53 basis point increase from the December 2019 level of 1.32%. However, by year-end 2020, the rate was 0.77%, a significant year-over-year reduction. The Bank of Jamaica's (BOJ) policy rate was unchanged, remaining at the December 2019 level of 0.50% throughout the year. The BOJ indicated that it held rates steady in order to encourage economic activity and keep inflation within the target range of 4% to 6%. As reported in its Quarterly Monetary Policy Report released in February 2021, the BOJ noted that loan growth remained fairly resilient, with continued demand for loans by businesses for working capital needs.

In its effort to provide liquidity support, the BOJ took a number of pre-emptive steps, including the removal of the limit on the amounts that Deposit-Taking Institutions (DTIs) could borrow overnight and the implementation of a GOJ-BOJ bond-buying programme. In April 2020, to encourage the preservation of capital within the local financial system, the BOJ requested and received commitments from Financial Holding Companies (FHCs) and DTIs to suspend dividend distributions. In May 2020, the BOJ communicated its non-objection to FHCs and DTIs declaring dividends to all shareholders but making payment to only those shareholders owning 1% or less of their shares outstanding. The Company's cash flow in 2020 was significantly constrained by this recommendation, as it did not receive its share of dividends declared in 2020 from its 1.2 billion shares of Sagicor Group Jamaica (Sagicor) in cash until 2021.

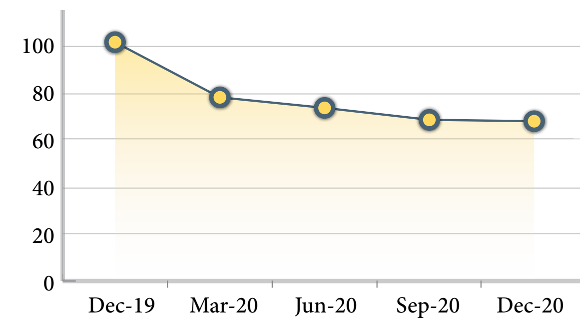
Net remittance inflows for the 2020 calendar year increased by 24%, totaling US$2.8 billion (2019: US$2.3 billion) as inflows increased by 20% and outflows declined by 14%. The strength of remittances has been an important factor in mitigating the effect of the pandemic on the country's finances.

The Jamaican Dollar fluctuated against its U.S. counterpart during the year, with the BOJ's weighted-average buying and selling rate being at their highest in August. At the end of 2020, the exchange rate was $141.71 (2019: $131.18), a devaluation of 8% year over year (2019: 3%). Net International Reserves at December 2020 stood at US$3.1 billion (December 2019: US$3.2 billion), a marginal decrease that resulted from the global economic slowdown during the year.

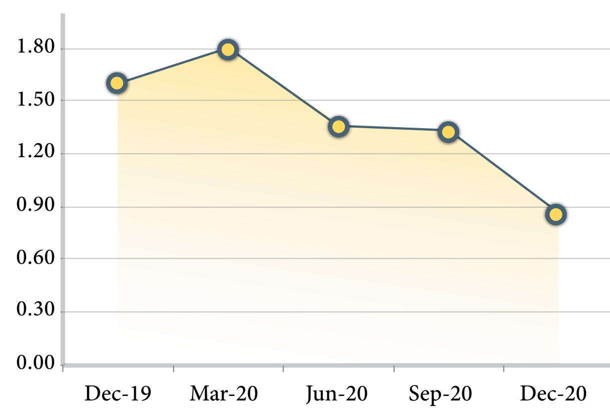
At March 31, 2020, the JSE's Main Market Index closed at 379,242, a decline of 26% from its December 2019 level of 509,916. By the end of June, it had recovered marginally to 383,756 and closed the year at 396,615, a year-over-year decline of 22%.

Inflation for the 2020 calendar year was 6.4% (2019: 6.2%), marginally above the BOJ's target range. The BOJ has indicated that inflation is forecasted to remain within the target range with risks skewed to the upside in the near-term, including a stronger than expected impact of international commodity prices.

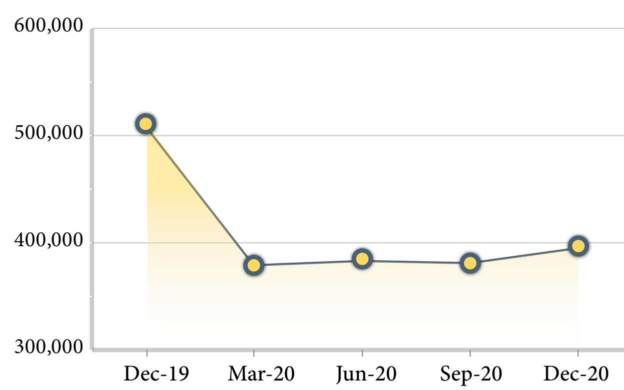
Stock Price ($-closing bid)



6-Month Treasury Bill Rates (%)



JSE Main Index (Points)



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 32%, ending 2020 at $67.99 (2019: $100.50). Dividends totaling $0.38 per stock unit (2019: $1.31 per stock unit) were declared and paid during the year, as the Board of Directors took the unusual step of suspending two quarterly dividends in May and August of 2020. These decisions were taken following the recommendation of the BOJ to defer payments of dividends by all FHCs, including Sagicor, to shareholders holding more than 1% of their shares. This recommendation was relaxed in 2021.

FINANCIAL PERFORMANCE HIGHLIGHTS

YEAR TO DATE/PERIOD ENDED AMOUNTS	DECEMBER 2020	DECEMBER 2019	CHANGE
Profit Related:			
Net profit attributable to owners of the parent ($m)	3,505	8,308	-58%
Earnings per stock unit	$3.31	$7.85	-58%
Dividend per stock unit	$0.38	$1.31	-71%
Return on average investment	-4%	22%	-118%
Return on average property value (gross)	23%	26%	-12%
Return on average property value (net of direct expenses)	14%	17%	-18%
Balance Sheet Related:			
Net worth per stock unit	$44.47	$40.36	10%
Stockholders' equity ($m)	47,186	42,743	10%
Leverage	29%	22%	32%
Total assets ($m)	62,571	54,401	15%
Other:			
Property occupancy level	96%	96%	0%
Return on opening equity	8%	25%	-68%
Return on average equity	8%	22%	-64%
Closing stock price (bid)	$67.99	$100.50	-32%
Closing exchange rate (J$:US$; average of buy/sell)	$141.71	$131.18	8%

GROUP RESULTS

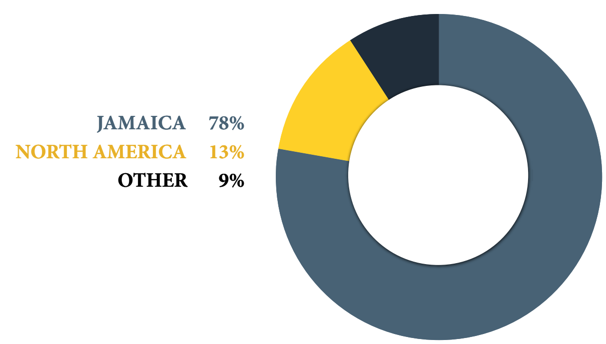
2020 net profit attributable to owners of the parent totaled $3.5 billion (2019: $8.3 billion), while earnings per stock unit were $3.31 (2019: $7.85). Operating profit of $0.3 billion was significantly below its 2019 level of $2.8 billion, due primarily to $0.5 billion in investment losses (2019: $2.2 billion in investment income). Property income of $2.1 billion (2019: $2.2 billion) declined by 4%, whereas other income of $0.4 billion tripled. Operating expenses of $1.7 billion (2019: $1.8 billion) decreased by 4% as the Company took measures to reduce costs in light of the global pandemic. Finance costs of $0.8 billion (2019: $0.7 billion) increased by 26% on a higher loan balance of $13.7 billion (2019: $9.3 billion).

Share of results of associated companies was $3.9 billion (2019: $5.0 billion), a decline of 22% year over year. Also included in 2019's results were gains of $1.6 billion on the disposal of shares in associated companies not repeated in 2020.

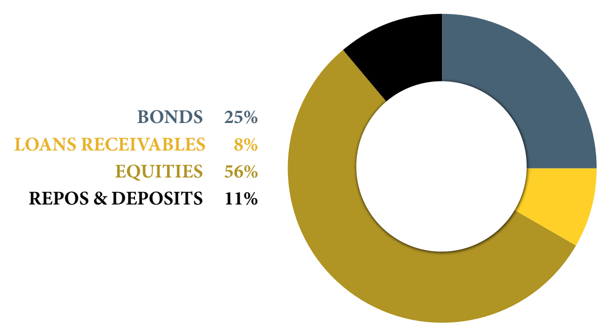
Total income decreased by 56% to $2.1 billion (2019: $4.6 billion) on lower investment and property income. Investment income was impacted by the general decline in local stock prices, and reduced property income was driven by lower fair value gains on property valuation of $0.3 billion (2019: $0.5 billion). Improved other income resulted from a one-off gain on the disposal of our Bamboo Avenue property in Kingston.

Total operating expenses decreased by 4%, with the 7% increase in direct expenses to $0.8 billion (2019: $0.8 billion) offset by a 12% reduction in administrative expenses to $0.9 billion (2019: $1.0 billion). The increase in direct expenses was driven by measures put in place at all of our properties to mitigate the spread of COVID-19. As the impact of the pandemic became clear, the Company instituted a series of cost-saving measures, including Executive and Senior Management salary cuts.

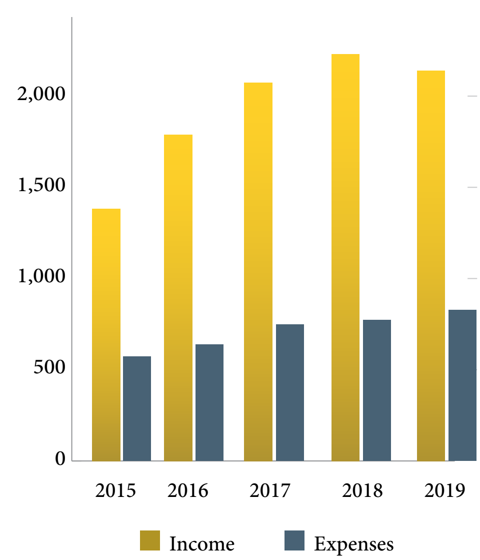
Investment Assets: Geographical Location



Investment Assets: Asset Type



Property Segment Performance ($m)



INVESTMENT INCOME

Investment income was negatively impacted by the general decline in stock prices on the local equities market. The Company suffered a $1.1 billion unrealised loss on financial assets at fair value through profit or loss for the year, compared to unrealised gains of $1.6 billion in 2019. Realised gains on the disposal of investment securities were only $10.1 million (2019: $302.4 million), driven by significantly reduced trading activities. Interest income more than tripled to $248.2 million (2019: $73.4 million) on a larger fixed income portfolio. Foreign exchange gains increased by 87% to $164.3 million (2019: $87.7 million) on higher year-over-year currency devaluation. Dividend income was up by 41% to $178.0 million (2019: $125.8 million), and investment expense was down by 60% to $11.0 million (2019: $27.3 million) on lower investment activity during the year. These favourable movements, however, were not sufficient to offset the unrealised losses on our trading portfolio in 2020.

INVESTMENT ASSETS

Investment assets as at December 31, 2020 totaled $14.1 billion, up by 21% over 2019. The portfolio mix consisted of 56% equities (2019: 80%) with a carrying value of $7.8 billion (2019: $9.2 billion). Our fixed-income securities comprised 25% of the total portfolio (2019: 7%) valued at $3.5 billion (2019: $0.8 billion) as funds were invested in traditionally less risky assets. Completing the portfolio were repurchase agreements and deposits of 11% (2019: 13%) and loan receivables of 8% (2019: 0%). Of note, loans receivables included unsecured amounts totaling $1.0 billion due from Sagicor in respect of dividends declared but unpaid in 2020.

Securities denominated in foreign currency, mainly U.S. Dollars, increased to 38% of the total portfolio (2019: 34%). We continued to maintain a diverse portfolio, with investments traded on the Caribbean and North American stock exchanges across a wide range of industries.

PROPERTY SEGMENT

Property income decreased by 4% to $2.1 billion (2019: $2.2 billion) on lower fair value revaluation gains of $0.3 billion (2019: $0.5 billion). Rental income increased by 5% to $1.8 billion (2019: $1.7 billion), as a result of full-year rental income from tenants that came onboard in the second half of 2019. Overall occupancy remained unchanged from the 2019 level of 96%.

The property segment's contribution to net profit increased by 17% to $0.9 billion (2019: $0.8 billion).

Direct property expenses increased by 7% to $0.8 billion (2019: $0.8 billion) as the Company took steps to ensure that all its properties were compliant with the measures put in place to contain the spread of COVID-19.

The carrying value of investment properties at year-end 2020 was $9.5 billion (2019: $9.0 billion), an increase of 6%. Return on average property value (property income net of direct expenses, divided by average property values) was 14% (2019: 17%).

QUARTERLY RESULTS

The Company had lower quarterly results during 2020 compared to 2019. In the first quarter of 2020, our results were negatively impacted by the significant fall in stock prices on the JSE following the onset of the COVID-19 pandemic. The Company recorded net profit attributable to owners of $4.9 million for the quarter (2019: $891.6 million). The second quarter saw a significant improvement, with net profit of $0.5 billion (2019: $3.1 billion) driven by an uptick in local stock prices and cost-saving measures. Included in 2019's second quarter results was a gain on the disposal of shares in associated companies of $941.0 million, which was not repeated in 2020. As we navigated the challenges associated with the pandemic, third quarter net profit was $1.5 billion (2019: $2.5 billion) and fourth quarter net profit was $1.5 billion (2019: $1.9 billion). PanJam closed 2020 with net profit attributable to owners of $3.5 billion (2019: $8.3 billion).

SUMMARY OF QUARTERLY RESULTS ($m)

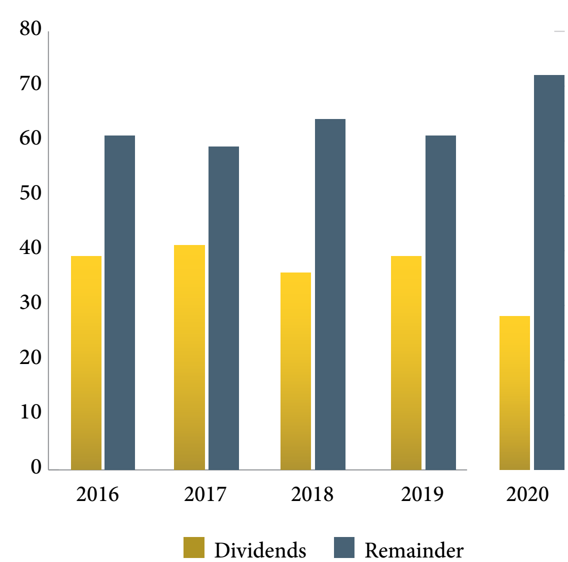
	2020				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating income	(203)	538	528	1,191	583	1,721	1,200	1,122
Operating expenses	442	382	414	462	401	446	423	497
Share of results of associated companies	584	538	1,751	993	889	1,234	1,418	1,412
Gains on disposal of associated companies	-	-	-	-	-	941	682	-
Net profit attributable to owners of the parent	5	489	1,534	1,476	892	3,055	2,499	1,862
Earnings per share, per quarter	$0.00	$0.46	$1.45	$1.40	$0.85	$2.91	$2.38	$1.71
Return on opening equity, annualised	0%	5%	14%	13%	11%	23%	25%	25%
Dividends paid & declared	293	-	-	112	283	283	283	549
Total assets	56,241	58,127	60,249	62,571	47,246	50,307	52,914	54,401
Stockholders' equity	40,509	42,708	44,780	47,186	35,164	38,812	41,348	42,743
Closing stock price (bid)	$78.90	$74.50	$69.55	$67.99	$81.65	$97.00	$104.85	$100.50

ASSOCIATED COMPANIES

Share of results of associated companies declined year over year due to the negative effect of the COVID-19 pandemic. Our investments in the Tourism sector, particularly Chukka Caribbean Adventures and Caribe Hospitality Jamaica, were severely impacted by travel restrictions, the significant reduction in land-based visitor arrivals and the halt in cruise shipping.

The share of results of associated companies for 2020 was $3.9 billion (2019: $5.0 billion), a reduction of 22% year over year. The year-end 2020 carrying value of our investment in associated companies increased by 14% to $35.3 billion (2019: $31.1 billion), while our return on average carrying value was 12% (2019: 17%). Dividends paid/declared were $1.1 billion (2019: $1.9 billion), which represented 28% (2019: 39%) of our share of results.

Associated and Joint Venture Companies: Use of Net Profit (%)



Despite the challenges of the pandemic, **Sagicor's** net profit attributable to stockholders was $13.8 billion (2019: $15.7 billion), representing a 14% return on average equity (2019: 19%). These results were achieved with strong performance from the company's insurance businesses. For 2020, Sagicor declared dividends of $0.85 per stock unit (2019: $1.44 per stock unit). However, based on a BOJ recommendation to maintain financial sector stability, dividends were paid only to shareholders owning 1% or less of shares outstanding.

New Castle Company, the distributors of the Walkerswood, Busha Browne and Jamaica Joe lines of sauces and seasonings, contributed $193.2 million (2019: $144.6 million), to the Company's share of results of associated companies as its increased sales in the U.S. market more than offset reduced supply to the local Tourism sector.

Outsourcing Management Limited, the region's largest home-grown business process outsourcing company, which trades as **itelbpo**, contributed $32.7 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 significantly reduced business activity during 2020 due the pandemic.

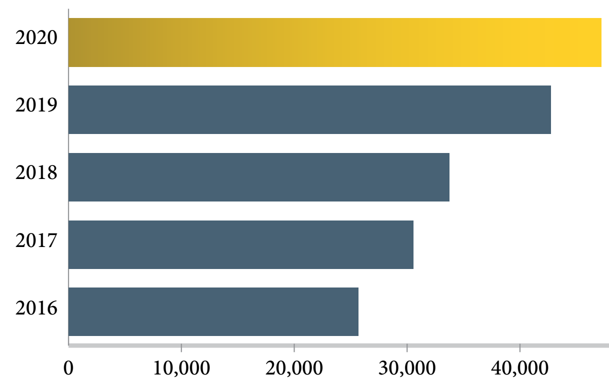
BORROWINGS

During 2020, the Company received new financing of $6.5 billion (2019: $3.4 billion) and repaid $2.1 billion of principal (2019: $4.6 billion) and interest of $0.9 billion (2019: $0.7 billion). Finance charges for the year were $0.8 billion (2019: $0.7 billion) on a higher average level of debt. PanJam's leverage ratio at year-end 2020 stood at 29% (2019: 22%). There were no loans denominated in foreign currencies during either 2020 or 2019.

FINANCIAL POSITION

Total assets at December 31, 2020 stood at $62.6 billion (2019: $54.4 billion), a year-over-year increase of 15% due to a larger securities portfolio, and additional investments in associated companies, properties and property, plant and equipment.

Stockholders' Equity ($m)



Shareholders' equity grew by 10% over 2019 and at year-end 2020 was $47.2 billion (2019: $42.7 billion), with a five-year compounded growth rate (2015 to 2020) of 17%. A total of $0.4 billion in dividends was declared in 2020 (2019: $1.4 billion), a much smaller amount than originally planned given the importance of preserving cash at the height of the pandemic and its uncertain path. Net worth per stock unit at year-end 2020 was $44.47 (2019: $40.36). Market capitalization (using the closing bid price) was 32% below its 2019 level, as the Company's stock price declined during the 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 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.

In addition to the foregoing risks, which are normal in the context of the Company's operations, 2020 has seen the emergence 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 GOJ and the Ministry of Health and Wellness. Our internal policies and procedures were updated accordingly, and team members and tenants were educated on the new protocols, where applicable. To mitigate against the spread of the virus in all its owned and managed properties, the Company implemented measures such as temperature checks at the entrances to each property and sanitization stations in all common areas and other strategic locations. The Company also improved tenant air quality by replacing the air conditioning filters with MERV-8 filters, in keeping with GOJ recommendations. Additional information regarding the Company's response to COVID-19 can be found in a separate section of this annual report.

OUR PEOPLE

2020 was poised to be another great year for the PanJam team. However, the onset of the COVID-19 pandemic in early March impacted global economies, and changed our focus and corporate plans.

Our Business Continuity Planning Committee was thrown into high gear in order to quickly implement our response plans. Admittedly, there were challenges. Many of our team activities had to be postponed or cancelled, and the typical day-to-day interactions that underpin our culture were severely limited. However, our continued investment in technology enabled us to keep in touch and maintain that sense of connection and spirit of togetherness. In particular, our Long Service and Performance Awards Function was held virtually, and all members of our team were able to join remotely, with online reactions only adding to the unwavering comraderie.

With this same creativity, we were able to provide support to our team through virtual Group Therapy Sessions which:

- Identified work, health and safety risks, as well as psycho-social stressors and hazards associated with COVID-19;
- Provided healthy coping skills and strategies to reduce these risks and stressors;
- Empowered our team to think differently about team dynamics, connection and communication to help ease emotional tension and identify alternative ways to combat present and future challenges; and
- Promoted good mental health where there may be increased general anxiety.

Fortunately, in 2019, we implemented a workplace accessibility program that allowed some of our team members to work productively from home. The pandemic forced us to accelerate this initiative, while maintaining our operational efficiencies. With the fairly uncertain number of cases and unfortunate loss of lives due to the novel coronavirus, we were committed to maintaining the safety of our team. As such, we not only renewed our flexible work arrangement and introduced remote meetings, but also distributed personal protective gear to all members of our team and installed strategically-placed sanitization stations for their use. Further, we implemented temperature checks at all workplace entrances, put in protective screens in shared workspaces and enforced adherence to infection prevention measures. We place the highest priority on the health, safety and well-being of our people and, in line with these initiatives to minimize the spread of the virus, we were happy to end 2020 with no COVID-19 cases among our team.

With the challenges presented by the closure of schools and the elimination of face-to-face classes, we provided additional support to our team's families by assisting with the purchase of digital devices and continuing financial support for tuition and study materials. We also increased the maximum borrowing limit of our lending facility to allow for flexibility whenever necessary.

In the words of Albert Einstein, "In the midst of every crisis, lies great opportunity." Along with its challenges, the pandemic brought its opportunities, including:

- Having all our team members on our Closed User Group to enable seamless communication;
- Streamlining our working conditions to improve the safety and productivity of our team; and
- Strengthening the social protection of our people by updating or creating polices and procedures.

Through it all, PanJam's goal is to remain in business as an employer of choice. Our people are behind everything we do.

As a business, we were able to perform the functions necessary to meet our clients' evolving needs. Our team made sure of that. They continued 'business as usual' and, in doing so, made a direct impact on the Company's performance while fostering their own development. During this unique year, many of our members remained on the frontline, responding to those we serve and demonstrating exceptional resilience, even as they embraced disruptions to their routines. In turn, PanJam remained committed to supporting our team members as the Company's achievements are driven by their knowledge, expertise and individual contributions. We are proud to have not only retained our group of talented employees, but also provided career growth opportunities during the year.

PanJam has laid the foundation for its strong legacy and we expect to remain a force to be reckoned with for years to come. Our team has not only contributed to our success, but are active partners in that success.

We are grateful to our people for their dedication and commitment in going above and beyond the call of duty to deliver high levels of service. For the year ahead, we will continue to review our team's performance, renew our plans to upgrade our policies, expand our office automation, reinvent our business processes, assess our options for growth, align our team-oriented strategies with the objectives of the Company and reinforce our culture of respect, dignity, trust, communication, teamwork and appreciation.

At PanJam, we are a TEAM!

ENVIRONMENT, HEALTH & SAFETY

COVID-19 PANDEMIC: WORKPLACE CHALLENGES AND INITIATIVES

Amidst the economic disruption resulting from the COVID-19 pandemic, Jamaica Property Company (JPCo) faced initial operational challenges centred on maintaining business continuity. In adjusting to this 'new normal', JPCo implemented workplace measures in order to continue our operations, while minimising the risk of community spread of COVID-19, sustaining our productivity levels and providing a safe working environment for our tenants and team members.

JPCo implemented a Business Continuity Planning Committee, which has been tasked with closely evaluating and monitoring different scenarios in order to prepare for the pandemic's unknown variables. This team has acted as the backbone personnel throughout the crisis by ensuring consistency with policy implementation and execution across all departments. JPCo has worked closely with the Kingston & St. Andrew Health Department and the Emergency Operations Centre at the Ministry of Health & Wellness to ensure all interim guidelines and disaster risk management protocols for the workplace were implemented for all managed and owned buildings. Likewise, these entities provided ample guidance on the management of atypical COVID-19 related scenarios that occur in our buildings.

JPCo established partnerships with three sanitization companies for quick response to our buildings after exposure to confirmed COVID-19 cases. Their professionalism and efficient service has helped our fight against the spread of this virus.

In addition to ensuring all government protocols were adhered to, JPCo engaged a medical team with expertise in psychosomatic analysis to address mental health concerns associated with COVID-19. To date, this team has provided support to our safety department and, where necessary, kept us up to date on COVID-19 best practices in the workplace.

One of JPCo's major accomplishments has been the installation of MERV-8 rated filters and RGF Guardian Air Photohydroionization (PHI) Technology Air Purification systems in each of our owned buildings. Integrating advanced ionization throughout office spaces with ultraviolet C (UVC) fixtures mounted into our air conditioning supply ducts will provide a healthier and safer environment for all tenants. This technology is designed to eradicate bacteria, viruses, mould, odours, air pollutants, volatile organic compounds and smoke. The installation of these PHI units with filters has been proven to increase overall filtration efficiencies. When air conditioning systems are in operation, PHI units create an advanced oxidation plasma consisting of ionized hydro-peroxides, superoxide ions and hydroxide ions, which are all enviro-friendly cleaning agents. We plan to implement the same technology in our managed buildings once approval has been received from the respective owners.

Communication remains vital when navigating this pandemic. Beyond ensuring the efficacy of our internal management communication, JPCo has been vigilant in disseminating timely COVID-19 updates, which include our challenges and all local government updates. Although the national vaccination programme has commenced, JPCo continues to be vigilant in spreading the message:

Stay alert, mask up, sanitize & social distance.

DISASTER PREPAREDNESS BEYOND OUR MANAGED PROPERTIES

Figure 1: Teams from UNICEF, the Companies Office of Jamaica & JMMB Group Limited at their evacuation locations.

Disaster preparedness refers to measures taken to predict and, where possible, prevent disasters, mitigate their impact on vulnerable populations and respond to their consequences. On January 16, 2020, JPCo executed its planned earthquake evacuation drill, twelve days before the 7.7-magnitude earthquake that was felt across Jamaica on January 28, 2020. JPCo organised this evacuation drill as part of our observation of Earthquake Awareness Week, under the theme "When the earth shakes, do what you are told: DROP, COVER and HOLD."

The exercise began precisely at 10:00am, under the watchful assessment of the Jamaica Constabulary Force; the Jamaica Fire Brigade; the University of the West Indies Earthquake Unit; and the Office of Disaster Preparedness and Emergency Management, along with ambulance provider, AmbuCare, on the ground. The nine buildings in New Kingston, which house 21 companies and a combined workforce of approximately 1,500, evacuated to the nearby Cinema Lands as part of the co-ordinated evacuation simulation. It is hoped that the drill will be a catalyst for the development of other building evacuation plans throughout Kingston, and JPCo intends to encourage more corporate entity involvement for future Earthquake Evacuation Exercises.

ENSURING COMPLIANCE FOR ACCESSIBILITY TO EXISTING BUILDINGS FOR PERSONS WITH DISABILITIES (PWD)

Adhering to and complying with government regulations are commendable and important activities, but there is always the need to go beyond minimum requirements in order to keep our team members and our tenants, their visitors and contractors safe. As property managers, JPCo constantly asks the questions: Have we evaluated all accessibility needs and options? Are we covering all needs? What does it take to go above what is required?

In 2018, we began discussions with architects and contractors for our existing properties, including one standalone building and a three-building cluster that presented structural challenges in complying with the Jamaican Disability Act (2014).

In accordance with regulations, JPCo decided to install a wheelchair access lift in the First Caribbean International Bank building located at 23-27 Knutsford Boulevard. The provision of this lift ensures the full and effective inclusion of PWDs who visit the building, which is in keeping with the United Nations Convention on the Rights of PWDs.

This implementation process started in November 2019 and the lift was finally commissioned on April 29, 2020. With this project now complete, JPCo will continue the planning process for the buildout of the three-building cluster's accessibility ramp.

Figure 2: Wheelchair lift installed by Comfortair Engineering Limited at the First Caribbean International Bank Building.

CORPORATE SOCIAL RESPONSIBILITY

PSOJ COVID-19 RELIEF

With strong teamwork and a commitment to give back, PanJammers volunteered at the Private Sector Organisation of Jamaica's COVID-19 Relief warehouse in July 2020.

45 volunteers from PanJam and Jamaica Property Company participated in three packing sessions. In total, the team prepared 9,554 food packages with the help of Jamaica Red Cross and Jamaica Defense Force volunteers.

The PSOJ COVID Relief Fund raised over $190 million, providing 68,000 food packages to 50 of the most vulnerable communities across Jamaica. This initiative was a true public-private partnership, which facilitated the quick response to reach those most in need.

END-OF-YEAR **TREAT AT BOYS' TOWN**

The seventh annual End-of-Year Treat supported the students, staff and teachers of Boys' Town Infant and Primary School. The PanJam and Jamaica Property Company volunteers visited the Trench Town community and handed out over 200 food packages in December 2020.

With the challenges faced by many due to COVID-19, the Treat focused on providing essential food items for families and school supplies for students.

C.B. FACEY FOUNDATION

C.B. FACEY FOUNDATION
The charitable arm of PANJAM

For 36 years, the C.B. Facey Foundation (CBFF) has focused on projects with the potential to create the greatest impact on the Environment, Education and the Arts.

The COVID-19 pandemic created a worldwide shift in 2020, as many faced severe challenges and great losses, both personally and professionally. Our daily realities became closely interconnected, with a shared responsibility to protect ourselves and those around us.

As a nation, we witnessed the private and public sectors come together to support a collective effort. The Private Sector Organisation of Jamaica's COVID-19 Relief Fund provided an effective mechanism for collaboration and implementation of relief efforts on a wide-reaching scale. Backed by data and a quick response to the nation's immediate needs, this initiative helped those most vulnerable islandwide.

The work of our grantees and their ability to react to the changing needs of their communities have been crucial. Accordingly, the CBFF increased our financial support in 2020, and ensured that the available funding was unrestricted. This approach allowed grantees to adjust their projects to adhere to government-mandated restrictions, while still supporting the shifting needs of their beneficiaries.

Our commitment to protecting the environment continued through our association with Jamaica Conservation Partners, a project of the C.B. Facey Foundation. In 2020, eight new grants were awarded, with related commitments spanning between one and three years. The projects selected will target advocacy, capacity building, coastal restoration and forestry protection.

For three years, we have supported teacher training and professional development through the Creative Language Based Learning Foundation (CLBL). Since its inception in 2017, the CLBL has worked with 181 teachers from 89 schools in 12 parishes, providing over 3,000 hours of training for the benefit of thousands of students who need additional support to improve their literacy and numeracy skills.

Since 2012, the growth of classical music in Jamaica has been fueled by the Philharmonic Orchestra of Jamaica. The CBFF has been a steadfast supporter of their annual spring concert season and we provided an additional three-year grant for the acquisition of musical equipment and instruments. The spring concert showcases a different side of musical talent in Jamaica and is an important part of our cultural development.

With a renewed sense of resilience, we remain committed to supporting the emerging needs of our country, and wish you and your loved ones good health.

Anna Ward
Executive Director

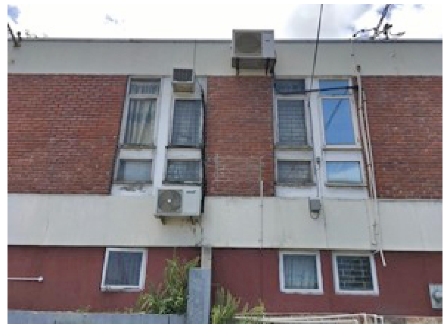
INFRASTRUCTURE UPGRADES

In 2020, the C.B. Facey Foundation focused on key infrastructure projects at three of our partner organisations: St. Andrew Parish Church, Lalyce Gray Basic School and Walkerswood All Age School.

The C.B. Facey Foundation Administrative Building at St. Andrew Parish Church received some much needed upgrades. We supported activities related to sealing the building, painting the interior and exterior walls, replacing the doors and ceiling tiles, and tiling the bathrooms. We will also undertake the maintenance of the building to ensure longevity of the project's results. This work will extend the stewardship of Cecil Boswell Facey, who supported the Church for many years.

The Lalyce Gray Basic School in Cassava Piece is one of our longstanding partner schools. In 2020, the Foundation replaced the roofs of all three classroom buildings and refinished the boundary walls. This work provided a cooler environment in which the students can learn, and significantly improved the school's curb appeal.

As part of our ongoing commitment to the Walkerswood All Age School, the Foundation embarked on a fencing project. With a donation of chain link fencing from Tank-Weld Metals, the project installed 670 meters of fencing around the school grounds and farm. This alleviated security challenges faced by the school, and deterred theft and trespassing on its grounds.



SCHOLARSHIP STUDENTS

In 2020, the C.B. Facey Foundation increased the number of scholars who received annual tertiary scholarships. Faced with an increased need for support, we provided five more scholarships than awarded in the previous year.

Four first-year Masters students from the Caribbean School of Architecture at the University of Technology joined four second-year Masters students as recipients of scholarships.

At the Edna Manley College of the Visual and Performing Arts, six final-year students in the Bachelor of Fine Arts programme were also awarded scholarships. Collectively, they are pursuing textile & fibre arts, painting, visual communication, fashion design, interdisciplinary studies and photography.

JAMAICA CONSERVATION PARTNERS

JAMAICA CONSERVATION PARTNERS

A PROJECT OF THE C.B. FACEY FOUNDATION

The Jamaica Conservation Partners (JCP) supports entities and projects that focus on environmental conservation and sustainable environmental development. A project of the C.B. Facey Foundation, JCP awarded eight new grants in 2020 as the second round of funding.

Grantee	Project
Jamaica Environment Trust (JET)	Administrative Support For JET's Law & Advocacy Programme
Jamaica Conservation and Development Trust	Blue Mountain Boundary Defence and Protection Project - Phase 2
White River Marine Association	White River Fish Sanctuary and White River Influences on the Protected Area
The University of the West Indies - Discovery Bay Marine Laboratory	Queen Conch Induced Spawning by Density Manipulation
Institute for Sustainable Development at the University of the West Indies	Country-Wide Survey of the American Crocodile (Crocodylus Acutus) in Jamaica
Long Mountain National Park	Planning for Long Mountain National Park
Caribbean Coastal Area Management Foundation	Improvement in the Marine Resources of Jamaica Through Reef Restoration and Public Education in the Portland Bight
South Trelawny Environmental Agency (STEA)	Building STEA's Capacity for Cockpit Country Conservation

SUMMER SCHOOL & AFTER SCHOOL PROGRAMMES

With schools closed for the majority of 2020 due to COVID-19, there was a greater need for additional programmatic support for students.

Three of our new 2020 grantees were the Rose Town Foundation, the Trench Town Reading Centre, and the Women's Resource and Outreach Centre (WROC).

The Rose Town Foundation operated a summer camp aimed at providing children and young adults with a safe space for lessons in life skills, and remedial literacy and numeracy. Two summer camps were held, with a total of 91 children between the ages of six and 17 years benefiting from the sessions.

Standing by the mantra "knowledge is power", the Trench Town Reading Centre focused on delivering education to children in their community. During the summer, the Centre had the children fully engaged with interactive participation, worksheets, research booklets, stories, group challenges and creative projects. The 48 students between the ages of five and 16 years were educated on topics such as the brain, coral reefs and different species of fish.

The WROC provided supervised access to online learning for 14 children from neighbouring communities. Three sessions were held weekly for seven hours each day, with meals included. This provided a safe space for students who did not have access to a device or internet at home in order to attend online classes.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 2020

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 December 31, 2020, 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 December 31, 2020;
- 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 December 31, 2020;
- 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.

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 twenty-eight 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 twelve components. For components not scoped as 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 98% of total assets and 96% 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 financial statements for disclosures of related accounting policies, judgements and estimates.*	
Investment properties represented $9,531 million or 15.3% 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, the method used to value the majority of the properties, which takes into consideration a number of factors that require estimation and judgement. The key factors include: ▪ estimation of rental income; ▪ determination of a capitalisation factor; and ▪ estimation of vacancy factor. Changes in these assumptions may have a significant impact on the carrying value of investment properties.	We met with the property valuators engaged by management, updated our understanding of the valuation process and obtained information on significant developments within the industry. We 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. We 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. We 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. We also agreed the inputs used in estimating the rental income by the property valuators to supporting documentation. We further 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 34 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 totalled \$1,455 million (2.33% of total assets) and \$194 million (0.79% of total assets) for the Group and Company respectively as at the reporting date. These investments related primarily to investments in three funds as follows: ▪ The first fund investment itself invests primarily in other companies. ▪ 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.	We tested the fair value of the investments in these underlying funds by performing the following: • Our audit procedures over the first fund included verifying the ownership of the companies in which the fund had an investment and using historical data, including audited financial statements, to assess the reliability of the fund manager's estimate of fair value. • For the second fund, with the assistance of our valuation expert, we evaluated management's future cash flow forecast by tracing to forecasted revenue information for the industry in which the fund operates. We compared the discount rate to our researched market range. We also sensitised the discount rate used. • For the third fund, we assessed the method used by management to determine fair value including whether it was appropriate based on the information available in the circumstances. We checked the inputs used in the valuation by agreeing the rental income and direct expenses to underlying supporting documents and used our own valuation expert to assist us in assessing the capitalisation rate.

Key audit matter	How our audit addressed the key audit matter
Similar in set up to the second fund, the third fund's significant underlying asset is that of 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 net asset value and the number of units held in the funds were also confirmed with the fund managers. We found management's valuation of these level 3 investments to be within an acceptable range of our estimation of fair value based on the outcome of our procedures.

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.
- 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.

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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.

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
15 March 2021
Kingston, Jamaica

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Income			
Investments	5	(523,250)	2,249,947
Property	6	2,138,113	2,229,318
Other	7	439,603	146,759
		2,054,466	4,626,024
Operating expenses	8	(1,700,948)	(1,766,912)
Net impairment losses on financial assets		(38,438)	(36,006)
Operating Profit		315,080	2,823,106
Finance costs	10	(835,909)	(664,800)
Share of results of associated companies	17	3,866,414	4,953,100
Gains on disposal of shares in associated companies	11	-	1,623,136
Profit before Taxation		3,345,585	8,734,542
Taxation	12	188,725	(384,277)
NET PROFIT		3,534,310	8,350,265
Attributable to:			
Owners of the parent		3,504,520	8,308,325
Non-controlling interests		29,790	41,940
		3,534,310	8,350,265
Earnings per stock unit attributable to owners of the parent during the year			
Basic and fully diluted	13	$3.31	$7.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Net Profit for the year	3,534,310	8,350,265
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	(81,905)	83,437
Re-measurement of post-employment benefit obligations, net of taxation	(39,794)	(33,266)
Share of other comprehensive income of associated company, net of taxation	(590,666)	244,437
	(712,365)	294,608
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translating foreign operations	8,744	4,210
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of taxation	7,137	25,900
Gains recycled to profit or loss on disposal and maturity of investment assets, net of taxation	-	(2,361)
Share of other comprehensive income of associated company, net of taxation	1,973,140	1,897,177
	1,989,021	1,924,926
TOTAL COMPREHENSIVE INCOME	4,810,966	10,569,799
Attributable to:		
Owners of the parent	4,781,176	10,527,859
Non-controlling interests	29,790	41,940
	4,810,966	10,569,799

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
ASSETS			
Cash and Bank Balances	14	125,149	160,129
Investments			
Deposits	14	694,275	699,319
Investment securities:			
Financial assets at fair value through other comprehensive income	15	1,219,231	797,232
Financial assets at fair value through profit or loss	15	7,584,640	8,961,181
Financial assets at amortised cost	15	3,646,796	229,835
		12,450,667	9,988,248
Securities purchased under agreements to resell	14	868,712	852,326
Investment properties	16	9,531,152	9,026,597
Investment in associated companies	17	35,339,651	31,078,668
		58,884,457	51,645,158
Other assets			
Taxation recoverable		73,749	77,140
Prepayments and miscellaneous assets	19	1,557,217	1,794,477
Property, plant and equipment	20	1,880,236	675,356
Intangibles	21	50,470	48,717
		3,561,672	2,595,690
		62,571,278	54,400,977

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to Owners of the Parent			
Share capital	27	2,141,985	2,141,985
Equity compensation reserve	28	116,594	89,376
Property revaluation reserve	29	5,211,785	4,897,207
Investment and other reserves	30	5,395,698	4,029,178
Retained earnings		34,692,918	31,911,597
Treasury stock		(372,609)	(326,142)
		47,186,371	42,743,201
Non-Controlling Interests		286,675	342,385
		47,473,046	43,085,586
Liabilities			
Bank overdrafts	14	11,378	5,206
Taxation payable		81,447	88,286
Loan liabilities	24	13,663,531	9,343,742
Lease liabilities	25	34,979	40,504
Deferred tax liabilities	18	314,399	637,805
Retirement benefit liabilities	22	510,477	370,254
Other liabilities	26	482,021	829,594
		15,098,232	11,315,391
		62,571,278	54,400,977

Approved for issue by the Board of Directors on 15 March 2021 and signed on its behalf by:

Stephen B. Facey — Chairman

Paul R. Hanworth — Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

(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 2019		2,141,985	73,956	4,423,555	2,216,173	25,183,909	(305,907)	300,445	34,034,116
Comprehensive income									
Net profit		-	-	-	-	8,308,325	-	41,940	8,350,265
Other comprehensive income		-	-	-	2,106,899	112,635	-	-	2,219,534
Total comprehensive income for the year		-	-	-	2,106,899	8,420,960	-	41,940	10,569,799
Transactions with owners									
Employee share option scheme value of services provided	28	-	47,756	-	-	-	-	-	47,756
Employee share grants/options issued	28	-	(32,336)	-	56,523	-	111,731	-	135,918
Dividends paid to equity holders of the company	31	-	-	-	-	(1,386,576)	-	-	(1,386,576)
Share purchase plan		-	-	-	6,082	-	7,340	-	13,422
Acquisition of treasury stock		-	-	-	-	-	(139,306)	-	(139,306)
Gains realized on disposal of equity investment		-	-	-	(166,956)	166,956	-	-	-
Change in reserves of associated company		-	-	-	(189,543)	-	-	-	(189,543)
Total transactions with owners		-	15,420	-	(293,894)	(1,219,620)	(20,235)	-	(1,518,329)
Transfer of unrealised property revaluation gains		-	-	473,652	-	(473,652)	-	-	-
Balance at 31 December 2019		2,141,985	89,376	4,897,207	4,029,178	31,911,597	(326,142)	342,385	43,085,586

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

YEAR ENDED 31 DECEMBER 2020

(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 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 option scheme value of services provided	28	-	68,590	-	-	-	-	-	68,590
Employee share grants/options issued	28	-	(41,372)	-	57,014	-	27,098	-	42,740
Dividends paid to equity holders of the company	31	-	-	-	-	(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 CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities	32	964,620	1,230,293
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	20	(1,372,428)	(396,084)
Proceeds from disposal of property, plant and equipment		29	681
Proceeds from disposal of land held for development		650,000	-
Acquisition of intangible asset	21	(6,964)	(15,635)
Improvements to investment properties	16	(51,009)	(12,838)
Proceeds from disposal of shares in associated companies	11	-	2,574,386
Investments in associated companies	17	(62,075)	(975,194)
Partial return of investment in associated companies	17	-	404,231
Dividends from associated companies	17	76,167	1,939,429
Acquisition of investment securities, net		(3,085,844)	(1,337,684)
Advances on future developments		(18,392)	(11,316)
Net cash (used in)/provided by investing activities		(3,870,516)	2,169,976
Cash Flows from Financing Activities			
Loans received		6,495,000	3,400,439
Loans repaid		(2,099,469)	(4,582,959)
Interest paid		(882,314)	(698,068)
Lease repayments		(5,525)	(5,022)
Acquisition of treasury stock		(77,650)	(139,306)
Disposal of treasury stock		31,183	119,071
Dividends paid to non-controlling interest		(85,500)	-
Dividends paid to equity holders		(668,503)	(1,121,801)
Net cash provided by/(used in) financing activities		2,707,222	(3,027,646)
Net (decrease)/increase in cash and cash equivalents		(198,674)	372,623
Effect of exchange rate changes on cash and cash equivalents		94,282	39,279
Cash and cash equivalents at beginning of year		1,684,589	1,272,687
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	1,580,197	1,684,589

COMPANY INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Income			
Investments	5	721,209	4,103,409
Other	7	49,099	74,019
		770,308	4,177,428
Expenses			
Operating expenses	8	(761,657)	(480,052)
Net impairment losses on financial assets		(9,250)	(35,762)
Finance costs	10	(778,498)	(602,402)
Gain on disposal of shares in associated company	11	-	2,291,176
(Loss)/Profit before Taxation		(779,097)	5,350,388
Taxation	12	288,017	(215,570)
NET (LOSS)/PROFIT		(491,080)	5,134,818

COMPANY STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Net (Loss)/Profit for the year	(491,080)	5,134,818
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	(81,905)	83,437
Re-measurement of post-employment benefit obligations, net of taxation	(49,841)	(72,845)
	(131,746)	10,592
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	12,204	20,710
Gains recycled to profit or loss on disposal and maturity of investment assets, net of taxation	-	(2,361)
	12,204	18,349
TOTAL COMPREHENSIVE INCOME	(610,622)	5,163,759

COMPANY STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
ASSETS			
Cash and Bank Balances	14	62,915	25,267
Investments			
Deposits	14	497,185	591,461
Investment securities:			
Financial assets at fair value through other comprehensive income	15	1,157,656	735,452
Financial assets at fair value through profit or loss	15	5,590,419	7,178,578
Financial assets at amortised cost	15	3,985,564	563,777
		10,733,639	8,477,807
Securities purchased under agreements to resell	14	703,231	587,296
Investment in subsidiaries	17	1,128,119	1,128,119
Investment in associated companies	17	7,601,617	7,885,397
		20,663,791	18,670,080
Other Assets			
Due from related parties	23	3,421,565	2,654,886
Taxation recoverable		68,423	29,354
Prepayments and miscellaneous assets	19	156,928	195,253
Property, plant and equipment	20	88,377	96,368
Intangibles	21	6,868	10,303
Retirement benefit assets	22	201,359	259,643
		3,943,520	3,245,807
		24,670,226	21,941,154

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	27	2,141,985	2,141,985
Equity compensation reserve	28	49,752	34,688
Investment and other reserves	30	1,229,440	1,299,141
Retained earnings		7,708,738	8,654,799
		11,129,915	12,130,613
Liabilities			
Bank overdraft	14	11,377	5,206
Taxation payable		-	40,472
Due to related parties	23	17,831	3,869
Loan liabilities	24	13,008,237	8,621,231
Lease liabilities	25	64,315	71,639
Deferred tax liability	18	193,522	500,768
Retirement benefit liabilities	22	61,092	52,305
Other liabilities	26	183,937	515,051
		13,540,311	9,810,541
		24,670,226	21,941,154

Approved for issue by the Board of Directors on 15 March 2021 signed on its behalf by:

Stephen B. Facey, Chairman

Paul R. Hanworth, Director

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Equity Compensation Reserve	Investment and Other Reserves	Retained Earnings	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2019		2,141,985	29,866	1,364,312	4,822,539	8,358,702
Comprehensive income						
Net profit		-	-	-	5,134,818	5,134,818
Other comprehensive income:		-	-	101,786	(72,845)	28,941
Total comprehensive income		-	-	101,786	5,061,973	5,163,759
Transactions with owners						
Employee share option scheme value of services provided	28	-	28,326	-	-	28,326
Employee share grants vested	28	-	(23,504)	-	-	(23,504)
Dividends paid	31	-	-	-	(1,396,670)	(1,396,670)
Total transactions with owners		-	4,822	-	(1,396,670)	(1,391,848)
Gains realised on disposal of equity investment		-	-	(166,957)	166,957	-
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 option scheme value of services provided	28	-	46,235	-	-	46,235
Employee share grants issued	28	-	(31,171)	-	-	(31,171)
Dividends paid	31	-	-	-	(405,140)	(405,140)
Total transactions with owners		-	15,064	-	(405,140)	(390,076)
Balance at 31 December 2020		2,141,985	49,752	1,229,440	7,708,738	11,129,915

COMPANY STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities	32	525,847	2,835,227
Cash Flows from Investing Activities			
Investment in associated companies	17	(62,075)	(769,357)
Acquisition of property, plant and equipment	20	(1,087)	(585)
Acquisition of intangible asset	21	-	(10,303)
Proceeds from disposal of shares in associated company	11	-	2,574,386
Partial return of investment in associated company	17	-	331,831
Acquisition of investment securities, net		(2,768,024)	(1,474,966)
Net cash (used in)/provided by investing activities		(2,831,186)	651,006
Cash Flows from Financing Activities			
Amount due from related parties		(752,717)	(183,900)
Loans received		6,495,000	3,393,013
Loans repaid		(2,032,242)	(4,487,903)
Interest paid		(823,801)	(627,833)
Lease liabilities		(8,435)	(8,128)
Dividends paid to equity holders	31	(671,682)	(1,130,129)
Net cash provided by/(used in) financing activities		2,206,123	(3,044,880)
Net (decrease)/increase cash and cash equivalents		(99,216)	441,353
Effect of exchange rate changes on cash and cash equivalents		59,118	4,253
Cash and cash equivalents at beginning of year		1,203,253	757,647
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	1,163,155	1,203,253

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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%	-
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 2020

(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	Subsidiaries
Associated Companies			
Sagicor Group Jamaica Limited	Life and Health Insurance, Pension Management, Investment and Banking	30.22%	-
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 II Group (Incorporated in Canada)	Property Developers	-	16.16%
Downing Street Realty Fund VII (Incorporated in Canada)	Property Developers	-	30.63%
Downing Street Realty Fund XI (Incorporated in Canada)	Property Developers		41.23%
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%	-
Other Consolidated Entity			
The PanJam Share Trust	Employees Share Ownership Plan	100%	-

(d) 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 2020

(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 3 – definition of a business** (effective for annual periods beginning on or after 1 January 2020). To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.

  The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

  An entity can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business. The amendment did not have a significant impact on the group and company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published accounting standards effective in the current financial year (continued)

- **Amendments to IAS 1 and IAS 8 on the definition of material** (effective for annual periods beginning on or after 1 January 2020). The amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

  The amendment clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information. It also states that an entity assesses materiality in the context of the financial statements as a whole. The amendment also clarifies the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. The amendment did not have a significant impact on the group and company.

- **Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform** (effective for annual periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that Inter-Bank Offered Rate (IBOR) reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries. The amendment however did not have a significant impact on the group and company.

- **Revised Conceptual Framework for Financial Reporting** (effective for annual periods beginning on or after 1 January 2020). The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:
  - increasing the prominence of stewardship in the objective of financial reporting
  - reinstating prudence as a component of neutrality
  - defining a reporting entity, which may be a legal entity, or a portion of an entity
  - revising the definitions of an asset and a liability
  - removing the probability threshold for recognition and adding guidance on derecognition
  - adding guidance on different measurement basis, and
  - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

  No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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 2021 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 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. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying 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 concessions as variable lease payments in the period in which they are granted.

  Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions. The adoption of this amendment is not expected have any significant impact on the group and company.

- **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.

- **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.

- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities** (effective for annual periods beginning on or after 1 January 2022). The IASB issued a narrow-scope amendment to IAS 1, 'Presentation of Financial Statements', to 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 when it refers to the 'settlement' of a liability.

  Entities should reconsider their existing classification in the light of the amendment and determine whether any changes are required.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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)

- **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', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

- **IFRS 17, 'Insurance contracts'** (effective for annual periods beginning on or after 1 January 2023). This standard replaces IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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 2020

(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 2020

(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 2020

(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 2020

(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 34.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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 33(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 $869,977,000 (2019 – $1,167,831,000) 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 2020

(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 2020

(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 2020

(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 or discounted cash flow projections. 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 2020

(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 2020

(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 comprises small item 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 2020

(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) Inventories

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

(n) 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 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(n) 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 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(n) 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.

(o) 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.

(p) 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 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(q) 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.

(r) Dividends

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

(s) 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.

(t) 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 2020

(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 33 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 2020

(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 2020

(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.

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.

	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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

4. Segmental Financial Information (Continued)

	2019				
	Property Management & Rental	Investments	Other Services	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
External operating revenue	2,300,711	2,259,294	66,019	-	4,626,024
Inter-group revenue	22,688	180,324	-	(203,012)	-
Total revenue	2,323,399	2,439,618	66,019	(203,012)	4,626,024
Operating profit	1,028,769	1,771,111	23,226	-	2,823,106
Finance costs	(193,308)	(601,775)	-	130,283	(664,800)
	835,461	1,169,336	23,226	130,283	2,158,306
Gains on disposal of shares in associated company	-	1,623,136	-	-	1,623,136
Share of results of associated companies	-	4,953,100	-	-	4,953,100
Profit before taxation	835,461	7,745,572	23,226	130,283	8,734,542
Taxation	(27,547)	(356,317)	(413)	-	(384,277)
Net profit	807,914	7,389,255	22,813	130,283	8,350,265
Segment assets	11,397,144	13,059,476	458,048	(1,592,359)	23,322,309
Investment in associated companies	-	31,078,668	-	-	31,078,668
Total assets	11,397,144	44,138,144	458,048	(1,592,359)	54,400,977
Segment liabilities	3,107,775	9,552,465	247,510	(1,592,359)	11,315,391
Other segment items:					
Capital expenditure	395,499	585	-	-	396,084
Depreciation	30,390	7,198	-	-	37,588

Revenue is recognised by each segment on the accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

5. Investment Income

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Income				
Interest income -				
Financial assets at fair value through profit or loss	2,183	1,027	-	-
Fair value through other comprehensive income	41,959	36,806	37,760	29,954
Amortised cost	160,154	6,819	405,282	235,731
Securities purchased under agreement to resell and deposits	43,875	28,782	32,728	19,783
Realised gains on disposal of investments, net	10,139	302,376	11,322	294,125
Fair value (losses)/gains on financial assets at fair value through profit or loss	(1,113,319)	1,575,032	(1,295,828)	1,436,373
Foreign exchange gains	164,305	87,688	220,360	74,052
Dividends	177,982	125,818	1,313,175	2,037,266
Other	453	112,903	250	230
	(512,269)	2,277,251	725,049	4,127,514
Direct expenses				
Investment expense	(10,981)	(27,304)	(3,840)	(24,105)
	(523,250)	2,249,947	721,209	4,103,409

6. Property Income

	The Group	
	2020	2019
	$'000	$'000
Rental income (Note 16)	1,814,298	1,730,866
Fair value gains on property valuation (Note16)	323,815	498,452
	2,138,113	2,229,318

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

7. Other Income

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Management fees	55,332	55,883	49,087	50,049
Gain on disposal of property held for development	326,180	-	-	-
Commissions	54,140	61,591	-	-
Recovery of impaired loans	-	5,960	-	5,960
Miscellaneous income	3,951	23,325	12	18,010
	439,603	146,759	49,099	74,019

8. Operating Expenses by Nature

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Direct cost of property management (Note 16)	828,413	772,194	-	-
Staff costs (Note 9)	481,063	567,618	174,997	243,089
Directors' fees	19,020	17,892	17,613	16,588
Professional fees	81,404	106,255	63,298	65,516
Auditors' remuneration	30,426	29,842	11,736	12,086
Information technology services	29,381	20,094	6,344	4,602
Office expense & subscriptions	14,654	20,182	23,167	21,793
Donations	70,486	72,227	52,286	50,477
Depreciation	37,817	37,588	9,078	9,179
Amortisation	5,211	-	3,435	-
Irrecoverable GCT	22,381	26,700	17,027	16,372
Commission	9,141	14,516	-	-
Impairment of non-financial asset (Note 17)	-	-	345,855	-
Other	71,551	81,804	36,821	40,350
	1,700,948	1,766,912	761,657	480,052

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

9. Staff Costs

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Wages and salaries	253,526	369,044	99,126	182,171
Statutory contributions	25,276	25,939	13,513	14,502
Pension – funded (Note 22(a))	55,769	60,090	(2,659)	(1,685)
Pension – unfunded (Note 22(b))	26	26	26	26
Other post-employment benefits (Note 22(c))	38,886	21,334	6,075	3,885
Stock compensation expense (Note 28)	68,590	47,756	46,235	28,326
Other	38,990	43,429	12,681	15,864
	481,063	567,618	174,997	243,089

10. Finance Costs

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Interest expense	830,931	664,800	773,520	602,402
Commitment fees	4,978	-	4,978	-
	835,909	664,800	778,498	602,402

11. Gains on Disposal of Shares in Associated Companies

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Sagicor Group Jamaica Limited				
Proceeds	-	2,574,386	-	2,574,386
Carrying value at disposal (Note 17)	-	(1,104,378)	-	(283,210)
Gain on disposal	-	1,470,008	-	2,291,176

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

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

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Balance carried forward	-	1,470,008	-	2,291,176
Downing Street Realty Funds				
Consideration	-	186,565	-	-
Carrying value at disposal (Note 17)	-	(33,437)	-	-
Gain on disposal	-	153,128	-	-
Gain on disposal	-	1,623,136	-	2,291,176

12. Taxation

(a) Composition of tax(credit) charge

The taxation (credit) charge for the year is comprised of:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax	121,416	170,975	2,615	45,770
Deferred income taxes (Note 18)	(310,141)	213,302	(290,632)	169,800
	(188,725)	384,277	(288,017)	215,570

Subject to agreement with Tax Administration Jamaica, the group has losses available for offset against future taxable profits amounting to approximately $1,352,099,000 (2019 - $968,828,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

12. Taxation (Continued)

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

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Current income tax				
Profit / (loss) before tax	3,345,585	8,734,542	(779,097)	5,350,388
Tax at 25%	836,396	2,183,636	(194,774)	1,337,597
Adjusted for the effects of:				
Income not subject to tax	(117,649)	(109,378)	(43,774)	(47,576)
Adjustment for income taxed at a different rate	(4,621)	20,836	(277,154)	(486,877)
Disposal of shares in associated companies	-	(405,784)	-	(572,794)
Share of associates' profit included net of tax	(966,603)	(1,238,275)	-	-
Expenses not deductible for tax purposes	100,832	127,662	178,369	111,858
Effect of tax losses	47,205	(121,074)	47,205	(121,074)
Allowable Incentives	(90,548)	(76,404)	-	-
Other charges and credits	6,263	3,058	2,111	(5,564)
Income tax expense	(188,725)	384,277	(288,017)	215,570

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 amounts of interest expense.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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 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	

	The Group			The Company		
At 31 December 2019	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**
Exchange differences on translating foreign operations	4,210	-	4,210	-	-	-
Fair value gains on financial assets, FVOCI	106,982	(6)	106,976	101,786	-	101,786
Re-measurement of post-employment benefit obligation	(44,355)	11,089	(33,266)	(97,127)	24,282	(72,845)
Share of other comprehensive income of associated company	2,141,614	-	2,141,614	-	-	-
Other comprehensive income	2,208,451	11,083	2,219,534	4,659	24,282	28,941
Deferred income tax (Note 18)		11,083			24,282	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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 6,053,345 (2019 – 8,073,419) 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. For 2020 and 2019 the calculation of fully diluted earnings per stock unit is the same as basic earnings per stock unit, as there were no dilutive ordinary stock units.

	2020	2019
Net profit attributable to stockholders ($'000)	3,504,520	8,308,325
Weighted average number of stock units in issue (thousands)	1,060,107	1,058,086
Basic and fully diluted earnings per stock unit ($)	$3.31	$7.85

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

	2020	2019
	$'000	$'000
Net (Loss) / Profit		
The company	(491,080)	5,134,818
Associated companies	2,791,560	3,013,671
Subsidiaries	1,233,830	201,776
	3,534,310	8,350,265

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	125,149	160,129	62,915	25,267
Deposits	695,277	702,826	498,018	594,426
Securities purchased under agreements to resell	871,509	854,545	705,591	588,766
Bank overdraft	(11,378)	(5,206)	(11,377)	(5,206)
	1,680,557	1,712,294	1,255,147	1,203,253
Deposits with maturity exceeding 90 days	(100,360)	(27,705)	(91,992)	-
Cash and cash equivalents	1,580,197	1,684,589	1,163,155	1,203,253
Expected credit loss provision	(3,799)	(5,726)	(3,193)	(4,434)
	1,576,398	1,678,863	1,159,962	1,198,819

Security for the bank overdraft includes certain specific investments. The effective rate on the overdraft facility - was – 14.65% (2019 – 14.65%).

Deposits and securities purchased under agreements to resell net of expected credit loss provision are – $694,275,000 and $497,185,000 (2019 - $699,319,000 and $591,461,000) for deposits and $868,712,000 and $703,231,000 (2019 – $852,326,000 and $587,296,000) 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 for the group and company respectively $2,797,000 and $2,360,000 (2019 $2,219,000 and $1,470,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

15. Investment Securities

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Financial assets at fair value through other comprehensive income:				
Debt securities -				
Government of Jamaica	607,707	136,094	599,478	127,816
Other Government	99,355	97,236	58,778	54,142
Corporate	316,427	286,255	293,658	265,847
Equity securities	195,742	277,647	205,742	287,647
	1,219,231	797,232	1,157,656	735,452
Financial assets at fair value through profit or loss:				
Debt securities	-	26,961	-	-
Equity securities	7,584,640	8,934,220	5,590,419	7,178,578
	7,584,640	8,961,181	5,590,419	7,178,578
Financial assets at amortised cost:				
Debt securities -				
Government of Jamaica	259,872	65,120	259,872	65,120
Corporate bonds	2,261,177	144,175	2,261,177	144,175
Loans receivables	1,125,747	20,540	1,464,515	354,482
	3,646,796	229,835	3,985,564	563,777

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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 $12,549,000 and $11,702,000 (2019 - $6,803,000 and $6,018,000) 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. Non trading equities total $1,455,192,000 and $184,420,000 (2019 - $1,314,245,000 and $110,687,000) 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 $13,888,000 (2019 - $2,596,000) for the group and company and for loans receivable $36,137,000 (2019 - $43,703,000) for the group and company. Included in the total for bonds is interest receivable amounting to $22,476,000 (2019 - $1,451,000) for the group and company and in loans $6,016,000 ($-) for the group and $30,232,000 (2019 - $21,228,000) for the company. All loans receivable for the company are with related parties.

Included in loans receivable at 31 December 2020 for both the group and the company are unsecured principal amounts of $998,687,000 due from Sagicor Group Jamaica Limited in respect of dividends declared for 2020, and $6,016,000 for interest receivable. These amounts are evidenced by promissory notes bearing annual interest at 5% and under whose terms payment will be made once the Bank of Jamaica lifts the moratorium imposed on financial holding companies in relation to dividend payments.

The current portion of investment securities is $297,703,000 (2019 - $10,201,000) for the group and $296,856,000 (2019 - $9,416,000) for the company.

16. Investment Properties

	The Group	
	2020	**2019**
	$'000	**$'000**
At 1 January	9,026,597	8,392,011
Improvements	51,009	12,838
Transferred from capital work-in-progress (Note 20)	129,731	123,296
Fair value gains (Note 6)	323,815	498,452
At 31 December	9,531,152	9,026,597

Amounts recognised in income statement for investment properties includes:

	The Group	
	2020	**2019**
	$'000	**$'000**
Rental income (Note 6)	1,814,298	1,730,866
Direct costs (Note 8)	(828,413)	(772,194)
Fair value gains recognised in income (Note 6)	323,815	498,452

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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 used range from 2% to 16% (2019 – 2% to 16%) and the capitalization rates or discount rate used, range from and 8% to 12% (2019 – 2% to 13%). Should the vacancy factor used increase/decrease by 0.25% the value of investment properties would decrease/increase by $42,000,000/$1,000,000 (2019 - $24,000,000/$69,000,000). Should the capitalization factor or the discount rate increase/decrease by 1.0% the value of investment properties would decrease/increase by $643,000,000/$729,000,000 (2019 - $680,000,000/$741,000,000).

Certain of the group's investment property has been pledged as collateral for some of the group's loan facilities, as discussed in Note 24.

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	
	2020	**2019**
	$'000	**$'000**
Within 1 year	912,980	727,133
Between 1 and 2 years	420,119	470,502
Between 2 to 3 years	258,721	352,612
Between 3 to 4 years	182,160	231,043
Between 4 to 5 years	146,861	199,997
Later than 5 years	155,344	253,432
	2,076,185	2,234,719

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries and Associated Companies

Investment in subsidiaries

	The Company	
	2020	2019
	$'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 $29,790,000 (2019 - $41,940,000), of which $1,373,000 (2019 - $58,000) was attributable to Scott's Preserves Limited and $28,417,000 (2019 - $41,882,000) 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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Current				
Assets	101,065	177,938	17,115	89,180
Liabilities	(22,879)	(18,697)	(818)	(1,970)
Total current net assets	78,186	159,241	16,297	87,210
Non-current				
Assets	807,000	771,000	-	-
Financial liabilities	(96,521)	(93,027)	(2)	(23)
Total non-current assets/(liabilities)	710,479	677,973	(2)	(23)
Net assets	788,665	837,214	16,295	87,187

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Revenue	190,986	214,213	-	-
Investment income	5,925	3,468	5,915	2,847
Profit from continuing operations	90,891	119,075	5,399	585
Taxation expense	(19,441)	(14,369)	(1,291)	(413)
Post tax profit from continuing operations	71,450	104,706	4,108	172
Total comprehensive income allocated to non-controlling interest	28,417	41,882	1,373	58

Summarised cash flows

	Knutsford Holdings Limited		Scott's Preserves Limited	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash flows from operating activities				
Cash generated from operations	59,689	69,125	(1,488)	(911)
Interest paid	(16,084)	(16,084)	-	-
Income tax paid	(15,312)	(12,295)	-	-
Net cash provided by/(used in) operating activities	28,293	40,746	(1,488)	(911)
Net cash (used in)/provided by investing activities	(11,380)	435	2,011	1,915
Net cash (used in)/provided by financing activities	(120,000)	-	(76,067)	26
Net (decrease)/increase in cash and cash equivalents	(103,087)	41,181	(75,544)	1,030
Effect of exchange rate on cash and cash equivalent	3,081	927	3,989	996
Cash and cash equivalents at beginning of year	153,182	111,074	83,762	81,736
Cash and cash equivalents at end of year	53,176	153,182	12,207	83,762

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Opening balance	31,078,668	26,348,546	7,885,397	7,698,051
Additions	62,075	1,273,396	62,075	769,357
Disposal	-	(1,137,815)	-	(283,210)
Share of net profits	3,866,414	4,953,100	-	-
Dividends received/declared	(1,074,854)	(1,939,429)	-	-
Share of reserves	1,407,348	1,952,071	-	-
Return of investment	-	(371,201)	-	(298,801)
Impairment	-	-	(345,855)	-
Closing balance	35,339,651	31,078,668	7,601,617	7,885,397

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Associated companies -				
Life and Health Insurance, Pension Management, Investment and Banking				
Balance at 1 January	28,723,353	24,775,659	6,378,507	6,661,717
Disposal	-	(1,104,378)	-	(283,210)
Share of net profit	4,128,204	4,714,257	-	-
Dividends declared	(998,687)	(1,741,094)	-	-
Share of reserves	1,407,348	2,078,909	-	-
	33,260,218	28,723,353	6,378,507	6,378,507
Consumer Products				
Balance at 1 January	510,102	392,772	310,306	310,306
Share of net profit	193,188	144,594	-	-
Dividends received	(73,678)	(27,264)	-	-
	629,612	510,102	310,306	310,306

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Associated companies -				
Tourism/Hospitality				
Balance at 1 January	614,502	860,988	539,520	720,856
Additional investment	-	117,465	-	117,465
Return of investment	-	(298,801)	-	(298,801)
Share of net (loss)/profit	(458,603)	105,921	-	-
Impairment	-	-	(345,855)	-
Dividends received	(2,489)	(171,071)	-	-
	153,410	614,502	193,665	539,520
Realty Funds				
Balance at 1 January	699,300	314,677	-	-
Additional investment	-	504,039	-	-
Share of net profit/(loss)	2,923	(13,579)	-	-
Disposal	-	(33,437)	-	-
Return of investment	-	(72,400)	-	-
	702,223	699,300	-	-
Business Process Outsourcing				
Balance at 1 January	491,642	-	606,361	-
Additional investment	-	606,361	-	606,361
Share of net profit	32,660	12,119	-	-
Share of reserves	-	(126,838)	-	-
	524,302	491,642	606,361	606,361
Other				
Balance at 1 January	39,769	4,450	50,703	5,172
Additional investment	62,075	45,531	62,075	45,531
Share of net loss	(31,958)	(10,212)	-	-
	69,886	39,769	112,778	50,703
Comprising:				
Share of net assets	33,288,858	28,692,431	-	-
Intangible assets (including goodwill)	2,050,793	2,386,237	-	-
	35,339,651	31,078,668	7,601,617	7,885,397

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

The group's share of dividends from Sagicor Group Jamaica has been converted into short term interest bearing promissory notes as discussed in Notes 15 and 36. A portion of the group's shareholding in Sagicor Group Jamaica Limited has been pledged as collateral for loan liabilities, as discussed in Note 24 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
	2020	2020	2019	2019
	$'000	$'000	$'000	$'000
Sagicor Group Jamaica Limited	33,260,218	58,958,049	28,723,353	92,007,606

	The Company			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2020	2020	2019	2019
	$'000	$'000	$'000	$'000
Sagicor Group Jamaica Limited	6,378,507	58,958,049	6,378,507	92,007,606

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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 2020 and 2019 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
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)

	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
2019						
Total assets	459,999,024	1,935,165	7,927,271	1,688,487	6,375,781	599,669
Total liabilities	(339,074,756)	(445,313)	(5,753,773)	(1,071,396)	(3,967,419)	(1,016,990)
Non-controlling interest	(29,672,714)	-	(1,328)	-	(562,212)	51,868
Net assets	91,251,554	1,489,852	2,172,170	617,091	1,846,150	(365,453)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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
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	-	-	-

	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
2019						
Revenue	92,669,323	2,518,301	6,288,189	1,299,344	173,630	62,685
Depreciation and amortisation	2,777,772	48,503	497,237	55,458	-	19,400
Net investment/Interest income	26,981,991	18,426	(113,927)	(17,956)	-	5,054
Profit/(loss) from continuing operations	20,717,597	433,825	453,571	80,791	(97,483)	(41,788)
Taxation expense	(5,253,971)	-	(27,250)	-	-	-
Post tax profit/(loss) from continuing operations	15,463,626	433,825	426,321	80,791	(97,483)	(41,788)
Other comprehensive income	7,273,421	-	-	-	-	
Non-controlling interest	49,766	-	(6,645)	-	45,866	
Total comprehensive income	22,786,813	433,825	419,676	80,791	(51,617)	(41,788)
Dividends received from associate	1,741,094	27,264	171,071	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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	$'000
2020						
Opening net assets at 1 January	91,251,554	1,489,852	2,172,170	617,091	1,846,150	(365,453)
Capital contribution	-	-	-	-	146,840	12,609
Return of capital contribution	-	-	-	-	(238,261)	-
Profit or loss for the period	13,780,163	579,622	(1,657,819)	217,732	3,805	(128,120)
Other comprehensive income	4,574,548	-	-	-	-	-
Change in reserves	82,299	-	-	-	-	-
Adjustment	-	40,604		-	-	(1,075)
Dividends paid	(3,304,558)	(221,056)	(13,830)	-	-	-
Translation gains/(losses)	-	-	(61,667)	31,528	118,130	-
Closing net assets at 31 December	106,384,006	1,889,022	438,854	866,351	1,876,664	(482,039)
Interest in associate (J$)	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

See Note 1 for shareholding in associated companies.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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	$'000
2019						
Opening net assets at 1 January	74,340,008	1,137,827	2,202,289	-	654,606	16,760
Net assets/(liabilities) acquired	-	-	-	-	-	(397,281)
Capital contribution	-	-	994,714	1,388,598	1,490,258	19,094
Return of capital contribution	-	-	(853,717)	-	(296,689)	-
Profit or loss for the period	15,650,304	433,825	419,677	80,791	(51,617)	(41,788)
Other comprehensive income	7,086,743	-	-	-	-	-
Change in reserves	(201,386)	-	-	(845,586)	-	27,379
Adjustment	-	-	71,244	-	-	-
Dividends paid	(5,624,115)	(81,800)	(526,403)	-	-	-
Translation (losses)/gains	-	-	(135,634)	(6,712)	49,592	10,382
Closing net assets at 31 December	91,251,554	1,489,852	2,172,170	617,091	1,846,150	(365,454)
Interest in associate (J$)	27,576,220	496,568	537,082	92,564	606,694	(92,883)
Adjustment for pre-acquisition goodwill	(200,041)	-	(53,538)	-	-	-
Disposal of shareholding	-	-	(121,111)	-	-	-
Other adjustments	(107,207)	-	(47,075)	1,007	14,100	(9,950)
Goodwill and intangible assets	1,454,381	13,534	299,144	398,071	78,506	142,601
Carrying value	28,723,353	510,102	614,502	491,642	699,300	39,768

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	416,846	340,973	213,571	160,998
Deferred tax liabilities	(731,245)	(978,778)	(407,093)	(661,766)
Net deferred tax liabilities	(314,399)	(637,805)	(193,522)	(500,768)

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

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Balance at a 1 January	(637,805)	(435,586)	(500,768)	(355,250)
Tax credit / (charged) to income statement (Note 12)	310,141	(213,302)	290,632	(169,800)
Tax credited to components of other comprehensive income (Note 12)	13,265	11,083	16,614	24,282
Balance at 31 December	(314,399)	(637,805)	(193,522)	(500,768)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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 2019	146,157	12,161	25,149	709	9,373	193,549
Credited/(charged) to the income statement	22,059	2,060	2,649	121,116	(460)	147,424
At 31 December 2019	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

	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 2019	20,645	70,995	170,495	20,778	35,995	310,227	629,135
(Credited) / charged to the income statement	(963)	3,286	22,427	2,758	(13,382)	346,600	360,726
(Credited) / charged to other comprehensive income	-	(11,089)	-	-	-	6	(11,083)
At 31 December 2019	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 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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(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 2019	9,870	9,817	14,276	-	733	34,696
Credited / (charged) to income statement	3,207	2,060	-	121,116	(81)	126,302
At 31 December 2019	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

	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 2019	3,733	69,598	25,276	29,381	261,958	389,946
(Credit) / charged to income statement	(963)	3,286	2,792	(10,404)	301,391	296,102
Credit to other comprehensive income	-	(24,282)	-	-	-	(24,282)
At 31 December 2019	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

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 2020

(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	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Deferred tax assets to be recovered after more than 12 months	228,569	196,014	44,558	27,353
Deferred tax assets to be recovered within 12 months	188,277	144,959	169,013	133,645
	416,846	340,973	213,571	160,998
Deferred tax liabilities to be settled after more than 12 months	(284,832)	(256,114)	(34,983)	(48,602)
Deferred tax liabilities to be settled within 12 months	(446,413)	(722,664)	(372,110)	(613,164)
	(731,245)	(978,778)	(407,093)	(661,766)
Net liabilities	(314,399)	(637,805)	(193,522)	(500,768)

19. Prepayments and Miscellaneous Assets

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Trade receivables	38,808	29,286	-	-
Inventories	2,538	2,554	-	-
Managed properties receivables	113,146	90,883	-	-
Prepaid expenses	45,739	35,741	3,217	1,953
Reinsurance receivables	77,626	85,295	-	-
Premium receivable	55,464	35,509	-	-
Other receivables	345,483	343,295	145,275	189,217
Deposits	8,436	4,083	8,436	4,083
Land awaiting development	869,977	1,167,831	-	-
	1,557,217	1,794,477	156,928	195,253

The current portion of miscellaneous assets amounted to $687,240,000 (2019 - $626,646,000) for the group and $156,928,000 (2019 - $195,253,000) for the company.

Included in other receivables are amounts due from related parties totaling $142,004,000 for the group and the company for 2020 and 2019.

Land awaiting development comprises properties owned by the group which the group intends to develop for resale.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

20. Property, Plant and Equipment

		The Group					
	Note	Freehold Premises $'000	Leasehold Improvements $'000	Furniture, Fixtures & Equipment $'000	Motor Vehicles $'000	Capital Work in Progress $'000	Total $'000
At Cost -							
1 January 2019		65,964	14,325	358,589	131,118	110,246	680,242
Additions		-	-	5,272		390,812	396,084
Disposals		-	-	-	(15,120)	-	(15,120)
Transfers	16	-	-	6,461	-	(129,757)	(123,296)
31 December 2019		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
Accumulated Depreciation -							
1 January 2019		14,252	9,979	133,061	81,097	-	238,389
Charged for year		723	67	20,393	16,405	-	37,588
Relieved on disposals		-	-	-	(13,423)	-	(13,423)
31 December 2019		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
Net Book Value -							
31 December 2020		50,266	4,212	199,218	21,829	1,604,711	1,880,236
31 December 2019		50,989	4,279	216,868	31,919	371,301	675,356

Included in motor vehicles is a right of use asset of $4,471,000 (2019 - $9,067,000) and related lease liability of $7,655,000 (2019 - $10,884,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

20. Property, Plant and Equipment (Continued)

	The Company				
	Leasehold Property $'000	Leasehold Improvements $'000	Furniture & Fixtures $'000	Motor Vehicles $'000	Total $'000
At Cost -					
1 January 2019	79,235	199	13,228	59,105	151,767
Additions	-	-	585	-	585
31 December 2019	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
Accumulated Depreciation -					
1 January 2019	-	199	8,330	38,276	46,805
Charged for the year	1,981	-	1,036	6,162	9,179
31 December 2019	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
Net Book Value -					
31 December 2020	75,273	-	4,599	8,505	88,377
31 December 2019	77,254	-	4,447	14,667	96,368

As at 31 December 2020, the company recognised a right of use asset with a net book value of $75,273,000 (2019 - $77,254,000) and relating lease liability of $64,315,000 (2019 - $71,639,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

21. Intangibles

During 2019, a subsidiary upgraded its property management solution software licences which it acquired during 2015 and the company purchased human resource management solution software licences. The carrying balance at 31 December 2020 was $17,388,000 (2019- $15,635,000) for the group and $6,868,000 (2019 – $10,303,000) for the company. These costs are being amortised using the straight-line method over their expected useful life.

Goodwill was recognised on acquisition of Downing Street (Caribbean Place) Limited in a previous financial year.

	The Group			The Company	
	Goodwill $’000	Computer Software $’000	Total $’000	Computer Software $’000	Total $’000
At Cost -					
1 January 2019	33,082	64,709	97,791	-	-
Additions	-	15,635	15,635	10,303	10,303
31 December 2019	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
Accumulated Amortisation -					
1 January 2019	-	64,709	64,709	-	-
Amortisation	-	-	-	-	-
31 December 2019	-	64,709	64,709	-	-
Amortisation	-	5,211	5,211	3,435	3,435
31 December 2020	-	69,920	69,920	3,435	3,435
Net Book Value -					
31 December 2020	33,082	17,388	50,470	6,868	6,868
31 December 2019	33,082	15,635	48,717	10,303	10,303

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

22. 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 2020.

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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Assets				
(Note 22(a))	-	-	201,359	259,643
Liabilities				
Funded pension obligations (Note 22(a))	166,939	70,645	-	-
Unfunded pension obligations (Note 22(b))	339	378	339	378
Other (Note 22(c))	343,199	299,231	60,753	51,927
	510,477	370,254	61,092	52,305

The expense recognised in the income statement comprises:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Pension obligations - funded (Note 22(a))	55,769	60,090	(2,659)	(1,685)
Pension obligations – unfunded (Note 22(b))	26	26	26	26
Other post-employment obligations:				
Medical and life insurance (Note 22(c))	38,886	21,334	6,075	3,885
	94,681	81,450	3,442	2,226

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

22. 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	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Balance at beginning of year	70,645	65,408	(259,643)	(343,627)
Benefit expense	55,769	60,090	(2,659)	(1,685)
Re-measurement recognised in OCI	41,291	(54,160)	61,161	85,914
Employer's contribution	(766)	(693)	(218)	(245)
Balance at end of year	166,939	70,645	(201,359)	(259,643)

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

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Present value of funded obligations	1,500,139	1,521,099	378,363	343,005
Fair value of plan assets	(1,571,398)	(1,761,766)	(817,920)	(913,960)
	(71,259)	(240,667)	(439,557)	(570,955)
Unrecognised asset due to asset ceiling	238,198	311,312	238,198	311,312
Liability/(asset) in the statement of financial position	166,939	70,645	(201,359)	(259,643)

Sagicor Group Jamaica Limited, an associated company which manages the group's pension fund assets, has invested through its pooled investment funds in 121,173,933 (2019 – 121,173,933) ordinary stock units of the company with a fair value of $8,238,616,000 (2019 – $12,177,980,000).

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 2020

(expressed in Jamaican dollars unless otherwise indicated)

22. 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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Balance at beginning of year	1,521,099	1,540,652	343,005	402,314
Current service cost	50,512	55,470	12,347	18,264
Interest cost	105,280	100,384	17,691	21,061
	1,676,891	1,696,506	373,043	441,639
Re-measurements -				
(Gains)/loss from change in financial assumptions	(270,940)	(115,327)	(40,807)	(25,358)
Experience losses/(gains)	93,359	(74,041)	51,871	(80,977)
	(177,581)	(189,368)	11,064	(106,335)
Members' contributions	38,751	36,465	11,310	13,189
Benefits paid	(46,026)	(64,157)	(17,054)	(5,488)
Purchased annuities	8,104	41,653	-	-
Balance at end of year	1,500,139	1,521,099	378,363	343,005

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

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Balance at beginning of year	1,761,766	1,536,482	913,960	807,179
Interest income	123,371	100,051	56,045	45,297
Re-measurements -				
Gain/(loss) from change in financial assumptions	919	1,083	(1,471)	(582)
Experience (losses)/gains	(316,253)	109,496	(145,088)	54,120
Members' contributions	38,751	36,465	11,310	13,189
Employer's contributions	766	693	218	245
Benefits paid	(46,026)	(64,157)	(17,054)	(5,488)
Purchased annuities	8,104	41,653	-	-
Balance at end of year	1,571,398	1,761,766	817,920	913,960

The actual return on plan assets for 2020 was ($222,571,000) and ($83,307,000) (2019 – $227,142,000 and $106,083,000) for the group and the company, respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

22. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

The expected employer and members contributions for the year 2021 are $39,814,000 for the group and $10,656,000 for the company.

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

	The Group and The Company	
	2020 $'000	2019 $'000
Balance at beginning of year	311,312	61,238
Change in asset ceiling, excluding amounts included in interest expense	23,348	4,287
Re-measurement	(96,462)	245,787
	238,198	311,312

The amounts recognised in the income statement are as follows:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current service cost	50,512	55,470	12,347	18,264
Interest cost/(credit)	5,257	4,620	(15,006)	(19,949)
Total	55,769	60,090	(2,659)	(1,685)

The principal actuarial assumptions used were as follows:

	The Group and Company	
	2020 %	2019 %
Discount rate	9.0	7.5
Future salary increases	8.0	7.0
Future pension increases	3.0	2.0
Inflation	6.0	4.0

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

22. 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:

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)

2019	Increase/(decrease) in post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1%	(221,438)	307,074
Future salary increases	1%	86,771	(73,532)
Future pension increases	1%	142,292	(121,344)

2019	Increase Assumption by One Year	Decrease Assumption by One Year
Life expectancy	29,854	(30,168)

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 2020

(expressed in Jamaican dollars unless otherwise indicated)

22. Retirement Benefits (Continued)

(b) Unfunded pension obligations

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

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Present value of unfunded obligations	339	378

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

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Balance at beginning of year	378	404
Current service cost	26	26
	404	430
Re-measurements -		
Experience losses	(6)	7
	(6)	7
Benefits paid	(59)	(59)
Balance at end of year	339	378

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

22. 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 9% per year (2019 –7.5%).

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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Present value of unfunded obligations	343,199	299,231	60,753	51,927

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

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Balance at beginning of year	299,231	184,994	51,927	39,075
Benefit expense	16,690	8,577	2,274	1,227
Interest cost on defined benefit obligation	22,196	12,757	3,801	2,658
Re-measurements -				
Gain from change in financial assumptions	(79,279)	(15,690)	(10,240)	(2,187)
Experience losses	91,052	114,205	15,540	13,400
Benefits paid	(6,691)	(5,612)	(2,549)	(2,246)
Balance at end of year	343,199	299,231	60,753	51,927

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

22. Retirement Benefits (Continued)

(c) Other post-employment obligations (continued)

The expense recognised in the income statement is as follows:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current service cost	16,690	8,577	2,274	1,227
Interest cost	22,196	12,757	3,801	2,658
Total, included in staff costs (Note 9)	38,886	21,334	6,075	3,885

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

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)

7

2019	Increase/(decrease) in post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1%	(52,668)	70,624
Medical inflation	1%	69,816	(53,050)

2019	Increase Assumption by One Year	Decrease Assumption by One Year
Life expectancy	11,465	(11,310)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

22. Retirement Benefits (Continued)

(c) Other post-employment obligations (continued)

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

	The Group			
	2020		2019	
	$'000	%	$'000	%
Equity	404,754	27	486,343	27
Debt	88,509	3	48,697	3
Unitised investments	1,078,135	70	1,226,726	70
	1,571,398	100	1,761,766	100

	The Company			
	2020		2019	
	$'000	%	$'000	%
Equity	183,640	22	238,986	26
Unitised investments	634,280	78	674,974	74
	817,920	100	913,960	100

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

22. 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 31 December 2019. 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 2020

(expressed in Jamaican dollars unless otherwise indicated)

23. Related Party Balances and Transactions

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

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Amounts due from related parties:				
Subsidiaries:				
PanJam Hospitality Limited	-	-	87,765	70,117
Portfolio Partners Limited	-	-	6,544	11,255
Castleton Investments Limited	-	-	532,761	463,362
Jamaica Property Company Limited	-	-	1,578,587	1,161,580
Jamaica Property Development Limited	-	-	-	5
Scott's Preserves Limited	-	-	-	1,067
PJ-AL Corp Limited	-	-	695,438	512,202
Simcoe Investments Limited	-	-	492,812	437,017
Baywest Development Limited	-	-	49,541	24,485
Kingchurch Property Holdings Limited	-	-	4,321	-
	-	-	3,447,769	2,681,090
Loss provision	-	-	(26,204)	(26,204)
	-	-	3,421,565	2,654,886
Amounts due to related parties:				
The PanJam Share Trust	-	-	17,014	3,052
Subsidiaries:				
Panacea Insurance Limited	-	-	817	817
	-	-	17,831	3,869
Net asset	-	-	3,403,734	2,651,017

The current portion of amounts due from related parties was $551,611,000 (2019 - $201,237,000) and to related parties was $17,831,000 (2019 - $3,869,000) 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. The company recognised no loss allowance in 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

23. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries -				
Management fees	-	-	49,087	50,049
Interest income	-	-	245,126	227,856
Dividend income	-	-	75,900	-
Associated companies -				
Dividend income	-	-	1,074,854	1,939,429
Other related parties -				
Interest and other income earned	44,740	19,861	34,391	12,117
Interest and other expenses incurred	(54,429)	(55,617)	(1,254)	(1,118)
Other expenses	(14,755)	(14,128)	(11,310)	(10,429)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

23. Related Party Transactions and Balances (Continued)

(b) Key management compensation:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and other short-term employee benefits	178,844	286,631	102,314	164,148
Statutory contributions	9,797	9,443	5,788	5,805
Post-employment benefits	20,525	18,128	47	219
Share-based compensation	68,590	47,756	46,235	28,326
	277,756	361,958	154,384	198,498
Directors' emoluments				
Directors' fees	19,020	17,892	17,613	16,588
Management compensation (included above)	94,148	154,583	55,543	87,624
	113,168	172,475	73,156	104,212

(c) Loans from related parties:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	655,758	713,600	-	-
Repayments	(62,247)	(57,842)	-	-
Interest charged	48,574	53,306	-	-
Interest paid	(48,574)	(53,306)	-	-
	593,511	655,758	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

24. Loan Liabilities

	Currency	Rate %	Repayable	The Group 2020 $'000	The Group 2019 $'000
Secured –					
(i) CIBC First Caribbean International Bank Limited	J$	5.37	2020	-	2,886
(ii) Sagicor Bank Jamaica Limited/DBJ	J$	8.00	2021	2,691	7,302
(iii) Sagicor Bank Jamaica Limited	J$	7.75	2028	590,820	648,454
(iv) JN Bank	J$	9.25	2024	20,369	20,369
(v) JN Bank	J$	9.25	2024	25,000	25,000
(vi) Investment Bonds	J$	3.73/4.32	2022	2,989,235	2,982,436
(vii) Investment Bonds	J$	6.85	2024	2,771,302	2,761,466
(viii) Investment Bonds	J$	7.75	2045	4,445,027	-
(ix) Commercial Note	J$	5.20	2020	-	1,995,050
(x) Urban Renewal Bonds	J$	2.14 / 2.71	2023	264,422	292,191
(xi) Bank of Nova Scotia Jamaica Limited	J$	8.49	2021	711	2,024
(xii) Bank of Nova Scotia Jamaica Limited	J$	8.49	2021	3,527	6,769
(xiii) Bank of Nova Scotia Jamaica Limited	J$	7.49	2023	2,117	2,890
(xiv) National Commercial Bank Jamaica Limited	J$	6.35	2024	2,470,250	497,863
Unsecured -					
(xv) JN Properties Limited	J$	Variable	No fixed date	13,586	13,586
				13,599,057	9,258,286
Interest payable				64,474	85,456
				13,663,531	9,343,742

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

24. Loan Liabilities (Continued)

				The Company	
	Currency	**Rate**	**Repayable**	**2020**	**2019**
		%		**$'000**	**$'000**
Secured -					
(vi) Investment Bonds	J$	3.73 / 4.32	2022	2,989,235	2,982,436
(vii) Investment Bonds	J$	6.85	2024	2,771,302	2,761,466
(viii) Investment Bonds	J$	7.75	2045	4,445,027	-
(ix) Commercial Note	J$	5.20	2020	-	1,995,050
(x) Urban Renewal Bonds	J$	2.14 / 2.71	2023	264,422	292,191
(xii) Bank of Nova Scotia Jamaica Limited	J$	8.49	2021	3,527	6,769
(xvi) National Commercial Bank Jamaica Limited	J$	6.35	2024	2,470,250	497,863
				12,943,763	8,535,775
Interest payable				64,474	85,456
				13,008,237	8,621,231

The current portion of loan liabilities amounted to $163,499,000 (2019 - $2,185,341,000) for the group and $97,001,000 (2019 - $2,117,698,000) for the company.

Commercial Notes/bonds are shown net of transaction costs, which are amortised over the life of the notes. Total transaction costs amounted to $196,489,000 (2019 - $132,651,000) and the unamortised portion at 31 December 2020 was $127,264,000 (2019 - $72,495,000).

(i) This loan was issued by CIBC First Caribbean International Bank Limited (FCIB) to assist with elevator equipment upgrade. Interest on this loan was fixed for the first 2 years at 10.5%, following which the rate is 3.5% above the weighted average yield of the last six-month Government of Jamaica Treasury Bill issued prior to the repricing date. The loan was secured by a first mortgage over commercial lots 187 – 194 (inclusive) located at Grenada Crescent, New Kingston and lots 238 – 245 (inclusive) located at 31 – 37 Barbados Avenue, New Kingston. The loan was repaid in 2020.

(ii) This represents a loan from Development Bank of Jamaica through Sagicor Bank Jamaica Limited, for the purchase and installation of solar panels, which stands as security for the loan. Interest is charged at a rate of 8% per annum. The loan is scheduled to be repaid by 2021.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

24. Loan Liabilities (Continued)

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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, 2020 the interest rate was 3.73%. 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.

(vii) 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.

(viii) 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.

(ix) This represented the carrying value of certain notes issued by the group and company in September 2018, with a face value of $2,000,000,000, net of issue costs. Interest was fixed at 4.95% to October 30, 2019, thereafter 5.20% per annum. The note was supported by pledge of certain Sagicor Group Jamaica Limited shares owned by the group. The original value of notes issued was $2,708,924,000, $708,924,000 was prepaid in 2019 and remaining balance paid in 2020.

(x) This represents the carrying value of urban renewal bonds issued by the group and company in 2016 with a face value of $267,500,000, 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.

(xi) This represents a loan issued by the Bank of Nova Scotia Jamaica Limited. Interest is charged at a rate of 8.49% per annum and is secured a by motor vehicle. The loan is scheduled to be repaid by 2021.

(xii) This represents a loan issued by the Bank of Nova Scotia Jamaica Limited. Interest is charged at a rate of 8.49% per annum and is secured a by motor vehicle. The loan is scheduled to be repaid by 2021.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

24. Loan Liabilities (Continued)

(xiii) 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.

(xiv) This represents $2,500,000,000 loan facility 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.

(xv) 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 2020

(expressed in Jamaican dollars unless otherwise indicated)

25. Lease Liabilities

The lease obligations are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Minimum lease payments:				
Not later than 1 year	4,043	10,800	9,480	8,778
Later than 1 year and not later than 5 years	32,016	33,265	91,356	100,836
	36,059	44,065	100,836	109,614
Future finance charges	(1,080)	(3,561)	(36,521)	(37,975)
Present value of lease obligations	34,979	40,504	64,315	71,639

The present value of the lease obligations is as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Not later than 1 year	3,700	5,917	7,739	7,667
Later than 1 year and not later than 5 years	31,279	34,587	56,576	63,972
	34,979	40,504	64,315	71,639

Certain leases are secured by motor vehicles owned by the group. Refer to Note 2 (k) which detailshow the incremental rate is determined and policies surrounding the variable lease payaments, termination costs and nature of short-term leases.

26. Other Liabilities

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Other liabilities and accrued expenses	195,885	289,427	96,699	163,390
Reinsurance liabilities	79,804	83,504	-	-
Deposits	67,054	66,861	-	-
Trade payables	68,238	55,327	16,009	17,610
Dividends payable	-	264,775	-	266,540
Accounts payable	71,040	69,700	71,229	67,511
	482,021	829,594	183,937	515,051

The current portion of other liabilities amounted to $414,892,000 (2019 - $762,732,000) for the group and $184,048,000 (2019 - $515,051,000) for the company. Dividends payable relates to a special dividend declared by the company paid on 31 January 2020.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

27. Share Capital

	2020	2019
	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

28. 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, grants of 417,426 (2019 – 377,112) shares of company stock were awarded under the plan to seven executives, and 807,163 (2019 – 929,567) shares became fully vested and were issued.

At December 31, 2020, options over 11,617,926 (2019 – 12,156,526) shares were outstanding, 9,187,645 (2019 - 9,010,499) of which were vested and exercisable, at the prices per share as follows:

Expiring December 31	Outstanding	Vested	Exercise Price
2021	473,605	473,605	$9.81
2022	1,919,418	1,919,418	$11.40
2023	2,062,945	2,062,945	$18.67
2024	1,465,024	1,465,024	$34.94
2025	2,408,754	1,789,424	$42.57
2026	1,598,858	898,261	$81.70
2027	1,689,322	578,968	$77.50
	11,617,926	9,187,645	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

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

During 2020, options over 2,227,922 (2019 – 2,074,300) shares were exercised. No options 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, 2020, as determined using this model, was $9.59 to $19.27 (2019 - $4.38 to $19.27). The significant inputs into the model were as follows:

	2020	2019
Exercise price (range in $ per share)	$34.94 - $81.70	$18.67 - $ 81.70
Annual risk-free rate	4.0%	4.0% - 8.2%
Volatility factor	26.0%	26.0% - 30.1%
Expected dividend yield	2.5%	2.5% - 4.5%
Expected life (in years)	4.00	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 2020 of $68,590,000 and $46,235,000 (2019 - $47,756,000 and $28,326,000), respectively. To satisfy its obligations in relation to the stock grants of $41,373,000 (2019 - $32,336,000) for the group and $31,717,000 (2019 - $23,504,000) for the company, the group issued shares from its holdings of treasury shares, with a cost of $27,098,000 (2019 - $111,731,000).

Movement in Equity Compensation Reserves

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Balance at 1 January	89,376	73,956	34,688	29,866
Value of service provided	68,590	47,756	46,235	28,326
Options/grants issued	(41,372)	(32,336)	(31,171)	(23,504)
Balance at 31 December	116,594	89,376	49,752	34,688

29. 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 2020

(expressed in Jamaican dollars unless otherwise indicated)

30. Investment and Other Reserves

These comprise:

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Fair value gains on investments	(79,101)	(4,333)	(110,743)	(41,042)
Capital reserves	2,802,822	2,735,041	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	2,669,801	1,296,294	-	-
	5,395,698	4,029,178	1,229,440	1,299,141
Capital reserves:				
Realised gain on sale of treasury shares	269,265	210,228	-	-
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	315,430	306,686	142,754	142,754
	2,802,822	2,735,041	1,337,983	1,337,983

Fair value gains on investments for the group are shown net of deferred taxes of $13,250,000 (2019 – $11,083,000) with respect to revaluation adjustments to investments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

31. Dividends

	2020	2019
	$'000	$'000
First interim dividend for 2020 at $0.275 (2019 - $0.265) per stock unit - gross	293,194	282,532
Second interim dividend for 2020 at $0.00 (2019 - $0.265) per stock unit – gross	-	282,533
Third interim dividend for 2020 at $0.00 (2019 - $0.265) per stock unit – gross	-	282,532
Fourth interim dividend for 2020 at $0.105 (2019 - $0.265) per stock unit - gross	111,946	282,533
	405,140	1,130,130
Special dividends declared for 2020 at $0.00 per stock unit (2019 – $0.25)	-	266,540
	405,140	1,396,670
Less: Dividends on treasury stock	(2,470)	(10,094)
Total dividends declared	402,670	1,386,576
Dividends paid by the company	671,680	1,130,130
Dividends paid by the group	668,503	1,121,801

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. On 6 March 2020, the company declared a dividend of $0.275 per stock unit, amounting to $293,194,000 for which there is no accrual in the 2019 financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

32. (a) Cash Flows from Operating Activities

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Net (loss) / profit	3,534,310	8,350,265	(491,080)	5,134,818
Adjustments to reconcile net profit to cash flows provided by operating activities:				
Depreciation of property, plant and equipment	37,817	37,588	9,078	9,179
(Gain) / loss on disposal of property, plant and equipment	(29)	1,016	-	-
Amortisation of intangibles	5,211	-	3,435	-
Stock compensation expense	68,590	47,756	46,235	28,326
Interest income	(248,623)	(186,337)	(476,020)	(285,699)
Dividend income	-	-	(998,687)	-
Finance costs	835,909	664,800	778,498	602,402
Impairment of non-financial asset	-	-	345,855	-
Share of results of associated companies	(3,866,414)	(4,953,100)	-	-
Gain on disposal of shares in associated companies	-	(1,623,136)	-	(2,291,176)
Gain on disposal of land held for development	(326,180)	-	-	-
Income tax (credit) / expense	(188,725)	384,277	(288,017)	215,570
Change in retirement benefit asset/obligation	87,164	75,093	615	(317)
Fair value gains on investment properties	(323,815)	(498,452)	-	-
Gains on foreign currency denominated investments	(164,305)	(87,688)	(220,360)	(74,052)
Impairment of financial assets	38,438	36,006	9,250	35,762
Unrealised losses/(gains) on financial assets at fair value through profit or loss	1,113,319	(1,575,032)	1,295,828	(1,436,373)
	602,667	673,056	14,630	1,938,440
Changes in operating assets and liabilities:				
Taxation recoverable	(19,072)	(8,743)	(39,068)	(23,531)
Other assets	(119,810)	(131,808)	8,988	(75,888)
Other liabilities	(82,758)	45,304	(66,337)	20,715
Disposal of financial assets at fair value through profit or loss	443,571	691,079	295,570	692,614
	824,598	1,268,888	213,783	2,552,350
Interest received	215,434	84,239	332,688	292,192
Income tax paid	(75,412)	(122,834)	(20,624)	(9,315)
Net cash provided by operating activities	964,620	1,230,293	525,847	2,835,227

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

32. (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 2019	8,106	10,559,530	10,567,636	-	9,742,084	9,742,084
Cash flows						
Non-Cash addition	37,420	-	37,420	79,235	-	79,235
Addition	-	3,400,439	3,400,439	-	3,393,013	3,393,013
Repayment	(5,022)	(4,582,959)	(4,587,981)	(8,128)	(4,487,903)	(4,496,031)
Interest expense	-	664,800	664,800	532	601,870	602,402
Interest paid	-	(610,593)	(610,593)	-	(540,358)	(540,358)
Deferred costs	-	(87,475)	(87,475)	-	(87,475)	(87,475)
Net debt as at 31 December 2019	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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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.

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 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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			
	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 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Group 2019			
	Jamaican $	US$	CAD$	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	78,875	80,237	1,017	160,129
Deposits	178,645	512,951	7,723	699,319
Investment securities	6,567,134	3,141,985	279,129	9,988,248
Securities purchased under agreements to resell	452,704	399,622	-	852,326
Trade and other receivables	384,493	203,858	-	588,351
Total financial assets	7,661,851	4,338,653	287,869	12,288,373
Financial liabilities				
Bank overdraft	5,206	-	-	5,206
Loan liabilities	9,343,742	-	-	9,343,742
Lease liabilities	40,504	-	-	40,504
Other liabilities	653,683	175,911	-	829,594
Total financial liabilities	10,043,135	175,911	-	10,219,046
Net position	(2,381,284)	4,162,742	287,869	2,069,327

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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
Loan liabilities	13,008,237	-	-	13,008,237
Lease 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 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Company			
	2019			
	Jamaican $	US$	CAD$	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	15,702	9,565	-	25,267
Deposits	175,376	413,289	2,796	591,461
Investment securities	6,556,907	1,641,771	279,129	8,477,807
Securities purchased under agreements to resell	296,418	290,878	-	587,296
Due from related parties	1,240,305	1,414,581	-	2,654,886
Receivables	193,300	-	-	193,300
Total financial assets	8,478,008	3,770,084	281,925	12,530,017
Financial liabilities				
Bank overdraft	5,206	-	-	5,206
Due to related parties	3,052	817	-	3,869
Lease liabilities	71,639	-	-	71,639
Loan liabilities	8,621,231	-	-	8,621,231
Other liabilities	515,051	-	-	515,051
Total financial liabilities	9,216,179	817	-	9,216,996
Net position	(738,171)	3,769,267	281,925	3,313,021

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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 (2019- 6% increase and 4% 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 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 fair value through other comprehensive income.

	The Group					
	% Change in Currency Rate 2020	Effect on Profit before Tax 2020 $'000	Effect on other Components of Equity 2020 $'000	% Change in Currency Rate 2019	Effect on Profit before Tax 2019 $'000	Effect on other Components of Equity 2019 $'000
Currency:						
USD	6%	299,416	9,723	6%	242,284	7,381
USD	-2%	(99,805)	(3,241)	-4%	(161,589)	(4,920)
CAD	6%	362	11,745	6%	627	16,659
CAD	-2%	(121)	(3,915)	-4%	(409)	(11,106)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity (continued)

	The Company					
	% Change in Currency Rate	Effect on Profit before Tax	Effect on other Components of Equity	% Change in Currency Rate	Effect on Profit before Tax	Effect on other Components of Equity
	2020	2020 $'000	2020 $'000	2019	2019 $'000	2019 $'000
Currency:						
USD	6%	283,082	-	6%	226,156	-
USD	-2%	(94,361)	-	-4%	(150,771)	-
CAD	6%	-	11,745	6%	257	16,659
CAD	-2%	-	(3,915)	-4%	(171)	(11,106)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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	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 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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 2019:							
Financial assets							
Cash and bank balances	137,499	-	-	-	-	22,630	160,129
Deposits	514,947	156,697	24,407	-	3,268	-	699,319
Investment securities	-	-	-	484,053	292,331	9,211,864	9,988,248
Securities purchased under agreements to resell	673,281	94,723	84,322	-	-	-	852,326
Trade and other receivables	4,083	-	-	-	-	584,268	588,351
Total financial assets	1,329,810	251,420	108,729	484,053	295,599	9,818,762	12,288,373
Financial liabilities							
Bank overdraft	5,206	-	-	-	-	-	5,206
Loan liabilities	648,454	2,982,436	2,290,127	3,323,683	13,586	85,456	9,343,742
Lease liabilities	-	-	-	40,504	-	-	40,504
Other liabilities	4,086	-	-	-	-	825,508	829,594
Total financial liabilities	657,746	2,982,436	2,290,127	3,364,187	13,586	910,964	10,219,046
Total interest repricing gap	672,064	(2,731,016)	(2,181,398)	(2,880,134)	282,013	8,907,798	2,069,327
Cumulative interest repricing gap	672,064	(2,058,952)	(4,240,350)	(7,120,484)	(6,838,471)	2,069,327	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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 gap	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 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	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 2019:							
Financial assets							
Cash and bank balances	25,267	-	-	-	-	-	25,267
Deposits	441,258	150,203	-	-	-	-	591,461
Investment securities	-	-	-	809,716	201,866	7,466,225	8,477,807
Securities purchased under agreements to resell	558,500	28,796	-	-	-	-	587,296
Due from related parties	-	-	120,512	1,609,969	732,500	191,905	2,654,886
Receivables	4,083	-	-	-	-	189,217	193,300
Total financial assets	1,029,108	178,999	120,512	2,419,685	934,366	7,847,347	12,530,017
Financial liabilities							
Bank overdraft	5,206	-	-	-	-	-	5,206
Due to related parties	-	-	-	-	-	3,869	3,869
Loan liabilities	-	2,982,436	2,287,241	3,266,098	-	85,456	8,621,231
Lease liabilities	-	-	-	-	71,639	-	71,639
Other liabilities	4,086	-	-	-	-	510,965	515,051
Total financial liabilities	9,292	2,982,436	2,287,241	3,266,098	71,639	600,290	9,216,996
Total interest repricing	1,019,816	(2,803,437)	(2,166,729)	(846,413)	862,727	7,247,057	3,313,021
Cumulative interest repricing gap	1,019,816	(1,783,621)	(3,950,350)	(4,796,763)	(3,934,036)	3,313,021	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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 financial assets at fair value through profit or loss or amortised cost for the effects of the assumed changes in interest rates.

		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

		The Group		The Company	
		Effect on Profit before Taxation 2019 $'000	Effect on Other Components of Equity 2019 $'000	Effect on Profit before Taxation 2019 $'000	Effect on Other Components of Equity 2019 $'000
Change in basis points:					
2019	**2019**				
JA$	US$				
+100	+100	(25,369)	(13,618)	(21,851)	(13,471)
-100	-100	25,369	14,680	21,851	14,530

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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 10% decrease (2019 -10% increase/decrease) in equity prices is an increase of $389,019,000 and $289,808,000 and decrease of $778,038,000 and $579,616,000 for the group and company respectively (2019 – $921,186,700 and $746,622,500 increase/decrease) 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 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. Financial Risk Management (Continued)

(b) Credit risk (continued)

Maximum exposure to credit risk

	Maximum exposure			
	The Group		**Company**	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Credit risk exposures relating to on statement of financial position items are as follows:				
Assets:				
Cash and bank balances	125,149	160,129	62,915	25,267
Deposits	694,275	699,319	497,185	591,461
Financial assets at fair value through other comprehensive income	1,023,489	519,585	951,914	447,805
Financial assets at amortised cost	3,646,796	229,835	3,985,564	563,777
Securities purchased under agreements to resell	868,712	852,326	703,231	587,296
Trade and other receivables	638,963	588,351	153,711	193,300
Due from related parties	-	-	3,421,565	2,654,886
	6,997,384	3,049,545	9,776,085	5,063,792
Credit risk exposures relating to assets not recorded on the statement of financial position				
Lease commitments	2,076,185	2,234,719	-	-

The above table represents a worst-case scenario of credit risk exposure to the group and company at 31 December 2020 and 2019, 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. A loss allowance was recognised for the year ended 31 December 2020 of (2019- nil) for the group and (2019 - nil) for the company for certain investment securities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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	
	2020	**2019**
	$'000	**$'000**
Commercial	74,343	36,077
Retail	18,220	15,491
Managed properties	113,146	90,883
	205,709	142,451
Less: Loss allowance	(53,755)	(22,282)
	151,954	120,169

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 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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 2020 and 2019 was determined as follows for trade receivables:

	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

	The Group	
31 December 2019	**Expected Credit Loss Rate**	**Gross Carrying Amount $'000**
Current	5%	12,317
More than 30 days past due	3%	6,512
More than 90 days past due	69%	32,739
		51,568
Managed properties		90,883
		142,451
Loss allowance		(22,282)
Total		120,169

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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 reconcile to the opening loss allowance as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Opening loss allowance as at 1 January	22,282	25,855
Increase in loan loss allowance recognised in income statement	33,588	2,295
Receivables recovered during the year	(1,816)	-
Receivables written off during the year as uncollectible	(299)	(5,868)
At 31 December	53,755	22,282

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 $142,004,000 for both 2020 and 2019

The loss allowance for loans and other receivables to related parties carried at amortised are reconciled as follows:

	The Company
	$'000
Opening loss allowance as at 1 January 2019	26,204
Increase in allowance recognised in profit or loss during the period	-
Closing loss allowance as at 31 December 2019	26,204
Increase in allowance recognised in profit or loss during the period	-
Closing loss allowance as at 31 December 2020	26,204

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Government of Jamaica	867,579	201,214	859,350	192,936
Corporate and other government	4,382,919	2,126,812	3,957,002	1,663,461
	5,250,498	2,328,026	4,816,352	1,856,397

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 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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 2020 the bonds were classified as purchased originated credit impaired totalled $27,554,000 for the group and company and are considered stage 3.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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 2019	33,168	1,322	89	3,475	2,049	40,103
Increase/(Decrease) in loss allowance recognised in the income statement during the year	(11,379)	1,274	43,614	(1,256)	1,458	33,711
Balance at 31 December 2019	21,789	2,596	43,703	2,219	3,507	73,814
(Decrease)/Increase in loss allowance recognised in the income statement during the year	6,683	11,292	(7,566)	578	(2,505)	8,482
Closing loss allowance as at 31 December 2020	28,472	13,888	36,137	2,797	1,002	82,296

	The Company					
	FVOCI Bonds	Amortised cost Bonds	Loans	Repos	Deposits	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2019	31,637	1,322	89	2,439	850	36,337
(decrease)/(increase) in loss allowance recognised in the income statement during the year	(10,272)	1,274	43,614	(969)	2,115	35,762
Balance at 31 December 2019	21,365	2,596	43,703	1,470	2,965	72,099
Increase/decrease in loss allowance recognised in the income statement during the year	6,767	11,292	(7,566)	890	(2,133)	9,250
Closing loss allowance as at 31 December 2020	28,132	13,888	36,137	2,360	832	81,349

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. Financial Risk Management (Continued)

(b) Credit risk (continued)

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 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 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. Financial Risk Management (Continued)

(b) Credit risk (continued)

Sensitivity analysis (continued)

Set out below are the changes in ECL as at 31 December 2019 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%-70%	+/-20%	2,817	(2,817)
Debt instruments at amortised cost	1% -70%	+/-20%	9,260	(9,260)
Cash and cash equivalents	1%	+/-20%	1,127	(1,127)
Trade receivables and other miscellaneous assets	2%-3%	+/-20%	659	(440)
Total			13,863	(13,644)

	The Company			
			Impact on ECL	
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Higher threshold**	**Lower threshold**
			$'000	**$'000**
Debt instruments- FVOCI	1%-70%	+/-20%	2,732	(2,732)
Debt instruments at amortised cost	1% -70%	+/-20%	9,260	(9,260)
Cash and cash equivalents	1%	+/-20%	888	(888)
Total			12,880	(12,880)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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 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	5,529,699	8,821,976	-	15,319,374
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	5,537,357	8,846,334	-	15,848,840
Net Liquidity Gap	1.404,619	2,084,897	(311,547)	(3,342,498)	(8,341,144)	7,780,382	(725,291)
Cumulative Liquidity Gap	1,404,519	3,489,416	3,177,869	(164,629)	(8,505,773)	(725,391)	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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 2019							
Financial assets							
Cash and bank balances	160,142	-	-	-	-	-	160,142
Deposits	517,918	157,891	24,587	-	4,307	-	704,703
Investment securities	3,936	6,056	41,920	461,665	335,572	9,211,867	10,061,016
Securities purchased under agreements to resell	614,956	240,321	-	-	-	-	855,277
Trade and other receivables	144,207	188,492	116,608	139,050	-	-	588,357
Total financial assets (contractual maturity dates)	1,441,159	592,760	183,115	600,715	339,879	9,211,867	12,369,495
Financial liabilities							
Bank overdraft	5,212	-	-	-	-	-	5,212
Loans	13,570	144,755	2,413,754	8,145,387	371,250	-	11,088,716
Lease liabilities	1,004	1,781	8,015	9,265	24,000	-	44,065
Other liabilities	83,440	307,655	438,506	-	-	-	829,601
Total financial liabilities (contractual maturity dates)	103,226	454,191	2,860,275	8,154,652	395,250	-	11,967,594
Net Liquidity Gap	1,337,933	138,569	(2,677,160)	(7,553,937)	(55,371)	9,211,867	401,901
Cumulative Liquidity Gap	1,337,933	1,476,502	(1,200,658)	(8,754,595)	(8,809,966)	401,901	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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
Loans	13,791	176,386	658,252	5,032,737	8,556,599	-	14,437,765
Lease liabilities	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	5,078,874	8,601,818	17,831	14,751,755
Net Liquidity Gap	1,001,252	2,090,531	366,978	215,983	(7,274,522)	5,902,661	2,302,883
Cumulative Liquidity Gap	1,001,252	3,091,783	3,458,761	3,674,744	(3,599,778)	2,302,883	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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 2019:							
Assets							
Cash and bank balances	25,269	-	-	-	-	-	25,269
Deposits	443,713	151,387	-	-	-	-	595,100
Investment securities	6,469	11,876	64,375	919,469	237,797	7,466,225	8,706,211
Securities purchased under agreements to resell	559,989	28,901	-	-	-	-	588,890
Due from related parties	19,022	39,711	194,827	2,073,640	996,058	80,725	3,403,983
Receivables	4,090	-	50,167	139,050	-	-	193,307
Total financial assets (contractual maturity dates)	1,058,552	231,875	309,369	3,132,159	1,233,855	7,546,950	13,512,760
Liabilities							
Bank overdraft	5,212	-	-	-	-	-	5,212
Due to related parties	-	-	-	-	-	3,869	3,869
Lease liabilities	732	1,463	6,584	42,718	58,117	-	109,614
Loans	3,032	123,695	2,320,130	7,642,618	-	-	10,089,475
Other liabilities	4,093	-	511,070	-	-	-	515,163
Total financial liabilities (contractual maturity dates)	13,069	125,158	2,837,784	7,685,336	58,117	3,869	10,723,333
Net Liquidity Gap	1,045,483	106,717	(2,528,415)	(4,553,177)	1,175,738	7,543,081	2,789,427
Cumulative Liquidity Gap	1,045,483	1,152,200	(1,376,215)	(5,929,392)	(4,753,654)	2,789,427	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

33. 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.

34. 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 2020

(expressed in Jamaican dollars unless otherwise indicated)

34. 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**
	2020	**2020**	**2019**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Financial Assets				
Financial assets at amortised cost	3,646,796	3,573,666	229,835	230,076
Financial Liabilities				
Loan liabilities	13,663,531	13,605,514	9,343,742	9,304,704
Lease liabilities	34,979	36,059	40,504	44,065

	The Company			
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
	2020	**2020**	**2019**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Financial Assets				
Financial assets at amortised cost	3,985,564	3,920,870	563,777	569,145
Financial Liabilities				
Loan liabilities	13,008,237	12,929,427	8,621,231	8,553,673
Lease liabilities	64,315	100,836	71,639	109,614

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 2020

(expressed in Jamaican dollars unless otherwise indicated)

34. 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 2020				
Financial assets				
Investment securities	4,916,097	2,432,582	1,455,192	8,803,871
As at 31 December 2019				
Financial assets				
Investment securities	6,226,223	2,472,674	1,059,516	9,758,413

	The Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
As at 31 December 2020				
Financial assets				
Investment securities	4,280,099	2,273,556	194,420	6,748,075
As at 31 December 2019				
Financial assets				
Investment securities	5,495,420	2,299,405	119,205	7,914,030

There were no transfers between levels during the year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

34. Fair Value of Financial Instruments (Continued)

The following table shows the changes in Level 3 instruments:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	1,059,516	1,510,062	119,205	538,065
Additions	195,224	51,285	93,328	27,383
Settlements	(14,874)	(511,281)	(14,874)	(456,777)
Unrealised gains and losses included in the Income statement/OCI	215,326	9,450	(3,239)	10,534
	1,455,192	1,059,516	194,420	119,205
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	215,326	9,450	(3,239)	10,534
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	215,326	9,450	(3,239)	10,534

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.

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. 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% (2019 - 0.25%), this would result in an increase/decrease in the carrying value of these respective investments, with all other factors remaining constant, of $3,700,000/$3,700,000 for the group only and 2019 - $3,000,000/$3,000,000 for the group. Should the capitalization factors increase/decrease by 1% (2019 – 1%) it would result in a decrease/increase in the carrying value of the investments, with all other factors remaining constant, of $250,000,000/$343,000,000 (2019 - $197,000,000/$147,000,000) for the group only.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

(expressed in Jamaican dollars unless otherwise indicated)

34. Fair Value of Financial Instruments (Continued)

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.

35. 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.

36. Impact of COVID-19

The World Health Organisation declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020.

The pandemic and the measures to control its human impact have resulted in disruptions to global economic activity, business operations and asset prices. This has had, and could continue to have, negative financial effects on the Group, depending on factors such as (i) the duration and spread of the pandemic, (ii) the speed with which effective vaccines can be deployed both in Jamaica and in those countries which are the principal source of visitors to Jamaica, and (iii) the continuing effects on the financial markets and on the Jamaican economy overall; all of which are uncertain and whose impact cannot be estimated reliably.

Certain of the Group's investment securities declined in market value during 2020, and its associated companies which are closely correlated to travel and hospitality have also been adversely affected.

As disclosed in notes 15 and 17, the Group's share of dividends from Sagicor Group Jamaica Limited for 2020 has been converted into interest-bearing promissory notes, in line with a recommendation in 2020 from the Bank of Jamaica to all financial holding companies to suspend dividends to shareholders holding more than 1% of such companies.

In response to the downturn in revenue and profitability arising from the effects of the pandemic on the Group's operations, management took certain measures to contain costs and manage cash flows. These measures included: reduction in salaries for senior management and other overhead expenses, delay of planned capital expenditures and construction at the ROK Hotel & Residences in Downtown Kingston, and the elimination of quarterly dividends in both May and August 2020. Management is of the opinion that the Group retains sufficient cash resources and access to additional financing to ensure that it is able to meet its obligations as and when they fall due.

INTEREST OF DIRECTORS & SENIOR MANAGERS

31 DECEMBER 2020

SHAREHOLDINGS OF DIRECTORS

NAME	PERSONAL	CONNECTED PARTY
Christopher N. Barnes	46,448	NIL
Stephen B. Facey	32,554,372	398,051,591
Paul A. B. Facey	14,848,838	416,752,987
Paul R. Hanworth	3,449,251	NIL
Kathleen A. J. Moss	108,348	NIL
Ian S. C. Parsard	161,315	NIL
Donovan H. Perkins	390,458	NIL
T. Matthew W. Pragnell	86,817	NIL
Angella Rainford	8,236	NIL

SHAREHOLDINGS OF SENIOR MANAGERS

NAME	PERSONAL	CONNECTED PARTY
Stephen B. Facey	32,554,372	398,051,591
Paul A. B. Facey	14,848,838	416,752,987
Paul R. Hanworth	3,449,251	NIL
Joanna A. Banks	64,405	NIL
Karen L. Vaz	175,119	NIL
Camelia M. Nelson	63,578	NIL
Claudette A. Ashman-Ivey	40,776	NIL

TOP TEN SHAREHOLDINGS

31 DECEMBER 2020

	SHAREHOLDERS	STOCK HELD	OWNERSHIP
1	Boswell Investments Limited	*345,361,400	32.39%
2	Sagicor Pooled Equity Fund	121,173,933	11.37%
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	32,554,372	3.05%
6	JCSD Trustee Services Ltd - Sigma Equity	25,324,154	2.38%
7	ATL Group Pension Fund Trustees Nom Ltd	21,403,013	2.01%
8	Guardian Life Limited	20,483,795	1.92%
9	Cecil Boswell Facey Foundation	17,506,510	1.64%
10	NCB Insurance Company Ltd WT109	17,037,655	1.60%
	Total Top Ten (10) Shareholdings	701,918,324	65.84%
	Other Shareholdings	364,241,566	34.16%
			100.00%
	Total Issued Shares	1,066,159,890	
	Total Number of Shareholders	5,061	

NOTES

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 Thursday, 1 July 2021 at 3:00p.m.**

SIGNED this ____________________ day of ______________________________2021

Signature________________________

(If executed by a Corporation, the Proxy should be sealed)

Resolutions	For	Against
1		
2		
3(a)		
3(b)		
3(c)		
4		
5		

Place $100 Stamp Here

N.B. The instrument appointing proxy must be produced prior to 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 Registrar not later than forty-eight (48) hours before the meeting.

PANJAM
INVESTMENT LIMITED